



# ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDING AUGUST 31, 2021



VIEW THE ACFR AND OUR OTHER  
FINANCIAL REPORTS ONLINE



**Harris County**  
Department of  
**Education**

6300 IRVINGTON BLVD. | HOUSTON, TX 77022 | 713-694-6300 | [WWW.HCDE-TEXAS.ORG](http://WWW.HCDE-TEXAS.ORG)

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**OF**  
**HARRIS COUNTY DEPARTMENT OF EDUCATION**

**For the Fiscal Year Ended August 31, 2021**

**James Colbert, Jr.**  
**County School Superintendent**

Jesus J. Amezcua, Ph.D., CPA, RTSBA, CPFIM  
Assistant Superintendent for Business Support Services

Marcia Leiva  
Chief Accounting Officer



Harris County Department of Education  
6300 Irvington Blvd.  
Houston, Texas 77022



## Mission Statement

Harris County Department of Education supports Harris County by enriching educational opportunities and providing value through services.

## Goals

HCDE will:

- ❖ Impact education by responding to the evolving needs of Harris County
- ❖ Deliver value to Harris County by utilizing resources in an ethical, transparent, and fiscally responsible manner
- ❖ Advocate for all learners by using innovative methods to maximize students' potential.
- ❖ Provide cost-savings to school districts by leveraging tax dollars
- ❖ Recruit and maintain a high-quality professional staff

# HARRIS COUNTY DEPARTMENT OF EDUCATION

## TABLE OF CONTENTS

|  | <u>Page</u> | <u>Exhibit</u> |
|--|-------------|----------------|
| <b>Introductory Section</b>  |             |                |
| Letter of Transmittal  | 1           |                |
| Certificate of Board   | 7           |                |
| Certificate of Achievement for Excellence in Financial Reporting (GFOA)  | 8           |                |
| Certificate of Excellence in Financial Reporting Award (ASBO)  | 10          |                |
| Principal Officials  | 12          |                |
| Organization Chart   | 14          |                |
| <b>Financial Section</b>   |             |                |
| <b>Independent Auditor’s Report</b>  | 15          |                |
| <b>Management’s Discussion and Analysis (Unaudited)</b>  | 19          |                |
| <b>Basic Financial Statements:</b>   |             |                |
| Government-wide Financial Statements:  |             |                |
| Statement of Net Position  | 29          | A-1            |
| Statement of Activities  | 32          | A-2            |
| Fund Financial Statements:   |             |                |
| Balance Sheet-Governmental Funds   | 33          | B-1            |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  | 35          | B-2            |
| Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds   | 36          | B-3            |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 38          | B-4            |
| Statement of Net Position-Proprietary Funds  | 39          | B-5            |
| Statement of Revenues, Expenses, and Changes in Fund Net Position-Proprietary Funds  | 40          | B-6            |
| Statement of Cash Flows-Proprietary Funds  | 41          | B-7            |
| Statement of Fiduciary Net Position  | 42          | B-8            |
| Statement of Changes in Fiduciary Net Position   | 43          |                |
| Notes to the Basic Financial Statements  | 43          | B-9            |
| <b>Required Supplementary Information:</b>   |             |                |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual-General Fund  | 83          | C-1            |
| Notes to the Required Supplementary Information  | 84          | C-2            |
| Schedule of the Departments Proportionate Share of the Net Pension Liability – TRS   | 85          | C-3            |
| Schedule of the Departments Pension Contributions – TRS  | 86          | C-4            |
| Notes to the Required Supplementary Information - Pensions   | 87          | C-5            |
| Schedule of the Departments Proportionate Share of the Net OPEB Liability - TRS  | 88          | C-6            |
| Schedule of the Departments OPEB Contributions - TRS   | 89          | C-7            |
| Notes to the Required Supplementary Information - OPEB   | 90          | C-8            |
| <b>Combining and Individual Fund Statements and Schedules:</b>   |             |                |
| Nonmajor Governmental Funds Overview   | 91          |                |
| Combining Balance Sheet-Nonmajor Governmental Funds  | 94          | D-1            |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Nonmajor Governmental Funds                                      | 100         | D-2            |
| Internal Service Funds Overview  | 107         |                |
| Combining Statement of Net Position-Internal Service Funds   | 108         | D-3            |

**HARRIS COUNTY DEPARTMENT OF EDUCATION**

**TABLE OF CONTENTS (continued)**

|  | <u>Page</u> | <u>Exhibit</u> |
|--|-------------|----------------|
| <b>Financial Section (continued)</b>   |             |                |
| <b>Combining and Individual Fund Statements and Schedules: (continued)</b>   |             |                |
| Combining Statement of Revenues, Expenses, and Changes in Fund Net Position-<br>Internal Service Funds                     | 109         | D-4            |
| Combining Statement of Cash Flows-Internal Service Funds   | 110         | D-5            |
| <b>Other Supplementary Information:</b>  |             |                |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances-<br>Budget and Actual-Debt Service Fund                   | 111         | E-1            |
| Schedule of Delinquent Taxes Receivable  | 112         | E-2            |
|  | <u>Page</u> | <u>Table</u>   |
| <b>Statistical Section (Unaudited)</b>   |             |                |
| Table of Contents-Statistical Section  | 113         |                |
| Introduction to the Statistical Section  | 114         |                |
| <b>Financial Trends:</b>   |             |                |
| Net Position by Component  | 116         | 1              |
| Changes in Net Position  | 118         | 2              |
| Fund Balances of Governmental Funds  | 122         | 3              |
| Changes in Fund Balances-Governmental Funds  | 124         | 4              |
| Governmental Funds Revenues  | 126         | 5              |
| Governmental Funds Expenditures and Debt Service Ratio   | 128         | 6              |
| <b>Revenue Capacity:</b>   |             |                |
| Property Tax Levies and Collections  | 131         | 7              |
| Property Tax Rates-Direct and Overlapping Governments  | 133         | 8              |
| Assessed and Estimated Actual Value of Taxable Property  | 134         | 9              |
| Principal Taxpayers  | 135         | 10             |
| <b>Debt Capacity:</b>  |             |                |
| Ratio of Net General Bonded Debt Outstanding to Assessed Property Value,<br>Percent of Personal Income and Debt per Capita | 138         | 11             |
| Ratio of Annual Debt Service Expenditures by Type<br>to Governmental Funds Expenditures                                    | 141         | 12             |
| Estimated County-wide Direct and Overlapping Bonded Debt   | 142         | 13             |
| <b>Demographic and Economic Information:</b>   |             |                |
| Demographic and Economic Statistics  | 143         | 14             |
| Miscellaneous Statistical Data   | 144         | 15             |
| Principal Employers  | 145         | 16             |
| <b>Operating Information:</b>  |             |                |
| Employees by Program   | 148         | 17             |
| Operational Indicators by Program  | 150         | 18             |
| Building Information   | 151         | 19             |
| Service Area and Locations-Description   | 152         | 20             |
| Service Area-Map: Harris County, Texas and 25 School Districts   | 153         | 21             |



# Introductory Section



January 19, 2022

Harris County Board of School Trustees, Taxpayers of the Harris County,  
and Other Interested Parties:

Harris County Department of Education (Department, HCDE) is pleased to present its Annual Comprehensive Financial Report for the fiscal year ended August 31, 2021 (ACFR). State law requires an annual audit to be completed within six months of the close of each fiscal year, and this report is published to fulfill that requirement. The purpose of the ACFR is to provide the Board of Trustees, management, staff, grantor agencies, citizens, the business community, and other interested parties with detailed information reflecting the Department's financial condition.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Whitley Penn, L.L.P., have issued an unmodified opinion on the Harris County Department of Education's financial statements for the year ended August 31, 2021. The independent auditors' report is located at the front of the financial section of the report.

Management's discussion and analysis (MD&A) immediately follows the report of the independent auditors and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

### **Profile of the Department**

Harris County Department of Education, incorporated in 1889, is a political subdivision of the State of Texas. HCDE is in Houston, Texas. Originally every county in Texas had its own department of education. Therefore, Harris County Department of Education was the first school district in Harris County, Texas.

While the name 'Harris County Department of Education' may cause some confusion from time to time for the public, it is important for the reader of these financial statements to know and understand that the Department is an entity separate and distinct from county agencies of Harris County, Texas. Also, today HCDE is not a school district but a local governmental entity. It has evolved in response to educational and community needs to provide educational services to students of all ages and school districts primarily within but also outside of Harris County, Texas. Harris County Department of Education is empowered to levy a property tax on both real and personal property located within its boundaries.

The Harris County Board of School Trustees (Board) is elected by voters of Harris County, Texas and has governance responsibilities over all activities and operations of the Department. The Board consists of seven members who serve overlapping six-year terms, with two members elected every two years.

The Department is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the Harris County Department of Education's financial planning and control. The budget is prepared by fund and program. Budget managers may transfer resources within the program budget as they see fit to meet their needs. The Board of Trustees must approve budget amendments that (1) increase or decrease the division budget and/or (2) identify a new revenue source.

**James Colbert, Jr. | County School Superintendent**

6300 Irvington Boulevard ★ Houston, Texas 77022 ★ Tel: 713.694.6300 ★ [www.hcde-texas.org](http://www.hcde-texas.org)

The Department is a primary governmental unit and is not included in any other governmental reporting entity. There is a blended component unit, the Harris County Department of Education Public Facility Corporation (PFC), included within the reporting entity. There is also a discretely presented component unit, the Education Foundation of Harris County (EFHC), included in the government-wide statements. The EFHC was created to attract grant revenues from local foundations and other grantors to support the Department's programs.

### **Organizational Philosophy**

The core ideology of Harris County Department of Education outlines the direction of the Department and the expectation held for all employees. The mission defines what we are. Our core beliefs define our intent; and our goals define how we intend to achieve our mission.

### **Primary Services**

The Department's primary service area geographically covers 1,777 square miles within Harris County, Texas in the upper Texas Gulf Coast region. Harris County's population base includes a wide variety of racial, ethnic, and socio-economic groups that gives the area a rich diversity and cosmopolitan feel. The Department offers services to 25 rural, suburban, and urban school districts entirely or partially within its primary service area of Harris County. It also serves school districts and governmental agencies in surrounding counties, as well as schools, education service centers and other governmental agencies statewide.

Responding to and serving the needs of learners of all ages, socio-economic status, ethnic backgrounds, educational or development delays and at-risk behaviors requires the Department to be an institution of great flexibility as evidenced by the activities described below. Affordable and highly flexible programs and products are developed with clients in mind. Client population examples are:

- Academic and Behavior Schools serve children, youth, and young adults ages 5-22 with severe emotional disturbances, mental retardation, pervasive developmental disorders, and other health impairments. The Department serviced 243 and 298 students during fiscal year 2021 and 2020, respectively. This represents a 18% decrease due to the impact of COVID 19 on attendance from school districts. The Department projects to serve 250 students for FY 2022.
- Highpoint Schools serve adjudicated youth by providing intensive counseling and a technology-driven curriculum in a strict disciplinary environment. The Department serviced 167 and 462 students during fiscal year 2021 and 2020, respectively. This represents a 64% decrease due to the impact of COVID 19 on attendance from school districts. The Department projects to serve nearly 175 students for FY 2022.
- School Based Therapy Services serves individuals ages 0-22 years of age with identified disability groups, diagnosed disabilities, developmental delays or at-risk for delays from diverse socio-economic families. The Department serviced 6,276 and 6,668 students during fiscal year 2021 and 2020, respectively. This represents a 6% decrease due to lower service contracts. The Department projects to serve 6,700 students for FY 2022.
- Head Start Program serves 3-5-year old economically disadvantaged children and their families, with over 10 percent of those having an identified disability requiring intervention. The Department serviced 1,092 and 1,573 students during fiscal year 2021 and 2020, respectively. This represents a 31% decrease. The Department projects to serve 1,100 students for FY 2022.
- Adult Education Program prepares age 16-plus youths and adults to read and speak English, and/or to complete a high school General Equivalency Diploma (GED) education. The Department serviced 5,500 and 6,510 students during fiscal year 2021 and 2020, respectively. This represents a 16% decrease due to lower service demand and COVID 19 impact. The Department projects to serve 5,600 students for FY 2022.



- Center for After School, Summer and Expanded Learning (CASE) serves elementary, middle, and high school students delivering quality after-school learning opportunities. The Department serviced 12,475 and 17,020 students during fiscal year 2021 and 2020, respectively. This represents a 27% decrease due to the impact of COVID 19 attendance for after school services. The Department projects to serve over 12,000 students for FY 2022.
- The Teaching & Learning Center provides teaching and learning services to educators, administrators, support personnel, students, parents and the community. The Department delivered services to 5,779 and 7,464 educators during fiscal years 2021 and 2020, respectively. This represents 23% decrease due to the impact of COVID 19 attendance for after school services. The Department projects to service over 6,000 educators in FY 2022.
- Choice Partners Cooperative offers best value resources and vendors, direct facility consulting services and quality, legal procurement and contract solutions to meet the purchasing needs of school districts, institutions of higher education, municipalities, counties and other government and non-profit organizations. In fiscal year 2021 and 2020, the Department serviced 1,830 and 1,748 members, respectively. The Department expects to serve 1,850 members in FY 2022.
- Records Management provides low cost, high tech solutions to store records for governmental entities. Its services include records controls scheduling, secured storage of hard copy records, imaging, microfilming, electronic document storage and eligible records destruction. The Department served 2,395 and 2,389 members in 2021 and 2020, respectively. The increase corresponds to some additional clients that decided to use the Department services. For FY 2022, the Department expects to serve 2,400 members.
- Center for Safe & Secure Schools advances safe and secure environments in schools during emergency operations. It is a partner and participant on the county Emergency Operations System. The Department provides NIMS training, manages system of communication county-wide during school district and conducts safety reviews of school facilities. The Department served 32,924 students in 2021 and 55,020 students in 2020 in facilities which safety audits were performed. For FY 2022 the Department expects to audit facilities in which over 50,000 students attend school.

## Local Economy

Harris County Department of Education is in Harris County (County), Texas in the Gulf Coast region of Texas, approximately 50 miles north from the Gulf of Mexico. The county covers over 1,700 square miles and, with over 4.7 million people. Harris County is the third largest county in the nation and houses the fourth largest city in the county.

Harris County and the Houston metropolitan area comprise a leading region of business development in the nation. Houston continues to be a leader in aerospace, industrial engineering, and medical research; diversification is fueling the local economy. The county's major hospitals, many of these concentrated just south of downtown Houston around the Texas Medical Center, offer world-class facilities for general and specialized medical needs. Houston is the fourth largest city in the nation.

There are 25 public school districts entirely or partially within Harris County, as well as numerous charter, private, and parochial schools. The county is also home to many colleges, universities, institutes, and technical schools.

## Long-Term Financial Planning

There are several division plans that make up the Department's overall financial plan. The Department maintains a five-year technology plan and has a long-range facilities plan. Resources for the accomplishment of these goals will be identified in the Department's annual budget. Estimated taxable values are a major factor in forecasting, as the Department currently generates 42 percent in general fund revenues from customer fees and charges and 47 percent from local property taxes. Other major factors in the development of a long-range financial plan include payroll costs, the cost of inflationary items such as insurance, utilities, and fuel. Financial factors are analyzed and updated annually during the process of budget development.

## Capital Projects Funding

Harris County Department of Education Public Facility Corporation (PFC) issues bonds to provide for the acquisition of and the construction and renovation of educational facilities in accordance with the Public Facility Corporation Act. In January 2006, the PFC issued lease revenue bonds that funded construction of the new Highpoint school and the acquisition, renovation, and equipping of the records management warehouse/administrative North Post Oak facility.

The Department issued maintenance tax notes in May 2009 and qualified zone academy bonds (QZAB) in July 2009 to fund energy and instructional-related building repairs and renovations, along with accompanying equipment and furniture. In October 2016, the PC issued \$7,000,000 Lease Revenue Bonds that funded the new construction of a replacement AB West Campus.

The Department implemented a \$52 million capital improvement program Phase One to include the issuance of maintenance notes and lease revenue bonds. On October 5, 2021, the department issued maintenance notes in the amount of \$13,695,000 and Lease Revenue Bond Series 2021 in the amount of \$27,730,000. Moody's assigned a Aaa Rating to the HCDE Series 2020 Maintenance Tax Notes and Aa1 to the 202 Series Lease Revenue Bonds. The department also projects to use \$5,740,000 from its fund balance in the general fund to implement the 2020 capital program.

## Major Initiatives

Major programs and construction projects for the coming fiscal year include the following:

1. **A Capital Improvement Plan** Phase One was started in 2021. The following projects are proposed:
  - a. A new AB East Campus – This is a 43,605 square feet facility to meet special education students. AB East continues to attract additional students, and it is projected that the facility will be at capacity the next year. The projected budget is \$17,805,875. A PFC financing program is recommended for this project. Maintenance Notes will also be used for equipment. This project is currently under construction as of August 31, 2021.
  - b. A new High Point East Campus for Middle School. This school needs additional space to meet the needs of students sent by the district for an alternative campus. This is a 13,750 sq. ft facility, and the projected budget is \$7,916,645. A PFC financing program is recommended for this project. Maintenance Notes will also be used for equipment. This project is currently under design as of August 31, 2021.
  - c. A new Adult Ed Center is proposed to replace the current facility at the Adult Ed Building. This is a new 40,500 sq. ft building that will be used to offer adult ed classes and workforce development programs. The projected budget is \$16,858,750. A PFC financing program is recommended for this project. Maintenance Notes will also be used for equipment. This project is currently under construction as of August 31, 2021.
  - d. The Irvington Building is over 25 years old, and it is scheduled for a renovation. The projected renovation is expected to cost \$8,365,500. A maintenance note financing is projected for this project. The number of sq. ft to be renovated is 60,000 sq. ft. This project is currently under design as of August 31, 2021.

2. A new program is being initiated to reinvent the Department considering the COVID19 and market changes. A **Star Re-Imagined Initiative** was aimed at implementing pilot programs that will enhance the footprint of HCDE by rethinking the way we do things. This is a one-time campaign designed by our Superintendent allowing divisions to present an expenditure request under \$50,000 to improve their division. \$648,764 was used from the General fund to address the 17 divisions requests. An additional amount of \$320,787 was appropriated in FY 22 for a second year due to the lagging implementation impacted by COVID 19.
3. Planned one-time expenditures from the General Fund balance totaling \$3,201,303 as follows:

|   |                    |
|---|--------------------|
| Debt Service Transfer for future payments- CIP Plan   | \$610,216          |
| CIP Building  | 741,000            |
| IT Infrastructure Equipment                           | 380,000            |
| Star Re-Imagined Program                              | 320,087            |
| Head Start Transfer                                   | 600,000            |
| Education Foundation Teachers Supplies Program        | 400,000            |
| Retirement Benefits                                   | 150,000            |
| Total fund balance capital expenditure appropriations | <u>\$3,201,303</u> |

### Top Workplaces

For a second consecutive year, Harris County Department of Education gained notoriety as of the Houston’s Top Large workplaces through the Houston Chronicle top workplaces 2020 program. Top workplaces rankings are determined by a scientific employee survey provided by Energage and independent research company partnering with the Chronicle for the last 11 years. This year, 130 employers earned recognition, and HCDE was ranked # 13, a 46 percent improvement from last year’s ranking of 24.

### Awards and Acknowledgments

Harris County Department of Education embraces its fiscal responsibility and endeavors to be financially sound and publicly accountable.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the Department for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended August 31, 2020. This is the nineteenth consecutive year that the Department has achieved this prestigious award. To be awarded a *Certificate of Achievement*, the Department had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

The Department received its eighteenth consecutive *Certificate of Excellence in Financial Reporting* from the Association of School Business Officials International (ASBO) for its Annual Comprehensive Financial Report for the fiscal year ended August 31, 2020. This award, the highest recognition for school system financial operations offered by ASBO, is only conferred to school systems that have met or exceeded the standards of the Certificate of Excellence in Financial Reporting Program.

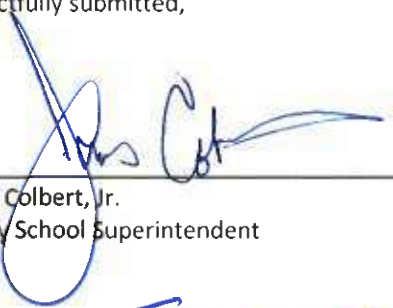
In addition, Harris County Department of Education also received the GFOA *Award for Outstanding Achievement in Popular Annual Financial Reporting* for its Popular Annual Financial Report for the fiscal year ended August 31, 2019, (PAFR), for the thirteenth consecutive year. The *Award for Outstanding Achievement in Popular Annual Financial Reporting* is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. To receive an *Award for Outstanding Achievement in Popular Annual Financial Reporting* a governmental unit must publish a Popular Annual Financial Report whose contents conform to program standards of creativity, presentation, understand-ability, and reader appeal.

Each of these awards is valid for a period of one year. We believe that our current ACFR and PAFR continues to meet both programs’ requirements and we will submit it for determination of eligibility for certificates from both programs again this year.

The preparation of this report in a timely manner was made possible by the efficient and dedicated services of the staff of the Business Support Services Division. We would like to express our appreciation to all Department employees for maintaining the highest standards of professionalism in the management of the Department's finances and for their assistance in the preparation of this report.

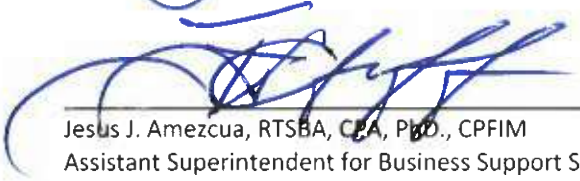
Special appreciation is expressed to the members of the Board of Trustees and Department administration for their interest and support in planning and conducting the financial operations of the Department in a progressive and responsible manner.

Respectfully submitted,



---

James Colbert, Jr.  
County School Superintendent



---

Jesus J. Amezcua, RTSBA, CPA, Ph.D., CPFIM  
Assistant Superintendent for Business Support Services



---

Marcia Leiva  
Chief Accounting Officer

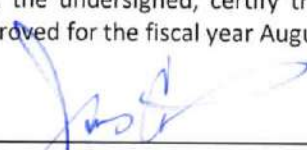

CERTIFICATE OF BOARD

Harris County Department of Education

Harris County  
County

101-000  
Co. District #

We, the undersigned, certify that the attached auditors' reports of the above-named government were reviewed and approved for the fiscal year August 31, 2021, at a meeting of the Board of Trustees on the 19th day of January 2022.

  
\_\_\_\_\_  
James Colbert, Jr.  
Secretary, Board of Trustees  
\_\_\_\_\_  
Danyahel Norris  
President, Board of Trustees

## HARRIS COUNTY DEPARTMENT OF EDUCATION

### CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to Harris County Department of Education of Harris County, Texas for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended August 31, 2020.

To be awarded a *Certificate of Achievement*, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. 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 our current ACFR continues to meet the Certificate of Achievement Program's requirements and the Department will submit it to the GFOA to determine its eligibility for another certificate.





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Harris County Department of Education  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

August 31, 2020

*Christopher P. Morill*

Executive Director/CEO

## HARRIS COUNTY DEPARTMENT OF EDUCATION

### CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING AWARD

The Association of School Business Officials International (ASBO) awarded a *Certificate of Excellence in Financial Reporting (Award)* to Harris County Department of Education for its Comprehensive Annual Financial Report for the fiscal year ended August 31, 2020.

The Award, the highest recognition for school system financial operations offered by ASBO, is only conferred to school systems that have met or exceeded the standards of the *Certificate of Excellence in Financial Reporting Program*.

Since its inception in 1972 the program has gained the distinction of being a prestigious national award recognized by accounting professionals, underwriters, securities analysts, bond-rating agencies, state and federal agencies, and education, teacher and citizen groups.

ASBO International, founded in 1910, is a professional association which provides programs and services to promote the highest standards of school business management practices, professional growth, and the effective use of educational resources.

By preparing and presenting a ACFR, the Department validates the credibility of its system's operations, measures the integrity and technical competence of the business staff, and provides professional recognition.



The Certificate of Excellence in Financial Reporting  
is presented to

## Harris County Department of Education

for its Comprehensive Annual Financial Report  
for the Fiscal Year Ended August 31, 2020.

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



A handwritten signature in black ink that reads 'W. Edward Chabal'.

W. Edward Chabal  
President

A handwritten signature in black ink that reads 'David J. Lewis'.

David J. Lewis  
Executive Director

**HARRIS COUNTY DEPARTMENT OF EDUCATION  
PRINCIPAL OFFICIALS  
FOR THE FISCAL YEAR ENDED AUGUST 31, 2021**

**County Board of School Trustees**

| <b>NAME</b>         | <b>TITLE</b>          | <b>LENGTH OF SERVICE</b> | <b>TERM EXPIRES</b> |
|---------------------|-----------------------|--------------------------|---------------------|
| Danyahel Norris     | President             | 2019                     | 12/31/2024          |
| Richard Cantu       | Vice President        | 2019                     | 12/31/2024          |
| Andrea Duhon        | Second Vice President | 2019                     | 12/31/2024          |
| James Colbert, Jr.  | Secretary             | 2014                     | Appointed           |
| David W. Brown      | Member                | 2021                     | 12/31/2026          |
| Erica Davis         | Member                | 2021                     | 12/31/2026          |
| Eric Dick           | Member                | 2017                     | 12/31/2022          |
| Amy Flores Hinojosa | Member                | 2019                     | 12/31/2022          |

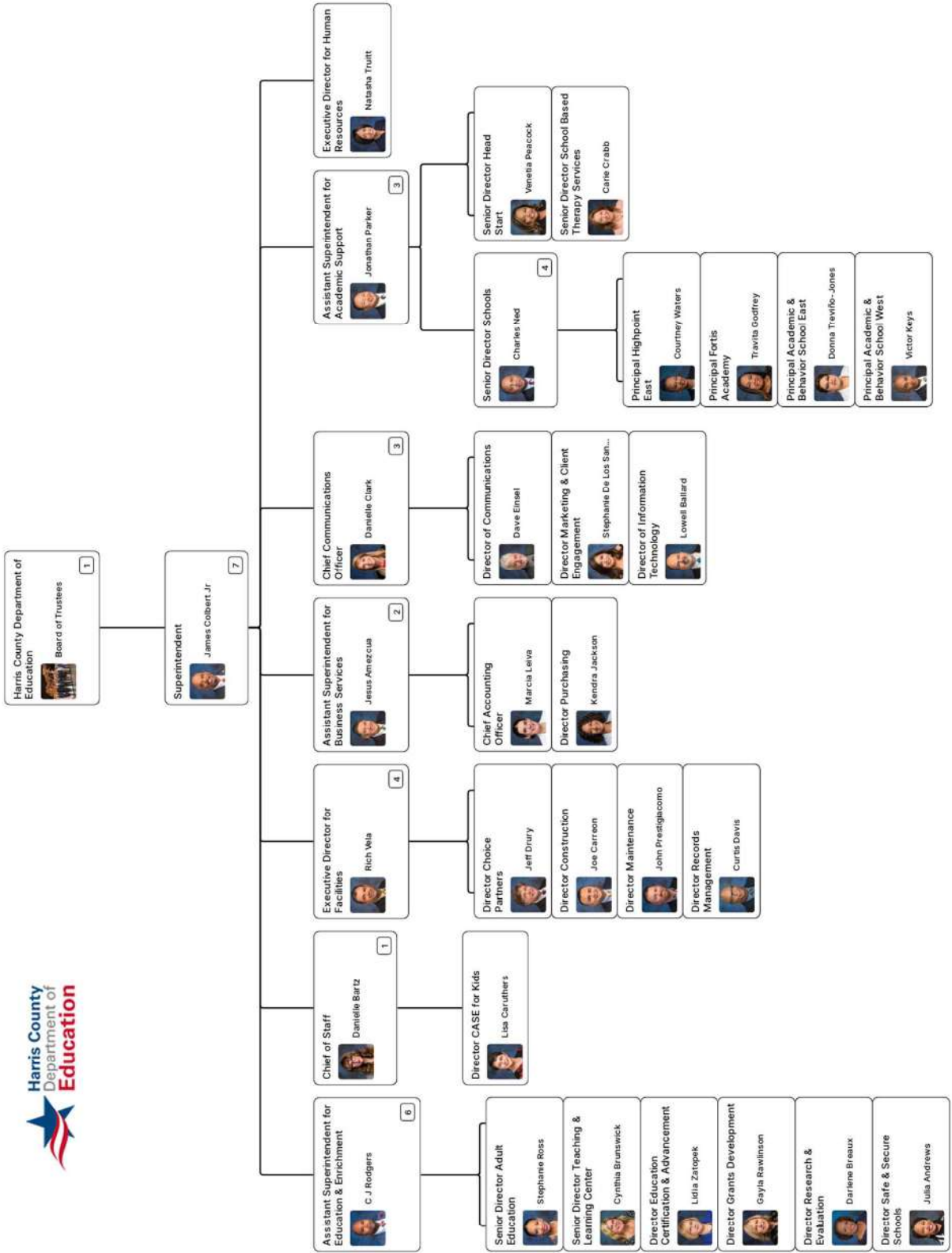
**Executive Leadership Team**

| <b>NAME</b>                             | <b>POSITION</b>                                      |
|---|--|
| James Colbert, Jr.                      | County School Superintendent                         |
| Jesus Amezcua, RTSBA, CPA, Ph.D., CPFIM | Assistant Superintendent - Business Services         |
| Richard Vela                            | Executive Director – Facilities Support Services     |
| C.J. Rodgers Ed. D.                     | Assistant Superintendent - Education and Enrichment  |
| Jonathan Parker                         | Assistant Superintendent - Academic Support Services |
| Natasha Truitt, MBA                     | Executive Director for Human Resources               |
| Danielle Clark                          | Chief Communications Officer                         |

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**PRINCIPAL OFFICIALS (continued)**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2021**

**PFC Board Members**

| <b>NAME</b>          | <b>POSITION</b>      |
|----------------------|----------------------|
| Richard Vela         | President            |
| Richard Cantu        | First Vice President |
| Dr. Jesus J. Amezcua | Treasurer/Secretary  |
| James Colbert Jr.    | Director             |
| Danyahel Norris      | Director             |
| Joe Carreon          | Director             |
| Andrea Duhon         | Director             |







# Financial Section



## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Harris County Department of Education  
6300 Irvington Boulevard  
Houston, Texas 77022

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Harris County Department of Education (the "Department"), as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Department as of August 31, 2021, 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.

## **Other Matters**

### *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 the other-post employment benefit information be presented to supplement the basic financial statements. Such information, 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 the 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. The accompanying supplementary information, such as the combining and individual fund statements and schedules, other supplementary information and other information, such as the introductory and statistical sections, are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 and individual fund statements and schedules and other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

To the Board of Trustees  
Harris County Department of Education

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2022, on our consideration of the Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 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 Department's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas  
January 20, 2022



## HARRIS COUNTY DEPARTMENT OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

As management of Harris County Department of Education (Department), we offer readers of the Department's financial statements this narrative overview and analysis of the financial activities of the Department for the year ended August 31, 2021. It should be read in conjunction with our letter of transmittal at the front of this report and the basic financial statements which follow this section.

### Financial Highlights

- The assets and deferred outflow of resources of the Department exceeded the liabilities and deferred inflows of resources at the close of the fiscal year by \$30,972,834 .
- The Department's net position decreased by \$923,808 . The primary cause of this decrease is due to a decrease in revenues in the governmental activities and an increase in expenses in both the governmental and business-type activities.
- As of August 31, 2021, the Department's governmental funds reported combined ending fund balances of \$80,335,085, an increase of \$44,559,974. The increase in governmental fund balances was primarily due to the issuance of lease revenue bonds and maintenance tax notes in the capital projects fund.
- At the end of the fiscal year, the unassigned fund balance in the General Fund was \$17,032,101 or 34.2 percent of the General Fund's total expenditures for this fiscal year.
- The Department's total bonded debt increased by \$44,245,617 during the fiscal year due to the issuance of the above mentioned revenue bonds and maintenance tax notes.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Harris County Department of Education's basic financial statements. The Department's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

**Government-Wide Financial Statements** - The government-wide financial statements are designed to provide readers with a broad overview of the Department's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all the Department's assets, deferred outflows of resources, deferred inflows of resources and liabilities, with the difference between the four 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 Department is improving or deteriorating.

The *Statement of Activities* presents information showing how the Department's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick leave). The government-wide financial statements distinguish programs of the Department that are principally supported by taxes and intergovernmental revenues (governmental activities) from other programs that are intended to recover all or a portion of their costs through user fees and charges (business-type activities). The governmental activities of the Department include Adult Education Program, Center of After School, Summer and Expanded Learning, Digital Learning and Instructional Learning Program, Head Start Program/Early Head Start, Special Education Program, Special Schools Program, Teaching & Learning Center, School Based Therapy Services, and other miscellaneous projects. The business-type activity reports the Choice Partners purchasing cooperative.



**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (continued)**

The government-wide financial statements include not only Harris County Department of Education itself, but also a legally separate blended component unit, the Harris County Department of Education Public Facility Corporation (PFC Capital Projects Fund), for which it is financially accountable. The government-wide financial statements are referenced as Exhibits A-1 and A-2.

**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 Department uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the Department's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds** - Governmental funds are used to account for essentially the same programs 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 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 Department's near-term financing decisions. Both the governmental fund balance sheet and the government fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Harris County Department of Education maintains 35 individual governmental funds. Information is presented separately in the governmental fund financial statements for the General Fund, Head Start program, and the PFC Capital Project Funds, all of which are considered major funds. Data from the other 32 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 elsewhere in this report.

The Department adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements are referenced as Exhibits B-1 through B-4.

**Proprietary Funds** - The Department maintains an enterprise fund and two internal service funds, which are both types of proprietary funds. The enterprise fund is a major business-type fund used to account for activities for which a fee is charged to external users of goods and services. This is the Choice Partners Cooperative fund. Internal Service funds account for operations that are financed and are similar to the private sector. The Department uses internal service funds to report workers' compensation and facility support services for the Department's other programs and activities. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The basic proprietary fund financial statements are referenced as Exhibits B-5 through B-7.

**Fiduciary Funds** - The fiduciary fund is used to account for resources held for the benefit of students. The fiduciary fund is not reflected in the government-wide financial statements because the resources of those funds are not available to support the Department's own programs. The fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The basic fiduciary fund financial statement is referenced as Exhibit B-8 in this report.

Notes to financial statements- The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements immediately following the *basic financial statements* in this report.

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (continued)**

**Required Supplementary 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. The required supplementary information relates to comparison of the original adopted budget, the final amended budget, and the actual amounts for the fiscal year as well as required pension system information. This is required supplementary information for the general fund and any major special revenue funds that is legally required to adopt an annual budget. The Department did not have any major special revenue funds that were legally required to adopt an annual budget; therefore, only the general fund is presented as required supplementary information. All special revenue funds adopt a project length budget. The required supplementary information also provides data related to the Department's participation in the TRS pension and other post-employment benefit plans as required by GASB Statements No. 68 and 75. Required supplementary information can be found on pages 83-90 of this report.

**Other Information** - The combining and individual fund statements and schedules and other supplementary information are presented immediately following the required supplementary information and are referenced as Exhibits D-1 through E-2 in this report.

**Government-Wide Financial Analysis**

With the implementation of GASB 75, the net position may not serve as the best indicator of the Department's financial position. A better indicator of the financial position is the Department's Governmental Fund Balance Sheet and fund balances in the General and Capital Projects Funds.

The Department's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$30,972,834 at August 31, 2021.

Harris County Department of Education Net Position

|   | Governmental Activities |                      | Business-Type Activities |                     | Totals               |                      |
|---|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
|   | 2021                    | 2020                 | 2021                     | 2020                | 2021                 | 2020                 |
| Current and other assets                    | \$ 88,519,400           | \$ 42,717,992        | \$ 1,554,965             | \$ 1,523,165        | \$ 90,074,365        | \$ 44,241,157        |
| Capital assets                              | 57,522,382              | 57,760,411           | -                        | -                   | 57,522,382           | 57,760,411           |
| <b>Total Assets</b>                         | <b>146,041,782</b>      | <b>100,478,403</b>   | <b>1,554,965</b>         | <b>1,523,165</b>    | <b>147,596,747</b>   | <b>102,001,568</b>   |
| Deferred loss on refunding                  | 49,264                  | 73,261               | -                        | -                   | 49,264               | 73,261               |
| Deferred outflows - pension/OPEB            | 16,389,314              | 10,968,216           | -                        | -                   | 16,389,314           | 10,968,216           |
| <b>Total Deferred Outflows of Resources</b> | <b>16,438,578</b>       | <b>11,041,477</b>    | <b>-</b>                 | <b>-</b>            | <b>16,438,578</b>    | <b>11,041,477</b>    |
| Current liabilities                         | 5,719,190               | 4,513,104            | 54,965                   | 23,165              | 5,774,155            | 4,536,269            |
| Long term liabilities                       | 104,959,588             | 60,443,461           | -                        | -                   | 104,959,588          | 60,443,461           |
| <b>Total Liabilities</b>                    | <b>110,678,778</b>      | <b>64,956,565</b>    | <b>54,965</b>            | <b>23,165</b>       | <b>110,733,743</b>   | <b>64,979,730</b>    |
| Deferred inflows - pension/OPEB             | 22,328,748              | 16,166,673           | -                        | -                   | 22,328,748           | 16,166,673           |
| <b>Total Deferred Inflows of Resources</b>  | <b>22,328,748</b>       | <b>16,166,673</b>    | <b>-</b>                 | <b>-</b>            | <b>22,328,748</b>    | <b>16,166,673</b>    |
| <b>Net Position:</b>                        |                         |                      |                          |                     |                      |                      |
| Net investment in capital assets            | 54,464,903              | 47,221,390           | -                        | -                   | 54,464,903           | 47,221,390           |
| Unrestricted                                | (24,992,069)            | (16,824,748)         | 1,500,000                | 1,500,000           | (23,492,069)         | (15,324,748)         |
| <b>Total Net Position</b>                   | <b>\$ 29,472,834</b>    | <b>\$ 30,396,642</b> | <b>\$ 1,500,000</b>      | <b>\$ 1,500,000</b> | <b>\$ 30,972,834</b> | <b>\$ 31,896,642</b> |

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (continued)**

Net investment in capital assets of \$54,464,903 reflects the Department's investment in capital assets (e.g. land, buildings and improvements, furniture and equipment, and construction in progress), less any related debt used to acquire those assets. Although the Department'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. The remaining balance of net position is a deficit amount of \$24,992,069. The deficit reported as unrestricted is related to the net pension and OPEB liabilities (\$20.7 million and \$23.9 million) respectively.

The net position of the Department decreased by \$923,808 for the year ended August 31, 2021. Detail of the change in the Department's net position follows:

|  | Governmental Activities |                      | Business-Type Activities |                     | Totals               |                      |
|--|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
|  | 2021                    | 2020                 | 2021                     | 2020                | 2021                 | 2020                 |
| <b>Program Revenues</b>                                  |                         |                      |                          |                     |                      |                      |
| Charges for services                                     | \$ 21,006,818           | \$ 21,459,302        | \$ 6,924,045             | \$ 5,952,679        | \$ 27,930,863        | \$ 27,411,981        |
| Operating grants   | 27,289,087              | 25,663,841           | -                        | -                   | 27,289,087           | 25,663,841           |
| <b>General Revenues</b>                                  |                         |                      |                          |                     |                      |                      |
| Property taxes   | 25,178,251              | 23,870,492           | -                        | -                   | 25,178,251           | 23,870,492           |
| Grants and contributions not restricted                  | 2,703,108               | 5,610,709            | -                        | -                   | 2,703,108            | 5,610,709            |
| Investment Earnings                                      | 26,124                  | 434,601              | -                        | -                   | 26,124               | 434,601              |
| Miscellaneous  | 6,167,249               | 6,018,115            | -                        | -                   | 6,167,249            | 6,018,115            |
| <b>Total Revenues</b>                                    | <b>82,370,637</b>       | <b>83,057,060</b>    | <b>6,924,045</b>         | <b>5,952,679</b>    | <b>89,294,682</b>    | <b>89,009,739</b>    |
| <b>Expenses</b>  |                         |                      |                          |                     |                      |                      |
| Adult Education Program                                  | 4,127,033               | 4,638,902            | -                        | -                   | 4,127,033            | 4,638,902            |
| Assistant Superintendents                                | 603,726                 | 555,259              | -                        | -                   | 603,726              | 555,259              |
| Board of Trustees  | 163,700                 | 164,109              | -                        | -                   | 163,700              | 164,109              |
| Business Support Services                                | 1,998,215               | 1,985,847            | -                        | -                   | 1,998,215            | 1,985,847            |
| Center for After School, Summer & Expanded Learning      | 7,729,357               | 6,516,679            | -                        | -                   | 7,729,357            | 6,516,679            |
| Center for Safe & Secure Schools                         | 759,146                 | 793,170              | -                        | -                   | 759,146              | 793,170              |
| Center for Grant Development                             | 592,331                 | 583,366              | -                        | -                   | 592,331              | 583,366              |
| Choice Partners Cooperatives                             | -                       | -                    | 2,095,107                | 1,962,256           | 2,095,107            | 1,962,256            |
| Client Engagement  | 462,459                 | 434,571              | -                        | -                   | 462,459              | 434,571              |
| Communications   | 962,407                 | 832,260              | -                        | -                   | 962,407              | 832,260              |
| Department Wide  | 8,725,092               | 10,549,704           | -                        | -                   | 8,725,092            | 10,549,704           |
| Digital Learning   | 288,756                 | 423,384              | -                        | -                   | 288,756              | 423,384              |
| Education Certification & Professional Advancement       | 677,435                 | 665,549              | -                        | -                   | 677,435              | 665,549              |
| Education Foundation                                     | 210,543                 | 500,626              | -                        | -                   | 210,543              | 500,626              |
| Facility Support Services                                | 3,032,471               | 1,566,862            | -                        | -                   | 3,032,471            | 1,566,862            |
| Head Start Program                                       | 20,185,050              | 20,007,652           | -                        | -                   | 20,185,050           | 20,007,652           |
| Human Resources  | 1,107,767               | 1,097,516            | -                        | -                   | 1,107,767            | 1,097,516            |
| Interest and Fees-Long-Term Debt                         | 1,792,569               | 230,424              | -                        | -                   | 1,792,569            | 230,424              |
| Purchasing Support Services                              | 573,016                 | 581,023              | -                        | -                   | 573,016              | 581,023              |
| Records Management Services                              | 1,960,988               | 1,900,490            | -                        | -                   | 1,960,988            | 1,900,490            |
| Research & Evaluation Institution                        | 635,864                 | 612,972              | -                        | -                   | 635,864              | 612,972              |
| Retirement Leave Benefits                                | 333,844                 | 231,057              | -                        | -                   | 333,844              | 231,057              |
| Scholastic Arts & Writing Program                        | 119,673                 | 142,239              | -                        | -                   | 119,673              | 142,239              |
| School Based Therapy Services                            | 11,457,283              | 11,360,389           | -                        | -                   | 11,457,283           | 11,360,389           |
| Chief of Staff   | 284,899                 | 273,876              | -                        | -                   | 284,899              | 273,876              |
| Special Schools & Services                               | 13,817,704              | 12,875,176           | -                        | -                   | 13,817,704           | 12,875,176           |
| Superintendent's Office                                  | 623,314                 | 564,677              | -                        | -                   | 623,314              | 564,677              |
| Technology Support Services                              | 3,982,140               | 4,090,248            | -                        | -                   | 3,982,140            | 4,090,248            |
| The Teaching & Learning Center                           | 916,601                 | 1,144,261            | -                        | -                   | 916,601              | 1,144,261            |
| <b>Total Expenses</b>                                    | <b>88,123,383</b>       | <b>85,322,288</b>    | <b>2,095,107</b>         | <b>1,962,256</b>    | <b>90,218,490</b>    | <b>87,284,544</b>    |
| Increase (decrease) in net position before and transfers | (5,752,746)             | (2,265,228)          | 4,828,938                | 3,990,423           | (923,808)            | 1,725,195            |
| Transfers  | 4,828,938               | 3,490,423            | (4,828,938)              | (3,490,423)         | -                    | -                    |
| Increase (decrease) in net position                      | (923,808)               | 1,225,195            | -                        | 500,000             | (923,808)            | 1,725,195            |
| <b>Beginning Net Position</b>                            | <b>30,396,642</b>       | <b>29,171,447</b>    | <b>1,500,000</b>         | <b>1,000,000</b>    | <b>31,896,642</b>    | <b>30,171,447</b>    |
| <b>Ending Net Position</b>                               | <b>\$ 29,472,834</b>    | <b>\$ 30,396,642</b> | <b>\$ 1,500,000</b>      | <b>\$ 1,500,000</b> | <b>\$ 30,972,834</b> | <b>\$ 31,896,642</b> |

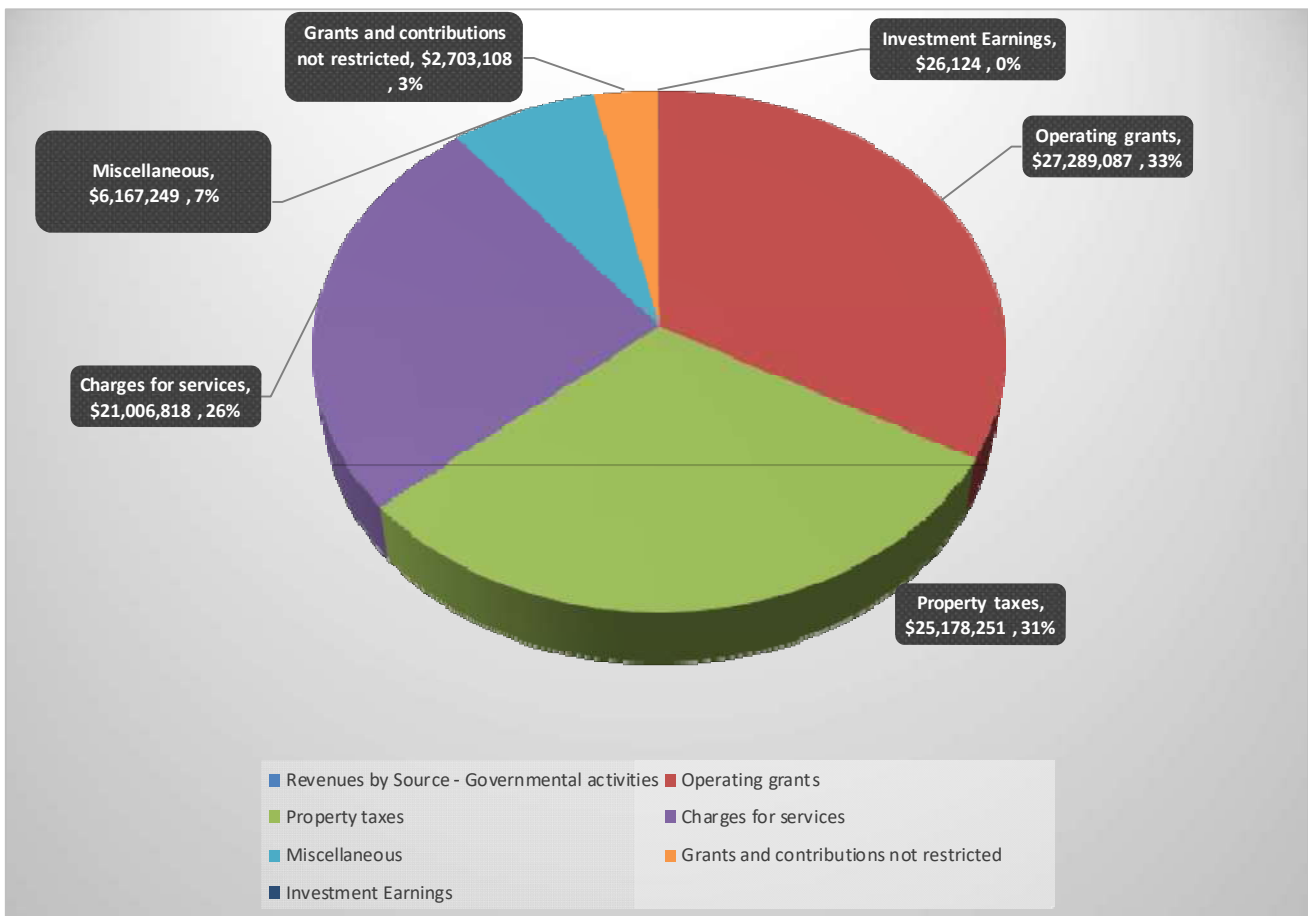
**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (continued)**

Fiscal year 2021 brought about many uncertainties. Property taxes increased slightly (5.5 percent) due to an increase in the property values even though the tax rate decreased. Grants decreased overall (3.5 percent) due to additional funds primarily related to COVID-19 received in FY 2020 that were not received in FY 2021. Charges for services and investment earnings decreased slightly also related to COVID-19 which caused a decrease in trainings offered and a decrease in the market for a period.

Expenses increased approximately 3.6 percent overall due to a slight increase in salaries and benefits as well as materials and supplies and other costs related to COVID-19 protective measures.

Revenues for the governmental activities are generated primarily from two sources. The first source is comprised of two groups, Operating Grants and Contributions (\$27,289,087 ) and Grants and Contributions Not Restricted to Specific Program (\$2,703,108 ) totaling \$29,992,195 , represent 33.6 percent of total revenues. Charges for services from governmental activities(\$21,006,818 ) and (\$6,924,045 ) from business-type activities represent 31.3 percent of total revenues. The remaining percent is generated from property taxes (28.2 percent), head start non-federal share and miscellaneous revenues and investment earnings.

Revenues by Source – Governmental Activities  
 Total \$82,370,637



Revenues for the business-type activities are generated solely by fees charged to external users of goods and services. Total business-type activities revenues for FY 2021 total \$6,924,045 . The increase is related to the increase in procurement services during FY 2021.

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (continued)**

The primary program expense of the Department is related to the Head Start Program (\$20,185,050 ) which represents 22.4 percent of total expenses. The special schools and services (\$13,817,704 ) represents 15.3 percent and school based therapy (\$11,457,283 ) represents 12.7 percent. Department Wide expenses (\$8,725,092 ) represents 9.7 percent and the center for after-school (\$7,729,357 ) represents 8.6 percent. The remaining individual functional categories of expenses are each less than 5 percent of total expenses. Overall, the increase in expenses is related to an increase in program activity – salaries and benefits and protective measures related to COVID-19.

**Financial Analysis of the Department's Funds**

As noted earlier, Harris County Department of Education uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** - The focus of Harris County Department of Education's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Department's financing requirements. The *Unassigned Fund Balance* may serve as a useful measurement of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Department's governmental funds reported a combined fund balance of \$80,335,085, in comparison with the prior year of \$35,775,111. The net increase of the combined fund balances was comprised of a fund balance increase in the PFC Capital Projects Fund of \$48,811,506 and increase of \$2,500,000 in the debt service fund. The increase in Capital Projects Fund is related to the issuance of lease revenue bonds and maintenance tax notes. The increase in the debt service fund is attributed to an increase in the transfers in from the general fund in order to service future debt payments. Out of the combined fund balances, \$16,793,167 constitutes unassigned fund balance, which is available for spending at the Department's discretion. The remainder of the fund balance is distributed into the following categories: non-spendable fund balance of \$504,996, restricted fund balance of \$51,751,156, committed fund balance of \$2,014,976 and assigned fund balance of \$9,270,790. Please refer to Exhibit B-1.

The general fund is the main operating fund of Harris County Department of Education. At the end of the current fiscal year, unassigned fund balance of the general fund was \$17,032,101, while total fund balance was \$26,083,929. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 34.2 percent of total general fund expenditures, while total fund balance represents 52.4 percent of that same amount.

The fund balance in the general fund decreased \$6,751,532 during the current fiscal year primarily due to an increase transfers outs to the debt service fund for the increase in future debt service payments. During the year when COVID-19 created many uncertainties and some additional costs which increased expenditures overall by \$1,790,968.

The fund balance for the PFC Capital Project Funds increased by \$48,811,506 due to the issuance of lease revenue bonds and maintenance tax notes for future projects.

**Proprietary Fund** - the Department's proprietary fund financial statement reflects the Department's enterprise fund and internal service funds for internal services and workers' compensation. The increase in net position is primarily due to a decrease in claims associated with the workers' compensation fund. The business-type activities net change in position is eliminated in a transfer of excess revenues to the general fund. The net change in position of the fund is eliminated and allocated to the governmental expenses in the government-wide financial statements.

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (continued)**

**General Fund Budgetary Highlights**

During the fiscal year, the Department amended the revenue budget by \$708,857. The Department's major budget amendments during the year were associated with increases in service agreement fees for the Teaching & Learning Center, Business Services, Center for Safe and Secure Schools, and AB School West (\$613,000).

At year end, local fees for services from various divisions were below the revenue budget by \$3.0 million due to less services needed from school districts. Tax revenues were \$995 thousand less than budgeted due to collections and protested values. Donations and investment revenues were \$62 thousand less than budgeted due to COVID-19 impact on economy and interest rates. The state revenues exceeded budget by approximately \$535 thousand mainly due to receiving more than anticipated on behalf of the TRS Active Care funding. The grant related revenues exceeded the anticipated budget by approximately \$278 thousand due to additional indirect costs from grants.

Over the course of the year the Department revised its budget at each regularly scheduled HCDE Board of Trustees meeting. There was \$3,468,992 net increase in appropriations between the original and the final amended budget. The Department's major budget amendments during the year are summarized as follows:

- \$724,041 for Department Wide
- \$211,303 for Education Foundation

There was a \$ 6,338,426 difference between the final amended budget and actual expenditures. The significant differences are summarized below:

- \$2,513,191 Special Schools and Services under budget
- \$1,416,301 School Based Therapy Services under budget
- \$1,303,010 under budget in Communications, Technology Support and the Teaching and Learning Center

**Capital Assets and Long-Term Liabilities**

**Capital Assets-** At the end of fiscal year 2021, Harris County Department of Education had \$57,522,382 (net of accumulated depreciation of \$33,302,238 ) invested in capital assets including land, buildings and improvements, furniture and equipment, and construction in progress. The net decrease in capital assets due to depreciation and disposal of assets in the current year was \$238,029 .

**Harris County Department of Education's Capital Assets**  
**(Net of depreciation)**

|                            | <b>Governmental Activities</b> |                     |
|----------------------------|--------------------------------|---------------------|
|                            | <b>2021</b>                    | <b>2020</b>         |
| Land                       | \$ 2,539,276                   | \$ 2,539,276        |
| Buildings and Improvements | 52,547,410                     | 52,667,027          |
| Furniture and Equipment    | 2,115,410                      | 2,051,782           |
| Construction in Progress   | 320,286                        | 502,326             |
| <b>Total</b>               | <b>\$57,522,382</b>            | <b>\$57,760,411</b> |

Major capital asset events during the current fiscal year included the following:

- \$1.2 million decrease to Construction in Progress is related primarily to the completion of the La Porte project, Post Oak improvements and Fortis Academy improvements.

Additional information on the Department's capital assets can be found in the notes to financial statements- Note 6 - Capital Assets.

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (continued)**

**Long-Term Liabilities** - At fiscal year-end, the Harris County Department of Education's outstanding debt balance was \$54,857,899 consisting of \$34,660,000 of lease revenue bonds, \$902,857 of Qualified Zone Academy Bonds, \$13,865,000 in maintenance tax notes and \$5,430,042 in issuance premiums. The bonds and notes are backed by specified program revenues and property taxes. The other long-term liabilities in the amount of \$5,507,719 include \$5,412,655 for compensated absences and \$95,064 for workers compensation.

**Harris County Department of Education's Long-Term Liabilities**  
**(Net)**

|  | <b>Governmental Activities</b> |                      |
|--|--------------------------------|----------------------|
|  | <b>2021</b>                    | <b>2020</b>          |
| Bonds and Notes Payable                  | \$ 54,857,899                  | \$ 10,612,282        |
| Other Long-Term Liabilities              | 5,507,719                      | 5,620,302            |
| Net Pension Liability (Department Share) | 20,739,553                     | 12,914,733           |
| Net OPEB Liability (Department Share)    | 23,854,417                     | 31,296,144           |
| <b>Total</b>                             | <b>\$ 104,959,588</b>          | <b>\$ 60,443,461</b> |

During the year ended August 31, 2021, the Department's total long-term liabilities had a net increase of \$44,516,127 due to the issuance of lease revenue bonds and maintenance tax notes and an increase in both the net pension liability and net OPEB liability.

The Department continues to enjoy excellent underlying bond ratings. The underlying ratings on the Harris County Department of Education Public Facility Corporation's, a blended component unit of the Department, bonds are rated Aa1 by Moody's and AAA from Standard and Poor's. The underlying rating on the Department's notes is Aaa by Moody's. Additional information on the Department's long-term debt can be found in the notes to financial statements, Note 7 - Long-Term Liabilities.

**Economic Factors and Next Year's Budgets and Rates**

Economic factors can have a significant impact on Harris County Department of Education finances. Growth in services to our customers, primarily, school district, will depend on their finances.

- Property taxes represent 44 percent of the fiscal year 2021-2022 total estimated general fund revenues
- The unemployment rate for Harris County was 6.1 percent on August 31, 2021, while the nationwide rate averaged 5.2 percent
- Inflation and other factors have resulted in increases for health insurance, property insurance, electricity and travel reimbursements costs. Moreover, due to COVID 19 impact, construction materials and costs have also risen. The Consumer Price index as of August 31, 2021, was 5.3% nationwide.
- The department remains successful at applying and administering federal, state and local grants. Additional grants have been received from Health and Human Services for COVID 19 expenditures and city and county grants for after school programs.

The Department elected officials considered these and many other factors when setting the fiscal year 2022 general fund and the property tax rate. The adopted budget is based on the following significant assumptions:

- Estimated revenues from current tax revenues are \$26,528,250, an increase of 5 percent from previous fiscal year 2021 budget of \$25,326,432, based on an increase in property values assessed by the Harris County Appraisal District.
- Fiscal Year 2022 general fund expenditures are budgeted at \$62,390,032, a decrease of 10.02 percent from the amended fiscal year 2021 budget of \$69,337,158. The decrease is due to the one-time transfers from the general fund to the debt service fund and capital projects fund.

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (continued)**

- The Fiscal Year 2022 adopted budget was a balanced budget with the use of assigned fund balance for various capital projects and capital outlay items. The fiscal year 2021 general fund budget projected a decrease of \$3,201,303 in total fund balance. During the current fiscal year. The unassigned fund balance in the general fund was projected to be \$14,383,163. The tax rate of \$0.004900 per \$100 valuation was adopted for tax year 2021 (Fiscal year 2021-2022).

The Department maintains a policy that benchmarks an unassigned fund balance of 12-15 percent of the operating expenditure budget. The unassigned fund balance is currently at 29 percent of total budgeted appropriations including other uses for fiscal year 2021. The projected year fiscal year 2022 total fund balance of the general fund is \$17,920,191.

**Requests for Information**

This financial report is designed to provide our citizens, taxpayers, the business community, customers, and creditors with a general overview of Harris County Department of Education's finances and to demonstrate the Department's accountability for the money under its fiduciary care. Questions about this report or requests for additional information should be directed to the Business Office, Harris County Department of Education, at 6300 Irvington Blvd., Houston, Texas, 77022, by phone at (713) 696-8249 or by email to [jamezcua@hcde-texas.org](mailto:jamezcua@hcde-texas.org).







# Basic Financial Statement

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**August 31, 2021**

Exhibit A-1

|   | Primary<br>Government      |                             |                      |
|---|----------------------------|-----------------------------|----------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities | Total                |
| <b>Assets</b>                               |                            |                             |                      |
| Cash and cash equivalents                   | \$ 79,859,401              | \$ 355,238                  | \$ 80,214,639        |
| Property taxes receivable (net)             | 1,055,705                  | -                           | 1,055,705            |
| Due from other governments                  | 4,775,170                  | -                           | 4,775,170            |
| Other receivables                           | 1,885,174                  | 1,194,731                   | 3,079,905            |
| Inventories                                 | 172,997                    | -                           | 172,997              |
| Prepaid items                               | 770,953                    | 4,996                       | 775,949              |
| Capital Assets:                             |                            |                             |                      |
| Land  | 2,539,276                  | -                           | 2,539,276            |
| Construction in Progress                    | 320,286                    | -                           | 320,286              |
| Buildings and improvements                  | 74,367,652                 | -                           | 74,367,652           |
| Furniture and equipment                     | 13,597,406                 | -                           | 13,597,406           |
| Accumulated depreciation                    | <u>(33,302,238)</u>        | <u>-</u>                    | <u>(33,302,238)</u>  |
| <b>Total Assets</b>                         | <u>146,041,782</u>         | <u>1,554,965</u>            | <u>147,596,747</u>   |
| <b>Deferred Outflows of Resources</b>       |                            |                             |                      |
| Deferred outflows on bond refunding         | 49,264                     | -                           | 49,264               |
| Deferred outflow related to OPEB            | 3,984,104                  | -                           | 3,984,104            |
| Deferred outflow related to pension         | <u>12,405,210</u>          | <u>-</u>                    | <u>12,405,210</u>    |
| <b>Total Deferred outflows of resources</b> | <u>16,438,578</u>          | <u>-</u>                    | <u>16,438,578</u>    |
| <b>Liabilities</b>                          |                            |                             |                      |
| Accounts payable                            | 3,578,894                  | 45,909                      | 3,624,803            |
| Payroll deductions payable                  | 916,939                    | -                           | 916,939              |
| Accrued wages payable                       | 146,867                    | -                           | 146,867              |
| Accrued interest payable                    | 72,625                     | -                           | 72,625               |
| Due to Other Governments                    | 8,458                      | 9,056                       | 17,514               |
| Unearned revenues                           | 995,407                    | -                           | 995,407              |
| Long-term Liabilities                       |                            |                             |                      |
| Due within one year                         | 3,848,878                  | -                           | 3,848,878            |
| Due in more than one year                   | 56,516,740                 | -                           | 56,516,740           |
| Net OPEB Liability (Department's Share)     | 23,854,417                 |                             | 23,854,417           |
| Net Pension Liability (Department's Share)  | <u>20,739,553</u>          | <u>-</u>                    | <u>20,739,553</u>    |
| <b>Total Liabilities</b>                    | <u>110,678,778</u>         | <u>54,965</u>               | <u>110,733,743</u>   |
| <b>Deferred Inflows of Resources</b>        |                            |                             |                      |
| Deferred inflow related to OPEB             | 19,431,747                 | -                           | 19,431,747           |
| Deferred inflow related to pension          | <u>2,897,001</u>           | <u>-</u>                    | <u>2,897,001</u>     |
| <b>Total Deferred inflows of resources</b>  | <u>22,328,748</u>          | <u>-</u>                    | <u>22,328,748</u>    |
| <b>Net Position</b>                         |                            |                             |                      |
| Net investment in capital assets            | 54,464,903                 | -                           | 54,464,903           |
| Unrestricted                                | <u>(24,992,069)</u>        | <u>1,500,000</u>            | <u>(23,492,069)</u>  |
| <b>Total Net Position</b>                   | <u>\$ 29,472,834</u>       | <u>\$ 1,500,000</u>         | <u>\$ 30,972,834</u> |



**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended August 31, 2021**

**Exhibit A-2**

|  | Net (Expense) Revenues and<br>Changes in Net Position |                            |  |                            |                             |                      |
|--|---|----------------------------|--|----------------------------|-----------------------------|----------------------|
|  | Program Revenues                                      |                            |  | Primary Government         |                             |                      |
|  | Expenses  | Charges<br>for<br>Services | Operating<br>Grants &<br>Contributions | Governmental<br>Activities | Business-Type<br>Activities | Total                |
| <b>Primary Government</b>                                      |   |                            |  |                            |                             |                      |
| <b>Governmental Activities:</b>                                |   |                            |  |                            |                             |                      |
| Adult Education Program  | \$ 4,127,033  | \$ 14,436                  | \$ 3,724,090                           | \$ (388,507)               | \$ -                        | \$ (388,507)         |
| Assistant Superintendents                                      | 603,726   | -                          | -                                      | (603,726)                  | -                           | (603,726)            |
| Board of Trustees  | 163,700   | -                          | -                                      | (163,700)                  | -                           | (163,700)            |
| Business Support Services                                      | 1,998,215   | 132,721                    | -                                      | (1,865,494)                | -                           | (1,865,494)          |
| Learning   | 7,729,357   | 74,810                     | 5,080,125                              | (2,574,422)                | -                           | (2,574,422)          |
| Center for Safe & Secure Schools                               | 759,146   | 271,773                    | 154,701                                | (332,672)                  | -                           | (332,672)            |
| Center for Grant Development                                   | 592,331   | 1,455                      | -                                      | (590,876)                  | -                           | (590,876)            |
| Client Engagement  | 462,459   | -                          | -                                      | (462,459)                  | -                           | (462,459)            |
| Communications   | 962,407   | -                          | -                                      | (962,407)                  | -                           | (962,407)            |
| Department Wide  | 8,725,092   | 411,395                    | 3,134,636                              | (5,179,061)                | -                           | (5,179,061)          |
| Digital Learning   | 288,756   | -                          | -                                      | (288,756)                  | -                           | (288,756)            |
| Education Certification & Professional<br>Advancement          | 677,435   | 226,387                    | 6,500                                  | (444,548)                  | -                           | (444,548)            |
| Education Foundation   | 210,543   | -                          | -                                      | (210,543)                  | -                           | (210,543)            |
| Facility Support Services                                      | 3,032,471   | -                          | -                                      | (3,032,471)                | -                           | (3,032,471)          |
| Head Start Program   | 20,185,050  | -                          | 15,167,935                             | (5,017,115)                | -                           | (5,017,115)          |
| Human Resources  | 1,107,767   | -                          | -                                      | (1,107,767)                | -                           | (1,107,767)          |
| Interest and Fees-Long-Term Debt                               | 1,792,569   | -                          | -                                      | (1,792,569)                | -                           | (1,792,569)          |
| Purchasing Support Services                                    | 573,016   | -                          | -                                      | (573,016)                  | -                           | (573,016)            |
| Records Management Services                                    | 1,960,988   | 1,781,590                  | -                                      | (179,398)                  | -                           | (179,398)            |
| Research & Evaluation Institution                              | 635,864   | 149,500                    | -                                      | (486,364)                  | -                           | (486,364)            |
| Retirement Leave Benefits                                      | 333,844   | -                          | -                                      | (333,844)                  | -                           | (333,844)            |
| Scholastic Arts & Writing Program                              | 119,673   | -                          | -                                      | (119,673)                  | -                           | (119,673)            |
| School Based Therapy Services                                  | 11,457,283  | 9,368,648                  | 7,500                                  | (2,081,135)                | -                           | (2,081,135)          |
| Chief of Staff   | 284,899   | -                          | -                                      | (284,899)                  | -                           | (284,899)            |
| Special Schools & Services                                     | 13,817,704  | 8,001,312                  | -                                      | (5,816,392)                | -                           | (5,816,392)          |
| Superintendent's Office  | 623,314   | -                          | -                                      | (623,314)                  | -                           | (623,314)            |
| Technology Support Services                                    | 3,982,140   | -                          | -                                      | (3,982,140)                | -                           | (3,982,140)          |
| The Teaching & Learning Center                                 | 916,601   | 572,791                    | 13,600                                 | (330,210)                  | -                           | (330,210)            |
| <b>Total Governmental Activities</b>                           | <b>88,123,383</b>                                     | <b>21,006,818</b>          | <b>27,289,087</b>                      | <b>(39,827,478)</b>        | <b>-</b>                    | <b>(39,827,478)</b>  |
| <b>Business-Type Activities:</b>                               |   |                            |  |                            |                             |                      |
| Choice Partners Cooperative                                    | 2,095,107   | 6,924,045                  | -                                      | -                          | 4,828,938                   | 4,828,938            |
| <b>Total Business-Type Activities</b>                          | <b>2,095,107</b>                                      | <b>6,924,045</b>           | <b>-</b>                               | <b>-</b>                   | <b>4,828,938</b>            | <b>4,828,938</b>     |
| <b>Total Primary Government</b>                                | <b>\$ 90,218,490</b>                                  | <b>\$ 27,930,863</b>       | <b>\$ 27,289,087</b>                   | <b>(39,827,478)</b>        | <b>4,828,938</b>            | <b>(34,998,540)</b>  |
| <b>General Revenues:</b>                                       |   |                            |  |                            |                             |                      |
| Property Taxes, Levied for General Purposes                    |   |                            |  | 25,178,251                 | -                           | 25,178,251           |
| Grants and Contributions Not Restricted<br>to Specific Program |   |                            |  | 2,703,108                  | -                           | 2,703,108            |
| Investment Earnings  |   |                            |  | 26,124                     | -                           | 26,124               |
| Miscellaneous  |   |                            |  | 6,167,249                  | -                           | 6,167,249            |
| Transfers  |   |                            |  | 4,828,938                  | (4,828,938)                 | -                    |
| Total General Revenues   |   |                            |  | 38,903,670                 | (4,828,938)                 | 34,074,732           |
| Change in Net Position   |   |                            |  | (923,808)                  | -                           | (923,808)            |
| <b>Net Position-Beginning</b>                                  |   |                            |  | <b>30,396,642</b>          | <b>1,500,000</b>            | <b>31,896,642</b>    |
| <b>Net Position-Ending</b>                                     |   |                            |  | <b>\$ 29,472,834</b>       | <b>\$ 1,500,000</b>         | <b>\$ 30,972,834</b> |

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**August 31, 2021**

*Exhibit B-1*  
*Page 1 of 2*

|   | General Fund         | Head Start<br>Program | Capital<br>Projects Fund |
|---|----------------------|-----------------------|--------------------------|
| <b>Assets</b>   |                      |                       |                          |
| Cash and cash equivalents   | \$ 22,969,998        | \$ -                  | \$ 52,452,735            |
| Property taxes receivable   | 1,077,250            | -                     | -                        |
| Allowance for uncollectible taxes   | (21,545)             | -                     | -                        |
| Due from other governments  | 249,084              | 972,961               | -                        |
| Due from other funds  | 2,880,290            | -                     | -                        |
| Other receivables   | 2,285,174            | -                     | -                        |
| Allowance for uncollectible receivables                                       | (400,000)            | -                     | -                        |
| Inventories   | 172,997              | -                     | -                        |
| Prepaid Items   | 93,065               | 39,515                | -                        |
| <b>Total Assets</b>   | <u>\$ 29,306,313</u> | <u>\$ 1,012,476</u>   | <u>\$ 52,452,735</u>     |
| <b>Liabilities, Deferred Inflows of Resources<br/>and Fund Balance</b>        |                      |                       |                          |
| <b>Liabilities:</b>   |                      |                       |                          |
| Accounts payable  | \$ 1,164,721         | \$ 74,010             | \$ 701,579               |
| Payroll Deductions Payable  | 916,939              | -                     | -                        |
| Accrued wages payable   | 66,187               | 1,832                 | -                        |
| Due to other funds  | -                    | 936,634               | -                        |
| Due to other governments  | 8,458                | -                     | -                        |
| Unearned revenues-other   | 10,374               | -                     | -                        |
| <b>Total Liabilities</b>  | <u>2,166,679</u>     | <u>1,012,476</u>      | <u>701,579</u>           |
| <b>Deferred Inflows of Resources</b>  |                      |                       |                          |
| Unavailable revenue-property taxes  | 1,055,705            | -                     | -                        |
| <b>Total Deferred Inflows of Resources</b>                                    | <u>1,055,705</u>     | <u>-</u>              | <u>-</u>                 |
| <b>Fund Balances:</b>   |                      |                       |                          |
| <b>Nonspendable:</b>  |                      |                       |                          |
| Inventory   | 172,997              | -                     | -                        |
| Prepaid Items   | 93,065               | -                     | -                        |
| <b>Restricted:</b>  |                      |                       |                          |
| PFC Construction Projects   | -                    | -                     | 51,751,156               |
| <b>Committed:</b>   |                      |                       |                          |
| Capital Projects  | 1,314,976            | -                     | -                        |
| Retirement Employee Leave   | 500,000              | -                     | -                        |
| Unemployment Liability  | 200,000              | -                     | -                        |
| <b>Assigned:</b>  |                      |                       |                          |
| Building & Vehicle Replacement Acquisition                                    | 1,700,000            | -                     | -                        |
| Asset Replacement & Acquisition   | 1,000,000            | -                     | -                        |
| QZAB Payment  | 691,129              | -                     | -                        |
| PFC Lease Payment   | 1,529,661            | -                     | -                        |
| Workforce Development   | 1,000,000            | -                     | -                        |
| New Program Initiative  | 850,000              | -                     | -                        |
| Debt Service  | -                    | -                     | -                        |
| Unassigned  | 17,032,101           | -                     | -                        |
| <b>Total Fund Balances</b>  | <u>26,083,929</u>    | <u>-</u>              | <u>51,751,156</u>        |
| <b>Total Liabilities, Deferred Inflows of<br/>Resources and Fund Balances</b> | <u>\$ 29,306,313</u> | <u>\$ 1,012,476</u>   | <u>\$ 52,452,735</u>     |

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**August 31, 2021**

*Exhibit B-1*  
*Page 2 of 2*

|   | <b>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|--|---|
|   | <u>                    </u>                | <u>                    </u>             |
| <b>Assets</b>   |  |   |
| Cash and cash equivalents   | \$ 3,169,979                               | \$ 78,592,712                           |
| Property taxes receivable   | -  | 1,077,250                               |
| Allowance for uncollectible taxes   | -  | (21,545)                                |
| Due from other governments  | 3,553,125                                  | 4,775,170                               |
| Due from other funds  | -  | 2,880,290                               |
| Other receivables   | -  | 2,285,174                               |
| Allowance for uncollectible receivables                                       | -  | (400,000)                               |
| Inventories   | -  | 172,997                                 |
| Prepaid Items   | 238,934                                    | 371,514                                 |
| <b>Total Assets</b>   | <u>\$ 6,962,038</u>                        | <u>\$ 89,733,562</u>                    |
| <b>Liabilities, Deferred Inflows of Resources<br/>and Fund Balance</b>        |  |   |
| <b>Liabilities:</b>   |  |   |
| Accounts payable  | \$ 1,470,397                               | \$ 3,410,707                            |
| Payroll Deductions Payable  | -  | 916,939                                 |
| Accrued wages payable   | 62,952                                     | 130,971                                 |
| Due to other funds  | 1,943,656                                  | 2,880,290                               |
| Due to other governments  | -  | 8,458                                   |
| Unearned revenues-other   | 985,033                                    | 995,407                                 |
| <b>Total Liabilities</b>  | <u>4,462,038</u>                           | <u>8,342,772</u>                        |
| <b>Deferred Inflows of Resources</b>  |  |   |
| Unavailable revenue-property taxes  | -  | 1,055,705                               |
| <b>Total Deferred Inflows of Resources</b>                                    | <u>-</u>                                   | <u>1,055,705</u>                        |
| <b>Fund Balances:</b>   |  |   |
| <b>Nonspendable:</b>  |  |   |
| Inventory   | -  | 172,997                                 |
| Prepaid Items   | 238,934                                    | 331,999                                 |
| <b>Restricted:</b>  |  |   |
| PFC Construction Projects   | -  | 51,751,156                              |
| <b>Committed:</b>   |  |   |
| Capital Projects  | -  | 1,314,976                               |
| Retirement Employee Leave   | -  | 500,000                                 |
| Unemployment Liability  | -  | 200,000                                 |
| <b>Assigned:</b>  |  |   |
| Building & Vehicle Replacement Acquisition                                    | -  | 1,700,000                               |
| Asset Replacement & Acquisition   | -  | 1,000,000                               |
| QZAB Payment  | -  | 691,129                                 |
| PFC Lease Payment   | -  | 1,529,661                               |
| Workforce Development   | -  | 1,000,000                               |
| New Program Initiative  | -  | 850,000                                 |
| Debt Service  | 2,500,000                                  | 2,500,000                               |
| Unassigned  | (238,934)                                  | 16,793,167                              |
| <b>Total Fund Balances</b>  | <u>2,500,000</u>                           | <u>80,335,085</u>                       |
| <b>Total Liabilities, Deferred Inflows of<br/>Resources and Fund Balances</b> | <u>\$ 6,962,038</u>                        | <u>\$ 89,733,562</u>                    |





**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**August 31, 2021**

*Exhibit B-2*

|  |                             |
|--|-----------------------------|
| <b>Total Fund Balances-Governmental Funds (Exhibit B-1)</b>  | <b>\$ 80,335,085</b>        |
| Amounts reported for governmental activities in the statement of net position are different because:   |                             |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental capital assets cost of \$87,965,058 exceeds the related accumulated depreciation of \$33,302,238.  | 57,522,382                  |
| Property taxes receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures and, therefore, are deferred in the funds.  | 1,055,705                   |
| Deferred Outflows and Inflows of Resources related to the Pension Standards of \$12,405,210 and \$2,897,001 respectively   | 9,508,209                   |
| Deferred Outflows and Inflows of Resources related to the OPEB Standards of \$3,984,104 and \$19,431,747 respectively  | (15,447,643)                |
| Long-term liabilities, including bonds, notes payable, net pension, compensated absences, and the related accrued interest are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities at year-end related to the long-term liabilities and accrued interest consist of: |                             |
| Bonds and Notes Payable  | \$ (49,427,857)             |
| Accrued Interest on Bonds and Notes Payable  | (72,625)                    |
| Premium on Bonds   | (5,430,042)                 |
| Net Pension Liability  | (20,739,553)                |
| Net OPEB Liability   | (23,854,417)                |
| Compensated Absences   | <u>(5,412,655)</u>          |
|  | (104,937,149)               |
| The deferred loss on refunding is not reported in the fund financial statement but is a deferred outflow of resources and increases the Department's net position  | 49,264                      |
| An internal service fund is used by the Department to charge the costs of workers' compensation benefits to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities  | <u>1,386,981</u>            |
| <b>Total Net Position-Governmental Activities (Exhibit A-1)</b>  | <b><u>\$ 29,472,834</u></b> |

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS**  
**For the Year Ended August 31, 2021**

*Exhibit B-3*  
*Page 1 of 2*

|  | General Fund         | Head Start<br>Program | Capital Projects<br>Fund |
|--|----------------------|-----------------------|--------------------------|
| <b>Revenues</b>  |                      |                       |                          |
| Local and Intermediate Sources                                       | \$ 46,709,017        | \$ -                  | \$ 9,300                 |
| State Programs   | 3,344,870            | -                     | -                        |
| Federal Programs   | 2,078,882            | 7,458,818             | -                        |
| <b>Total Revenues</b>  | <b>52,132,769</b>    | <b>7,458,818</b>      | <b>9,300</b>             |
| <b>Expenditures</b>  |                      |                       |                          |
| <b>Current:</b>  |                      |                       |                          |
| Adult Education Program  | 194,997              | -                     | -                        |
| Assistant Superintendents  | 595,537              | -                     | -                        |
| Board of Trustees  | 162,520              | -                     | -                        |
| Business Support Services  | 1,977,239            | -                     | -                        |
| Center for After-School, Summer & Expanded Learning                  | 628,351              | -                     | 148                      |
| Center for Safe & Secure Schools                                     | 546,613              | -                     | -                        |
| Center for Grant Development   | 584,083              | -                     | -                        |
| Client Engagement  | 441,110              | -                     | -                        |
| Communications   | 903,621              | -                     | -                        |
| Department Wide  | 8,306,545            | -                     | 360,421                  |
| Digital Education & Innovation                                       | 266,550              | -                     | -                        |
| Education Certification & Professional Advancement                   | 670,935              | -                     | -                        |
| Education Foundation   | 210,543              | -                     | -                        |
| Facility Support Services  | 163,536              | -                     | -                        |
| Head Start Program   | 5,918                | 7,541,615             | 700,706                  |
| Human Resources  | 1,070,533            | -                     | -                        |
| Purchasing Support Services  | 573,016              | -                     | -                        |
| Records Management Services  | 1,875,662            | -                     | -                        |
| Research & Evaluation Institute                                      | 582,976              | -                     | -                        |
| Retirement Leave Benefits  | 333,844              | -                     | -                        |
| Scholastic Arts & Writing Program                                    | 118,381              | -                     | -                        |
| School Based Therapy Services  | 11,317,453           | -                     | -                        |
| Chief of Staff   | 280,940              | -                     | -                        |
| Special Schools & Services   | 12,732,686           | -                     | 106,392                  |
| Superintendent's Office  | 622,806              | -                     | -                        |
| Special Schools Administration                                       | 24,277               | -                     | -                        |
| Technology Support Services  | 3,686,034            | -                     | 621                      |
| The Teaching & Learning Center                                       | 885,559              | -                     | -                        |
| Principal Certification  | 2,780                | -                     | -                        |
| PFC Capital Projects   | -                    | -                     | 2,837,998                |
| <b>Debt Service:</b>   |                      |                       |                          |
| Principal on Long-Term Debt  | -                    | -                     | -                        |
| Interest on Long-Term Debt   | -                    | -                     | -                        |
| Bond Issuance Costs  | -                    | -                     | 650,328                  |
| <b>Total Expenditures</b>  | <b>49,765,045</b>    | <b>7,541,615</b>      | <b>4,656,614</b>         |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <b>2,367,724</b>     | <b>(82,797)</b>       | <b>(4,647,314)</b>       |
| <b>Other Financing Sources (uses)</b>                                |                      |                       |                          |
| Lease revenue bonds issued   | -                    | -                     | 27,715,000               |
| Premium on lease revenue bonds                                       | -                    | -                     | 2,206,798                |
| Maintenance tax notes proceeds                                       | -                    | -                     | 13,865,000               |
| Premium on maintenance tax note                                      | -                    | -                     | 3,405,317                |
| Transfers In   | 4,828,938            | 82,797                | 6,266,705                |
| Transfers Out  | (13,948,194)         | -                     | -                        |
| <b>Total Other Financing Sources (Uses)</b>                          | <b>(9,119,256)</b>   | <b>82,797</b>         | <b>53,458,820</b>        |
| Net Change in Fund Balances  | (6,751,532)          | -                     | 48,811,506               |
| <b>Fund Balances-Beginning</b>                                       | <b>32,835,461</b>    | <b>-</b>              | <b>2,939,650</b>         |
| <b>Fund Balances-Ending</b>  | <b>\$ 26,083,929</b> | <b>\$ -</b>           | <b>\$ 51,751,156</b>     |

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS**  
**For the Year Ended August 31, 2021**

*Exhibit B-3*  
*Page 2 of 2*

|  | <b>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--|--|---|
| <b>Revenues</b>  |  |   |
| Local and Intermediate Sources                                       | \$ 5,630,135                               | \$ 52,348,452                           |
| State Programs   | -  | 3,344,870                               |
| Federal Programs   | 16,790,059                                 | 26,327,759                              |
| <b>Total Revenues</b>  | <b>22,420,194</b>                          | <b>82,021,081</b>                       |
| <b>Expenditures</b>  |  |   |
| <b>Current:</b>  |  |   |
| Adult Education Program  | 3,773,612                                  | 3,968,609                               |
| Assistant Superintendents  | -  | 595,537                                 |
| Board of Trustees  | -  | 162,520                                 |
| Business Support Services  | -  | 1,977,239                               |
| Center for After-School, Summer & Expanded Learning                  | 6,991,055                                  | 7,619,554                               |
| Center for Safe & Secure Schools                                     | 201,017                                    | 747,630                                 |
| Center for Grant Development   | -  | 584,083                                 |
| Client Engagement  | 15,365                                     | 456,475                                 |
| Communications   | 44,508                                     | 948,129                                 |
| Department Wide  | -  | 8,666,966                               |
| Digital Education & Innovation                                       | -  | 266,550                                 |
| Education Certification & Professional Advancement                   | 6,500                                      | 677,435                                 |
| Education Foundation   | -  | 210,543                                 |
| Facility Support Services  | -  | 163,536                                 |
| Head Start Program   | 12,243,887                                 | 20,492,126                              |
| Human Resources  | 23,940                                     | 1,094,473                               |
| Purchasing Support Services  | -  | 573,016                                 |
| Records Management Services  | 13,995                                     | 1,889,657                               |
| Research & Evaluation Institute                                      | 44,849                                     | 627,825                                 |
| Retirement Leave Benefits  | -  | 333,844                                 |
| Scholastic Arts & Writing Program                                    | -  | 118,381                                 |
| School Based Therapy Services  | 14,732                                     | 11,332,185                              |
| Chief of Staff   | -  | 280,940                                 |
| Special Schools & Services   | 37,372                                     | 12,876,450                              |
| Superintendent's Office  | -  | 622,806                                 |
| Texas Virtual Schools Network  | -  | 24,277                                  |
| Technology Support Services  | 56,316                                     | 3,742,971                               |
| The Teaching & Learning Center                                       | 13,600                                     | 899,159                                 |
| Principal Certification  | -  | 2,780                                   |
| PFC Capital Projects   | -  | 2,837,998                               |
| <b>Debt Service:</b>   |  |   |
| Principal on Long-Term Debt  | 2,756,428                                  | 2,756,428                               |
| Interest on Long-Term Debt   | 1,243,827                                  | 1,243,827                               |
| Bond Issuance Costs  | -  | 650,328                                 |
| <b>Total Expenditures</b>  | <b>27,481,003</b>                          | <b>89,444,277</b>                       |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <b>(5,060,809)</b>                         | <b>(7,423,196)</b>                      |
| <b>Other Financing Sources (uses)</b>                                |  |   |
| Lease revenue bonds issued   | -  | 27,715,000                              |
| Premium on lease revenue bonds                                       | -  | 2,206,798                               |
| Maintenance tax notes proceeds                                       | -  | 13,865,000                              |
| Premium on maintenance tax note                                      | -  | 3,405,317                               |
| Transfers In   | 7,560,809                                  | 18,739,249                              |
| Transfers Out  | -  | (13,948,194)                            |
| <b>Total Other Financing Sources (Uses)</b>                          | <b>7,560,809</b>                           | <b>51,983,170</b>                       |
| Net Change in Fund Balances  | 2,500,000                                  | 44,559,974                              |
| <b>Fund Balances-Beginning</b>                                       | <b>-</b>                                   | <b>35,775,111</b>                       |
| <b>Fund Balances-Ending</b>  | <b>\$ 2,500,000</b>                        | <b>\$ 80,335,085</b>                    |

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended August 31, 2021**

Exhibit B-4

|  |                            |
|--|----------------------------|
| <b>Total Net Change in Fund Balances-Governmental Funds (Exhibit B-3):</b>   | \$ 44,559,974              |
| Amounts reported for Governmental Activities in the Statement of Activities (A-2) are different because:   |                            |
| Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful life as depreciation expense. This is the amount by which depreciation expense of \$2,046,406 exceeds capital outlay of \$1,870,401 in the period   | (176,005)                  |
| Net loss on disposal of assets is not recorded in the fund financial statements but is included in the government-wide statements  | (62,024)                   |
| Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.   | 2,756,428                  |
| Because some property taxes will not be collected for several months after the Department's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased by this amount this year  | 92,016                     |
| Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The change in interest reported in the statement of activities consist of the following: |                            |
| Accrued Interest on Bonds and Notes Payable decreased  | (64,487)                   |
| Amortization of Bond Premium   | 190,069                    |
| Amortization of deferred charge on refunding   | (23,997)                   |
| Issuance of lease revenue bonds  | (27,715,000)               |
| Premium on lease revenue bonds   | (2,206,798)                |
| Issuance of Maintenance Tax Notes  | (13,865,000)               |
| Premium on maintenance tax notes   | (3,405,317)                |
| The net increase in compensated absences is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.   | 91,899                     |
| An internal service fund is used by the Department to charge the costs of workers' compensation benefits to the individual funds. The net revenue (expense) of the internal service fund was reported in the government-wide statements.   | 28,504                     |
| Change in pension amounts  | (2,065,045)                |
| OPEB expense for the current year  | <u>940,975</u>             |
| <b>Change in Net Position of Governmental Activities (Exhibit A-2):</b>  | <u><u>\$ (923,808)</u></u> |

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**STATEMENT OF NET POSITION – PROPRIETARY FUNDS**  
**August 31, 2021**

*Exhibit B-5*

|                                      | <u>Business-Type<br/>Activities</u> | <u>Governmental<br/>Activities</u>    |
|--------------------------------------|-------------------------------------|---------------------------------------|
|                                      | <u>Choice<br/>Partners</u>          | <u>Internal<br/>Service<br/>Funds</u> |
| <b>Assets</b>                        |                                     |                                       |
| Current Assets:                      |                                     |                                       |
| Cash and cash equivalents            | \$ 355,238                          | \$ 1,266,689                          |
| Due from Vendors                     | 1,194,731                           | -                                     |
| Prepaid Items                        | 4,996                               | 399,439                               |
| <b>Total Assets</b>                  | <u>1,554,965</u>                    | <u>1,666,128</u>                      |
| <b>Liabilities</b>                   |                                     |                                       |
| Current Liabilities:                 |                                     |                                       |
| Accounts payable                     | 45,909                              | 168,187                               |
| Accrued wages payable                | -                                   | 15,896                                |
| Claims Payable - due within one year | -                                   | 95,064                                |
| Due to other governments             | 9,056                               | -                                     |
| <b>Total Liabilities</b>             | <u>54,965</u>                       | <u>279,147</u>                        |
| <b>Net Position</b>                  |                                     |                                       |
| Unrestricted                         | <u>1,500,000</u>                    | <u>1,386,981</u>                      |
| <b>Total Net Position</b>            | <u>\$ 1,500,000</u>                 | <u>\$ 1,386,981</u>                   |

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND NET POSITION - PROPRIETARY FUNDS**  
**For the Year Ended August 31, 2021**

Exhibit B-6

|                                     | <u>Business-Type<br/>Activities</u> | <u>Governmental<br/>Activities</u>    |
|-------------------------------------|-------------------------------------|---------------------------------------|
|                                     | <u>Choice<br/>Partners</u>          | <u>Internal<br/>Service<br/>Funds</u> |
| <b>Operating Revenues</b>           |                                     |                                       |
| Charges for Services                | <u>\$ 6,924,045</u>                 | <u>\$ 5,916,453</u>                   |
| <b>Total Operating Revenues</b>     | <u>6,924,045</u>                    | <u>5,916,453</u>                      |
| <b>Operating Expenses</b>           |                                     |                                       |
| Payroll Costs                       | 1,539,770                           | 2,762,319                             |
| Professional Services               | 238,921                             | 1,870,777                             |
| Supplies and Materials              | 105,784                             | 307,356                               |
| Administrative                      | 38,775                              | 985,380                               |
| Facility Support Charges            | 65,072                              | -                                     |
| Travel and Meeting Costs            | 50,952                              | -                                     |
| Advertising and Notices             | <u>55,833</u>                       | <u>-</u>                              |
| <b>Total Operating Expenses</b>     | <u>2,095,107</u>                    | <u>5,925,832</u>                      |
| <b>Operating Income (Loss)</b>      | 4,828,938                           | (9,379)                               |
| Transfers in                        | -                                   | 37,883                                |
| Transfer Out                        | <u>(4,828,938)</u>                  | <u>-</u>                              |
| Change in net position              | -                                   | 28,504                                |
| <b>Total Net Position-Beginning</b> | <u>1,500,000</u>                    | <u>1,358,477</u>                      |
| <b>Total Net Position-Ending</b>    | <u>\$ 1,500,000</u>                 | <u>\$ 1,386,981</u>                   |

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
For the Year Ended August 31, 2021

Exhibit B-7

|  | <b>Business-Type<br/>Activities</b> | <b>Governmental<br/>Activities</b>    |
|--|-------------------------------------|---------------------------------------|
|  | <b>Choice<br/>Partners</b>          | <b>Internal<br/>Service<br/>Funds</b> |
| <b>Cash Flows from Operating Activities</b>  |                                     |                                       |
| Receipts from customers  | \$ 6,702,276                        | \$ -                                  |
| Receipts from operating activities with other funds  | -                                   | 5,916,453                             |
| Payments to employees  | (1,539,770)                         | (2,753,516)                           |
| Payments to suppliers  | (510,433)                           | (2,922,990)                           |
| Payments for workers' compensation claims  | -                                   | (364,891)                             |
| <b>Net cash provided by (used by) operating activities</b>   | <b>4,652,073</b>                    | <b>(124,944)</b>                      |
| <b>Cash Flows for Noncapital Financing Activities</b>  |                                     |                                       |
| Transfer to General Fund   | (4,828,938)                         | 37,883                                |
| <b>Net Cash Flows provided by (used for) Noncapital Financing Activities</b>                           | <b>(4,828,938)</b>                  | <b>37,883</b>                         |
| Net increase (decrease) in cash and cash equivalents   | (176,865)                           | (87,061)                              |
| <b>Cash and cash equivalents at beginning of year</b>  | <b>532,103</b>                      | <b>1,353,750</b>                      |
| <b>Cash and cash equivalents at end of year</b>  | <b>\$ 355,238</b>                   | <b>\$ 1,266,689</b>                   |
| <b>Reconciliation of Operating Income to Net Cash<br/>Provided by (Used for) Operating Activities:</b> |                                     |                                       |
| Operating income (loss)  | 4,828,938                           | (9,379)                               |
| <b>Changes in Assets and Liabilities</b>   |                                     |                                       |
| Decrease (increase) in prepaid items   | (4,996)                             | (25,914)                              |
| Decrease (increase) in accounts receivable   | (203,669)                           | -                                     |
| Increase (decrease) in accounts payable  | 41,540                              | (77,771)                              |
| Increase (decrease) in accrued wages payable   | -                                   | 8,803                                 |
| Increase (decrease) in claims payable  | -                                   | (20,683)                              |
| Increase (decrease) in due to others   | 8,360                               | -                                     |
| Increase (decrease) in unearned revenues   | (18,100)                            | -                                     |
| <b>Net cash provided (used) by operating activities</b>  | <b>\$ 4,652,073</b>                 | <b>\$ (124,944)</b>                   |

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**August 31, 2021**

*Exhibit B-8*

|                           | <u>Custodial<br/>Fund</u> |
|---------------------------|---------------------------|
| <b>Assets</b>             |                           |
| Cash and cash equivalents | <u>\$ 41,494</u>          |
| <b>Total Assets</b>       | <u>\$ 41,494</u>          |
| <b>Liabilities</b>        |                           |
| Accounts payable          | <u>\$ 140</u>             |
| <b>Total Liabilities</b>  | <u>\$ 140</u>             |
| <b>Net position</b>       | <u>\$ 41,354</u>          |



**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**August 31, 2021**

*Exhibit B-9*

|  | <u>Custodial<br/>Fund</u> |
|--|---------------------------|
| <b>Additions</b>                           |                           |
| Contributions                              | <u>\$ 7,295</u>           |
| <b>Total additions</b>                     | <u>7,295</u>              |
| <b>Deductions</b>                          |                           |
| Payments                                   | <u>\$ 2,190</u>           |
| <b>Total deductions</b>                    | <u>2,190</u>              |
| Change in fiduciary net position           | 5,105                     |
| <b>Beginning net position, as restated</b> | <u>36,249</u>             |
| <b>Ending net position</b>                 | <u><u>\$ 41,354</u></u>   |



**Note 1 - Summary of Significant Accounting Policies**

The Harris County Department of Education (the Department) is a local government or special district incorporated in 1889 operating under applicable laws and regulations of the State of Texas. A seven-member Board of School Trustees, elected to staggered six-year terms, has governance responsibilities over all activities and operations of the Department. The Department prepares its financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified by the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide*. The Department receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The following is a summary of the most significant accounting policies:

**A. Reporting Entity**

Harris County Department of Education is considered an independent entity for financial reporting purposes and is considered a primary government. The Department is not included in any other governmental "reporting entity" as defined by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34.*

The Harris County Board of School Trustees (the Board) is elected by the public and it has the authority to make decisions, appoint the superintendent, ratify personnel changes, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the Department is a financial reporting entity as defined by the Governmental Accounting Standards Board (GASB).

The Department has implemented Government Accounting Standards Board Statement No. 39 and 61 (GASB 39 and 61), *Determining Whether Certain Organizations are Component Units*. This statement requires the Department to report certain legally separate organizations as component units even though the Department is not financially accountable for these organizations. The Statement requires that a legally separate tax-exempt organization be reported as a Component Unit if all of the following criteria are met:

- a. The economic resources of the separate organization entirely, or almost entirely, directly benefit the primary government, its component units, or its constituents.
- b. The primary government or its component units are entitled to, or can otherwise access, a majority of the economic resources of the separate organization.
- c. The economic resources of the individual separate organization that the primary government or the component unit is entitled to, or can otherwise access, are significant to that primary government.

The Harris County Department of Education Public Facility Corporation (PFC) meets the criteria set out by GASB 39 and has been included as a blended component unit in the financial statements of the Department. The PFC, a legally separate entity, is, in substance, part of the Department's operations and its purpose is to finance the Department's construction and building acquisition needs. The Department is financially accountable since the PFC is fiscally dependent. Therefore, the PFC is reported as a capital projects fund.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**B. Government-Wide and Fund Financial Statements**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Harris County Department of Education non-fiduciary activities with most of the interfund activity removed. Governmental activities include programs which are supported primarily by taxes and intergovernmental revenues. Business-type activities are reported separately and rely significantly on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Depreciation expense has been allocated to all applicable functions in order to present the expenditures of the Department more accurately on the Statement of Activities. *Program revenues* include 1) payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or division, and 2) grants and contributions that are restricted to meeting operational requirements of a given function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Interfund activities between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet, Proprietary Fund Statement of Net Position, and Fiduciary Fund Statement of Fiduciary Assets and Liabilities and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Net Position. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the Department's department wide function and various other functions of the Department. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories – governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for Department operations, they are not included in the government-wide statements. The Department considers some governmental funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are non-operating.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with GASB Statement No. 33. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences are reported in governmental funds only when they mature (i.e. unused reimbursable leave still outstanding following retirement.) A claim or judgment is only recognized as expenditure and a liability in a governmental fund as of the date that payment became due pursuant to the terms of a settlement agreement or court judgment. The Department considers state and federal revenues and interest revenues available if they are collected within 60 days after year end.

Revenues from local sources consist primarily of property taxes and are recorded as revenue when received. Revenues received from the local school districts 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.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Primarily, grant funds are collected on a reimbursement basis, since expenditures have already been made and reported. If grant funds are received in advance, they are recorded as unearned revenues until related and authorized expenditures have been made. If revenue balances remain at the end of the reporting period, grantors often require the Department to refund all or part of the unused amount.

The Proprietary 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 fund Statement of Net Position. The fund equity is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

The custodial funds 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.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**D. Fund Accounting**

Harris County Department of Education's accounts are organized on the basis of funds in accordance with the rules prescribed in the Texas Education Agency's *Financial Accountability System Resource Guide*. Each fund is considered a separate accounting entity. The operations of each fund are accounted for by providing separate set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses. For financial statement presentation, the Department's fund financial statements provide more detailed information about the Department's most significant funds (not the Department as a whole).

The Department reports the following major governmental funds:

**General Fund** is the Department's primary operating fund and is used to account for all financial transactions not properly includable in other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in this fund. Major revenue sources include charges for services, property tax revenues and local and federal source revenue not accounted for in Special Revenue Funds. Expenditures include all costs associated with the daily operations of the Department except for specific programs funded by the federal or state government, debt service, and capital projects.

**Head Start Program Fund**, a Special Revenue Fund, is used to account for funds granted for the Head Start Program by the United States Department of Health and Human Services.

**Capital Projects Fund** accounts for the expenditures of the proceeds of lease revenue bonds sold by the Harris County Department of Education Public Facility Corporation and the payment for constructing, renovating, equipping, and/or acquisition of facilities to support Department programs

The Department reports the following governmental fund types under non-major governmental funds:

**Special Revenue Funds** are used to account for local, state, and federal grants. Resources accounted for in these funds are awarded to the Department for the purpose of accomplishing specific educational tasks as defined by grantors in contracts or other agreements. Project accounting is employed to maintain integrity for the various sources of funds.

Resources accounted for in these funds are awarded to the Department for the purpose of accomplishing for in these funds are awarded to the Department for the purpose of accomplishing specific educational tasks as defined by grantors in contracts or other agreements.

**Debt Service Fund** is used to account for the accumulation of resources for, and the payment of, governmental long-term debt principal, interest, and related costs. The primary revenue source is local service contracts.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**D. Fund Accounting (continued)**

The Department reports the following proprietary fund types:

Enterprise Fund is a major business-type activity that is used to report activities for which a fee is charged to external users of good and services. It is used to account for Choice Partners National Cooperative which offers quality, legal procurement and contract solutions to meet the purchasing needs of school districts and other governmental entities. Through this cooperative purchasing program, members gain immediate access to legal, competitively bid contracts they need, saving time and money on the bidding and purchasing process.

Internal Service Funds account for revenues and expenses related to services provided to organizations inside the Department on a cost reimbursement basis. The following internal service funds are used by the Department:

Workers' Compensation Fund includes accounts for the Department's partially self-funded workers' compensation plan, which is supported by Department contributions. Operating expenses consist of insurance claims paid and payments to the third-party administrator of the plan for claims processing and administrative fees.

Facility Charges Fund includes accounts for revenues and expenses related to services provided to other programs within the Department. Revenues are received based on fees charged for services. Expenses include payments to employees and charges incurred to operate the programs.

Additionally, the Department reports the following fiduciary fund:

Custodial Fund reflects only those assets and liabilities related to student activity funds. The school principal is responsible, under the authority of the Board, for collecting, controlling, disbursing, and accounting for all school activity funds. The fund is custodial in nature (assets equal liabilities) and cannot be used by the Department for general operations.

**E. Other Accounting Policies-Assets, Liabilities, Deferred Outflows/Inflows, and Net Position or Equity**

1. Deposits and Investments

The Department's cash and cash equivalents are cash on hand, demand deposits, and overnight sweeps. The Department reports cash and cash equivalents in the Department's statement of cash flows for Proprietary Fund Types and in all other financial statements of financial position.

Investments primarily consist of U.S. government agency securities, privately-managed public funds investment pools, money market mutual funds, and short-term investments. Investments for the Department are reported at fair value, based on quoted market prices at year-end date, except for investment pools. The Department's investment pools are valued and reported at amortized cost, which approximates fair value.

The Department categorizes fair value measurements of its investments based on the hierarchy establish by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: 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. The Department's local government investment pools are recorded at amortized costs as permitted by GASB Statements No. 79, *Certain Investment Pools and Pool Participants*.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**E. Other Accounting Policies-Assets, Liabilities, Deferred Outflows/Inflows, and Net Position or Equity (continued)**

2. 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 other outstanding balances between funds are reported as "due to/from other funds."

Property tax receivables are shown net of an estimated allowance for uncollectible. The property tax receivable allowance approximates 2 percent of outstanding property taxes at August 31, 2021. Revenues from property taxes are recognized when levied to the extent they are available.

The Department considers property taxes as available when collected. However, not all outstanding property taxes are expected to be collected within one year of the date of the financial statements. Property values are established by Harris County Appraisal District (Harris County, Texas) as of January 1 of each year. Prior to September 1 of each year, the Department must adopt its annual budget and, as soon thereafter as practicable, the Board of School Trustees shall adopt a tax rate thus creating the tax levy. Property taxes are levied on approximately October 1 of each year in conformity with Subtitle E. Texas Property Tax Code. Taxes are due upon receipt of the tax bill and taxes become delinquent if not paid before February 1. On July 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Billing and collection of taxes are performed by the Harris County Tax Assessor-Collector's Office.

The Department is permitted to levy taxes up to \$0.01 (one cent) for maintenance and operations by state law. The tax rate for tax year 2020 (fiscal year 2021) was \$0.004993 per \$100 assessed property valuation for maintenance and operations. The Department does not have a debt service rate. An allowance for uncollectible taxes is based on historical experience in collecting property taxes. Uncollectible property taxes are periodically reviewed and written off by the Department, as provided by specific statutory authority from the Texas Legislature.

3. Inventories and Prepaid Items

Inventories consisting of consumable custodial and maintenance supplies are stated at cost (average cost method) when the items are purchased, and are subsequently recognized as expenditures when consumed. A portion of fund balance is categorized as non-spendable to reflect the actual inventory on hand at August 31.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These expenditures/expenses will be recorded when consumed rather than when purchased.



**Note 1 - Summary of Significant Accounting Policies (continued)**

**E. Other Accounting Policies-Assets, Liabilities, Deferred Outflows/Inflows, and Net Position or Equity (continued)**

4. Capital Assets

Capital assets, which include land, buildings and improvements, furniture and equipment, and construction in progress, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Department as assets with an initial, individual cost greater than \$5,000 and an estimated useful life greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded 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 the asset's useful life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

When assets are retired or otherwise disposed of, the related costs or other recorded amounts are removed.

Buildings and improvements and furniture and equipment of the Department are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u>              | <u>Years</u> |
|----------------------------|--------------|
| Buildings and Improvements | 40           |
| Furniture and Equipment    | 3-10         |

Land and construction in progress are not depreciated.

5. 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 amortized over the life of the bonds, using the straight-line method of amortization. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as period costs.

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 debt issued is reported as other financing sources. 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 withheld from the actual debt proceeds received or not, are reported as fund expenditures.

Note 1 - Summary of Significant Accounting Policies (continued)

E. Other Accounting Policies-Assets, Liabilities, Deferred Outflows/Inflows, and Net Position or Equity (continued)

6. Compensated Absences

a. Accrued Sick and Personal Leave

The Department maintains a policy allowing employees meeting established requirements to be compensated for unused personal and sick leave at retirement. A full-time employee who is eligible to retire under the Teacher Retirement System and has been employed by the department (HCDE) for five consecutive year's immediately preceding retirement shall be paid for accumulated local personal

and sick leave at the employee's current daily rate. A maximum number of days apply (one-half of the employee's annual contract/work schedule days with a maximum of 120 days) paid to the employee at retirement at the daily rate in effect at the time of retirement.

In the case of death of a full-time employee, the accumulated local sick and personal leave that the full-time employee has shall be paid to the deceased employee's beneficiary if the employee was employed by Department for a continuous period of at least five consecutive years. This payment and the maximum number of days for payment is computed the same way for employees who retire from the Department.

b. Vacation

Full-time employees who are normally scheduled, and actually work, forty hours per week in a 12-month position shall receive paid vacation each calendar year beginning January 1 and ending December 31. Employees are eligible to take vacation at any time after January 1<sup>st</sup> of the year following the year the vacation is received. Vacation accrued in the year preceding termination/retirement and not used and any vacation accrued in the current year will be paid to employees upon termination. Vacations are to be taken in the calendar year following the year they are earned; and any unused days at the end of the year are forfeited. Therefore, the liability recognized in the government-wide financial statements exists only at the end of the fiscal year.

7. 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.

8. 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.

Note 1 - Summary of Significant Accounting Policies (continued)

E. Other Accounting Policies-Assets, Liabilities, Deferred Outflows/Inflows, and Net Position or Equity (continued)

9. Fund Balances and Net Position

Net position on the Statement of Net Position include the following:

**Net investment in capital assets** – the component of net position that reports capital assets less the accumulated depreciation, and the outstanding balance of debt and is directly attributable to the acquisition, construction, or improvement of these capital assets.

**Restricted for program** – the component of net position that reports the difference between assets and liabilities of the capital acquisition program that consists of assets with constraints placed on their use by the bond contracts and covenants contained therein.

**Unrestricted** – the difference between the assets, deferred outflows, liabilities and deferred inflows that are not reported in net investment in capital assets or restricted net position.

The Department applies restricted resources before unrestricted resources when an expense is incurred for which restricted net position are available. In the fund financial statements, governmental funds report fund balances as either a non-spendable fund balance or a spendable fund balance.

Beginning with fiscal year 2011, the Department implemented GASB Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement clearly defines fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent.

Non-spendable Fund Balance

Non-spendable fund balance is that portion of fund balance that is not expendable (such as inventory) or is legally earmarked for a specific use. Non-spendable fund balance may include inventories, prepaid items, and long-term receivables.

Spendable Fund Balances

Spendable fund balance is composed of restricted, committed, assigned, and unassigned portions. Components of the spendable fund balance include:

**Restricted Fund Balance** – the component of the spendable fund balance constrained to a specific purpose by the provider, such as a grantor.

**Committed Fund Balance** – the component of the spendable fund balance constrained to a specific purpose by the Board. An agenda item and a resolution are prepared and presented to the board of trustees for approval. Board approval is required to establish, modify, or rescind a fund balance commitment. Only the highest-level action that constitutes the most binding constraint can be considered a commitment for fund balance classification purpose.

**Assigned Fund Balance** – the component of the spendable fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose by the Superintendent or designee (Assistant Superintendent for Business Services). Policy CE Local was amended April 2011 by the Board of Trustees to provide the Superintendent or designee (Assistant Superintendent for Business Services) this authorization.

Note 1 - Summary of Significant Accounting Policies (continued)

E. Other Accounting Policies-Assets, Liabilities, Deferred Outflows/Inflows, and Net Position or Equity (continued)

9. Fund Balances and Net Position (continued)

Unassigned Fund Balance – the component of the spendable fund balance which may be spent for any legal purpose. This portion of the total fund balance in the general fund is available to finance operating expenditures. The Department maintains an unassigned fund balance equal to a minimum of two months of operational costs. This amount is within the adopted board policy CE (Local).

In general, it is HCDE policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which restricted and unrestricted (i.e. committed, assigned, or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

10. Deferred Outflows and Inflows of Resources

A *deferred outflow of resources* is a consumption of a government's net position (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The Department has three items that qualify for reporting in this category:

- Deferred outflows of resources for refunding - Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in 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.
- Deferred outflows of resources for pension – Reported in the government wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of 1) differences between projected and actual earnings on pension plan investments; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) changes in the Department's proportional share of pension liabilities.
- Deferred outflows of resources for other post-employment benefits (OPEB) – Reported in the government wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of 1) differences between projected and actual earnings on OPEB plan investments and 2) changes in the Department's proportional share of OPEB liabilities. The deferred outflows of resources related to OPEB resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on OPEB plan investments will be amortized over a closed five-year period. The remaining OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the plan.

Note 1 - Summary of Significant Accounting Policies (continued)

E. Other Accounting Policies-Assets, Liabilities, Deferred Outflows/Inflows, and Net Position or Equity (continued)

10. Deferred Outflows and Inflows of Resources (continued)

A *deferred inflow of resources* is an acquisition of a government's net position (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The Department has three items that qualify for reporting in this category:

- Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflows of resources for pension – Reported in the government wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions; 2) differences between expected and actual actuarial experiences and 3) changes in the Department's proportional share of pension liabilities. These pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- Deferred inflows of resources for other post-employment benefits (OPEB) – Reported in the government wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions and 2) differences between expected and actual actuarial experiences. These OPEB related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the plan.

11. 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 reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

12. Implementation of New Standards

GASB No. 84 *Fiduciary Activities* was issued in January 2017 and effective for periods beginning December 15, 2019. This standard establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. This standard must be applied retroactively and as such beginning net position and/or fund balance have been restated. The Department implemented the standard and beginning net position was restated.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**E. Other Accounting Policies-Assets, Liabilities, Deferred Outflows/Inflows, and Net Position or Equity (continued)**

12. Implementation of New Standards (continued)

GASB No. 90 *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61* was issued in August 2018 and effective for periods beginning December 15, 2019. The primary objectives of this Statement are to improve consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations and to improve the relevance of financial statement information for certain component units. An equity interest is a financial interest in a legally separate organization evidenced by the ownership of shares of the organization's stock or by otherwise having an explicit, measurable right to the net resources of the organization that is usually based on an investment of financial or capital resources by a government. An equity interest is explicit and measurable if the government has a present or future claim to the net resources of the entity and the method for measuring the government's share of the entity's net resources is determinable. The Department has determined that this Statement does not have an effect on the financial statements as of August 31, 2021.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This statement was issued in October 2021 and establishes the term annual comprehensive financial report and its acronym ACFR. This new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This statement is effective for fiscal years ending after December 15, 2021 but earlier application is encouraged. The Department implemented this statement in fiscal year 2021.

**Note 2 - Stewardship, Compliance, and Accountability**

**A. Budgetary Data**

The Department is legally required to prepare a budget for adoption for the general and debt service funds. However, a budget for all funds – general, special revenue, debt service, capital projects, and internal service funds is prepared for managerial and oversight purposes as required in Board policy. The general fund budget appears in the *required supplementary information* section where the Department discloses the original budget and compares the final amended budget to actual revenues and expenditures. The Department is not legally required to adopt an annual budget for Special Revenue Funds. All Special Revenue Fund budgets are prepared as project length budgets. Per regulatory requirements, the debt service fund is required to be reported with the original budget, amended budget, and actual revenues and expenditures.

The following procedures are followed in establishing the budgetary data reflected in the financial schedules:

1. In January each year, the Department's administration determines budgetary funding priorities, and begins the preparation of an official budget for the succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to September 1 the budget is formally approved and adopted by the Board.
3. A meeting of the Board is called for the purpose of adopting the proposed budget. At least ten days public notice must be given

**Note 2 - Stewardship, Compliance, and Accountability (continued)**

**A. Budgetary Data (continued)**

Once a budget has been approved, budget amendments that increase or decrease an individual budget or increase or decrease *revenues* and *other sources* object accounts must be approved by a majority of the Board of School Trustees. Department budget directors may make transfers within individual budgets at any time during the fiscal year with the approval of the Assistant Superintendent for Business Support Services. Amendments are presented to the Board at each of its regular meetings. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. The Department made several supplemental budgetary revisions throughout the year; these revisions are detailed in the notes to the required supplementary information.

Each budget is controlled by the budget manager at the revenue and expenditure fund/object level. All general fund budget appropriations lapse at year end.

**B. Encumbrances**

Encumbrance accounting (under which purchase orders, contracts, and other commitments are recorded in order to reserve that portion of the applicable appropriation) is employed in governmental funds.

Encumbrances outstanding at year end are commitments that do not constitute expenditures or liabilities but are reported as assigned fund balances. Since appropriations lapse at the end of each fiscal year, outstanding encumbrances are appropriately provided for in the subsequent fiscal year's budget to provide for the liquidation of the prior commitments. HCDE does not provide funding for encumbrances in the subsequent fiscal year.

**Note 3 - Deposits and Investments**

The Department's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act and local Board policy. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the Department's and the depository bank's agent bank. The pledged securities shall be in an amount sufficient to protect Department funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount insured by the Federal Deposit Insurance Corporation (FDIC). The Department must approve all collateral securities pledged and must also approve in writing any changes to the pledged securities. The Department receives monthly pledge reports.

The Department's investment policy is in accordance with the Texas Public Funds Investment Act, the Public Funds Collateral Act, federal and state laws, and board policy. The Department further limits its investments to obligations of the U.S. Treasury or the State of Texas, certain U.S. Agencies, certificates of deposit, repurchase agreements, commercial paper, money market mutual funds, and public funds investment pools.

During fiscal year 2021, the Department invested in the Texas Local Government Investment Pool (TexPool), Lone Star Investment Pool, and Texas Short Term Asset Reserve Program (TexSTAR) and Texas CLASS. These external pools operate like a "2a7" pool (except TexSTAR) and these investments are carried at amortized cost in accordance with GASB 31. The fair value of the Department's position in the above pools is the same as the value of the pool shares.

**Note 3 - Deposits and Investments (continued)**

TexPool is duly chartered and overseen by the Texas Comptroller's Office, administered and managed by Federated Investors. State Street Bank serves as the custodial bank. The portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; no-load money market mutual funds regulated by the Securities and Exchange Commission and rated AAA or equivalent by at least one nationally recognized rating agency (NRSRO); and securities lending programs.

Lone Star Investment Pool is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by First Public, LLC, and managed by Standish Mellon Asset Management and American Beacon Advisors. The Bank of New York Mellon is the custodial bank. Lone Star Investment Pool is restricted to invest in obligations of the U.S. or its agencies and instrumentalities; other obligations insured by the U.S.; fully collateralized repurchase agreements having a defined termination date, secured by obligations described previously; and SEC-regulated no-load money market mutual funds, the assets which consist exclusively of the obligations described above.

TexSTAR is a local government investment pool created under the Texas Interlocal Cooperation Act. TexSTAR is overseen by a Governing Board consisting of individuals from participating government entities in the pool and a representative from each administrator. The business and affairs of TexSTAR are managed by the Board. In addition, TexSTAR has an advisory board composed of participants in TexSTAR and other persons who do not have a business relationship with TexSTAR that provide feedback to the Board. [JPMorgan Investment Management, Inc.](#) provides investment management, fund accounting, transfer agency and custodial services for the pool and [First Southwest, a division of Hilltop Securities](#) provides administrative, marketing and participant services. The portfolio is restricted to U.S. government securities, agencies and instrumentalities, and fully collateralized repurchase agreements having a defined termination date. Unlike money market mutual funds which are registered with the Security and Exchange Commission, TexSTAR does not operate in a manner consistent with the Rule 2a-7 of the Investment Company Act of 1940. TexSTAR is in full compliance with GASB 79 and reports its investments using fair value.

The Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS) was created as a local government investment pool (LGIP) pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code (PFIA). 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 Trust Agreement is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate in the Trust (the Participants), Public Trust Advisors, LLC (Public Trust) as Program Administrator, and Wells Fargo Bank Texas, N.A. as Custodian.

Interest rate risk

Interest rate risk is the risk that changes in interest rates may adversely impact the value of investments. The Department mitigates exposure to this risk by using varied maturity limits and investment diversification. In accordance with its investment policy, the Department manages its exposure to declines in fair values by limiting the weighted average maturity of its investments to less than one year in the General and Special Revenue Funds, except for investment pools. Investment officers are expected to exercise prudence in the selection of securities to minimize risk. No individual investment transaction shall be initiated which jeopardizes the total capital position of the total portfolio. In addition, the Department shall not directly invest in an individual security which will mature more than three years from the date of purchase in the Debt Service and Capital Projects Funds.



**Note 3 - Deposits and Investments (continued)**

Credit risk

State law limits investments in all categories to top ratings issued by nationally recognized statistical rating organizations.

The Department's Investment Policy allows for investment in commercial paper provided it meets the following criteria:

1. the maximum maturity does not exceed 270 days from the date of issuance.
2. it is rated at least A1 or P1 by two nationally recognized credit rating agencies or by one agency when fully secured by an irrevocable letter of credit from a United States or by the law of any state.

At year-end, balances in TexPool, LoneStar TexSTAR and Texas CLASS were all rated AAAM by Standard & Poor's as required by the Public Fund Investments Act.

Concentration of credit risk

The Department's investment policy requires the investment portfolio to be diversified in terms of investment instruments, maturity scheduling, and financial institutions so that no single investment or class of investments can have a disproportionate impact on the total portfolio. Diversification to avoid over-concentration in a specific instrument does not apply to U.S. Treasury securities, investment pools, and money market mutual funds.

Custodial credit risk-deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Department's deposits may not be returned to it. As of August 31, 2021, the carrying amount of the Department's deposits was \$2,838,609 and the bank balance was \$3,574,074. The Department's entire bank balance on August 31, 2021, was not exposed to custodial credit risk because it was fully insured and collateralized with securities held by the Department's agent in the Department's name.

Custodial credit risk-investments

For investments, this is the risk that, in the event of the failure of the counterparty, the Department will not be able to recover the value or its investments or collateral securities that are in the possession of an outside party.

The Department's policy requires that a third-party bank trust department hold all securities owned by the Department. HCDE was not exposed to custodial risk for investments.

Note 3 - Deposits and Investments (continued)

Custodial credit risk-investments (continued)

As of August 31, 2021, the Department held the following deposits (cash) and investments:

| Cash and Cash Equivalents                  | Fair<br>Value/Amortized<br>Cost | Weighted<br>Average<br>Maturity<br>(Days) | Percentage of<br>Portfolio | S&P Credit Quality<br>Rating |
|--|---------------------------------|---|----------------------------|------------------------------|
| <b>Governmental Activities</b>             |                                 |   |                            |                              |
| Cash and Deposits                          | \$ 2,441,877                    |   | 2.22%                      | N/A                          |
| Public Funds Investment Pools:             |                                 |   |                            |                              |
| TexSTAR                                    | 7,718,469                       | 52  | 7.03%                      | AAAm                         |
| Lone Star                                  | 22,618,244                      | 45  | 20.59%                     | AAAm                         |
| TexPool                                    | 37,884,184                      | 31  | 34.49%                     | AAAm                         |
| Texas Class                                | 9,196,627                       | 53  | 8.37%                      | AAAm                         |
| Total Public Funds Investment Pools:       | <u>77,417,524</u>               |   |                            |                              |
| <b>Total Governmental Activities</b>       | <u>79,859,401</u>               |   |                            |                              |
| <b>Business-Type Activities</b>            |                                 |   |                            |                              |
| Cash and Deposits                          | 355,238                         |   | 0.32%                      | N/A                          |
| Public Funds Investment Pools:             |                                 |   |                            |                              |
| TexPool                                    | <u>29,578,223</u>               | 31  | 26.93%                     | AAAm                         |
| <b>Total Business-Type Activities</b>      | <u>29,933,461</u>               |   |                            |                              |
| <b>Fiduciary Funds</b>                     | <u>41,494</u>                   |   | 0.04%                      | N/A                          |
| <b>Total Cash and Cash Equivalents</b>     | <u>\$ 109,834,356</u>           |   | <u>100.00%</u>             |                              |
| <b>Portfolio Weighted Average Maturity</b> |                                 | 45  |                            |                              |

Although TexPool, TexSTAR, Lone Star and Texas CLASS have a weighted average maturity greater than one day, the pools offer daily liquidity to the Departments funds.

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the Local Government Investment Pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

**Note 4 - Receivables**

Receivables as of year-end for the Department’s individual major funds, non-major and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

|   | General Fund        | Head Start<br>Program | Nonmajor &<br>Other Funds | Total               |
|---|---------------------|-----------------------|---------------------------|---------------------|
| <b>Receivables:</b>                           |                     |                       |                           |                     |
| Property taxes                                | \$ 1,077,250        | \$ -                  | \$ -                      | \$ 1,077,250        |
| Due from other governments:                   |                     |                       |                           |                     |
| Federal                                       | 249,084             | 972,961               | 3,553,125                 | 4,775,170           |
| Other receivables                             | <u>2,285,174</u>    | <u>-</u>              | <u>-</u>                  | <u>2,285,174</u>    |
| Gross Receivables                             | 3,611,508           | 972,961               | 3,553,125                 | 8,137,594           |
| Less: Allowance for uncollectible taxes       | (21,545)            | -                     | -                         | (21,545)            |
| Less: Allowance for uncollectible receivables | <u>(400,000)</u>    | <u>-</u>              | <u>-</u>                  | <u>(400,000)</u>    |
|   | <u>\$ 3,189,963</u> | <u>\$ 972,961</u>     | <u>\$ 3,553,125</u>       | <u>\$ 7,716,049</u> |

Other receivables are made of amounts due from school districts and other clients.

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or unearned revenue in connection with resources that have been received, but not yet earned. At August 31, 2021, the deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

|   | Unavailable         | Unearned          |
|---|---------------------|-------------------|
| Delinquent Property Taxes Receivable (General Fund)                         | \$ 1,055,705        | \$ -              |
| Grant Revenues Received but not Expended                                    | <u>-</u>            | <u>995,407</u>    |
| Total Deferred Inflows of Resources/Unearned Revenue for Governmental Funds | <u>\$ 1,055,705</u> | <u>\$ 995,407</u> |

**Note 5 - Interfund Receivables, Payables, and Transfers**

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from payroll and other regularly occurring charges that are paid by the general fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more non-major governmental funds. The composition of interfund balances at August 31, 2021, consisted of the following:

|   | Interfund<br>Receivables | Interfund<br>Payables |
|---|--------------------------|-----------------------|
| <b>Governmental Funds:</b>                |                          |                       |
| General Fund                              | \$ 2,880,290             | \$ -                  |
| Head Start Program - Special Revenue Fund | -                        | 936,634               |
| Non-Major Funds                           | <u>-</u>                 | <u>1,943,656</u>      |
| <b>Total Governmental Funds</b>           | <u>\$ 2,880,290</u>      | <u>\$ 2,880,290</u>   |

**Note 5 - Interfund Receivables, Payables, and Transfers (continued)**

Interfund transfers are defined as “flows of assets without equivalent flows of assets in return and without a requirement for repayment.” The following is a summary of the Department’s transfers for the fiscal year ended August 31, 2021:

|                      |  |
|----------------------|--|
| \$ 7,560,809         | From the General Fund to the Non-Major Funds to fund the local match and routine debt service payments |
| 82,797               | From the General Fund to Head Start  |
| 6,266,705            | From the General Fund to Capital Projects Fund   |
| 37,883               | From the Facility Charges Fund to the General Fund   |
| <u>4,828,938</u>     | From the Enterprise fund to the General Fund to support HCDE programs                                  |
| <u>\$ 18,777,132</u> |  |

For reporting at the government-wide financial statement level, the Department eliminates direct interfund charges for services and the balances created within the same activity categories (i.e. governmental vs internal service fund). This process insures neither governmental nor proprietary fund report direct internal revenue/expenditures. Interfund activity and balances resulting from transaction with the fiduciary funds are not eliminated. Instead, the fiduciary interfund activity and balances are treated as transactions with an external party.

**Note 6 - Capital Assets**

Capital asset activity for the year ended August 31, 2021, are as follows:

|   | Beginning<br>Balance | Additions           | Transfers,<br>Adjustments<br>and Deletions | Ending Balance       |
|---|----------------------|---------------------|--|----------------------|
| <b>Governmental Activities:</b>                     |                      |                     |  |                      |
| Capital Assets, not being Depreciated:              |                      |                     |  |                      |
| Land-General Fund -GF                               | \$ 1,181,933         | \$ -                | \$ -                                       | \$ 1,181,933         |
| Land-Public Facility Corporation -PFC               | 1,357,343            | -                   | -  | 1,357,343            |
| Construction in Progress                            | <u>502,326</u>       | <u>1,534,192</u>    | <u>(1,716,232)</u>                         | <u>320,286</u>       |
| <b>Total Capital Assets, not being Depreciated</b>  | <u>3,041,602</u>     | <u>1,534,192</u>    | <u>(1,716,232)</u>                         | <u>2,859,562</u>     |
| <b>Capital Assets being Depreciated:</b>            |                      |                     |  |                      |
| Buildings and Improvements-GF                       | 30,974,216           | 206,269             | 1,193,732                                  | 32,374,217           |
| Buildings and Improvements-PFC                      | 41,993,435           | -                   | -  | 41,993,435           |
| Furniture and Equipment-GF                          | <u>13,226,044</u>    | <u>129,940</u>      | <u>241,422</u>                             | <u>13,597,406</u>    |
| <b>Total Capital assets, being Depreciated</b>      | <u>86,193,695</u>    | <u>336,209</u>      | <u>1,435,154</u>                           | <u>87,965,058</u>    |
| <b>Less Accumulated Depreciation for:</b>           |                      |                     |  |                      |
| Building and Improvements-GF                        | (11,105,838)         | (728,006)           | -  | (11,833,844)         |
| Building and Improvements-PFC                       | (9,194,786)          | (791,612)           | -  | (9,986,398)          |
| Furniture and Equipment-GF                          | <u>(11,174,262)</u>  | <u>(526,788)</u>    | <u>219,054</u>                             | <u>(11,481,996)</u>  |
| <b>Total Accumulated Depreciation</b>               | <u>(31,474,886)</u>  | <u>(2,046,406)</u>  | <u>219,054</u>                             | <u>(33,302,238)</u>  |
| <b>Total Capital assets, being Depreciated, net</b> | <u>54,718,809</u>    | <u>(1,710,197)</u>  | <u>1,654,208</u>                           | <u>54,662,820</u>    |
| <b>Total Governmental Activities</b>                |                      |                     |  |                      |
| <b>Capital Assets, net</b>                          | <u>\$ 57,760,411</u> | <u>\$ (176,005)</u> | <u>\$ (62,024)</u>                         | <u>\$ 57,522,382</u> |

**Note 6 - Capital Assets (continued)**

**Construction Commitments**

The Department has active construction project as of August 31, 2021. Construction in progress at year consisted of various projects in the amount of \$320,286. The Department has fully funded these construction commitments.

Depreciation expense was charged to Department programs as follows:

**Governmental Activities**

|   |                                |
|---|--------------------------------|
| Superintendent's Office                               | \$ 508                         |
| Facilities Acquisition and Construction               | 786,613                        |
| Technology Support Services                           | 212,443                        |
| Digital Learning                                      | 23,306                         |
| Department Wide                                       | 45,750                         |
| Special Schools and Services                          | 765,262                        |
| Adult Education Program                               | 40,639                         |
| The Teaching and Learning Center                      | 2,807                          |
| Head Start Program                                    | 93,878                         |
| Center for After-School, Summer and Expanded Learning | 7,196                          |
| Records Management Services                           | <u>68,004</u>                  |
| <b>Total Depreciation Expense</b>                     | <b><u><u>2,046,406</u></u></b> |

**Note 7 - Long-Term Liabilities**

Long-term liabilities consist of lease revenue bonds, qualified zone academy bonds (QZAB), maintenance tax notes, workers' compensation, and compensated absences. Lease revenue bonds are liquidated in the Debt Service Fund. Workers' compensation claims are liquidated in the internal service fund and compensated absences are liquidated in the General Fund. Maintenance tax notes and QZABs are liquidated in the Debt Service Fund.

**A. Changes in Long-Term Liabilities**

|  | Beginning<br>Balance | Additions            | Reductions             | Ending<br>Balance     | Due Within<br>One Year |
|--|----------------------|----------------------|------------------------|-----------------------|------------------------|
| <b>Governmental Activities</b>             |                      |                      |                        |                       |                        |
| <b>Bonds and Notes Payable:</b>            |                      |                      |                        |                       |                        |
| Lease Revenue Bonds                        | \$ 9,250,000         | \$ 27,715,000        | \$ (2,305,000)         | \$ 34,660,000         | \$ 2,350,000           |
| Qualified Zone Academy Bonds               | 1,354,286            | -                    | (451,429)              | 902,857               | 451,429                |
| Maintenance Tax Notes                      | -                    | 13,865,000           | -                      | 13,865,000            | -                      |
| Plus:                                      |                      |                      |                        |                       |                        |
| Issuance Premiums                          | 7,996                | 5,612,115            | (190,069)              | 5,430,042             | -                      |
| <b>Total Bonds and Notes Payable, net</b>  | <b>10,612,282</b>    | <b>47,192,115</b>    | <b>(2,946,498)</b>     | <b>54,857,899</b>     | <b>2,801,429</b>       |
| Workers' Compensation                      | 115,747              | -                    | (20,683)               | 95,064                | 95,064                 |
| Compensated Absences                       | 5,504,555            | 241,956              | (333,856)              | 5,412,655             | 952,385                |
| Net OPEB Liability (Department's Share)    | 31,296,144           | 1,108,190            | (8,549,917)            | 23,854,417            | -                      |
| Net Pension Liability (Department's Share) | 12,914,733           | 9,506,984            | (1,682,164)            | 20,739,553            | -                      |
| <b>Total Long-term Liabilities</b>         | <b>\$ 60,443,461</b> | <b>\$ 58,049,245</b> | <b>\$ (13,533,118)</b> | <b>\$ 104,959,588</b> | <b>\$ 3,848,878</b>    |

Proprietary Funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities.

**B. Bonds and Notes**

The Harris County Department of Education Public Facility Corporation (the "Corporation") has issued lease revenue bonds for the purchase and renovation of a facility for administrative offices, meeting rooms, a warehouse, and records storage. In addition, lease revenue bonds were issued for the construction and equipment of the Highpoint School for adjudicated middle and high-school students. These facilities are operated by the Harris County Department of Education (the "Department"), and debt service payments on the Corporation's lease revenue bonds are payable from the lease payments made to Corporation by the Department. In order to secure the Department's lease payments, the Department has pledged, subject to annual appropriation, future revenues of certain contract the Department annually enters with various school districts for the provision of certain services. If contract revenues are less than the debt payment, tax revenues can be used to make the debt service payments. On October 1, 2016, the Harris County Department of Education Public Facilities Corporation issued the \$7,000,000 Lease Revenue Bond Series 2016 with an interest rate of 1.68% to fund the acquisition of property and the construction, improvements and equipment of a new facility to serve special needs students in grades K-12 in an academic and behavior setting. The total cost of the project is currently estimated at an amount not to exceed \$12,000,000. The Department contributed approximately \$5,000,000 toward the total cost of the project. The last bond payment is due in year 2026. The Department's lease payments are appropriated annually on the Department's General Fund as a transfer out to the Debt Service Fund. Payments are made out of the Debt Service Fund each fiscal year to retire the PFC's debt on the projects. The PFC meets the criteria for a blended component unit under GASB Statement No. 39, and the bond project expenditures are reported as Capital Projects Fund. Under the Government-wide financial statements, the PFC debt is combined and reported as total debt for the organization.

In previous years the Department has issued maintenance tax notes for the maintenance, renovation, and equipment of the Department's facilities. The maintenance tax notes have been issued as both tax-exempt maintenance notes and as taxable qualified zone academy tax notes. The maintenance tax notes are a general obligation of the Department and are secured by the Department's maintenance and operations tax levy.

**Note 7 - Long-Term Liabilities (continued)**

**B. Bonds and Notes (continued)**

On November 30, 2020, the Department issued Lease Revenue Bonds Payable in the amount of \$27,715,000 (par value). The bonds were issued with a premium of \$3,405,317 and interest rates ranging from 2.00% to 5.00%. The proceeds from the bonds will be used for the leasing of land and the construction, improvement and equipment of buildings in connection with Department projects related to a new Academic and Behavior School East Campus, a new Adult Education Center and a new Highpoint East Campus and to pay issuance costs associated with the sale. The bonds mature February 15, 2045.

On November 30, 2020, the Department issued Maintenance Tax Notes in the amount of \$13,865,000 (par value). The bonds were issued with a premium of \$2,206,798 and interest rates ranging from 3.00% to 5.00%. The proceeds from the bonds will be used for repair and rehab of existing equipment and school property and to pay the cost of issuance. The bonds mature February 15, 2040.

The Department's general obligation maintenance tax debt payable and lease revenue as of August 31, 2021, is summarized as follows:

| Series        | Bond Type               | Original Issue | Interest Rates | Maturity Dates | Beginning Balance    | Additions           | Reductions            | Amount Outstanding   |
|---------------|-------------------------|----------------|----------------|----------------|----------------------|---------------------|-----------------------|----------------------|
| 2014          | Lease Revenue Refunding | \$ 9,635,000   | 2.40%          | 2/15/2023      | \$ 3,930,000         | \$ -                | \$ (1,285,000)        | \$ 2,645,000         |
| 2015          | Lease Revenue Refunding | 4,255,000      | 4.13-5.75%     | 2/15/2023      | 990,000              | -                   | (320,000)             | 670,000              |
| 2016          | Lease Revenue Bond      | 7,000,000      | 1.68%          | 2/15/2026      | 4,330,000            | -                   | (700,000)             | 3,630,000            |
| 2020          | Lease Revenue Bond      | 27,715,000     | 2.00-5.00%     | 2/15/2045      | -                    | 27,715,000          | -                     | 27,715,000           |
| 2009A         | QZAB *                  | 6,320,000      | 0.00%          | 8/31/2023      | 1,354,286            | -                   | (451,429)             | 902,857              |
| 2020          | Maintenance Tax Notes   | 13,865,000     | 3.00-5.00%     | 2/15/2040      | -                    | 13,865,000          | -                     | 13,865,000           |
| <b>Totals</b> |                         |                |                |                | 10,604,286           | 41,580,000          | (2,756,429)           | 49,427,857           |
|               | Plus: Issuance Premiums |                |                |                | 7,996                | 5,612,115           | (190,069)             | 5,430,042            |
| <b>Totals</b> |                         |                |                |                | <u>\$ 10,612,282</u> | <u>\$47,192,115</u> | <u>\$ (2,946,498)</u> | <u>\$ 54,857,899</u> |

\* QZAB = Qualified Zone Academy Bonds

The following tables summarize by type the annual debt service requirements of the outstanding debt issues at August 31, 2021 to maturity.

**Lease Revenue Bonds (PFC Long Term Debt)**

| Years Ending August 31 | Principal            | Interest             | Total Requirements   |
|------------------------|----------------------|----------------------|----------------------|
| 2022                   | \$ 2,350,000         | \$ 1,136,544         | \$ 3,486,544         |
| 2023                   | 2,395,000            | 1,085,992            | 3,480,992            |
| 2024                   | 1,450,000            | 1,036,175            | 2,486,175            |
| 2025                   | 1,480,000            | 987,161              | 2,467,161            |
| 2026                   | 1,525,000            | 936,604              | 2,461,604            |
| 2027-2031              | 4,715,000            | 3,983,965            | 8,698,965            |
| 2032-2036              | 5,595,000            | 2,927,715            | 8,522,715            |
| 2037-2041              | 7,220,000            | 2,074,270            | 9,294,270            |
| 2042-2045              | 7,930,000            | 629,992              | 8,559,992            |
| <b>Totals:</b>         | <u>\$ 34,660,000</u> | <u>\$ 14,798,418</u> | <u>\$ 49,458,418</u> |

Note 7 - Long-Term Liabilities (continued)

B. Bonds and Notes (continued)

Qualified Zone Academy Bonds & Maintenance Tax Notes

| Years Ending<br>August 31 | Principal            | Interest            | Total<br>Requirements |
|---------------------------|----------------------|---------------------|-----------------------|
| 2022                      | \$ 451,429           | \$ 508,800          | \$ 960,229            |
| 2023                      | 451,428              | 508,800             | 960,228               |
| 2024                      | -                    | 508,800             | 508,800               |
| 2025                      | -                    | 508,800             | 508,800               |
| 2026                      | -                    | 508,800             | 508,800               |
| 2027-2031                 | 4,110,000            | 2,062,400           | 6,172,400             |
| 2032-2036                 | 5,250,000            | 1,100,025           | 6,350,025             |
| 2037-2040                 | 4,505,000            | 275,325             | 4,780,325             |
| <b>Totals:</b>            | <b>\$ 14,767,857</b> | <b>\$ 5,981,750</b> | <b>\$ 20,749,607</b>  |

Annual debt service requirements to maturity for the lease revenue bonds, QZABs, and maintenance tax notes are as follows (PFC Long Term debt is combined with the QZAB and maintenance tax note debt in the Government-Wide financial statements):

| Years Ending<br>August 31 | Principal            | Interest             | Total<br>Requirements |
|---------------------------|----------------------|----------------------|-----------------------|
| 2022                      | \$ 2,801,429         | \$ 1,645,344         | \$ 4,446,773          |
| 2023                      | 2,846,428            | 1,594,792            | 4,441,220             |
| 2024                      | 1,450,000            | 1,544,975            | 2,994,975             |
| 2025                      | 1,480,000            | 1,495,961            | 2,975,961             |
| 2026                      | 1,525,000            | 1,445,404            | 2,970,404             |
| 2027-2031                 | 8,825,000            | 6,046,365            | 14,871,365            |
| 2032-2036                 | 10,845,000           | 4,027,740            | 14,872,740            |
| 2037-2041                 | 11,725,000           | 2,349,595            | 14,074,595            |
| 2042-2045                 | 7,930,000            | 629,992              | 8,559,992             |
| <b>Totals</b>             | <b>\$ 49,427,857</b> | <b>\$ 20,780,168</b> | <b>\$ 70,208,025</b>  |



**Note 8 - General Fund Federal Program Revenue**

Revenue from indirect cost earned on federal grants in the Special Revenue Funds is recognized in the General Fund. A summary of federal program revenue for the fiscal year August 31, 2021 follows:

| Fund  | Amount              |
|---|---------------------|
| Indirect Costs:   |                     |
| Texas Estuarine Resource Network Program  | \$ 2,675            |
| STOP School Violence  | 17,556              |
| Adult Education Basic Grants to States - Regular                                | 187,861             |
| Adult Education Basic Grants to States - English<br>Literacy & Civics Education | 32,031              |
| 21st Century Community Learning Centers   | 20,954              |
| Head Start Disaster Relief  | 65,739              |
| Head Start & Early Head Start   | 1,723,426           |
| Medicaid Administrative Claiming Program  | 19,619              |
| FEMA - Hurricane Harvey   | 9,021               |
| <b>Total General Fund Federal Program Revenue</b>                               | <b>\$ 2,078,882</b> |

**Note 9 - Shared Service Arrangements**

The Department is the fiscal agent for two Shared Service Arrangements (SSA) that provide after school program services to the member independent school districts and charter schools. According to guidance provided in the *Financial Accountability System Resource Guide*, the Department has accounted for the fiscal agent’s activities of the SSA using Model 3 in the SSA section.

**A. After School Partnership Program** - During fiscal year 2021, the Department was the fiscal agent for a SSA passed through the Gulf Coast Workforce Solutions Board. The following table shows member participation in the program:

| Members                                | Expenditures        |
|--|---------------------|
| <i>Fiscal Agent -</i>                  |                     |
| HCDE                                   | \$ 1,963,498        |
| <i>Pass-Through Expenditures -</i>     |                     |
| School Districts:                      |                     |
| Houston ISD- 7 Campus                  | 123,612             |
| Pasadena ISD- 1 Campus                 | 30,000              |
| Sheldon ISD- 3 Campuses                | 45,000              |
| YMCA                                   | 35,533              |
| Alief ISD                              | 101,231             |
| Boys and Girls Club                    | 40,000              |
| MECA                                   | 38,235              |
| Dream Academy                          | 11,000              |
| Social Motion Inc.                     | 887                 |
| Young Audiences                        | 15,400              |
| Houston Tennis Association             | 20,000              |
| Charter Schools:                       |                     |
| Academy for Accelerated Learning       | 57,069              |
| <b>Total Pass-through Expenditures</b> | <b>517,967</b>      |
| Local contributions                    | (550,787)           |
| <b>Grand Total Expenditures</b>        | <b>\$ 1,930,678</b> |

**Note 9 - Shared Service Arrangements (continued)**

**B. 21st Century Community Learning Centers** - During fiscal year 2021, the Department was the fiscal agent for 18-member independent school districts and 3 charter school (21 campuses total) in a SSA whose U.S. Department of Education funding is passed through the Texas Education Agency. The following table shows the members participation in the program:

| <u>Members</u>                                | <u>Expenditures</u> |
|---|---------------------|
| <i>Fiscal Agent -</i>                         |                     |
| HCDE  | \$ 436,337          |
| <i>Pass-Through Expenditures -</i>            |                     |
| School Districts:                             |                     |
| Aldine ISD- 1 Campuses                        | 150,768             |
| Alief ISD- 1 Campuses                         | 153,064             |
| AAMA- 1 Campus                                | 132,289             |
| Baker Ripley Charter Promise Community School | 121,992             |
| Clear Creek ISD- 1 Campus                     | 153,334             |
| Galena Park ISD- 4 Campuses                   | 511,504             |
| Houston ISD- 1 Campus                         | 119,454             |
| Humble ISD- 1 Campus                          | 212,087             |
| Pasadena ISD- 1 Campuses                      | 166,429             |
| Raul Yzaguirre                                | 119,399             |
| Sheldon ISD- 4 Campuses                       | 543,948             |
| Southwest Schools- 2 Campus                   | 251,875             |
| Spring ISD-1 Campuses                         | 89,218              |
| <b>Total Pass-Through Expenditures</b>        | <u>2,725,361</u>    |
| <b>Grand Total Expenditures</b>               | <u>\$ 3,161,698</u> |

**Note 10 - Department-Wide Budget**

The Department-Wide budget account is for expenditures in the General Fund that impact the Department as a whole and not just a single program, as follows:

|   | <u>Final Budget</u> | <u>Actual</u>       |
|---|---------------------|---------------------|
| State mandated programs (TRS on behalf, etc.) | \$ 3,000,000        | \$ 2,815,070        |
| Professional services                         | 2,129,538           | 1,627,785           |
| General Supplies                              | 203,235             | 63,753              |
| Facility support charges                      | 3,144,702           | 2,872,847           |
| Miscellaneous operating                       | 1,124,214           | 927,090             |
| Capital Outlay                                | 207,492             | -                   |
| Personnel attrition                           | (1,401,000)         |                     |
| <b>Total</b>                                  | <u>\$ 8,408,181</u> | <u>\$ 8,306,545</u> |

**Note 11 - Risk Management**

- A. Health Insurance** - During the year ending August 31, 2021, employees of the Harris County Department of Education were covered by a health insurance plan (the Plan). The Department contributed \$386 or \$397, depending on plan, per month for health insurance options which include Active Care 1-HD/ Employee Only, Active Care 1/ Employee-only or all other Active Care Plans; and employees, at their option, authorize payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The contract between HCDE and the licensed insurer is renewable; terms of coverage and premium cost are included in the contractual provisions.
- B. Property, Casualty, and Liability Insurance** - The Department is exposed to various risks of loss related to torts: theft, damage and destruction of property; errors and omissions; and natural disasters for which the Department carries commercial insurance and participates in a risk pool. Settled claims have not exceeded insurance coverage in any of the previous three fiscal years. There has not been any significant reduction in insurance coverage from that of the previous year.
- C. Workers' Compensation** - Prior to September 1, 2016, HCDE participated in a partially self-funded pool, originally approved by the Board in fiscal year 2005. Claims administration, loss control, and consultant services are provided for by a third-party administrator for unpaid claims from the self-insurance plan. Claims Administrative Services Inc. (CAS) will continue to service any open claims or any claims filed before September 1, 2016. The Department established an internal service fund, Workers' Compensation Fund, to account for the plan. The pool obtained stop loss insurance which limits annual claims paid liability to \$1,000,000 for any individual claim before the stop loss coverage begins, and an aggregate fiscal year limit of \$5,000,000. Since September 1, 2016, the Department participated in a fully-insured worker's compensation program with Texas Mutual.

|   | <u>Year Ended</u><br><u>8/31/2020</u> | <u>Year Ended</u><br><u>8/31/2021</u> |
|---|---------------------------------------|---------------------------------------|
| Unpaid claims, beginning of fiscal year | \$ 127,483                            | \$ 115,747                            |
| Claims payments                         | <u>(11,736)</u>                       | <u>(20,683)</u>                       |
| Unpaid claims, end of fiscal year       | <u>\$ 115,747</u>                     | <u>\$ 95,064</u>                      |

**Note 12 - Defined Benefit Pension Plan**

**Plan Description**

The Department participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is 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 educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

**Note 12 - Defined Benefit Pension Plan (continued)**

**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 that includes financial statements and required supplementary information. That report may be obtained on the internet at [https://www.trs.texas.gov/TRS%20Documents/cafr\\_2020.pdf](https://www.trs.texas.gov/TRS%20Documents/cafr_2020.pdf), or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

**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 in under a previous rule. There are no automatic postemployment 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 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 the manner are determined by the System’s actuary.

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers, and active employees to make the pension fund actuarially sound. This action causing the pension fund to be actuarially sound, allowed the legislature to approve funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

**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% of the member’s annual compensation and a state contribution rate of not less than 6% and not more than 10% 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. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

|   | Contribution Rates |       |
|---|--------------------|-------|
|   | Plan Fiscal Year   |       |
|   | 2021               | 2020  |
| Member  | 7.70%              | 7.70% |
| Non-Employer Contributing Entity (NECE) - State | 7.50%              | 7.50% |
| Employers (Department)                          | 7.50%              | 7.50% |

**Note 12 - Defined Benefit Pension Plan (continued)**

**Contributions (continued)**

|  | Fiscal Year<br>(2021) |
|--|-----------------------|
|  | <u>TRS</u>            |
|  | <u>Contributions</u>  |
| Department                               | \$ 1,629,799          |
| Member (Employee)                        | 3,328,138             |
| Non-employer (State) Contributing Entity | 2,405,164             |

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, medical schools and state agencies 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 part 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% of the state contribution rate for certain instructional or administrative employees; and 100% 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 1.5 percent of the member's salary beginning in fiscal year 2020, gradually increasing to 2 percent 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.

**Note 12 - Defined Benefit Pension Plan (continued)**

**Actuarial Assumptions**

The total pension liability in the August 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

|   |   |
|---|---|
| Valuation Date  | August 31, 2019 rolled forward to August 31, 2020   |
| Actuarial Cost Method                                       | Individual Entry Age Normal   |
| Asset Valuation Method                                      | Market Value  |
| Single Discount Rate  | 7.25%   |
| Long-term expected rate                                     | 7.25%   |
| Municipal Bond Rate   | 2.33%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index." |
| Last year ending August 31 in projection period (100 years) | 2119  |
| Inflation   | 2.30%   |
| Salary Increases  | 3.05% to 9.05% including inflation  |
| Ad hoc post-employment benefit changes                      | None  |

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2019. These assumptions are further described the 2020 TRS ACFR, which includes actuarial valuation report dated November 14, 2019.

**Discount Rate**

A single discount rate of 7.25 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent. The projection of 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 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. 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 projected future benefits payment 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 7.25%. 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**Note 12 - Defined Benefit Pension Plan (continued)**

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, 2020 are summarized below:

| <u>Asset Class</u>  | <u>Allocation<sup>1</sup></u> | <u>Expected</u> | <u>Contribution</u> |
|---|-------------------------------|-----------------|---------------------|
| <b>Global Equity</b>  |                               |                 |                     |
| USA   | 18.00%                        | 3.90%           | 0.99%               |
| Non-U.S. Developed  | 13.00%                        | 5.10%           | 0.92%               |
| Emerging Markets  | 9.00%                         | 5.60%           | 0.83%               |
| Private Equity  | 14.00%                        | 6.70%           | 1.41%               |
| <b>Stable Value</b>   |                               |                 |                     |
| Government Bonds  | 16.00%                        | -0.70%          | -0.05%              |
| Absolute Return (Including<br>Credit Sensitive Investments) | 0.00%                         | 1.80%           | 0.00%               |
| Stable Value Hedge Funds                                    | 5.00%                         | 1.90%           | 0.11%               |
| <b>Real Return</b>  |                               |                 |                     |
| Real Estate   | 15.00%                        | 4.60%           | 1.01%               |
| Energy, Natural Resources<br>and Infrastructure             | 6.00%                         | 6.00%           | 0.42%               |
| Commodities   | 0.00%                         | 0.80%           | 0.00%               |
| <b>Risk Parity</b>  |                               |                 |                     |
| Risk Parity   | 8.00%                         | 3.00%           | 0.30%               |
| <b>Leverage</b>   |                               |                 |                     |
| Cash  | 2.00%                         | -1.50%          | -0.03%              |
| Asset Allocation Leverage                                   | -6.00%                        | -1.30%          | 0.08%               |
| Inflation Expectation                                       |                               |                 | 2.00%               |
| Volatility Drag <sup>3</sup>                                |                               |                 | -0.67%              |
| <b>Expected Return</b>                                      | <u>100.00%</u>                |                 | <u>7.32%</u>        |

<sup>1</sup> Target allocations are based on the FY2020 policy model.

<sup>2</sup> Capital Market Assumptions come from Aon Hewitt as of August 31, 2020.

<sup>3</sup> The volatility drag results from the conversion between arithmetic and geometric mean returns.

**Discount Rate Sensitivity Analysis**

The following table presents the Net Pension Liability of the plan using the discount rate of 7.25 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate.

|  | <u>1% Decrease in<br/>Discount Rate (6.25%)</u> | <u>Decrease<br/>Rate (7.25%)</u> | <u>1% Increase in<br/>Discount Rate (8.25%)</u> |
|--|---|----------------------------------|---|
| Department's proportionate share of the net pension liability: | \$ 31,980,020                                   | \$ 20,739,553                    | \$ 11,606,920                                   |

**Note 12 - Defined Benefit Pension Plan (continued)**

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

At August 31, 2021, the Department reported a liability of \$20,739,553 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the Department. The amount recognized by the Department 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 Department were as follows:

|  |                      |
|--|----------------------|
| Department's proportionate share of the collective net pension liability | \$ 20,739,553        |
| State's proportionate share that is associated with the Department       | <u>29,548,731</u>    |
| Total  | <u>\$ 50,288,284</u> |

The net pension liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 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, 2019 thru August 31, 2020.

At August 31, 2020, the Department's proportion of the collective net pension liability was 0.0387% which was an increase of 0.0248% from its proportion measured as of August 31, 2019.

The General, Capital Projects and Special Revenue Funds are used to liquidate pension liabilities.

**Changes Since the Prior Actuarial Valuation**

There were no changes in assumptions since the prior measurement date.

For the year ended August 31, 2021, the Department recognized pension expense of \$3,694,183. The Department also recognized an additional on-behalf revenue and expense of \$3,554,056 representing for support provided by the State.

At August 31, 2021, the Department reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience   | \$ 37,869                         | \$ (578,786)                     |
| Changes of assumption  | 4,812,314                         | (2,046,162)                      |
| Net difference between projected and actual earnings<br>on pension plan investments                              | 419,854                           | -                                |
| Changes in proportion and differences between District<br>contributions and proportionate share of contributions | 5,505,374                         | (272,053)                        |
| District contributions subsequent to the measurement date  | <u>1,629,799</u>                  | -                                |
| Total  | <u>\$ 12,405,210</u>              | <u>\$ (2,897,001)</u>            |



**Note 12 - Defined Benefit Pension Plan (continued)**

Deferred outflows of resources resulting from Department contributions subsequent to the measurement date in the amount of \$1,629,799 will be recognized as a reduction of the net pension liability in the year ended August 31, 2022. The net amounts of the Department’s balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending<br>August 31: | Pension Expense<br>Amount |
|---------------------------|---------------------------|
| 2022                      | \$ 1,310,817              |
| 2023                      | 2,098,779                 |
| 2024                      | 2,064,458                 |
| 2025                      | 1,341,177                 |
| 2026                      | 782,115                   |
| Thereafter                | 281,064                   |
|                           | <u>\$ 7,878,410</u>       |

**Note 13 - Defined Other Post-Employment Benefit Plans**

**Plan Description**

The Department 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 that has 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**

Detail information about the TRS-Care’s fiduciary net position is available in the separately-issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at [https://www.trs.texas.gov/TRS%20Documents/cafr\\_2020.pdf](https://www.trs.texas.gov/TRS%20Documents/cafr_2020.pdf), or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

**Benefits Provided**

TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational Departments 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.

**Note 13 - Defined Other Post-Employment Benefit Plans (continued)**

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

| <b>TRS-Care Monthly Premium Rates</b>       |                 |       |                     |     |
|---|-----------------|-------|---------------------|-----|
|   | <u>Medicare</u> |       | <u>Non-Medicare</u> |     |
| Retiree or Surviving Spouse                 | \$              | 135   | \$                  | 200 |
| Retiree and Spouse                          |                 | 529   |                     | 689 |
| Retiree or Surviving Spouse<br>and Children |                 | 468   |                     | 408 |
| Surviving Children only                     |                 | 1,020 |                     | 999 |

\*or surviving spouse

**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 school districts based upon public school district payroll. The TRS Board of trustees 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 .65 percent of pay. Section 1575.204 establishes an employer 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 public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

|   | <u>Contribution Rates Fiscal Year</u> |             |
|---|---------------------------------------|-------------|
|   | <u>2021</u>                           | <u>2020</u> |
| Member (Employee)                             | 0.65%                                 | 0.65%       |
| Non-Employer Contributing Agency (State)      | 1.25%                                 | 1.25%       |
| Department                                    | 0.75%                                 | 0.75%       |
| Federal/Private Funding remitted by Employers | 1.25%                                 | 1.25%       |

|  | <u>Fiscal Year</u>       |         |
|--|--------------------------|---------|
|  | <u>(2021)</u>            |         |
|  | <u>TRS Contributions</u> |         |
| Employer (Department) contributions            | \$                       | 471,916 |
| Member (Employee) contributions                |                          | 280,948 |
| Non-employer (State) on behalf - contributions |                          | 605,504 |

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS Care OPEB program). When employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$230.8 million in fiscal year 2020 to maintain premiums and benefit levels in the 2020-2021 biennium.

**Note 13 - Defined Other Post-Employment Benefit Plans (continued)**

**Actuarial Assumptions**

The actuarial valuation was performed as of August 31, 2019. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2020. 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. All the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2019.

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 the August 31, 2019 TRS pension actuarial valuation that was rolled forward to August 31, 2020: (a) Rates of Mortality, (b) Rates of Retirement, (c) Rates of Termination, (d) Rates of Disability, (e) General Inflation, (f) Wage Inflation, and (g) Expected Payroll Growth..

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale (U-MP).

**Additional Actuarial Methods and Assumptions:**

|  |  |
|--|--|
| Valuation Date                         | August 31, 2019, rolled forward to August 31, 2020   |
| Actuarial Cost Method                  | Individual Entry Age Normal  |
| Inflation                              | 2.30%  |
| Single Discount Rate                   | 2.33% as of August 31, 2020.   |
| Aging Factors                          | Based on plan specific experience  |
| Expenses                               | Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs. |
| Salary Increases                       | 3.05% to 9.05% including inflation   |
| Election Rates                         | age 65 and 50% after age 65. 25% of pre-65   |
| Ad hoc post-employment benefit changes | None   |

**Note 13 - Defined Other Post-Employment Benefit Plans (continued)**

**Discount Rate**

A single discount rate of 2.33 percent was used to measure the Total OPEB Liability. There was a decrease of .30 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the nonemployer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2020 using the fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds

**Discount Rate Sensitivity Analysis**

*Discount Rate* – The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.33%) in measuring the Net OPEB Liability.

|   | <b>Discount Rate</b>   |                         |                        |
|---|------------------------|-------------------------|------------------------|
|   | 1% Decrease<br>(1.33%) | Current<br>Rate (2.33%) | 1% Increase<br>(3.33%) |
| Department's proportionate share of the Net OPEB Liability: | \$ 28,625,245          | \$ 23,854,417           | \$ 20,086,147          |

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

At August 31, 2021, the Department reported a liability of \$23,854,417 for its proportionate share of the TRS’s Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the Department. The amount recognized by the Department 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 Department were as follows:

|   |                             |
|---|-----------------------------|
| Department's proportionate share of the collective net OPEB liability | \$ 23,854,417               |
| State's proportionate share that is associated with Department        | <u>32,054,618</u>           |
| Total   | <u><u>\$ 55,909,035</u></u> |

The Net OPEB Liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The Department’s proportion of the Net OPEB Liability was based on the Department’s contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2019 through August 31, 2020.

At August 31, 2020, the Department’s proportion of the collective Net OPEB Liability was 0.0662% which was a decrease of 0.0016% from its proportion measured as of August 31, 2019.

The General, Capital Projects and Special Revenue Funds are used to liquidate OPEB liabilities.

**Note 13 - Defined Other Post-Employment Benefit Plans (continued)**

*Healthcare Cost Trend Rates* – The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the health trend rates assumed.

|   | <b>Healthcare Cost Trend Rate</b> |               |               |
|---|-----------------------------------|---------------|---------------|
|   | 1% Decrease                       | Current       | 1% Increase   |
| Department's proportionate share of the Net OPEB Liability: | \$ 19,486,002                     | \$ 23,854,417 | \$ 29,672,527 |

**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 discount rate changed from 2.63 percent as of August 31, 2019 to 2.33 percent as of August 31, 2020. This change increased the Total OPEB Liability.
- The participation rate for post-65 retirees was lowered from 50 percent to 40 percent. This change lowered the Total OPEB Liability.
- The ultimate health care trend rate assumption was lowered from 4.50 percent to 4.25 percent as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the Total OPEB Liability.

Changes of Benefit Terms Since the Prior Measurement Date – There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2021, the Department recognized negative OPEB expense of \$467,995. The Department also recognized negative on-behalf expense and revenue of \$222,575 for support provided by the State.

At August 31, 2021, the Department reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Changes in actuarial assumptions   | \$ 1,471,321                      | \$ (6,550,546)                   |
| Difference between projected and actual investment earnings  | 7,752                             | -                                |
| Changes in proportion and difference between the employer's contributions and the proportionate share of contributions | 784,107                           | (1,964,200)                      |
| Difference between expected and actual   | 1,249,008                         | (10,917,001)                     |
| Contributions paid to TRS subsequent to the measurement date   | 471,916                           | -                                |
| <b>Total</b>   | <b>\$ 3,984,104</b>               | <b>\$ (19,431,747)</b>           |

**Note 13 - Defined Other Post-Employment Benefit Plans (continued)**

The \$471,916 reported as deferred outflows of resources related to OPEB resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending August 31, 2022. The net amounts of the Department’s balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ending<br>August 31: | OPEB Expense<br>Amount |
|---------------------------|------------------------|
| 2022                      | \$ (2,589,212)         |
| 2023                      | (2,590,248)            |
| 2024                      | (2,590,841)            |
| 2025                      | (2,590,678)            |
| 2026                      | (1,953,524)            |
| Thereafter                | <u>(3,605,056)</u>     |
|                           | <u>\$ (15,919,559)</u> |

**Medicare Part D**

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2021, 2020, and 2019, the subsidy payments received by TRS-Care on-behalf of the Department were \$196,046, \$185,871, and \$153,891, respectively. The information for the year ended August 31, 2021 is an estimate provided by the Teacher Retirement System. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the Department.

**Note 14 - Commitments and Contingencies**

The Department received significant financial assistance from federal, state, and local governmental agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund. However, in the opinion of management, such disallowed claims, if any, will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Department at August 31, 2021.

**Note 15 - Litigation**

In the opinion of the Department’s attorney, there is no litigation that would materially affect the financial position at August 31, 2021.

**Note 16 - Tax Abatements**

A Foreign Trade Zone (FTZ) is land area within the U.S. that is legally considered outside of national customs territory. These zones are governed by a federal program that streamlines, reduces and sometimes eliminates import tariffs for U.S. importers and exporters. The program was enacted in 1934 to “expedite and encourage foreign commerce.” Today there are 294 FTZs in the United States. In Harris County, Port of Houston and the Federal FTZ Board administers Foreign Trade Zone (#84) in accordance with the Foreign Trade Zone Act, which was created to “expedite and encourage foreign commerce” in the United States.

With the help of FTZ 84, existing warehouse or manufacturing sites in the Houston area can be converted to an FTZ site. New sites can be located almost anywhere in Harris County under FTZ 84 jurisdiction, and alternative FTZ programs are available in the region for outlying counties. Texas is an inventory tax state, so certain goods that are held in any FTZ in Texas qualify for reduced inventory tax. In Harris County, FTZ 84 is co-administered by Port Houston and the Federal FTZ Board. FTZ 84 is comprised of various storage facilities and manufacturing sites.

The FTZ program offers a variety of benefits that streamline, reduce or eliminate import duties for U.S. importers. Once a company has gained FTZ authorization, import duty benefits begin depending on specific actions:

**Action 1: Goods Enter The Zone**

Imported goods move into the FTZ site duty-free.

**Action 2: Goods Are Inside The Zone**

Storage, processing and manufacturing are permitted inside an FTZ site. Assembly can utilize both imported and domestic components.

**Action 3: Goods Exit The Zone**

The benefits of this action depend on the good’s destination: 1. If imported goods are then exported, no duty is charged. 2. If imported goods are discharged for domestic consumption, a duty is not due until the product leaves the zone. 3. When imported components are processed, blended or used for manufacturing inside the FTZ, the exported finished product is charged no duty. 4. When imported components are processed, blended or used in manufacturing inside the FTZ and finished products are used for domestic consumption, the duty charged is based on the duty rate of the product discharged from the FTZ instead of the duty rate of the imported components.

The interested parties submit applications for exemption to the Harris County Department of Education to create a subzone that is then operated by the business and then provides reports to the Harris County Appraisal District. There are a number of consultants and sources with information as to how the ability of a company to create a subzone for a Foreign Trade Zone is available. The Department works with the company and the consultants after an agreement is prepared. Local Ad Valorem taxes are still paid under the agreement, but all other benefits of the Foreign Trade Zone are provided to the business.

During fiscal year 2021, inventory within the Foreign Trade Zone totaled \$1.03 billion. The Department received tax equivalency payments of \$51,361 from Exxon Mobil Inc., Magellen Terminals, Sigma Tube, Houston Refining LLP, Dixie Cullen, Nobel Drilling, Cosentino, Mitsubishi and Toshiba.

**Note 17 - COVID-19**

**Response to COVID-19**

The full extent of the ongoing impact of COVID-19 on the Department's 2020-21 fiscal year and longer-term operational and financial performance will depend on future developments, many of which are outside of its control, including the effectiveness of the mitigation strategies related to COVID-19, the duration of COVID-19, and future governmental actions, all of which are highly uncertain and cannot be predicted.

**Note 18 – Subsequent Events**

On December 1, 2021, the Department defeased the 2015 Lease Revenue Bonds which refunded the Series 2006A and Series 2006B in the principal amount of \$670,000 and interest and make whole provision of \$14,022. The bonds were originate issued for the construction of the AB East School at 8003 Sam Houston Parkway, the Records Management and Administrative Facility at 6005 Westview, the HCDE Parking garage at 6300 Irvington, the Warehouse at 709 Melbourne, and the Adult Ed Classrooms at 6515 Irvington.





**Required Supplementary Information**





**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES, ORIGINAL BUDGET, AMENDED FINAL (GAAP BASIS)**  
**AND ACTUAL - GENERAL FUND**  
**For the Year Ended August 31, 2021**

Exhibit C-1

|   | Budgeted Amounts     |                      | Actual               | Variance with                          |
|---|----------------------|----------------------|----------------------|--|
|   | Original             | Final                |                      | Final Budget<br>Positive<br>(Negative) |
| <b>Revenues</b>                                     |                      |                      |                      |  |
| Local and Intermediate Sources                      | \$ 48,959,732        | \$ 49,668,589        | \$ 46,709,017        | \$ (2,959,572)                         |
| State Programs                                      | 3,000,000            | 3,000,000            | 3,344,870            | 344,870                                |
| Federal Programs                                    | 2,597,787            | 2,597,787            | 2,078,882            | (518,905)                              |
| <b>Total Revenues</b>                               | <b>54,557,519</b>    | <b>55,266,376</b>    | <b>52,132,769</b>    | <b>(3,133,607)</b>                     |
| <b>Expenditures</b>                                 |                      |                      |                      |  |
| <b>Current:</b>                                     |                      |                      |                      |  |
| Adult Education Program                             | 176,707              | 200,463              | 194,997              | 5,466                                  |
| Assistant Superintendents                           | 628,196              | 628,196              | 595,537              | 32,659                                 |
| Board of Trustees                                   | 198,143              | 231,183              | 162,520              | 68,663                                 |
| Business Support Services                           | 2,088,629            | 2,117,629            | 1,977,239            | 140,390                                |
| Center for After-School, Summer & Expanded Learning | 793,660              | 776,534              | 628,351              | 148,183                                |
| Center for Safe & Secure Schools                    | 654,303              | 654,303              | 546,613              | 107,690                                |
| Center for Grant Development                        | 613,455              | 613,455              | 584,083              | 29,372                                 |
| Client Engagement                                   | 541,869              | 541,869              | 441,110              | 100,759                                |
| Communications                                      | 1,186,144            | 1,195,271            | 903,621              | 291,650                                |
| Department Wide                                     | 7,684,140            | 8,408,181            | 8,306,545            | 101,636                                |
| Digital Education & Innovation                      | 311,442              | 311,442              | 266,550              | 44,892                                 |
| Education Certification & Professional Advancement  | 707,271              | 714,271              | 670,935              | 43,336                                 |
| Education Foundation                                | -                    | 211,303              | 210,543              | 760                                    |
| Facility Support Services                           | 221,859              | 221,859              | 163,536              | 58,323                                 |
| Head Start Program                                  | 8,000                | 57,000               | 5,918                | 51,082                                 |
| Human Resources                                     | 1,091,452            | 1,110,399            | 1,070,533            | 39,866                                 |
| Purchasing Support Services                         | 647,574              | 689,239              | 573,016              | 116,223                                |
| Records Management Services                         | 2,021,782            | 2,059,390            | 1,875,662            | 183,728                                |
| Research & Evaluation Institute                     | 650,927              | 650,927              | 582,976              | 67,951                                 |
| Retirement Leave Benefits                           | 150,000              | 150,000              | 333,844              | (183,844)                              |
| Scholastic Arts & Writing Program                   | 166,554              | 166,554              | 118,381              | 48,173                                 |
| School Based Therapy Services                       | 12,733,654           | 12,733,754           | 11,317,453           | 1,416,301                              |
| Chief of Staff                                      | 281,956              | 281,956              | 280,940              | 1,016                                  |
| Special Schools & Services                          | 15,190,387           | 15,245,877           | 12,732,686           | 2,513,191                              |
| Superintendent's Office                             | 631,457              | 684,823              | 622,806              | 62,017                                 |
| Special Schools Administration                      | 56,093               | 56,440               | 24,277               | 32,163                                 |
| Technology Support Services                         | 4,355,287            | 4,163,211            | 3,686,034            | 477,177                                |
| The Teaching & Learning Center                      | 1,423,922            | 1,419,742            | 885,559              | 534,183                                |
| Principal Certification                             | 66                   | 4,246                | 2,780                | 1,466                                  |
| <b>Total Expenditures</b>                           | <b>55,214,929</b>    | <b>56,299,517</b>    | <b>49,765,045</b>    | <b>6,534,472</b>                       |
| <b>Excess (Deficiency) of Revenues</b>              |                      |                      |                      |  |
| <b>Over (Under) Expenditures</b>                    | <b>(657,410)</b>     | <b>(1,033,141)</b>   | <b>2,367,724</b>     | <b>3,400,865</b>                       |
| <b>Other Financing Sources (Uses)</b>               |                      |                      |                      |  |
| Transfers In  | 2,927,240            | 2,927,240            | 4,828,938            | 1,901,698                              |
| Transfers Out                                       | (13,858,593)         | (14,017,181)         | (13,948,194)         | 68,987                                 |
| <b>Total Other Financing Sources (Uses)</b>         | <b>(10,931,353)</b>  | <b>(11,089,941)</b>  | <b>(9,119,256)</b>   | <b>1,970,685</b>                       |
| Net Change in Fund Balances                         | (11,588,763)         | (12,123,082)         | (6,751,532)          | 5,371,550                              |
| <b>Fund Balances-Beginning</b>                      | <b>32,835,461</b>    | <b>32,835,461</b>    | <b>32,835,461</b>    | <b>-</b>                               |
| <b>Fund Balances-Ending</b>                         | <b>\$ 21,246,698</b> | <b>\$ 20,712,379</b> | <b>\$ 26,083,929</b> | <b>\$ 5,371,550</b>                    |

Budgets and Budgetary Accounting

The Department's administration determines budgetary funding priorities and presents an official budget to the Board of School Trustees (Board) for approval for the succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them. Budget allocations were formally approved by the Board, which subsequently established a tax rate sufficient to support the approved budget. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles.

Budget managers may amend budgeted amounts within their budget without seeking Board approval if the transfers do not increase or decrease the total budget or create a new funding source. Amendments to increase or decrease the programs' total budget must be approved by the Board's majority vote. Amendments are presented to the Board at its regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the meeting, and are not made after fiscal year end as required by law. During the year, the budget was amended as necessary. Each budget is controlled by the respective budget manager. Expenditures may not legally exceed budgeted appropriations, as amended. Unexpended appropriations lapse at fiscal year-end.

Budget Comparisons

The Department's General Fund final budget differs from the original budget due to budget revisions that were made during the fiscal period due to increases or decreases in demand for various services, and amendments during the year for unforeseen occurrences. The Department's major budget amendments during the year are summarized as follows:

The revenue budget, including other resources, increased \$3,468,992 primarily due to:

- \$724,041 for Department Wide
- \$211,303 for Education Foundation

There was a \$ 6,338,426 difference between the final amended budget and actual expenditures. The significant differences are summarized below:

- \$2,513,191 Special Schools and Services under budget
- \$1,416,301 School Based Therapy Services under budget
- \$1,303,010 under budget in Communications, Technology Support and the Teaching and Learning Center

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE DEPARTMENTS PROPORTIONATE SHARE OF THE**  
**NET PENSION LIABILITY**  
**Teacher Retirement System of Texas**  
**Last Seven Measurement Years Ended August 31**

*Exhibit C-3*

|  | <u>2020</u>                 | <u>2019</u>                 | <u>2018</u>                 | <u>2017</u>                 | <u>2016</u>                 |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>Department's proportion of the net pension liability</b>  | <b>0.0387%</b>              | <b>0.0248%</b>              | <b>0.0238%</b>              | <b>0.0243%</b>              | <b>0.0233%</b>              |
| Department's proportionate share of the net pension liability  | \$ 20,739,553               | \$ 12,914,733               | \$ 13,093,794               | \$ 7,762,844                | \$ 8,794,281                |
| State's proportionate share of the net pension liability associated with the Department              | <u>29,548,731</u>           | <u>28,729,606</u>           | <u>31,109,264</u>           | <u>18,522,260</u>           | <u>22,088,591</u>           |
| <b>Total</b>   | <b><u>\$ 50,288,284</u></b> | <b><u>\$ 41,644,339</u></b> | <b><u>\$ 44,203,058</u></b> | <b><u>\$ 26,285,104</u></b> | <b><u>\$ 30,882,872</u></b> |
| <br>   |                             |                             |                             |                             |                             |
| Department's covered payroll (for Measurement Year)  | \$ 43,144,177               | \$ 41,843,653               | \$ 39,733,893               | \$ 38,995,847               | \$ 37,264,186               |
| <br>   |                             |                             |                             |                             |                             |
| Department's proportionate share of the net pension liability as a percentage of its covered payroll | 48.1%                       | 30.9%                       | 33.0%                       | 19.9%                       | 23.6%                       |
| <br>   |                             |                             |                             |                             |                             |
| Plan's fiduciary net position as a percentage of the total pension liability                         | 75.54%                      | 75.24%                      | 73.74%                      | 82.17%                      | 78.00%                      |
| <br>   |                             |                             |                             |                             |                             |
| Plan's net pension liability as a percentage of covered payroll                                      | 110.36%                     | 114.93%                     | 126.11%                     | 75.93%                      | 92.75%                      |
| <br>   |                             |                             |                             |                             |                             |
|  | <u>2015</u>                 | <u>2014</u>                 |                             |                             |                             |
| <b>Department's proportion of the net pension liability</b>  | <b>0.0234%</b>              | <b>0.0277%</b>              |                             |                             |                             |
| Department's proportionate share of the net pension liability  | \$ 8,260,418                | \$ 7,215,493                |                             |                             |                             |
| State's proportionate share of the net pension liability associated with the Department              | <u>21,177,189</u>           | <u>18,967,699</u>           |                             |                             |                             |
| <b>Total</b>   | <b><u>\$ 29,437,607</u></b> | <b><u>\$ 26,183,192</u></b> |                             |                             |                             |
| <br>   |                             |                             |                             |                             |                             |
| Department's covered payroll (for Measurement Year)  | \$ 35,960,896               | \$ 36,028,897               |                             |                             |                             |
| <br>   |                             |                             |                             |                             |                             |
| Department's proportionate share of the net pension liability as a percentage of its covered payroll | 23.0%                       | 20.0%                       |                             |                             |                             |
| <br>   |                             |                             |                             |                             |                             |
| Plan's fiduciary net position as a percentage of the total pension liability                         | 78.43%                      | 83.25%                      |                             |                             |                             |
| <br>   |                             |                             |                             |                             |                             |
| Plan's net pension liability as a percentage of covered payroll                                      | 91.94%                      | 73.82%                      |                             |                             |                             |

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF DEPARTMENT'S PENSION RETIREMENT CONTRIBUTIONS**

*Exhibit C-4*

**Teachers Retirement System of Texas**  
**Last Eight Fiscal Years Ended August 31**

|   | <u>2021</u>      | <u>2020</u>      | <u>2019</u>    | <u>2018</u>    | <u>2017</u>    |
|---|------------------|------------------|----------------|----------------|----------------|
| Contractually required contributions                                  | \$ 1,629,799     | \$ 1,599,915     | \$ 867,842     | \$ 799,557     | \$ 794,101     |
| Contributions in relation to the contractually required contributions | <u>1,629,799</u> | <u>1,599,915</u> | <u>867,842</u> | <u>799,557</u> | <u>794,101</u> |
| Contribution Deficiency (excess)                                      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    |
| Department's covered payroll  | \$ 44,522,188    | \$ 43,144,177    | \$ 41,843,651  | \$ 39,733,893  | \$ 38,995,847  |
| Contributions as a percentage of covered payroll                      | 3.66%            | 3.71%            | 2.07%          | 2.01%          | 2.04%          |
|   | <u>2016</u>      | <u>2015</u>      | <u>2014</u>    |                |                |
| Contractually required contributions                                  | \$ 741,368       | \$ 699,042       | \$ 685,186     |                |                |
| Contributions in relation to the contractually required contributions | <u>741,368</u>   | <u>699,042</u>   | <u>685,186</u> |                |                |
| Contribution Deficiency (excess)                                      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>    |                |                |
| Department's covered payroll  | \$ 37,264,186    | \$ 35,960,896    | \$ 36,028,897  |                |                |
| Contributions as a percentage of covered payroll                      | 1.99%            | 1.94%            | 1.90%          |                |                |

**Changes of Assumptions**

The following were changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

- The single discount rate as of August 31, 2018 was a blended rate of 6.907 percent and that has changed to the long-term rate of return of 7.25 percent as of August 31, 2019.
- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.
- The Texas legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018 will receive an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever is less.

**Changes 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 Department's portion share of the plan is determined by its proportional share of contributions, the Department recognized a corresponding increase in its share of net pension liability.

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**REQUIRED SUPPLEMENTARY INFORMATION**

*Exhibit C-6*

**SCHEDULE OF THE DEPARTMENT'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY**

**Teacher Retirement System of Texas**  
**Last Four Measurement Years Ended August 31**

|   | <u>2020</u>          | <u>2019</u>          | <u>2018</u>          | <u>2017</u>          |
|---|----------------------|----------------------|----------------------|----------------------|
| <b>Department's proportion of the net OPEB liability</b>  | <b>0.0628%</b>       | <b>0.0618%</b>       | <b>0.0646%</b>       | <b>0.0647%</b>       |
| Department's proportionate share of the net OPEB liability  | \$ 23,854,417        | \$ 31,296,144        | \$ 32,234,768        | \$ 28,124,225        |
| State's proportionate share of the net OPEB liability associated with the Department              | <u>32,054,618</u>    | <u>41,585,578</u>    | <u>26,283,149</u>    | <u>23,468,900</u>    |
| Total   | <u>\$ 55,909,035</u> | <u>\$ 72,881,722</u> | <u>\$ 58,517,917</u> | <u>\$ 51,593,125</u> |
| Department's covered payroll (for Measurement Year)   | \$ 43,144,177        | \$ 41,843,653        | \$ 39,733,893        | \$ 38,995,847        |
| Department's proportionate share of the net OPEB liability as a percentage of its covered payroll | 55.3%                | 74.8%                | 81.1%                | 72.1%                |
| Plan's fiduciary net position as a percentage of the total OPEB liability                         | 4.99%                | 2.66%                | 1.57%                | 0.91%                |
| Plan's net OPEB liability as a percentage of covered payroll                                      | 101.46%              | 135.21%              | 146.64%              | 132.55%              |

Note: Ten years of data should be presented in this schedule but data is unavailable prior to 2017.  
Net OPEB liability and related ratios will be presented prospectively as data becomes available.  
The amounts presented for each Plan year which ends the preceding August 31 of the Department's fiscal year.

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF DEPARTMENT'S OPEB CONTRIBUTIONS**

*Exhibit C-7*

**Teachers Retirement System of Texas**  
**Last Eight Fiscal Years Ended August 31**

|   | <u>2021</u>    | <u>2020</u>    | <u>2019</u>    | <u>2018</u>    | <u>2017</u>    |
|---|----------------|----------------|----------------|----------------|----------------|
| Contractually required contributions                                  | \$ 471,916     | \$ 477,510     | \$ 466,951     | \$ 445,167     | \$ 339,056     |
| Contributions in relation to the contractually required contributions | <u>471,916</u> | <u>477,510</u> | <u>466,951</u> | <u>445,167</u> | <u>339,056</u> |
| Contribution Deficiency (excess)                                      | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    |
| Department's covered payroll  | \$ 44,522,188  | \$ 43,144,177  | \$ 41,843,651  | \$ 39,733,893  | \$ 38,995,847  |
| Contributions as a percentage of covered payroll                      | 1.06%          | 1.11%          | 1.12%          | 1.12%          | 0.87%          |
|   | <u>2016</u>    | <u>2015</u>    | <u>2014</u>    |                |                |
| Contractually required contributions                                  | \$ 328,635     | \$ 311,879     | \$ 307,431     |                |                |
| Contributions in relation to the contractually required contributions | <u>328,635</u> | <u>311,879</u> | <u>307,431</u> |                |                |
| Contribution Deficiency (excess)                                      | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    |                |                |
| Department's covered payroll  | \$ 37,264,186  | \$ 35,960,896  | \$ 36,028,897  |                |                |
| Contributions as a percentage of covered payroll                      | 0.88%          | 0.87%          | 0.85%          |                |                |



### **Changes of Assumptions**

The following assumptions, methods and plan changes which are specific to TRS-Care were updated from the prior year's report:

- The discount rate changed from 3.69 percent as of August 31, 2018 to 2.63 percent as of August 31, 2019. This change increased the TOL.
- The health care trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.
- The participation rate for pre-65 retirees was lowered from 70 percent to 65 percent. The participation rate for post-65 retirees was lowered from 75 percent to 50 percent. 25 percent of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the TOL.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20 percent to 15 percent. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20 percent to 10 percent. These changes decreased the TOL.
- Change of Benefit Terms Since the Prior Measurement Date – There were no changes in benefit terms since the prior measurement date.

### **Changes 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 preventive 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



## Combining & Individual Fund Statements & Schedules

## HARRIS COUNTY DEPARTMENT OF EDUCATION

### NONMAJOR GOVERNMENTAL FUNDS OVERVIEW

#### *SPECIAL REVENUE FUNDS*

Special Revenue Funds are used to account for specific revenue sources which are legally restricted to expenditures for specific purposes. Individual grants are listed in alphabetical order by program:

Adult Education Program – Accounts, on a project basis, for state and federal funds granted to provide or support programs for adult education and literacy services to adults who are beyond compulsory school age attendance and do not have a high school diploma, or lack sufficient mastery of basic educational skills to function effectively in society, or are unable to speak, read or write the English language; and are not enrolled in school. Separate accountability must be maintained for each section listed below:

- ABE Grant to States-Regular-State (Regular Grant-Federal)
- ABE Grant to States-Institutional-English Literacy & Civics Education-Federal  
(English Literacy and Civics Ed-Federal)

#### Center for After School, Summer and Expanded Learning (CASE)

- 21<sup>st</sup> Century Community Learning Centers (21<sup>st</sup> Century CLC) – Accounts, on a project basis, for federal funds granted to provide opportunities for communities to establish or expand activities in community learning centers that provide opportunities for academic enrichment and additional services to students and literary and related educational development for families of students. This is a shared services arrangement.
- Partnership – Funding to provide professional development opportunities, supplemental funding for comprehensive programs and project-based providers that offer activities that support language literacy and numeracy development, collaborative reading initiatives and educational material and equipment for use in out of school time programs.
- Local City of Houston
- County Connections – Houston Endowment



## HARRIS COUNTY DEPARTMENT OF EDUCATION

### NONMAJOR GOVERNMENTAL FUNDS OVERVIEW (continued)

#### *SPECIAL REVENUE FUNDS (continued)*

Head Start Nonmajor Programs – Accounts, on a project basis, for federal funds from the U. S. Department of Health and Human Services, in addition to other grant sources listed below, for which separate accountability is required:

- Head Start Operations
- Head Start Training and Technical Assistance-Federal
- Early Head Start – Child Care Partnership
- Early Head Start Disaster Assistance
- Operations and Training
- Disaster Recovery
- American Rescue Plan
- Hogg Foundation-Local - Accounts for funds used to provide training for Head Start staff to address children’s mental health issues in the classroom and connect with parents on the same issue.

In kind fund-Local - Accounts for funds contributed by local sources and in-kind supplies and volunteer time required as 20% matching towards the Head Start federal grant.

Education Certification & Professional Advancement – Accounts for an administrative services subaward agreement with Ohio State University. The purpose of this project is to operate a nontraditional teacher preparation program accredited by the Texas Education Agency designed to increase the number of teachers with EL/bilingual certification and supplement EL coursework.

Center for Safe and Secure Schools – Accounts, on a project basis, for federal funds from the U.S. Department of Justice, in addition to another grant, as listed below, for which separate accountability is required:

- Stop School Violence
- JAMS - Accounts for funds awarded by the JAMS Foundation. The program will train teachers, counselors, school personnel and students in conflict resolution and support implementation of these practices during their interactions with youth, parents and school personnel through restorative practices models, and others.

The Teaching and Learning Center - Accounts, on a project basis, for federal funds from Texas Commission on Environmental Quality (TCEQ). The project will deliver the TERN program, created by Audubon Texas Coastal Program, to local schools in the Performing Party’s region. Teachers will be provided professional development and be given resources for their classrooms. Students will engage with this program through trainings, classroom lessons, and activities

- TCEQ/Audubond

#### **DEBT SERVICE FUND**

This fund classification is used to combine all debt service funds for reporting.

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**August 31, 2021**

|  | <u>Special Revenue Funds</u>                         |  |                                   |   |                                       |                     |
|--|--|--|-----------------------------------|---|---------------------------------------|---------------------|
|  | <u>Head Start -<br/>Training and<br/>Tech Assist</u> | <u>Head Start -<br/>Healthy Living</u> | <u>Transition to<br/>Teaching</u> | <u>Head Start -<br/>Innovation/Imp<br/>rovement</u> | <u>Stop School<br/>Violence Grant</u> | <u>TECQ/Audubon</u> |
| <b>Assets</b>                              |  |  |                                   |   |                                       |                     |
| Cash and cash equivalents                  | \$ -   | \$ -                                   | \$ -                              | \$ -  | \$ -                                  | \$ -                |
| Due from other funds                       |  |  |                                   |   |                                       |                     |
| Due from other governments                 | 9,180  | 193,126                                | 500                               | 82,177  | 13,938                                | 12,622              |
| Other receivables                          | -  | -                                      | -                                 | -   | -                                     | -                   |
| Prepaid Items                              | 980  | -                                      | -                                 | -   | -                                     | -                   |
| <b>Total Assets</b>                        | <u>\$ 10,160</u>                                     | <u>\$ 193,126</u>                      | <u>\$ 500</u>                     | <u>\$ 82,177</u>                                    | <u>\$ 13,938</u>                      | <u>\$ 12,622</u>    |
| <b>Liabilities and Fund Balances</b>       |  |  |                                   |   |                                       |                     |
| <b>Liabilities:</b>                        |  |  |                                   |   |                                       |                     |
| Accounts payable                           | \$ 1,675   | \$ 639                                 | \$ -                              | \$ 6,500  | \$ 381                                | \$ 331              |
| Accrued wages payable                      | -  | -                                      | -                                 | -   | -                                     | -                   |
| Due to other governments                   | -  | -                                      | -                                 | -   | -                                     | -                   |
| Due to other funds                         | 8,485  | 192,487                                | 500                               | 75,677  | 13,557                                | 12,291              |
| Unearned Revenues                          | -  | -                                      | -                                 | -   | -                                     | -                   |
| <b>Total Liabilities</b>                   | <u>10,160</u>  | <u>193,126</u>                         | <u>500</u>                        | <u>82,177</u>                                       | <u>13,938</u>                         | <u>12,622</u>       |
| <b>Fund Balances:</b>                      |  |  |                                   |   |                                       |                     |
| <b>Nonspendable</b>                        |  |  |                                   |   |                                       |                     |
| Prepaid                                    | 980  | -                                      | -                                 | -   | -                                     | -                   |
| <b>Assigned:</b>                           |  |  |                                   |   |                                       |                     |
| Debt Service                               |  |  |                                   |   |                                       |                     |
| Unassigned                                 | (980)  | -                                      | -                                 | -   | -                                     | -                   |
| <b>Total Fund Balances</b>                 | <u>-</u>   | <u>-</u>                               | <u>-</u>                          | <u>-</u>  | <u>-</u>                              | <u>-</u>            |
| <b>Total Liabilities and Fund Balances</b> | <u>\$ 10,160</u>                                     | <u>\$ 193,126</u>                      | <u>\$ 500</u>                     | <u>\$ 82,177</u>                                    | <u>\$ 13,938</u>                      | <u>\$ 12,622</u>    |

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**August 31, 2021**

*Exhibit D-1*  
*Page 2 of 6*

|  | Special Revenue Funds                            |                                   |  |                                   |                                      |  |
|--|--|-----------------------------------|--|-----------------------------------|--------------------------------------|--|
|  | Early Head<br>Start/Child<br>Care<br>Partnership | Early Head<br>Start<br>Operations | Early Head<br>Start/Child<br>Care<br>Partnership | HS - Coolwood<br>Land Acquisition | Federal Adult<br>Ed Regular<br>Grant | Adult Ed<br>English<br>Literacy/Civics |
| <b>Assets</b>                              |  |                                   |  |                                   |                                      |  |
| Cash and cash equivalents                  | \$ -   | \$ -                              | \$ -   | \$ -                              | \$ -                                 | \$ -                                   |
| Due from other funds                       |  |                                   |  |                                   |                                      |  |
| Due from other governments                 | 22,442   | 287,417                           | 27,873   | 26,139                            | 231,983                              | 72,928                                 |
| Other receivables                          | -  | -                                 | -  | -                                 | -                                    | -                                      |
| Prepaid Items                              | -  | 11,335                            | 34   | -                                 | 27,500                               | -                                      |
| <b>Total Assets</b>                        | <u>\$ 22,442</u>                                 | <u>\$ 298,752</u>                 | <u>\$ 27,907</u>                                 | <u>\$ 26,139</u>                  | <u>\$ 259,483</u>                    | <u>\$ 72,928</u>                       |
| <b>Liabilities and Fund Balances</b>       |  |                                   |  |                                   |                                      |  |
| <b>Liabilities:</b>                        |  |                                   |  |                                   |                                      |  |
| Accounts payable                           | \$ 17,349  | \$ 138,646                        | \$ 13,016  | \$ -                              | \$ 23,216                            | \$ -                                   |
| Accrued wages payable                      | -  | 41                                | -  | -                                 | 61,655                               | 27                                     |
| Due to other governments                   | -  | -                                 | -  | -                                 | -                                    | -                                      |
| Due to other funds                         | 5,093  | 160,065                           | 14,891   | 26,139                            | 174,612                              | 72,901                                 |
| Unearned Revenues                          | -  | -                                 | -  | -                                 | -                                    | -                                      |
| <b>Total Liabilities</b>                   | <u>22,442</u>                                    | <u>298,752</u>                    | <u>27,907</u>                                    | <u>26,139</u>                     | <u>259,483</u>                       | <u>72,928</u>                          |
| <b>Fund Balances:</b>                      |  |                                   |  |                                   |                                      |  |
| <b>Nonspendable</b>                        |  |                                   |  |                                   |                                      |  |
| Prepaid                                    | -  | 11,335                            | 34   | -                                 | 27,500                               | -                                      |
| <b>Assigned:</b>                           |  |                                   |  |                                   |                                      |  |
| Debt Service                               |  |                                   |  |                                   |                                      |  |
| Unassigned                                 | -  | (11,335)                          | (34)   | -                                 | (27,500)                             | -                                      |
| <b>Total Fund Balances</b>                 | <u>-</u>   | <u>-</u>                          | <u>-</u>   | <u>-</u>                          | <u>-</u>                             | <u>-</u>                               |
| <b>Total Liabilities and Fund Balances</b> | <u>\$ 22,442</u>                                 | <u>\$ 298,752</u>                 | <u>\$ 27,907</u>                                 | <u>\$ 26,139</u>                  | <u>\$ 259,483</u>                    | <u>\$ 72,928</u>                       |

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**August 31, 2021**

*Exhibit D-1*  
*Page 3 of 6*

|  | Special Revenue Funds    |                         |                          |                                  |   |                             |
|--|--------------------------|-------------------------|--------------------------|----------------------------------|---|-----------------------------|
|  | 21st Century<br>Cycle 11 | 21st Century<br>Cycle 9 | 21st Century<br>Cycle 10 | Texas Council<br>Dev. Disability | Federal After-<br>School<br>Partnership | Head Start Op &<br>Training |
| <b>Assets</b>                              |                          |                         |                          |                                  |   |                             |
| Cash and cash equivalents                  | \$ -                     | \$ -                    | \$ -                     | \$ -                             | \$ 332,470                              | \$ -                        |
| Due from other funds                       |                          |                         |                          |                                  |   |                             |
| Due from other governments                 | 12,249                   | 581,626                 | 496,208                  | -                                | 596,380                                 | -                           |
| Other receivables                          | -                        | -                       | -                        | -                                | -                                       | -                           |
| Prepaid Items                              | -                        | -                       | -                        | -                                | -                                       | -                           |
| <b>Total Assets</b>                        | <b>\$ 12,249</b>         | <b>\$ 581,626</b>       | <b>\$ 496,208</b>        | <b>\$ -</b>                      | <b>\$ 928,850</b>                       | <b>\$ -</b>                 |
| <b>Liabilities and Fund Balances</b>       |                          |                         |                          |                                  |   |                             |
| <b>Liabilities:</b>                        |                          |                         |                          |                                  |   |                             |
| Accounts payable                           | \$ -                     | \$ 262,896              | \$ 352,545               | \$ -                             | \$ 219,028                              | \$ -                        |
| Accrued wages payable                      | 98                       | -                       | -                        | -                                | 1,131                                   | -                           |
| Due to other governments                   | -                        | -                       | -                        | -                                | -                                       | -                           |
| Due to other funds                         | 12,151                   | 318,730                 | 143,663                  | -                                | -                                       | -                           |
| Unearned Revenues                          | -                        | -                       | -                        | -                                | 708,691                                 | -                           |
| <b>Total Liabilities</b>                   | <b>12,249</b>            | <b>581,626</b>          | <b>496,208</b>           | <b>-</b>                         | <b>928,850</b>                          | <b>-</b>                    |
| <b>Fund Balances:</b>                      |                          |                         |                          |                                  |   |                             |
| <b>Nonspendable</b>                        |                          |                         |                          |                                  |   |                             |
| Prepaid                                    | -                        | -                       | -                        | -                                | -                                       | -                           |
| <b>Assigned:</b>                           |                          |                         |                          |                                  |   |                             |
| Debt Service                               |                          |                         |                          |                                  |   |                             |
| Unassigned                                 | -                        | -                       | -                        | -                                | -                                       | -                           |
| <b>Total Fund Balances</b>                 | <b>-</b>                 | <b>-</b>                | <b>-</b>                 | <b>-</b>                         | <b>-</b>                                | <b>-</b>                    |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 12,249</b>         | <b>\$ 581,626</b>       | <b>\$ 496,208</b>        | <b>\$ -</b>                      | <b>\$ 928,850</b>                       | <b>\$ -</b>                 |



**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**August 31, 2021**

*Exhibit D-1*  
*Page 4 of 6*

|  | <b>Special Revenue Funds</b>                |                                       |                              |                              |                                  |  |
|--|---|---------------------------------------|------------------------------|------------------------------|----------------------------------|--|
|  | <b>Head Start<br/>Disaster<br/>Recovery</b> | <b>Head Start<br/>Disaster Relief</b> | <b>Houston<br/>Endowment</b> | <b>JAMS Grant<br/>Year 1</b> | <b>City of Houston<br/>Grant</b> | <b>County<br/>Connection<br/>Program</b> |
| <b>Assets</b>                              |   |                                       |                              |                              |                                  |  |
| Cash and cash equivalents                  | \$ -  | \$ -                                  | \$ 173,264                   | \$ -                         | \$ -                             | \$ -                                     |
| Due from other funds                       |   |                                       |                              |                              |                                  |  |
| Due from other governments                 | 121,817                                     | 52,557                                | -                            | 6,791                        | 21,461                           | 683,711                                  |
| Other receivables                          | -   | -                                     | -                            | -                            | -                                | -  |
| Prepaid Items                              | 198,800                                     | -                                     | 285                          | -                            | -                                | -  |
| <b>Total Assets</b>                        | <b>\$ 320,617</b>                           | <b>\$ 52,557</b>                      | <b>\$ 173,549</b>            | <b>\$ 6,791</b>              | <b>\$ 21,461</b>                 | <b>\$ 683,711</b>                        |
| <b>Liabilities and Fund Balances</b>       |   |                                       |                              |                              |                                  |  |
| <b>Liabilities:</b>                        |   |                                       |                              |                              |                                  |  |
| Accounts payable                           | \$ 14,673                                   | \$ 366                                | \$ 285                       | \$ -                         | \$ -                             | \$ 357,684                               |
| Accrued wages payable                      | -   | -                                     | -                            | -                            | -                                | -  |
| Due to other governments                   | -   | -                                     | -                            | -                            | -                                | -  |
| Due to other funds                         | 305,944                                     | 52,191                                | -                            | 6,791                        | 21,461                           | 326,027                                  |
| Unearned Revenues                          | -   | -                                     | 173,264                      | -                            | -                                | -  |
| <b>Total Liabilities</b>                   | <b>320,617</b>                              | <b>52,557</b>                         | <b>173,549</b>               | <b>6,791</b>                 | <b>21,461</b>                    | <b>683,711</b>                           |
| <b>Fund Balances:</b>                      |   |                                       |                              |                              |                                  |  |
| <b>Nonspendable</b>                        |   |                                       |                              |                              |                                  |  |
| Prepaid                                    | 198,800                                     | -                                     | 285                          | -                            | -                                | -  |
| <b>Assigned:</b>                           |   |                                       |                              |                              |                                  |  |
| Debt Service                               |   |                                       |                              |                              |                                  |  |
| Unassigned                                 | (198,800)                                   | -                                     | (285)                        | -                            | -                                | -  |
| <b>Total Fund Balances</b>                 | <b>-</b>                                    | <b>-</b>                              | <b>-</b>                     | <b>-</b>                     | <b>-</b>                         | <b>-</b>                                 |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 320,617</b>                           | <b>\$ 52,557</b>                      | <b>\$ 173,549</b>            | <b>\$ 6,791</b>              | <b>\$ 21,461</b>                 | <b>\$ 683,711</b>                        |

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**August 31, 2021**

*Exhibit D-1*  
*Page 5 of 6*

|  | Special Revenue Funds       |  |  |                                       |                               |             |
|--|-----------------------------|--|--|---------------------------------------|-------------------------------|-------------|
|  | Early Head Start<br>In-Kind | Head Start Op &<br>Training In-Kind<br>1 | Head Start Op &<br>Training In-Kind<br>2 | Stop School<br>Violence - In-<br>kind | Hogg Grant -<br>Mental Health | Hogg Found  |
| <b>Assets</b>                              |                             |  |  |                                       |                               |             |
| Cash and cash equivalents                  | \$ 998                      | \$ 43,812                                | \$ -                                     | \$ -                                  | \$ 15,990                     | \$ -        |
| Due from other funds                       |                             |  |  |                                       |                               |             |
| Due from other governments                 | -                           | -  | -  | -                                     | -                             | -           |
| Other receivables                          | -                           | -  | -  | -                                     | -                             | -           |
| Prepaid Items                              | -                           | -  | -  | -                                     | -                             | -           |
| <b>Total Assets</b>                        | <b>\$ 998</b>               | <b>\$ 43,812</b>                         | <b>\$ -</b>                              | <b>\$ -</b>                           | <b>\$ 15,990</b>              | <b>\$ -</b> |
| <b>Liabilities and Fund Balances</b>       |                             |  |  |                                       |                               |             |
| <b>Liabilities:</b>                        |                             |  |  |                                       |                               |             |
| Accounts payable                           | \$ -                        | \$ -                                     | \$ -                                     | \$ -                                  | \$ -                          | \$ -        |
| Accrued wages payable                      | -                           | -  | -  | -                                     | -                             | -           |
| Due to other governments                   | -                           | -  | -  | -                                     | -                             | -           |
| Due to other funds                         | -                           | -  | -  | -                                     | -                             | -           |
| Unearned Revenues                          | 998                         | 43,812                                   | -  | -                                     | 15,990                        | -           |
| <b>Total Liabilities</b>                   | <b>998</b>                  | <b>43,812</b>                            | <b>-</b>                                 | <b>-</b>                              | <b>15,990</b>                 | <b>-</b>    |
| <b>Fund Balances:</b>                      |                             |  |  |                                       |                               |             |
| <b>Nonspendable</b>                        |                             |  |  |                                       |                               |             |
| Prepaid                                    | -                           | -  | -  | -                                     | -                             | -           |
| <b>Assigned:</b>                           |                             |  |  |                                       |                               |             |
| Debt Service                               |                             |  |  |                                       |                               |             |
| Unassigned                                 | -                           | -  | -  | -                                     | -                             | -           |
| <b>Total Fund Balances</b>                 | <b>-</b>                    | <b>-</b>                                 | <b>-</b>                                 | <b>-</b>                              | <b>-</b>                      | <b>-</b>    |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 998</b>               | <b>\$ 43,812</b>                         | <b>\$ -</b>                              | <b>\$ -</b>                           | <b>\$ 15,990</b>              | <b>\$ -</b> |

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**August 31, 2021**

*Exhibit D-1*  
*Page 6 of 6*

|  | <u>Misc Local<br/>Grants</u> | <u>Total Special<br/>Revenue Funds</u> | <u>Debt Service<br/>Fund</u> | <u>Nonmajor<br/>Governmental<br/>Funds (See Exhibit<br/>B-1)</u> |
|--|------------------------------|--|------------------------------|--|
| <b>Assets</b>                              |                              |  |                              |  |
| Cash and cash equivalents                  | \$ 103,445                   | \$ 669,979                             | \$ 2,500,000                 | \$ 3,169,979   |
| Due from other funds                       |                              | -                                      |                              | -  |
| Due from other governments                 | -                            | 3,553,125                              | -                            | 3,553,125  |
| Other receivables                          | -                            | -                                      | -                            | -  |
| Prepaid Items                              | -                            | 238,934                                | -                            | 238,934  |
| <b>Total Assets</b>                        | <u>\$ 103,445</u>            | <u>\$ 4,462,038</u>                    | <u>\$ 2,500,000</u>          | <u>\$ 6,962,038</u>  |
| <b>Liabilities and Fund Balances</b>       |                              |  |                              |  |
| <b>Liabilities:</b>                        |                              |  |                              |  |
| Accounts payable                           | \$ 61,167                    | \$ 1,470,397                           | \$ -                         | \$ 1,470,397   |
| Accrued wages payable                      | -                            | 62,952                                 | -                            | 62,952   |
| Due to other governments                   | -                            | -                                      | -                            | -  |
| Due to other funds                         | -                            | 1,943,656                              | -                            | 1,943,656  |
| Unearned Revenues                          | 42,278                       | 985,033                                | -                            | 985,033  |
| <b>Total Liabilities</b>                   | <u>103,445</u>               | <u>4,462,038</u>                       | <u>-</u>                     | <u>\$ 4,462,038</u>  |
| <b>Fund Balances:</b>                      |                              |  |                              |  |
| <b>Nonspendable</b>                        |                              |  |                              |  |
| Prepaid                                    | -                            | 238,934                                | -                            | 238,934  |
| <b>Assigned:</b>                           |                              |  |                              |  |
| Debt Service                               |                              |  | 2,500,000                    | 2,500,000  |
| Unassigned                                 | -                            | (238,934)                              | -                            | (238,934)  |
| <b>Total Fund Balances</b>                 | <u>-</u>                     | <u>-</u>                               | <u>2,500,000</u>             | <u>\$ 2,500,000</u>  |
| <b>Total Liabilities and Fund Balances</b> | <u>\$ 103,445</u>            | <u>\$ 4,462,038</u>                    | <u>\$ 2,500,000</u>          | <u>\$ 6,962,038</u>  |

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended August 31, 2021**

|  | Special Revenue Funds                       |                                |                           |  |                               |               |
|--|---|--------------------------------|---------------------------|--|-------------------------------|---------------|
|  | Head Start -<br>Training and<br>Tech Assist | Head Start -<br>Healthy Living | Transition to<br>Teaching | Head Start -<br>Innovation/Impr<br>ovement | Stop School<br>Violence Grant | TECQ/Audubon  |
| <b>Revenues</b>  |   |                                |                           |  |                               |               |
| Local and Intermediate Sources                                       | \$ -  | \$ -                           | \$ -                      | \$ -                                       | \$ -                          | \$ -          |
| Federal Programs   | 34,769                                      | 383,712                        | 6,500                     | 82,177                                     | 154,701                       | 13,600        |
| <b>Total Revenues</b>  | <b>34,769</b>                               | <b>383,712</b>                 | <b>6,500</b>              | <b>82,177</b>                              | <b>154,701</b>                | <b>13,600</b> |
| <b>Expenditures</b>  |   |                                |                           |  |                               |               |
| <b>Current:</b>  |   |                                |                           |  |                               |               |
| Adult Education Program  | -   | -                              | -                         | -  | -                             | -             |
| Center for After-School, Summer &<br>Expanded Learning               | -   | -                              | -                         | -  | -                             | -             |
| Center for Safe & Secure Schools                                     | -   | -                              | -                         | -  | 154,701                       | -             |
| Client Engagement  | -   | -                              | -                         | -  | -                             | -             |
| Communications   | -   | -                              | -                         | -  | -                             | -             |
| Education Certification &<br>Professional Advancement                | -   | -                              | 6,500                     | -  | -                             | -             |
| Head Start Program   | 34,769                                      | 383,712                        | -                         | 82,177                                     | -                             | -             |
| Human Resources  | -   | -                              | -                         | -  | -                             | -             |
| Records Management Services  | -   | -                              | -                         | -  | -                             | -             |
| Research & Evaluation Institute                                      | -   | -                              | -                         | -  | -                             | -             |
| School Based Therapy Services  | -   | -                              | -                         | -  | -                             | -             |
| Special Schools & Services   | -   | -                              | -                         | -  | -                             | -             |
| Technology Support Services  | -   | -                              | -                         | -  | -                             | -             |
| The Teaching & Learning Center                                       | -   | -                              | -                         | -  | -                             | 13,600        |
| <b>Debt Service:</b>   |   |                                |                           |  |                               |               |
| Principal on Long-Term Debt  | -   | -                              | -                         | -  | -                             | -             |
| Interest on Long-Term Debt   | -   | -                              | -                         | -  | -                             | -             |
| <b>Total Expenditures</b>  | <b>34,769</b>                               | <b>383,712</b>                 | <b>6,500</b>              | <b>82,177</b>                              | <b>154,701</b>                | <b>13,600</b> |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <b>-</b>                                    | <b>-</b>                       | <b>-</b>                  | <b>-</b>                                   | <b>-</b>                      | <b>-</b>      |
| <b>Other Financing Sources (Uses)</b>                                |   |                                |                           |  |                               |               |
| Transfers In   | -   | -                              | -                         | -  | -                             | -             |
| <b>Total Other Financing Sources (Uses)</b>                          | <b>-</b>                                    | <b>-</b>                       | <b>-</b>                  | <b>-</b>                                   | <b>-</b>                      | <b>-</b>      |
| Net Change in Fund Balances  | -   | -                              | -                         | -  | -                             | -             |
| <b>Fund Balances-Beginning</b>                                       | <b>-</b>                                    | <b>-</b>                       | <b>-</b>                  | <b>-</b>                                   | <b>-</b>                      | <b>-</b>      |
| <b>Fund Balances-Ending</b>  | <b>\$ -</b>                                 | <b>\$ -</b>                    | <b>\$ -</b>               | <b>\$ -</b>                                | <b>\$ -</b>                   | <b>\$ -</b>   |

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended August 31, 2021**

|  | Special Revenue Funds                         |                                   |   |                                   |                                   |                                     |
|--|---|-----------------------------------|---|-----------------------------------|-----------------------------------|-------------------------------------|
|  | Early Head<br>Start/Child Care<br>Partnership | Early Head<br>Start<br>Operations | Early Head<br>Start/Child Care<br>Partnership | HS - Coolwood<br>Land Acquisition | Federal Adult Ed<br>Regular Grant | Adult Ed English<br>Literacy/Civics |
| <b>Revenues</b>  |   |                                   |   |                                   |                                   |                                     |
| Local and Intermediate Sources                                       | \$ -  | \$ -                              | \$ -  | \$ -                              | \$ -                              | \$ -                                |
| Federal Programs   | 55,317  | 2,095,780                         | 58,016  | 240,939                           | 3,179,035                         | 545,055                             |
| <b>Total Revenues</b>  | <b>55,317</b>                                 | <b>2,095,780</b>                  | <b>58,016</b>                                 | <b>240,939</b>                    | <b>3,179,035</b>                  | <b>545,055</b>                      |
| <b>Expenditures</b>  |   |                                   |   |                                   |                                   |                                     |
| Current:   |   |                                   |   |                                   |                                   |                                     |
| Adult Education Program  | -   | -                                 | -   | -                                 | 3,179,035                         | 545,055                             |
| Center for After-School, Summer &<br>Expanded Learning               | -   | -                                 | -   | -                                 | -                                 | -                                   |
| Center for Safe & Secure Schools                                     | -   | -                                 | -   | -                                 | -                                 | -                                   |
| Client Engagement  | -   | -                                 | -   | -                                 | -                                 | -                                   |
| Communications   | -   | -                                 | -   | -                                 | -                                 | -                                   |
| Education Certification &<br>Professional Advancement                | -   | -                                 | -   | -                                 | -                                 | -                                   |
| Head Start Program   | 55,317  | 2,095,780                         | 58,016  | 240,939                           | -                                 | -                                   |
| Human Resources  | -   | -                                 | -   | -                                 | -                                 | -                                   |
| Records Management Services  | -   | -                                 | -   | -                                 | -                                 | -                                   |
| Research & Evaluation Institute                                      | -   | -                                 | -   | -                                 | -                                 | -                                   |
| School Based Therapy Services  | -   | -                                 | -   | -                                 | -                                 | -                                   |
| Special Schools & Services   | -   | -                                 | -   | -                                 | -                                 | -                                   |
| Technology Support Services  | -   | -                                 | -   | -                                 | -                                 | -                                   |
| The Teaching & Learning Center                                       | -   | -                                 | -   | -                                 | -                                 | -                                   |
| <b>Debt Service:</b>   |   |                                   |   |                                   |                                   |                                     |
| Principal on Long-Term Debt  | -   | -                                 | -   | -                                 | -                                 | -                                   |
| Interest on Long-Term Debt   | -   | -                                 | -   | -                                 | -                                 | -                                   |
| <b>Total Expenditures</b>  | <b>55,317</b>                                 | <b>2,095,780</b>                  | <b>58,016</b>                                 | <b>240,939</b>                    | <b>3,179,035</b>                  | <b>545,055</b>                      |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <b>-</b>                                      | <b>-</b>                          | <b>-</b>                                      | <b>-</b>                          | <b>-</b>                          | <b>-</b>                            |
| <b>Other Financing Sources (Uses)</b>                                |   |                                   |   |                                   |                                   |                                     |
| Transfers In   | -   | -                                 | -   | -                                 | -                                 | -                                   |
| <b>Total Other Financing Sources (Uses)</b>                          | <b>-</b>                                      | <b>-</b>                          | <b>-</b>                                      | <b>-</b>                          | <b>-</b>                          | <b>-</b>                            |
| Net Change in Fund Balances  | -   | -                                 | -   | -                                 | -                                 | -                                   |
| <b>Fund Balances-Beginning</b>                                       | <b>-</b>                                      | <b>-</b>                          | <b>-</b>                                      | <b>-</b>                          | <b>-</b>                          | <b>-</b>                            |
| <b>Fund Balances-Ending</b>  | <b>\$ -</b>                                   | <b>\$ -</b>                       | <b>\$ -</b>                                   | <b>\$ -</b>                       | <b>\$ -</b>                       | <b>\$ -</b>                         |

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended August 31, 2021**

|  | Special Revenue Funds    |                         |                          |                                  |   |                             |
|--|--------------------------|-------------------------|--------------------------|----------------------------------|---|-----------------------------|
|  | 21st Century<br>Cycle 11 | 21st Century<br>Cycle 9 | 21st Century<br>Cycle 10 | Texas Council<br>Dev. Disability | Federal After-<br>School<br>Partnership | Head Start Op &<br>Training |
| <b>Revenues</b>  |                          |                         |                          |                                  |   |                             |
| Local and Intermediate Sources                                       | \$ -                     | \$ -                    | \$ -                     | \$ -                             | \$ -                                    | \$ -                        |
| Federal Programs   | 12,249                   | 1,690,982               | 1,458,467                | 7,500                            | 1,930,676                               | 4,274,235                   |
| <b>Total Revenues</b>  | <b>12,249</b>            | <b>1,690,982</b>        | <b>1,458,467</b>         | <b>7,500</b>                     | <b>1,930,676</b>                        | <b>4,274,235</b>            |
| <b>Expenditures</b>  |                          |                         |                          |                                  |   |                             |
| <b>Current:</b>  |                          |                         |                          |                                  |   |                             |
| Adult Education Program  | -                        | -                       | -                        | -                                | -                                       | -                           |
| Center for After-School, Summer &<br>Expanded Learning               | 12,249                   | 1,690,982               | 1,458,467                | -                                | 2,481,463                               | -                           |
| Center for Safe & Secure Schools                                     | -                        | -                       | -                        | -                                | -                                       | -                           |
| Client Engagement  | -                        | -                       | -                        | -                                | -                                       | -                           |
| Communications   | -                        | -                       | -                        | -                                | -                                       | -                           |
| Education Certification &<br>Professional Advancement                | -                        | -                       | -                        | -                                | -                                       | -                           |
| Head Start Program   | -                        | -                       | -                        | -                                | -                                       | 4,347,218                   |
| Human Resources  | -                        | -                       | -                        | -                                | -                                       | -                           |
| Records Management Services  | -                        | -                       | -                        | -                                | -                                       | -                           |
| Research & Evaluation Institute                                      | -                        | -                       | -                        | -                                | -                                       | -                           |
| School Based Therapy Services  | -                        | -                       | -                        | 7,500                            | -                                       | -                           |
| Special Schools & Services   | -                        | -                       | -                        | -                                | -                                       | -                           |
| Technology Support Services  | -                        | -                       | -                        | -                                | -                                       | -                           |
| The Teaching & Learning Center                                       | -                        | -                       | -                        | -                                | -                                       | -                           |
| <b>Debt Service:</b>   |                          |                         |                          |                                  |   |                             |
| Principal on Long-Term Debt  | -                        | -                       | -                        | -                                | -                                       | -                           |
| Interest on Long-Term Debt   | -                        | -                       | -                        | -                                | -                                       | -                           |
| <b>Total Expenditures</b>  | <b>12,249</b>            | <b>1,690,982</b>        | <b>1,458,467</b>         | <b>7,500</b>                     | <b>2,481,463</b>                        | <b>4,347,218</b>            |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <b>-</b>                 | <b>-</b>                | <b>-</b>                 | <b>-</b>                         | <b>(550,787)</b>                        | <b>(72,983)</b>             |
| <b>Other Financing Sources (Uses)</b>                                |                          |                         |                          |                                  |   |                             |
| Transfers In   | -                        | -                       | -                        | -                                | 550,787                                 | 72,983                      |
| <b>Total Other Financing Sources (Uses)</b>                          | <b>-</b>                 | <b>-</b>                | <b>-</b>                 | <b>-</b>                         | <b>550,787</b>                          | <b>72,983</b>               |
| Net Change in Fund Balances  | -                        | -                       | -                        | -                                | -                                       | -                           |
| <b>Fund Balances-Beginning</b>                                       | <b>-</b>                 | <b>-</b>                | <b>-</b>                 | <b>-</b>                         | <b>-</b>                                | <b>-</b>                    |
| <b>Fund Balances-Ending</b>  | <b>\$ -</b>              | <b>\$ -</b>             | <b>\$ -</b>              | <b>\$ -</b>                      | <b>\$ -</b>                             | <b>\$ -</b>                 |

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended August 31, 2021**

|  | Special Revenue Funds              |                               |                      |                      |                          |                                 |
|--|------------------------------------|-------------------------------|----------------------|----------------------|--------------------------|---------------------------------|
|  | Head Start<br>Disaster<br>Recovery | Head Start<br>Disaster Relief | Houston<br>Endowment | JAMS Grant<br>Year 1 | City of<br>Houston Grant | County<br>Connection<br>Program |
| <b>Revenues</b>  |                                    |                               |                      |                      |                          |                                 |
| Local and Intermediate Sources                                       | \$ -                               | \$ -                          | \$ -                 | \$ 31,791            | \$ 612,128               | \$ 683,711                      |
| Federal Programs   | 513,792                            | 52,557                        | -                    | -                    | -                        | -                               |
| <b>Total Revenues</b>  | <u>513,792</u>                     | <u>52,557</u>                 | <u>-</u>             | <u>31,791</u>        | <u>612,128</u>           | <u>683,711</u>                  |
| <b>Expenditures</b>  |                                    |                               |                      |                      |                          |                                 |
| Current:   |                                    |                               |                      |                      |                          |                                 |
| Adult Education Program  | -                                  | -                             | -                    | -                    | -                        | -                               |
| Center for After-School, Summer &<br>Expanded Learning               | -                                  | -                             | -                    | -                    | 612,128                  | 683,711                         |
| Center for Safe & Secure Schools                                     | -                                  | -                             | -                    | 31,791               | -                        | -                               |
| Client Engagement  | -                                  | -                             | -                    | -                    | -                        | -                               |
| Communications   | -                                  | -                             | -                    | -                    | -                        | -                               |
| Education Certification &<br>Professional Advancement                | -                                  | -                             | -                    | -                    | -                        | -                               |
| Head Start Program   | 513,792                            | 52,557                        | -                    | -                    | -                        | -                               |
| Human Resources  | -                                  | -                             | -                    | -                    | -                        | -                               |
| Records Management Services  | -                                  | -                             | -                    | -                    | -                        | -                               |
| Research & Evaluation Institute                                      | -                                  | -                             | -                    | -                    | -                        | -                               |
| School Based Therapy Services  | -                                  | -                             | -                    | -                    | -                        | -                               |
| Special Schools & Services   | -                                  | -                             | -                    | -                    | -                        | -                               |
| Technology Support Services  | -                                  | -                             | -                    | -                    | -                        | -                               |
| The Teaching & Learning Center                                       | -                                  | -                             | -                    | -                    | -                        | -                               |
| <b>Debt Service:</b>   |                                    |                               |                      |                      |                          |                                 |
| Principal on Long-Term Debt  | -                                  | -                             | -                    | -                    | -                        | -                               |
| Interest on Long-Term Debt   | -                                  | -                             | -                    | -                    | -                        | -                               |
| <b>Total Expenditures</b>  | <u>513,792</u>                     | <u>52,557</u>                 | <u>-</u>             | <u>31,791</u>        | <u>612,128</u>           | <u>683,711</u>                  |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <u>-</u>                           | <u>-</u>                      | <u>-</u>             | <u>-</u>             | <u>-</u>                 | <u>-</u>                        |
| <b>Other Financing Sources (Uses)</b>                                |                                    |                               |                      |                      |                          |                                 |
| Transfers In   | -                                  | -                             | -                    | -                    | -                        | -                               |
| <b>Total Other Financing Sources (Uses)</b>                          | <u>-</u>                           | <u>-</u>                      | <u>-</u>             | <u>-</u>             | <u>-</u>                 | <u>-</u>                        |
| Net Change in Fund Balances  | -                                  | -                             | -                    | -                    | -                        | -                               |
| <b>Fund Balances-Beginning</b>                                       | <u>-</u>                           | <u>-</u>                      | <u>-</u>             | <u>-</u>             | <u>-</u>                 | <u>-</u>                        |
| <b>Fund Balances-Ending</b>  | <u>\$ -</u>                        | <u>\$ -</u>                   | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>              | <u>\$ -</u>                     |

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended August 31, 2021**

|  | Special Revenue Funds       |   |   |                                       |                               |              |
|--|-----------------------------|---|---|---------------------------------------|-------------------------------|--------------|
|  | Early Head<br>Start In-Kind | Head Start Op<br>& Training In-<br>Kind 1 | Head Start Op<br>& Training In-<br>Kind 2 | Stop School<br>Violence - In-<br>kind | Hogg Grant -<br>Mental Health | Hogg Found   |
| <b>Revenues</b>  |                             |   |   |                                       |                               |              |
| Local and Intermediate Sources                                       | \$ 90,700                   | \$ 2,850,204                              | \$ 1,329,738                              | \$ 14,525                             | \$ -                          | \$ 7,273     |
| Federal Programs   | -                           | -   | -   | -                                     | -                             | -            |
| <b>Total Revenues</b>  | <b>90,700</b>               | <b>2,850,204</b>                          | <b>1,329,738</b>                          | <b>14,525</b>                         | <b>-</b>                      | <b>7,273</b> |
| <b>Expenditures</b>  |                             |   |   |                                       |                               |              |
| <b>Current:</b>  |                             |   |   |                                       |                               |              |
| Adult Education Program  | -                           | -   | -   | -                                     | -                             | -            |
| Center for After-School, Summer &<br>Expanded Learning               | -                           | -   | -   | -                                     | -                             | -            |
| Center for Safe & Secure Schools                                     | -                           | -   | -   | 14,525                                | -                             | -            |
| Client Engagement  | -                           | -   | -   | -                                     | -                             | -            |
| Communications   | -                           | -   | -   | -                                     | -                             | -            |
| Education Certification &<br>Professional Advancement                | -                           | -   | -   | -                                     | -                             | -            |
| Head Start Program   | 90,700                      | 2,850,204                                 | 1,329,738                                 | -                                     | -                             | 7,273        |
| Human Resources  | -                           | -   | -   | -                                     | -                             | -            |
| Records Management Services  | -                           | -   | -   | -                                     | -                             | -            |
| Research & Evaluation Institute                                      | -                           | -   | -   | -                                     | -                             | -            |
| School Based Therapy Services  | -                           | -   | -   | -                                     | -                             | -            |
| Special Schools & Services   | -                           | -   | -   | -                                     | -                             | -            |
| Technology Support Services  | -                           | -   | -   | -                                     | -                             | -            |
| The Teaching & Learning Center                                       | -                           | -   | -   | -                                     | -                             | -            |
| <b>Debt Service:</b>   |                             |   |   |                                       |                               |              |
| Principal on Long-Term Debt  | -                           | -   | -   | -                                     | -                             | -            |
| Interest on Long-Term Debt   | -                           | -   | -   | -                                     | -                             | -            |
| <b>Total Expenditures</b>  | <b>90,700</b>               | <b>2,850,204</b>                          | <b>1,329,738</b>                          | <b>14,525</b>                         | <b>-</b>                      | <b>7,273</b> |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <b>-</b>                    | <b>-</b>                                  | <b>-</b>                                  | <b>-</b>                              | <b>-</b>                      | <b>-</b>     |
| <b>Other Financing Sources (Uses)</b>                                |                             |   |   |                                       |                               |              |
| Transfers In   | -                           | -   | -   | -                                     | -                             | -            |
| <b>Total Other Financing Sources (Uses)</b>                          | <b>-</b>                    | <b>-</b>                                  | <b>-</b>                                  | <b>-</b>                              | <b>-</b>                      | <b>-</b>     |
| Net Change in Fund Balances  | -                           | -   | -   | -                                     | -                             | -            |
| <b>Fund Balances-Beginning</b>                                       | <b>-</b>                    | <b>-</b>                                  | <b>-</b>                                  | <b>-</b>                              | <b>-</b>                      | <b>-</b>     |
| <b>Fund Balances-Ending</b>  | <b>\$ -</b>                 | <b>\$ -</b>                               | <b>\$ -</b>                               | <b>\$ -</b>                           | <b>\$ -</b>                   | <b>\$ -</b>  |



**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended August 31, 2021**

|  | Misc Local<br>Grants | Total Special<br>Revenue Funds | Debt Service<br>Fund | Nonmajor<br>Governmental<br>Funds (See<br>Exhibit B-1) |
|--|----------------------|--------------------------------|----------------------|--|
| <b>Revenues</b>  |                      |                                |                      |  |
| Local and Intermediate Sources                                       | \$ 10,065            | \$ 5,630,135                   | \$ -                 | \$ 5,630,135   |
| Federal Programs   | -                    | 16,790,059                     | -                    | 16,790,059   |
| <b>Total Revenues</b>  | <b>10,065</b>        | <b>22,420,194</b>              | <b>-</b>             | <b>22,420,194</b>                                      |
| <b>Expenditures</b>  |                      |                                |                      |  |
| <b>Current:</b>  |                      |                                |                      |  |
| Adult Education Program  | 49,522               | 3,773,612                      | -                    | 3,773,612  |
| Center for After-School, Summer &<br>Expanded Learning               | 52,055               | 6,991,055                      | -                    | 6,991,055  |
| Center for Safe & Secure Schools                                     | -                    | 201,017                        | -                    | 201,017  |
| Client Engagement  | 15,365               | 15,365                         | -                    | 15,365   |
| Communications   | 44,508               | 44,508                         | -                    | 44,508   |
| Education Certification &<br>Professional Advancement                | -                    | 6,500                          | -                    | 6,500  |
| Head Start Program   | 101,695              | 12,243,887                     | -                    | 12,243,887   |
| Human Resources  | 23,940               | 23,940                         | -                    | 23,940   |
| Records Management Services  | 13,995               | 13,995                         | -                    | 13,995   |
| Research & Evaluation Institute                                      | 44,849               | 44,849                         | -                    | 44,849   |
| School Based Therapy Services  | 7,232                | 14,732                         | -                    | 14,732   |
| Special Schools & Services   | 37,372               | 37,372                         | -                    | 37,372   |
| Technology Support Services  | 56,316               | 56,316                         | -                    | 56,316   |
| The Teaching & Learning Center                                       | -                    | 13,600                         | -                    | 13,600   |
| <b>Debt Service:</b>   |                      |                                |                      |  |
| Principal on Long-Term Debt  | -                    | -                              | 2,756,428            | 2,756,428  |
| Interest on Long-Term Debt   | -                    | -                              | 1,243,827            | 1,243,827  |
| <b>Total Expenditures</b>  | <b>446,849</b>       | <b>23,480,748</b>              | <b>4,000,255</b>     | <b>27,481,003</b>                                      |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <b>(436,784)</b>     | <b>(1,060,554)</b>             | <b>(4,000,255)</b>   | <b>(5,060,809)</b>                                     |
| <b>Other Financing Sources (Uses)</b>                                |                      |                                |                      |  |
| Transfers In   | 436,784              | 1,060,554                      | 6,500,255            | 7,560,809  |
| <b>Total Other Financing Sources (Uses)</b>                          | <b>436,784</b>       | <b>1,060,554</b>               | <b>6,500,255</b>     | <b>7,560,809</b>                                       |
| Net Change in Fund Balances  | -                    | -                              | 2,500,000            | 2,500,000  |
| <b>Fund Balances-Beginning</b>                                       | <b>-</b>             | <b>-</b>                       | <b>-</b>             | <b>-</b>   |
| <b>Fund Balances-Ending</b>  | <b>\$ -</b>          | <b>\$ -</b>                    | <b>\$ 2,500,000</b>  | <b>\$ 2,500,000</b>                                    |



## HARRIS COUNTY DEPARTMENT OF EDUCATION

### INTERNAL SERVICE FUNDS OVERVIEW

Internal Service Funds are used to report activities that provide goods or services to other funds on a cost-reimbursement basis and to report risk financing activities related to the self-insured compensation program.

#### Workers' Compensation Fund

Accounts for risk financing activities related to the self-insured compensation program. All employees of the Department are covered by this plan for injuries occurring on the job. The Department contributes 100 percent of the funding for this program.

#### Facility Charges Fund

Accounts for the services offered by the centralized Facilities Division to all Department campuses and divisions. Department budgets contribute a prorated share to cover the costs for facility services.

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**COMBINING STATEMENT OF NET POSITION –**  
**INTERNAL SERVICES FUNDS**  
**For the Year Ended August 31, 2021**

*Exhibit D-3*

|                                      | <b>Workers'<br/>Compensation<br/>Fund</b> | <b>Facility<br/>Charges<br/>Fund</b> | <b>Total<br/>Internal Service<br/>Funds (see<br/>Exhibit B-5)</b> |
|--------------------------------------|---|--------------------------------------|---|
| <b>Assets</b>                        |   |                                      |   |
| Current Assets:                      |   |                                      |   |
| Cash and cash equivalents            | \$ 1,086,834                              | \$ 179,855                           | \$ 1,266,689  |
| Prepaid items                        | 395,211                                   | 4,228                                | 399,439   |
| <b>Total Assets</b>                  | <u>1,482,045</u>                          | <u>184,083</u>                       | <u>1,666,128</u>  |
| <b>Liabilities</b>                   |   |                                      |   |
| Current Liabilities:                 |   |                                      |   |
| Accounts payable                     | -   | 168,187                              | 168,187   |
| Accrued wages payable                | -   | 15,896                               | 15,896  |
| Claims payable - due within one year | 95,064                                    | -                                    | 95,064  |
| <b>Total Liabilities</b>             | <u>95,064</u>                             | <u>184,083</u>                       | <u>279,147</u>  |
| <b>Net Position</b>                  |   |                                      |   |
| Unrestricted                         | <u>1,386,981</u>                          | -                                    | <u>1,386,981</u>  |
| <b>Total Net Position</b>            | <u>\$ 1,386,981</u>                       | <u>\$ -</u>                          | <u>\$ 1,386,981</u>   |

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION –**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended August 31, 2021**

Exhibit D-4

|                                     | <u>Workers'</u><br><u>Compensation</u><br><u>Fund</u> | <u>Facility</u><br><u>Charges</u><br><u>Fund</u> | <u>Total</u><br><u>Internal Service</u><br><u>Funds (see</u><br><u>Exhibit B-6)</u> |
|-------------------------------------|---|--|---|
| <b>Operating Revenues</b>           |   |  |   |
| Charges for Services                | \$ 351,026  | \$ 5,565,427                                     | \$ 5,916,453  |
| <b>Total Operating Revenues</b>     | <u>351,026</u>  | <u>5,565,427</u>                                 | <u>5,916,453</u>  |
| <b>Operating Expenses</b>           |   |  |   |
| Payroll Costs                       | -   | 2,762,319  | 2,762,319   |
| Professional Services               | -   | 1,870,777  | 1,870,777   |
| Supplies and Materials              | -   | 307,356  | 307,356   |
| Miscellaneous Operating Expenses    | 322,522   | 662,858  | 985,380   |
| <b>Total Operating Expenses</b>     | <u>322,522</u>  | <u>5,603,310</u>                                 | <u>5,925,832</u>  |
| Transfers in                        | -   | 37,883   | 37,883  |
| Change in Net Position              | <u>28,504</u>   | <u>-</u>   | <u>28,504</u>   |
| <b>Total Net Position-Beginning</b> | <u>1,358,477</u>                                      | <u>-</u>   | <u>1,358,477</u>  |
| <b>Total Net Position-Ending</b>    | <u>\$ 1,386,981</u>                                   | <u>\$ -</u>                                      | <u>\$ 1,386,981</u>   |

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended August 31, 2021**

*Exhibit D-5*

|  | <b>Workers'<br/>Compensation<br/>Fund</b> | <b>Facility<br/>Charges<br/>Fund</b> | <b>Total<br/>Internal Service<br/>Funds (see<br/>Exhibit B-7)</b> |
|--|---|--------------------------------------|---|
| <b>Cash Flows from Operating Activities</b>  |   |                                      |   |
| Receipts from interfund services provided  | \$ 351,026                                | \$ 5,565,427                         | \$ 5,916,453  |
| Payments to employees  | -   | (2,753,516)                          | (2,753,516)   |
| Payments to suppliers  | -   | (2,922,990)                          | (2,922,990)   |
| Payments for workers' compensation claims  | (364,891)                                 | -                                    | (364,891)   |
| <b>Net cash provided by (used in) operating activities</b>                                 | <b>(13,865)</b>                           | <b>(111,079)</b>                     | <b>(124,944)</b>  |
| <b>Cash Flows for Noncapital Financing Activities</b>                                      |   |                                      |   |
| Transfer to General Fund   | -   | 37,883                               | 37,883  |
| <b>Net Cash Flows provided by Noncapital Financing Activities</b>                          | <b>-</b>                                  | <b>37,883</b>                        | <b>37,883</b>   |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                | <b>(13,865)</b>                           | <b>(73,196)</b>                      | <b>(87,061)</b>   |
| <b>Cash and cash equivalents at beginning of year</b>                                      | <b>1,100,699</b>                          | <b>253,051</b>                       | <b>\$ 1,353,750</b>   |
| <b>Cash and cash equivalents at end of year</b>  | <b>\$ 1,086,834</b>                       | <b>\$ 179,855</b>                    | <b>\$ 1,266,689</b>   |
| <b>Reconciliation of Operating Income to Net Cash<br/>Provided by Operating Activities</b> |   |                                      |   |
| Operating income (loss)  | \$ 28,504                                 | \$ (37,883)                          | \$ (9,379)  |
| <b>Changes in Assets and Liabilities:</b>  |   |                                      |   |
| Decrease (increase) in prepaid items   | (21,686)                                  | (4,228)                              | (25,914)  |
| Increase (decrease) in accounts payable  | -   | (77,771)                             | (77,771)  |
| Increase (decrease) in accrued wages payable   | -   | 8,803                                | 8,803   |
| Increase (decrease) in claims payable  | (20,683)                                  | -                                    | (20,683)  |
| <b>Net cash provided by (used in) operating activities</b>                                 | <b>\$ (13,865)</b>                        | <b>\$ (111,079)</b>                  | <b>\$ (124,944)</b>   |



**Other Supplementary Information**



**HARRIS COUNTY DEPARTMENT OF EDUCATION**

**DEBT SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES**

**AND CHANGES IN FUND BALANCES**

**BUDGET AND ACTUAL**

*For the Year Ended August 31, 2021*

*Exhibit E-1*

|  | <u>Budgeted Amounts</u> |                    | <u>Actual</u>       | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|--------------------|---------------------|---|
|  | <u>Original</u>         | <u>Final</u>       |                     |   |
| <b>Expenditures</b>  |                         |                    |                     |   |
| Debt Service:  |                         |                    |                     |   |
| Principal on Long-Term Debt  | \$ 6,006,429            | \$ 6,006,429       | \$ 2,756,428        | \$ 3,250,001  |
| Interest on Long-Term Debt   | 162,614                 | 162,614            | 1,243,827           | (1,081,213)   |
| <b>Total Expenditures</b>  | <u>6,169,043</u>        | <u>6,169,043</u>   | <u>4,000,255</u>    | <u>2,168,788</u>  |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <u>(6,169,043)</u>      | <u>(6,169,043)</u> | <u>(4,000,255)</u>  | <u>(2,168,788)</u>  |
| <b>Other Financing Sources (Uses)</b>                                |                         |                    |                     |   |
| Transfers In   | 6,169,043               | 6,169,043          | 6,500,255           | (331,212)   |
| <b>Total Other Financing Sources (Uses)</b>                          | <u>6,169,043</u>        | <u>6,169,043</u>   | <u>6,500,255</u>    | <u>(331,212)</u>  |
| Net Change in Fund Balances  | <u>-</u>                | <u>-</u>           | <u>2,500,000</u>    | <u>(2,500,000)</u>  |
| <b>Fund Balances-Beginning</b>                                       | <u>-</u>                | <u>-</u>           | <u>-</u>            | <u>-</u>  |
| <b>Fund Balances-Ending</b>  | <u>\$ -</u>             | <u>\$ -</u>        | <u>\$ 2,500,000</u> | <u>\$ (2,500,000)</u>   |



**HARRIS COUNTY DEPARTMENT OF EDUCATION**

**SCHEDULE OF DELINQUENT TAXES RECEIVABLE**

**For the Year Ended August 31, 2021**

**Exhibit E-2**

| Years Ending<br>August 31 | Tax Rate    |              | Assessed<br>Value | Beginning<br>Balance | Current<br>Year Levy | Collecions &<br>Adjustments | Ending<br>Balance   |
|---------------------------|-------------|--------------|-------------------|----------------------|----------------------|-----------------------------|---------------------|
|                           | Maintenance | Debt Service |                   |                      |                      |                             |                     |
| 2012 & Prior              | Various     | -            | Various           | \$ 139,512           | \$ -                 | \$ 29,624                   | \$ 109,888          |
| 2013                      | 0.006617    | -            | 289,669,533,021   | 33,296               | -                    | 1,627                       | 31,669              |
| 2014                      | 0.006358    | -            | 315,575,070,777   | 33,050               | -                    | 2,187                       | 30,863              |
| 2015                      | 0.005999    | -            | 348,957,092,849   | 49,192               | -                    | 3,688                       | 45,504              |
| 2016                      | 0.005422    | -            | 388,054,684,618   | 55,760               | -                    | 5,526                       | 50,234              |
| 2017                      | 0.005200    | -            | 416,884,796,154   | 55,956               | -                    | 7,456                       | 48,500              |
| 2018                      | 0.005195    | -            | 434,078,173,795   | 80,816               | -                    | 17,097                      | 63,719              |
| 2019                      | 0.005190    | -            | 445,338,264,373   | 121,361              | -                    | 44,188                      | 77,173              |
| 2020                      | 0.005000    | -            | 477,646,161,016   | 414,415              | -                    | 224,212                     | 190,203             |
| 2021                      | 0.004993    | -            | 501,765,295,099   | -                    | 25,252,221           | 24,822,724                  | 429,497             |
|                           |             |              |                   | <u>\$ 983,358</u>    | <u>\$25,252,221</u>  | <u>\$25,158,329</u>         | <u>\$ 1,077,250</u> |



**Statistical Section**



**HARRIS COUNTY DEPARTMENT OF EDUCATION**

**STATISTICAL SECTION (Unaudited)**

**TABLE OF CONTENTS**

|  | <u>Page</u> | <u>Table</u> |
|--|-------------|--------------|
| Introduction to the Statistical Section .....  | 114         |              |
| <b>Financial Trends:</b>   |             |              |
| Net Position by Component .....  | 116         | 1            |
| Changes in Net Position .....  | 118         | 2            |
| Fund Balances of Governmental Funds .....  | 122         | 3            |
| Changes in Fund Balances-Governmental Funds .....  | 124         | 4            |
| Governmental Funds Revenues .....  | 126         | 5            |
| Governmental Funds Expenditures and Debt Service Ratio .....   | 128         | 6            |
| <b>Revenue Capacity:</b>   |             |              |
| Property Tax Levies and Collections.....   | 131         | 7            |
| Property Tax Rates-Direct and Overlapping Governments.....   | 133         | 8            |
| Assessed and Estimated Actual Value of Taxable Property .....  | 134         | 9            |
| Principal Taxpayers .....  | 135         | 10           |
| <b>Debt Capacity:</b>  |             |              |
| Ratio of Net General Bonded Debt Outstanding to Assessed Property Value, Percent of<br>Personal Income and Debt per Capita ..... | 138         | 11           |
| Ratio of Annual Debt Service Expenditures by Type to Governmental Funds Expenditures .....                                       | 141         | 12           |
| Estimated County-wide Direct and Overlapping Bonded Debt.....  | 142         | 13           |
| <b>Demographic and Economic Information:</b>   |             |              |
| Demographic and Economic Statistics .....  | 143         | 14           |
| Miscellaneous Statistical Data.....  | 144         | 15           |
| Principal Employers.....   | 145         | 16           |
| <b>Operating Information:</b>  |             |              |
| Employees by Program .....   | 148         | 17           |
| Operational Indicators by Program .....  | 150         | 18           |
| Building Information .....   | 151         | 19           |
| Service Area and Locations-Description .....   | 152         | 20           |
| Service Area-Map: Harris County, Texas and 25 School Districts.....  | 153         | 21           |

**HARRIS COUNTY DEPARTMENT OF EDUCATION**

***INTRODUCTION TO THE STATISTICAL SECTION  
(Unaudited)***

Statistical Tables are used to provide detailed data on the physical, economic, social, 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 the following five categories:

**Financial Trends** – These schedules contain trend information to assist users in understanding and assessing how the Department’s financial position has changed over time.

**Revenue Capacity** – These schedules contain information to assist users in understanding and assessing the factors affecting the Department’s ability to generate its own-source revenues.

**Debt Capacity** – These schedules present information to assist users in understanding and assessing the Department’s current level of outstanding debt and the Department’s ability to issue additional debt.

**Demographic and Economic Information** – These schedules present information to assist users in understanding the environment within which the Department’s financial activity takes place.

**Operating Information** – These schedules provide contextual information about the Department’s operations and resources to assist readers in using financial statement information to understand and assess the Department’s economic condition.

Statistical Tables usually cover ten fiscal years, unless otherwise noted.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year. Where data is presented from outside the accounting records, the source will be noted.

These tables are unaudited due to the nature of the information contained therein.





# Financial Trends





**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Accrual Basis of Accounting)**  
**(Unaudited)**

**Table 1**  
**Page 1 of 2**

|                                       | <b>2021</b>          | <b>2020</b>          | <b>2019</b>          | <b>2018</b>          | <b>2017</b>          |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Governmental Activities:</b>       |                      |                      |                      |                      |                      |
| Net investment in capital assets      | \$ 54,464,903        | \$ 47,221,390        | \$ 47,908,866        | \$ 43,712,723        | \$ 32,428,990        |
| Restricted                            | -                    | -                    | -                    | -                    | -                    |
| Unrestricted                          | (24,992,069)         | (16,824,748)         | (18,737,419)         | (20,722,390)         | 26,188,720           |
| <b>Total Governmental Activities</b>  | <b>\$ 29,472,834</b> | <b>\$ 30,396,642</b> | <b>\$ 29,171,447</b> | <b>\$ 22,990,333</b> | <b>\$ 58,617,710</b> |
| <b>Business-Type Activities:</b>      |                      |                      |                      |                      |                      |
| Unrestricted                          | \$ 1,500,000         | \$ 1,500,000         | \$ 1,000,000         | \$ 500,000           | \$ -                 |
| <b>Total Business-Type Activities</b> | <b>\$ 1,500,000</b>  | <b>\$ 1,500,000</b>  | <b>\$ 1,000,000</b>  | <b>\$ 500,000</b>    | <b>\$ -</b>          |
| <b>Total:</b>                         |                      |                      |                      |                      |                      |
| Net investment in capital assets      | \$ 54,464,903        | \$ 47,221,390        | \$ 47,908,866        | \$ 43,712,723        | \$ 32,428,990        |
| Restricted                            | -                    | -                    | -                    | -                    | -                    |
| Unrestricted                          | (23,492,069)         | (15,324,748)         | (17,737,419)         | (20,222,390)         | 26,188,720           |
| <b>Total Net Position</b>             | <b>\$ 30,972,834</b> | <b>\$ 31,896,642</b> | <b>\$ 30,171,447</b> | <b>\$ 23,490,333</b> | <b>\$ 58,617,710</b> |

Fiscal years before 2011 have not been restated for GASB Statement No. 65.

Fiscal years before 2014 have not been restated for GASB Statement No. 68.

Fiscal year 2016 Choice Partners was accounted for as an enterprise fund.

Source: HCDE records

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Accrual Basis of Accounting)**  
**(Unaudited)**

**Table 1**  
**Page 2 of 2**

|                                       | <u>2016</u>                 | <u>2015</u>                 | <u>2014</u>                 | <u>2013</u>                 | <u>2012</u>                 |
|---------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>Governmental Activities:</b>       |                             |                             |                             |                             |                             |
| Net investment in capital assets      | \$ 34,145,710               | \$ 32,677,342               | \$ 29,291,742               | \$ 28,309,727               | \$ 26,859,324               |
| Restricted                            | 31,983                      | 31,881                      | 1,028,015                   | 1,138,752                   | 1,476,805                   |
| Unrestricted                          | 20,804,496                  | 17,622,666                  | 24,172,444                  | 22,243,309                  | 18,647,502                  |
| <b>Total Governmental Activities</b>  | <b><u>\$ 54,982,189</u></b> | <b><u>\$ 50,331,889</u></b> | <b><u>\$ 54,492,201</u></b> | <b><u>\$ 51,691,788</u></b> | <b><u>\$ 46,983,631</u></b> |
| <b>Business-Type Activities:</b>      |                             |                             |                             |                             |                             |
| Unrestricted                          | \$ -                        | \$ -                        | \$ -                        | \$ -                        | \$ -                        |
| <b>Total Business-Type Activities</b> | <b><u>\$ -</u></b>          | <b><u>\$ -</u></b>          | <b><u>\$ -</u></b>          | <b><u>\$ -</u></b>          | <b><u>\$ -</u></b>          |
| <b>Total:</b>                         |                             |                             |                             |                             |                             |
| Net investment in capital assets      | \$ 34,145,710               | \$ 32,677,342               | \$ 29,291,742               | \$ 28,309,727               | \$ 26,859,324               |
| Restricted                            | 31,983                      | 31,881                      | 1,028,015                   | 1,138,752                   | 1,476,805                   |
| Unrestricted                          | 20,804,496                  | 17,622,666                  | 24,172,444                  | 22,243,309                  | 18,647,502                  |
| <b>Total Net Position</b>             | <b><u>\$ 54,982,189</u></b> | <b><u>\$ 50,331,889</u></b> | <b><u>\$ 54,492,201</u></b> | <b><u>\$ 51,691,788</u></b> | <b><u>\$ 46,983,631</u></b> |

Fiscal years before 2011 have not been restated for GASB Statement No. 65.

Fiscal years before 2014 have not been restated for GASB Statement No. 68.

Fiscal year 2016 Choice Partners was accounted for as an enterprise fund.

Source: HCDE records



**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Accrual Basis of Accounting)**  
**(Unaudited)**

**Table 2**  
**Page 1 of 4**

|  | <u>2021</u>       | <u>2020</u>       | <u>2019</u>       | <u>2018</u>       | <u>2017</u>       |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Expenses:</b>                                     |                   |                   |                   |                   |                   |
| <b>Governmental Activities:</b>                      |                   |                   |                   |                   |                   |
| Adult Education Program                              | \$ 4,127,033      | \$ 4,638,902      | \$ 4,569,273      | \$ 1,036,132      | \$ 3,873,917      |
| Assistant Superintendents' Offices                   | 603,726           | 555,259           | 576,780           | 550,282           | 539,630           |
| Board of Trustees                                    | 163,700           | 164,109           | 177,757           | 128,396           | 138,256           |
| Business Support Services                            | 1,998,215         | 1,985,847         | 1,745,357         | 1,763,138         | 1,720,319         |
| Center for After-School, Summer & Expanded Learning  | 7,729,357         | 6,516,679         | 7,090,805         | 5,934,605         | 7,289,977         |
| Center for Safe and Secure Schools                   | 759,146           | 793,170           | 1,050,107         | 86,464            | 655,108           |
| Center for School Governance & Fiscal Accountability | -                 | -                 | -                 | -                 | -                 |
| Center for Grant Development                         | 592,331           | 583,366           | 567,705           | 568,024           | 555,688           |
| Choice Partners Cooperatives                         | -                 | -                 | -                 | -                 | -                 |
| Client Engagement                                    | 462,459           | 434,571           | 644,546           | 491,644           | 374,313           |
| Communications                                       | 962,407           | 832,260           | 837,090           | 774,921           | 858,041           |
| Department Wide                                      | 8,725,092         | 10,549,704        | 6,717,410         | 6,111,173         | 7,089,535         |
| Digital Learning                                     | 288,756           | 423,384           | 271,230           | 441,316           | 1,391,612         |
| Early Childhood Intervention                         | -                 | -                 | -                 | -                 | -                 |
| Education Certification & Professional Advancement   | 677,435           | 665,549           | 597,579           | 627,407           | 678,461           |
| Education Foundation                                 | 210,543           | 500,626           | -                 | -                 | 9,559             |
| Facility Support Services                            | 3,032,471         | 1,566,862         | 1,038,146         | 937,572           | 1,112,896         |
| Head Start Program                                   | 20,185,050        | 20,007,652        | 20,782,352        | 7,146,626         | 17,304,932        |
| Human Resources                                      | 1,107,767         | 1,097,516         | 1,053,283         | 1,023,212         | 994,097           |
| Interest and Fees on Long-Term Debt                  | 1,792,569         | 230,424           | 274,948           | 330,095           | 602,708           |
| PFC Capital Projects                                 | -                 | -                 | -                 | -                 | -                 |
| Preschool Initiative                                 | -                 | -                 | -                 | -                 | -                 |
| Purchasing Support Services                          | 573,016           | 581,023           | 566,986           | 494,421           | 494,804           |
| Quality Zone Academy Bonds                           | -                 | -                 | -                 | -                 | -                 |
| Records Management Services                          | 1,960,988         | 1,900,490         | 2,005,229         | 1,921,547         | 1,627,074         |
| Research and Evaluation Institute                    | 635,864           | 612,972           | 569,157           | 597,668           | 579,394           |
| Retirement Leave Benefits                            | 333,844           | 231,057           | 118,233           | 124,832           | 358,964           |
| Scholastic Arts and Writing Program                  | 119,673           | 142,239           | 139,108           | 99,932            | 101,618           |
| School Based Therapy Services                        | 11,457,283        | 11,360,389        | 10,709,672        | 10,328,779        | 9,790,720         |
| Chief of Staff                                       | 284,899           | 273,876           | 268,564           | 239,431           | 291,630           |
| Special Schools & Services                           | 13,817,704        | 12,875,176        | 12,743,363        | 11,535,687        | 11,091,019        |
| Superintendent's Office                              | 623,314           | 564,677           | 523,018           | 443,456           | 448,785           |
| Technology Support Services                          | 3,982,140         | 4,090,248         | 4,098,566         | 3,381,097         | 3,446,066         |
| Texas LEARNS   | -                 | -                 | -                 | -                 | -                 |
| The Teaching & Learning Center                       | 916,601           | 1,144,261         | 1,351,221         | 1,262,855         | 1,240,775         |
| <b>Total Governmental Activities Expenses</b>        | <b>88,123,383</b> | <b>85,322,288</b> | <b>81,087,485</b> | <b>58,380,712</b> | <b>74,659,898</b> |
| <b>Business-Type Activities:</b>                     |                   |                   |                   |                   |                   |
| Choice Partners Cooperatives                         | 2,095,107         | 1,962,256         | 2,083,863         | 1,844,392         | 1,783,195         |
| Transfer out   | 4,828,938         | 3,490,423         | 5,805,811         | 2,803,104         | 2,588,083         |
| <b>Total Business-Type Activities Expenses</b>       | <b>6,924,045</b>  | <b>5,452,679</b>  | <b>7,889,674</b>  | <b>4,647,496</b>  | <b>4,371,278</b>  |
| <b>Total Expenses</b>                                | <b>95,047,428</b> | <b>90,774,967</b> | <b>88,977,159</b> | <b>63,028,208</b> | <b>79,031,176</b> |

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Accrual Basis of Accounting)**  
**(Unaudited)**

**Table 2**  
**Page 2 of 4**

|  | <u>2016</u>       | <u>2015</u>       | <u>2014</u>       | <u>2013</u>       | <u>2012</u>       |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Expenses:</b>                                     |                   |                   |                   |                   |                   |
| Governmental Activities:                             |                   |                   |                   |                   |                   |
| Adult Education Program                              | \$ 4,050,032      | \$ 3,895,904      | \$ 4,187,795      | \$ 4,651,034      | \$ 4,509,212      |
| Assistant Superintendents' Offices                   | 537,885           | 517,072           | 465,054           | 457,916           | 448,143           |
| Board of Trustees                                    | 131,506           | 205,134           | 194,415           | 157,546           | 108,958           |
| Business Support Services                            | 1,790,657         | 1,674,204         | 1,652,498         | 1,600,940         | 1,534,745         |
| Center for After-School, Summer & Expanded Learning  | 7,315,643         | 8,468,498         | 6,932,436         | 8,165,637         | 8,771,440         |
| Center for Safe and Secure Schools                   | 491,085           | 623,098           | 758,633           | 418,556           | 366,018           |
| Center for School Governance & Fiscal Accountability | -                 | 70,430            | 129,537           | 177,036           | 180,569           |
| Center for Grant Development                         | 544,990           | 519,875           | 503,314           | 548,899           | 556,711           |
| Choice Partners Cooperatives                         | -                 | 1,727,275         | 1,596,110         | 1,579,708         | 1,376,087         |
| Client Engagement                                    | 451,521           | 456,323           | 410,006           | 403,880           | 403,621           |
| Communications                                       | 884,274           | 709,750           | 652,250           | 651,610           | 510,174           |
| Department Wide                                      | 6,808,688         | 5,421,099         | 5,380,665         | 5,350,114         | 5,509,879         |
| Digital Learning                                     | 368,131           | 1,450,677         | 1,668,330         | 1,997,071         | 2,654,232         |
| Early Childhood Intervention                         | -                 | 2,112,772         | 4,871,933         | 5,132,950         | 5,868,623         |
| Education Certification & Professional Advancement   | 630,272           | 506,930           | 510,939           | 301,540           | 220,146           |
| Education Foundation                                 | 199,417           | 200,398           | 200,535           | 199,404           | 201,501           |
| Facility Support Services                            | 772,981           | 981,239           | 767,703           | 1,282,812         | 146,827           |
| Head Start Program                                   | 16,103,236        | 15,401,901        | 13,758,980        | 14,224,031        | 15,012,643        |
| Human Resources                                      | 943,149           | 945,021           | 922,955           | 871,057           | 879,957           |
| Interest and Fees on Long-Term Debt                  | 310,720           | 480,219           | 799,380           | 787,589           | 902,724           |
| PFC Capital Projects                                 | -                 | -                 | -                 | 26,845            | -                 |
| Preschool Initiative                                 | -                 | -                 | 36,600            | -                 | -                 |
| Purchasing Support Services                          | 477,229           | 402,651           | 427,478           | 394,331           | 356,325           |
| Quality Zone Academy Bonds                           | 6,281             | -                 | -                 | 311,727           | 42,866            |
| Records Management Services                          | 1,656,361         | 1,777,447         | 1,685,191         | 1,665,781         | 1,435,224         |
| Research and Evaluation Institute                    | 515,936           | 460,493           | 492,210           | 466,180           | 460,471           |
| Retirement Leave Benefits                            | 322,795           | 288,606           | 410,154           | 219,305           | 224,144           |
| Scholastic Arts and Writing Program                  | 102,702           | 88,126            | 72,185            | 71,667            | 60,614            |
| School Based Therapy Services                        | 9,375,763         | 8,686,191         | 7,932,355         | 7,702,266         | 7,327,653         |
| Chief of Staff                                       | 189,323           | 130,936           | -                 | 6,253             | 64,479            |
| Special Schools & Services                           | 10,865,891        | 11,270,451        | 11,018,200        | 10,086,230        | 10,245,287        |
| Superintendent's Office                              | 385,255           | 432,322           | 504,922           | 369,316           | 352,778           |
| Technology Support Services                          | 5,052,094         | 4,115,775         | 3,961,667         | 3,737,958         | 3,373,381         |
| Texas LEARNS   | -                 | -                 | 421,089           | 6,853,142         | 1,854,304         |
| The Teaching & Learning Center                       | 1,068,452         | 1,185,444         | 1,221,872         | 961,954           | 1,008,144         |
| <b>Total Governmental Activities Expenses</b>        | <b>72,352,269</b> | <b>75,206,261</b> | <b>74,547,391</b> | <b>81,832,285</b> | <b>76,967,880</b> |
| Business-Type Activities:                            |                   |                   |                   |                   |                   |
| Choice Partners Cooperatives                         | 1,879,446         | -                 | -                 | -                 | -                 |
| Transfer out   | 2,547,458         | -                 | -                 | -                 | -                 |
| <b>Total Business-Type Activities Expenses</b>       | <b>4,426,904</b>  | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>          |
| <b>Total Expenses</b>                                | <b>76,779,173</b> | <b>75,206,261</b> | <b>74,547,391</b> | <b>81,832,285</b> | <b>76,967,880</b> |

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Accrual Basis of Accounting)**  
**(Unaudited)**

**Table 2**  
**Page 3 of 4**

|   | <u>2021</u>         | <u>2020</u>         | <u>2019</u>         | <u>2018</u>          | <u>2017</u>         |
|---|---------------------|---------------------|---------------------|----------------------|---------------------|
| <b>Program Revenues:</b>                                    |                     |                     |                     |                      |                     |
| <b>Governmental Activities:</b>                             |                     |                     |                     |                      |                     |
| <b>Charges for services:</b>                                |                     |                     |                     |                      |                     |
| Adult Education Program                                     | \$ 14,436           | \$ -                | \$ -                | \$ -                 | \$ -                |
| Business Support Services                                   | 132,721             | 245,754             | 55,098              | 4,590                | 58,597              |
| Center for After-School, Summer & Expanded Learning         | 74,810              | 83,560              | 94,748              | 89,994               | 9,506               |
| Center for Safe and Secure Schools                          | 271,773             | 273,972             | 229,396             | 187,729              | 502,661             |
| Center for School Governance & Fiscal Accountability        | -                   | -                   | -                   | -                    | -                   |
| Center for Grant Development                                | 1,455               | 1,515               | 2,495               | 865                  | 840                 |
| Choice Facility Partners (1)                                | -                   | -                   | -                   | -                    | -                   |
| Client Engagement   | -                   | -                   | -                   | -                    | -                   |
| Communications  | -                   | -                   | -                   | -                    | -                   |
| Department Wide   | 411,395             | 35,711              | 43,979              | 28,480               | 20,215              |
| Digital Learning  | -                   | -                   | 12,085              | 25,755               | 41,745              |
| Early Childhood Intervention                                | -                   | -                   | -                   | -                    | -                   |
| Education Certification & Professional Advancement          | 226,387             | 113,982             | 204,520             | 228,979              | 206,289             |
| Head Start Program  | -                   | 140                 | 20                  | 250                  | -                   |
| Human Resources   | -                   | -                   | -                   | -                    | -                   |
| Purchasing Support Services                                 | -                   | -                   | -                   | -                    | -                   |
| Records Management Services                                 | 1,781,590           | 1,868,784           | 1,687,681           | 1,894,771            | 1,563,165           |
| Research and Evaluation Institute                           | 149,500             | 91,499              | 80,786              | 79,249               | 2,002               |
| Scholastic Arts and Writing Program                         | -                   | -                   | -                   | -                    | -                   |
| School Based Therapy Services                               | 9,368,648           | 8,892,942           | 8,981,971           | 8,888,790            | 8,552,308           |
| Special Assistant to Superintendent                         | -                   | -                   | -                   | -                    | -                   |
| Special Schools & Services                                  | 8,001,312           | 9,022,523           | 8,880,541           | 8,327,481            | 8,433,065           |
| Technology Support Services                                 | -                   | -                   | 1,200               | 9,850                | 17,440              |
| The Teaching & Learning Center                              | 572,791             | 828,920             | 1,236,917           | 731,899              | 734,437             |
| <b>Total Charges for Services</b>                           | <b>21,006,818</b>   | <b>21,459,302</b>   | <b>21,511,437</b>   | <b>20,498,682</b>    | <b>20,142,270</b>   |
| <b>Operating grants and contributions</b>                   | <b>27,289,087</b>   | <b>25,663,841</b>   | <b>26,730,731</b>   | <b>18,289,999</b>    | <b>23,509,189</b>   |
| <b>General Revenues</b>                                     |                     |                     |                     |                      |                     |
| Property taxes, levied for general purposes                 | 25,178,251          | 23,870,492          | 23,040,994          | 22,494,557           | 21,723,798          |
| Grants and contributions not restricted to specific program | 2,703,108           | 5,610,709           | 3,901,877           | 2,439,712            | 4,804,746           |
| Investment earnings   | 26,124              | 434,601             | 993,098             | 554,708              | 170,480             |
| Miscellaneous income  | 6,167,249           | 6,018,115           | 5,284,651           | 4,988,233            | 5,356,853           |
| Transfers   | 4,828,938           | 3,490,423           | 5,805,811           | 2,803,104            | 2,588,083           |
| <b>Total Governmental Activities Revenues</b>               | <b>87,199,575</b>   | <b>86,547,483</b>   | <b>87,268,599</b>   | <b>72,068,995</b>    | <b>78,295,419</b>   |
| <b>Business-Type Activities:</b>                            |                     |                     |                     |                      |                     |
| <b>Charges for services:</b>                                |                     |                     |                     |                      |                     |
| Choice Partners Cooperative                                 | 6,924,045           | 5,952,679           | 8,389,674           | 5,147,496            | 4,371,278           |
| <b>Total Revenues-Business Type Activities</b>              | <b>6,924,045</b>    | <b>5,952,679</b>    | <b>8,389,674</b>    | <b>5,147,496</b>     | <b>4,371,278</b>    |
| <b>Total Revenues</b>                                       | <b>94,123,620</b>   | <b>92,500,162</b>   | <b>95,658,273</b>   | <b>77,216,491</b>    | <b>82,666,697</b>   |
| <b>Change in Net Position</b>                               |                     |                     |                     |                      |                     |
| <b>Total Primary Government</b>                             | <b>\$ (923,808)</b> | <b>\$ 1,725,195</b> | <b>\$ 6,681,114</b> | <b>\$ 14,188,283</b> | <b>\$ 3,635,521</b> |

(1) Combined Purchasing Cooperatives with Choice Partners in FY12. In FY 2016 Choice Partners was accounted for as an enterprise fund.  
Source: HCDE records

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Accrual Basis of Accounting)**  
**(Unaudited)**

**Table 2**  
**Page 4 of 4**

|   | <u>2016</u>         | <u>2015</u>         | <u>2014</u>         | <u>2013</u>         | <u>2012</u>         |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Program Revenues:</b>                                    |                     |                     |                     |                     |                     |
| <b>Governmental Activities:</b>                             |                     |                     |                     |                     |                     |
| <b>Charges for services:</b>                                |                     |                     |                     |                     |                     |
| Adult Education Program                                     | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                |
| Business Support Services                                   | 284,473             | 169,052             | 285,093             | 308,464             | 74,005              |
| Center for After-School, Summer & Expanded Learning         | 11,800              | 29,015              | 27,142              | 16,884              | 24,114              |
| Center for Safe and Secure Schools                          | 117,350             | 120,735             | 436,410             | 141,767             | 195,085             |
| Center for School Governance & Fiscal Accountability        | -                   | -                   | 29,805              | -                   | 11,800              |
| Center for Grant Development                                | 2,275               | 2,495               | 2,800               | 32,537              | 98,171              |
| Choice Facility Partners (1)                                | -                   | 3,201,052           | 2,896,693           | 3,242,503           | 3,066,053           |
| Client Engagement   | -                   | 1,400               | -                   | 2,800               | -                   |
| Communications  | -                   | -                   | -                   | -                   | 4,187               |
| Department Wide   | 12,963              | 13,824              | 13,003              | 11,284              | 33,682              |
| Digital Learning  | 61,015              | 83,160              | 90,200              | 69,568              | 63,070              |
| Early Childhood Intervention                                | -                   | 108,208             | 324,614             | 324,614             | 327,536             |
| Education Certification & Professional Advancement          | 252,270             | 255,109             | 196,902             | 115,317             | 148,409             |
| Head Start Program  | -                   | -                   | -                   | -                   | -                   |
| Human Resources   | -                   | -                   | 1,795               | 2,800               | -                   |
| Purchasing Support Services                                 | 5,559               | 3,563               | -                   | -                   | 61,677              |
| Records Management Services                                 | 1,569,386           | 1,558,589           | 1,435,793           | 1,382,845           | 1,361,825           |
| Research and Evaluation Institute                           | 48,644              | 39,823              | 60,451              | 55,150              | 64,349              |
| Scholastic Arts and Writing Program                         | 40,449              | 26,155              | 19,135              | 15,130              | 18,645              |
| School Based Therapy Services                               | 8,633,429           | 8,151,129           | 7,706,746           | 7,477,282           | 6,798,685           |
| Special Assistant to Superintendent                         | -                   | -                   | -                   | -                   | 1,440               |
| Special Schools & Services                                  | 7,439,987           | 7,849,458           | 8,373,138           | 7,903,760           | 7,704,848           |
| Technology Support Services                                 | 61,296              | 227,846             | 418,406             | 255,096             | 367,630             |
| The Teaching & Learning Center                              | 773,405             | 945,650             | 888,464             | 851,549             | 677,535             |
| <b>Total Charges for Services</b>                           | <u>19,314,301</u>   | <u>22,786,263</u>   | <u>23,206,590</u>   | <u>22,209,350</u>   | <u>21,102,746</u>   |
| <b>Operating grants and contributions</b>                   | 23,307,323          | 25,840,048          | 24,888,778          | 35,391,753          | 32,096,407          |
| <b>General Revenues</b>                                     |                     |                     |                     |                     |                     |
| Property taxes, levied for general purposes                 | 21,059,842          | 21,041,087          | 20,184,898          | 19,353,694          | 18,248,412          |
| Grants and contributions not restricted to specific program | 5,560,503           | 5,077,413           | 4,679,915           | 4,909,527           | 4,882,113           |
| Investment earnings   | 60,751              | 13,331              | 8,133               | 23,938              | 24,893              |
| Miscellaneous income  | 5,152,391           | 4,462,989           | 4,379,490           | 4,652,180           | 5,040,598           |
| Transfers   | 2,547,458           | -                   | -                   | -                   | -                   |
| <b>Total Governmental Activities Revenues</b>               | <u>77,002,569</u>   | <u>79,221,131</u>   | <u>77,347,804</u>   | <u>86,540,442</u>   | <u>81,395,169</u>   |
| <b>Business-Type Activities:</b>                            |                     |                     |                     |                     |                     |
| <b>Charges for services:</b>                                |                     |                     |                     |                     |                     |
| Choice Partners Cooperative                                 | 4,426,904           | -                   | -                   | -                   | -                   |
| <b>Total Revenues-Business Type Activities</b>              | <u>4,426,904</u>    | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>-</u>            |
| <b>Total Revenues</b>                                       | <u>81,429,473</u>   | <u>79,221,131</u>   | <u>77,347,804</u>   | <u>86,540,442</u>   | <u>81,395,169</u>   |
| <b>Change in Net Position</b>                               |                     |                     |                     |                     |                     |
| <b>Total Primary Government</b>                             | <u>\$ 4,650,300</u> | <u>\$ 4,014,870</u> | <u>\$ 2,800,413</u> | <u>\$ 4,708,157</u> | <u>\$ 4,427,289</u> |

(1) Combined Purchasing Cooperatives with Choice Partners in FY12. In FY 2016 Choice Partners was accounted for as an enterprise fund.

Source: HCDE records

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**FUND BALANCE OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified Accrual Basis of Accounting)**

**Table 3**  
**Page 1 of 2**

|   | <u>2021</u>          | <u>2020</u>          | <u>2019</u>          | # | <u>2018</u>          | <u>2017</u>          |
|---|----------------------|----------------------|----------------------|---|----------------------|----------------------|
| <b>General Fund:</b>                      |                      |                      |                      |   |                      |                      |
| Nonspendable                              | 266,062              | 177,243              | 169,805              |   | 128,037              | 163,555              |
| Restricted                                | -                    | -                    | -                    |   | -                    | -                    |
| Committed                                 | 2,014,976            | 2,014,976            | 2,014,976            |   | 2,014,976            | 1,575,000            |
| Assigned                                  | 6,770,790            | 13,540,000           | 9,499,397            |   | 9,499,397            | 9,363,629            |
| Unassigned                                | <u>17,032,101</u>    | <u>17,103,242</u>    | <u>20,930,182</u>    |   | <u>17,769,755</u>    | <u>17,020,303</u>    |
| <b>Total General Fund</b>                 | <u>\$ 26,083,929</u> | <u>\$ 32,835,461</u> | <u>\$ 32,614,360</u> |   | <u>\$ 29,412,165</u> | <u>\$ 28,122,487</u> |
| <b>All Other Governmental Funds:</b>      |                      |                      |                      |   |                      |                      |
| Nonspendable                              | 238,934              | 9,898                |                      |   |                      |                      |
| Restricted, reported in:                  |                      |                      |                      |   |                      |                      |
| PFC Capital Projects Fund                 | 51,751,156           | 2,939,650            | 10,600,127           |   | 11,219,387           | 10,874,006           |
| Assigned, reported in:                    |                      |                      |                      |   |                      |                      |
| Debt Service Fund                         | 2,500,000            | -                    | -                    |   | -                    | -                    |
| Unassigned                                | <u>(238,934)</u>     | <u>(9,898)</u>       | <u>-</u>             |   | <u>-</u>             | <u>-</u>             |
| <b>Total All Other Governmental Funds</b> | <u>\$ 54,251,156</u> | <u>\$ 2,939,650</u>  | <u>\$ 10,600,127</u> |   | <u>\$ 11,219,387</u> | <u>\$ 10,874,006</u> |

Source: HCDE records.

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**FUND BALANCE OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified Accrual Basis of Accounting)**

**Table 3**  
**Page 2 of 2**

|   | <u>2016</u>                 | <u>2015</u>                 | <u>2014</u>                 | <u>2013</u>                 | <u>2012</u>                 |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>General Fund:</b>                      |                             |                             |                             |                             |                             |
| Nonspendable                              | 159,613                     | 163,462                     | 148,912                     | 146,919                     | 111,719                     |
| Restricted                                | -                           | 6,281                       | 6,281                       | 117,019                     | 428,228                     |
| Committed                                 | 6,200,000                   | 6,721,446                   | 3,150,000                   | 1,408,000                   | 1,408,000                   |
| Assigned                                  | 7,538,285                   | 5,185,416                   | 8,394,445                   | 9,394,231                   | 7,450,241                   |
| Unassigned                                | <u>17,022,340</u>           | <u>15,826,627</u>           | <u>14,901,561</u>           | <u>13,748,845</u>           | <u>12,425,483</u>           |
| <b>Total General Fund</b>                 | <b><u>\$ 30,920,238</u></b> | <b><u>\$ 27,903,232</u></b> | <b><u>\$ 26,601,199</u></b> | <b><u>\$ 24,815,014</u></b> | <b><u>\$ 21,823,671</u></b> |
| <b>All Other Governmental Funds:</b>      |                             |                             |                             |                             |                             |
| Restricted, reported in:                  |                             |                             |                             |                             |                             |
| PFC Capital Projects Fund                 | 31,983                      | 31,881                      | 1,021,734                   | 1,021,733                   | 1,048,577                   |
| Debt Service Fund                         | -                           | -                           | -                           | -                           | -                           |
| Unassigned                                | <u>-</u>                    | <u>-</u>                    | <u>-</u>                    | <u>-</u>                    | <u>-</u>                    |
| <b>Total All Other Governmental Funds</b> | <b><u>\$ 31,983</u></b>     | <b><u>\$ 31,881</u></b>     | <b><u>\$ 1,021,734</u></b>  | <b><u>\$ 1,021,733</u></b>  | <b><u>\$ 1,048,577</u></b>  |

Source: HCDE records.

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**CHANGES IN FUND BALANCES –**  
**GOVERNMENTAL FUNDS**  
**(Modified Accrual Basis of Accounting)**  
**(Unaudited)**

**Table 4**  
**Page 1 of 2**

|  | <u>2021</u>          | <u>2020</u>           | <u>2019</u>         | # | <u>2018*</u>           | # | <u>2017*</u>        |
|--|----------------------|-----------------------|---------------------|---|------------------------|---|---------------------|
| Total revenues   | \$ 82,021,081        | \$ 79,284,172         | \$ 79,771,645       |   | \$ 78,200,293          |   | \$ 75,335,740       |
| Total expenditures   | 89,444,277           | 90,213,971            | 82,995,395          |   | 79,368,338             |   | 76,879,551          |
| <b>Excess (deficiency) of revenues<br/>over(under) expenditures:</b> | <u>(7,423,196)</u>   | <u>(10,929,799)</u>   | <u>(3,223,750)</u>  |   | <u>(1,168,045)</u>     |   | <u>(1,543,811)</u>  |
| <b>Other Financing Sources (Uses)</b>                                |                      |                       |                     |   |                        |   |                     |
| Lease revenue bond refunding   | -                    | -                     | -                   |   | -                      |   | -                   |
| Payment on bond refunding escrow<br>agent                            | -                    | -                     | -                   |   | -                      |   | -                   |
| Lease revenue bond issued  | 27,715,000           | -                     | -                   |   | -                      |   | -                   |
| Premium on lease revenue bond  | 2,206,798            | -                     | -                   |   | -                      |   | -                   |
| Maintenance tax notes issued   | 13,865,000           | -                     | -                   |   | -                      |   | 7,000,000           |
| Premium on maintenance tax notes                                     | 3,405,317            | -                     | -                   |   | -                      |   | -                   |
| Transfers in   | 18,739,249           | 9,763,310             | 11,635,782          |   | 8,573,483              |   | 11,267,601          |
| Transfers out  | <u>(13,948,194)</u>  | <u>(6,272,887)</u>    | <u>(5,829,097)</u>  |   | <u>(57,703,789)</u>    |   | <u>(8,679,518)</u>  |
| <b>Total other financing sources(uses)</b>                           | <u>51,983,170</u>    | <u>3,490,423</u>      | <u>5,806,685</u>    |   | <u>(49,130,306)</u>    |   | <u>9,588,083</u>    |
| <b>Net change in fund balances</b>                                   | <u>\$ 44,559,974</u> | <u>\$ (7,439,376)</u> | <u>\$ 2,582,935</u> |   | <u>\$ (50,298,351)</u> |   | <u>\$ 8,044,272</u> |

Source: HCDE records.

\* Note: Lease Revenue Bonds were refunded and QZAB bonds were issued in 2009.

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**CHANGES IN FUND BALANCES –**  
**GOVERNMENTAL FUNDS**  
**(Modified Accrual Basis of Accounting)**  
**(Unaudited)**

**Table 4**  
**Page 2 of 2**

|  | <u>2016</u>         | # | <u>2015</u>        | # | <u>2014</u>         | # | <u>2013</u>         | # | <u>2012</u>         |
|--|---------------------|---|--------------------|---|---------------------|---|---------------------|---|---------------------|
| Total revenues   | \$ 73,253,550       |   | \$ 79,276,809      |   | \$ 77,424,337       |   | \$ 86,561,843       |   | \$ 81,495,314       |
| Total expenditures   | <u>72,783,901</u>   |   | <u>78,145,010</u>  |   | <u>75,858,286</u>   |   | <u>83,597,445</u>   |   | <u>78,904,603</u>   |
| <b>Excess (deficiency) of revenues<br/>over(under) expenditures:</b> | <u>469,649</u>      |   | <u>1,131,799</u>   |   | <u>1,566,051</u>    |   | <u>2,964,398</u>    |   | <u>2,590,711</u>    |
| <b>Other Financing Sources (Uses)</b>                                |                     |   |                    |   |                     |   |                     |   |                     |
| Lease revenue bond refunding   | -                   |   | 4,255,000          |   | 9,685,000           |   | -                   |   | -                   |
| Payment on bond refunding escrow<br>agent                            | -                   |   | (5,074,619)        |   | (9,465,000)         |   | -                   |   | -                   |
| Lease revenue bond issued  | -                   |   | -                  |   | -                   |   | -                   |   | -                   |
| Premium on lease revenue bond  | -                   |   | -                  |   | -                   |   | -                   |   | -                   |
| Maintenance tax notes issued   | -                   |   | -                  |   | -                   |   | -                   |   | -                   |
| Premium on maintenance tax notes                                     | -                   |   | -                  |   | -                   |   | -                   |   | -                   |
| Transfers in   | 5,799,651           |   | 4,752,664          |   | 4,401,099           |   | 3,684,601           |   | 3,799,980           |
| Transfers out  | <u>(3,252,192)</u>  |   | <u>(4,752,664)</u> |   | <u>(4,401,099)</u>  |   | <u>(3,684,601)</u>  |   | <u>(3,799,980)</u>  |
| <b>Total other financing sources(uses)</b>                           | <u>2,547,459</u>    |   | <u>(819,619)</u>   |   | <u>220,135</u>      |   | <u>100</u>          |   | <u>7,226</u>        |
| <b>Net change in fund balances</b>                                   | <u>\$ 3,017,108</u> |   | <u>\$ 312,180</u>  |   | <u>\$ 1,786,186</u> |   | <u>\$ 2,964,498</u> |   | <u>\$ 2,597,937</u> |

Source: HCDE records.

\* Note: Lease Revenue Bonds were refunded and QZAB bonds were issued in 2009.



**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**GOVERNMENTAL FUNDS REVENUES**  
**LAST TEN FISCAL YEARS**  
*(Modified Accrual Basis Accounting)*  
*(Amounts Expressed in Thousands)*  
*(Unaudited)*

*Table 5*  
*Page 1 of 2*

|  | <u>2021</u>          | <u>2020</u>          | <u>2019</u>          | <u>2018</u>          | <u>2017</u>          |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Local Sources:</b>                          |                      |                      |                      |                      |                      |
| Charges for services                           | \$ 20,441,828        | \$ 21,358,795        | \$ 21,511,437        | \$ 20,383,705        | \$ 20,043,478        |
| Property taxes, levied<br>for general purposes | 25,086,237           | 23,707,501           | 23,051,892           | 22,514,793           | 21,751,923           |
| Local grants                                   | 5,634,872            | 4,761,166            | 5,272,056            | 4,766,262            | 5,355,621            |
| Miscellaneous income                           | <u>1,185,515</u>     | <u>951,905</u>       | <u>1,023,752</u>     | <u>892,026</u>       | <u>270,504</u>       |
| <b>Total Local Sources</b>                     | <u>52,348,452</u>    | <u>50,779,367</u>    | <u>50,859,137</u>    | <u>48,556,786</u>    | <u>47,421,526</u>    |
| <b>State Sources:</b>                          |                      |                      |                      |                      |                      |
| State aid grants                               | 529,800              | 548,616              | 780,488              | 2,352,287            | 2,260,853            |
| On-behalf payments                             | <u>2,815,070</u>     | <u>3,036,198</u>     | <u>2,508,668</u>     | <u>2,396,189</u>     | <u>2,290,135</u>     |
| <b>Total State Sources</b>                     | <u>3,344,870</u>     | <u>3,584,814</u>     | <u>3,289,156</u>     | <u>4,748,476</u>     | <u>4,550,988</u>     |
| <b>Federal Sources:</b>                        | <u>26,327,759</u>    | <u>24,919,991</u>    | <u>25,623,352</u>    | <u>24,895,031</u>    | <u>23,363,226</u>    |
| <b>Total Revenues</b>                          | <u>\$ 82,021,081</u> | <u>\$ 79,284,172</u> | <u>\$ 79,771,645</u> | <u>\$ 78,200,293</u> | <u>\$ 75,335,740</u> |

Note: General governmental revenues include those received by the following:

General, Special Revenue, Debt Service, and Capital Projects Funds.

Source: HCDE records.

**HARRIS COUNTY DEPARTMENT OF EDUCATION  
GOVERNMENTAL FUNDS REVENUES  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis Accounting)  
(Amounts Expressed in Thousands)  
(Unaudited)**

**Table 5  
Page 2 of 2**

|  | <u>2016</u>          | <u>2015</u>          | <u>2014</u>          | <u>2013</u>          | <u>2012</u>          |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Local Sources:</b>                          |                      |                      |                      |                      |                      |
| Charges for services                           | \$ 19,213,400        | \$ 22,543,051        | \$ 22,774,848        | \$ 21,794,986        | \$ 20,585,941        |
| Property taxes, levied<br>for general purposes | 21,141,146           | 21,107,977           | 20,261,566           | 19,375,195           | 18,355,784           |
| Local grants                                   | 5,086,589            | 5,049,186            | 4,653,717            | 4,417,941            | 4,966,634            |
| Miscellaneous income                           | <u>164,439</u>       | <u>267,098</u>       | <u>466,073</u>       | <u>672,441</u>       | <u>608,435</u>       |
| <b>Total Local Sources</b>                     | <u>45,605,574</u>    | <u>48,967,312</u>    | <u>48,156,204</u>    | <u>46,260,563</u>    | <u>44,516,794</u>    |
| <b>State Sources:</b>                          |                      |                      |                      |                      |                      |
| State aid grants                               | 2,810,044            | 3,182,302            | 4,710,852            | 5,713,001            | 6,841,825            |
| On-behalf payments                             | <u>2,215,370</u>     | <u>2,099,190</u>     | <u>2,009,295</u>     | <u>1,732,483</u>     | <u>1,807,238</u>     |
| <b>Total State Sources</b>                     | <u>5,025,414</u>     | <u>5,281,492</u>     | <u>6,720,147</u>     | <u>7,445,484</u>     | <u>8,649,063</u>     |
| <b>Federal Sources:</b>                        | <u>22,622,562</u>    | <u>25,028,005</u>    | <u>22,547,986</u>    | <u>32,855,796</u>    | <u>28,329,457</u>    |
| <b>Total Revenues</b>                          | <u>\$ 73,253,550</u> | <u>\$ 79,276,809</u> | <u>\$ 77,424,337</u> | <u>\$ 86,561,843</u> | <u>\$ 81,495,314</u> |

Note: General governmental revenues include those received by the following:  
General, Special Revenue, Debt Service, and Capital Projects Funds.  
Source: HCDE records.

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO**  
**LAST TEN FISCAL YEARS**  
**(Modified Accrual Basis of Accounting)**  
**(Unaudited)**

**Table 6**  
**Page 1 of 2**

|   | <u>2021</u>          | <u>2020</u>          | <u>2019</u>          | <u>2018</u>          | <u>2017</u>          |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Adult Education Program   | \$ 3,968,609         | \$ 4,429,807         | \$ 4,242,673         | \$ 4,926,751         | \$ 3,897,009         |
| Assistant Superintendents' Offices                              | 595,537              | 550,259              | 567,780              | 550,282              | 534,595              |
| Board of Trustees   | 162,520              | 164,109              | 177,757              | 128,396              | 138,343              |
| Business Support Services                                       | 1,977,239            | 1,976,847            | 1,726,357            | 1,733,238            | 1,711,576            |
| Center for After School, Summer & Expanded Learning             | 7,619,554            | 6,431,634            | 6,932,667            | 7,415,860            | 7,320,521            |
| Center for Safe & Secure Schools                                | 747,630              | 782,170              | 617,861              | 458,510              | 647,093              |
| Center for School Gov & Fiscal Accountability                   | -                    | -                    | -                    | -                    | -                    |
| Center for Grant Development                                    | 584,083              | 578,366              | 558,705              | 558,169              | 550,918              |
| Choice Partners Cooperatives (1) (2)                            | -                    | -                    | -                    | -                    | -                    |
| Communications & Client Engagement                              | 1,404,604            | 1,256,174            | 1,458,957            | 1,248,256            | 1,215,481            |
| Department Wide   | 8,666,966            | 7,137,853            | 6,727,446            | 6,051,002            | 6,862,145            |
| Digital Learning  | 290,827              | 450,124              | 244,380              | 406,107              | 1,345,415            |
| Early Childhood Intervention                                    | -                    | -                    | -                    | -                    | -                    |
| Education Certification & Professional Advancement              | 677,435              | 660,549              | 588,579              | 616,559              | 673,466              |
| Education Foundation  | 210,543              | 500,600              | -                    | -                    | 9,812                |
| Facility Support Services                                       | 163,536              | 282,427              | 1,025,227            | 1,332,808            | 730,324              |
| Head Start Program  | 20,492,126           | 19,245,331           | 19,314,914           | 18,963,042           | 17,455,113           |
| Human Resources   | 1,094,473            | 1,092,516            | 1,044,283            | 998,178              | 986,813              |
| Preschool Initiative  | -                    | -                    | -                    | -                    | -                    |
| Principal Certification   | 2,780                | -                    | -                    | -                    | -                    |
| Printing & Visual Communication                                 | -                    | -                    | -                    | -                    | -                    |
| Purchasing Support Services (1)                                 | 573,016              | 576,023              | 538,986              | 488,359              | 487,590              |
| Quality Zone Academy Bonds (QZAB)                               | -                    | -                    | -                    | -                    | -                    |
| Records Management Services                                     | 1,889,657            | 1,818,947            | 1,917,340            | 1,826,139            | 1,557,380            |
| Research & Evaluation Institute                                 | 627,825              | 607,972              | 560,157              | 590,450              | 575,247              |
| Retirement Leave Benefits                                       | 333,844              | 231,057              | 118,233              | 124,832              | 358,964              |
| Scholastic Arts & Writing Program                               | 118,381              | 142,239              | 139,108              | 99,932               | 101,187              |
| School Based Therapy Services                                   | 11,332,185           | 11,135,002           | 10,550,740           | 10,317,233           | 9,701,864            |
| Chief of Staff  | 280,940              | 273,876              | 269,039              | 239,431              | 289,057              |
| Special Schools & Services                                      | 12,876,450           | 19,870,365           | 14,996,466           | 12,610,677           | 11,657,915           |
| Superintendent's Office   | 622,806              | 559,169              | 513,510              | 443,456              | 445,967              |
| Technology Support Services                                     | 3,742,971            | 3,561,381            | 3,690,024            | 2,860,974            | 3,028,436            |
| Texas Academic Decathlon  | -                    | -                    | -                    | -                    | -                    |
| Texas LEARNS  | -                    | -                    | -                    | -                    | -                    |
| The Teaching & Learning Center                                  | 899,159              | 1,142,292            | 1,324,710            | 1,235,105            | 1,229,426            |
| PFC Capital Projects  | 2,837,998            | 1,839,271            | -                    | -                    | -                    |
| Debt Service:   |                      |                      |                      |                      |                      |
| Principal Payments  | 2,756,428            | 2,706,429            | 2,886,429            | 2,826,429            | 2,781,429            |
| Interest & Fees   | 1,243,827            | 211,182              | 263,067              | 318,163              | 352,303              |
| Bond Issuance Costs & Fees                                      | 650,328              | -                    | -                    | -                    | 234,162              |
| <b>Total Expenditures</b>                                       | <b>\$ 89,444,277</b> | <b>\$ 90,213,971</b> | <b>\$ 82,995,395</b> | <b>\$ 79,368,338</b> | <b>\$ 76,879,551</b> |
| <b>Debt service as a percentage of non-capital expenditures</b> | <b>4.57%</b>         | <b>3.61%</b>         | <b>3.98%</b>         | <b>4.07%</b>         | <b>4.17%</b>         |

NOTE: Governmental expenditures include those made by the following funds: General, Special Revenue, Debt Services and Public Facility Corporation (PFC) Capital Projects funds.

(1) Cooperative Programs moved to Choice Facility Cooperatives in FY 2012.

(2) In FY 2016 Choice Partners Cooperatives are accounted as an enterprise fund.

Source: HCDE records.

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO**  
**LAST TEN FISCAL YEARS**  
**(Modified Accrual Basis of Accounting)**  
**(Unaudited)**

**Table 6**  
**Page 2 of 2**

|   | <u>2016</u>          | <u>2015</u>          | <u>2014</u>          | <u>2013</u>          | <u>2012</u>          |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Adult Education Program   | \$ 4,068,869         | \$ 3,932,144         | \$ 4,150,520         | \$ 4,619,062         | \$4,492,308          |
| Assistant Superintendents' Offices                              | 533,135              | 514,795              | 465,329              | 458,711              | 446,650              |
| Board of Trustees   | 131,482              | 205,738              | 194,851              | 158,756              | 108,958              |
| Business Support Services                                       | 1,783,858            | 1,660,485            | 1,654,106            | 1,605,591            | 1,525,180            |
| Center for After School, Summer & Expanded Learning             | 7,344,632            | 8,491,605            | 6,932,759            | 8,171,013            | 8,771,440            |
| Center for Safe & Secure Schools                                | 473,676              | 625,609              | 747,801              | 409,064              | 413,600              |
| Center for School Gov & Fiscal Accountability                   | -                    | 70,604               | 129,596              | 177,207              | 180,248              |
| Center for Grant Development                                    | 540,539              | 513,827              | 504,065              | 551,069              | 552,633              |
| Choice Partners Cooperatives (1) (2)                            | -                    | 1,731,034            | 1,592,628            | 1,579,519            | 1,367,157            |
| Communications & Client Engagement                              | 1,324,033            | 1,152,090            | 1,063,174            | 1,057,789            | 909,441              |
| Department Wide   | 5,867,987            | 5,540,253            | 5,489,076            | 5,509,651            | 5,247,400            |
| Digital Learning  | 1,662,289            | 1,375,220            | 1,607,457            | 2,057,974            | 2,546,687            |
| Early Childhood Intervention                                    | -                    | 2,116,246            | 4,871,057            | 5,130,418            | 5,864,367            |
| Education Certification & Professional Advancement              | 625,469              | 507,114              | 511,485              | 301,613              | 220,146              |
| Education Foundation  | 199,603              | 201,041              | 200,754              | 200,035              | 200,322              |
| Facility Support Services                                       | 449,188              | 1,288,233            | 451,170              | 552,735              | 412,563              |
| Head Start Program  | 16,439,375           | 16,396,415           | 13,604,585           | 14,495,379           | 14,934,870           |
| Human Resources   | 935,877              | 935,662              | 924,157              | 874,293              | 871,536              |
| Preschool Initiative  | -                    | -                    | 36,600               | -                    | -                    |
| Principal Certification   | -                    | -                    | -                    | -                    | -                    |
| Printing & Visual Communication                                 | -                    | -                    | -                    | -                    | -                    |
| Purchasing Support Services (1)                                 | 472,964              | 397,278              | 427,646              | 394,816              | 355,414              |
| Quality Zone Academy Bonds (QZAB)                               | 6,281                | -                    | 110,972              | 311,727              | 853,810              |
| Records Management Services                                     | 1,519,616            | 1,652,481            | 1,527,654            | 1,516,613            | 1,603,485            |
| Research & Evaluation Institute                                 | 512,665              | 456,317              | 492,641              | 467,427              | 458,128              |
| Retirement Leave Benefits                                       | 322,795              | 288,606              | 410,154              | 219,305              | 224,144              |
| Scholastic Arts & Writing Program                               | 102,115              | 87,516               | 72,286               | 71,961               | 60,062               |
| School Based Therapy Services                                   | 9,292,131            | 8,558,847            | 7,931,371            | 7,703,718            | 7,318,381            |
| Chief of Staff  | 187,574              | 131,149              | -                    | 6,265                | 64,479               |
| Special Schools & Services                                      | 10,452,501           | 10,791,044           | 10,623,818           | 9,977,362            | 9,838,623            |
| Superintendent's Office   | 382,543              | 429,179              | 505,248              | 370,259              | 351,005              |
| Technology Support Services                                     | 3,686,311            | 4,302,817            | 4,192,273            | 4,145,077            | 3,208,799            |
| Texas Academic Decathlon  | -                    | -                    | -                    | -                    | -                    |
| Texas LEARNS  | -                    | -                    | 421,492              | 6,857,589            | 1,849,495            |
| The Teaching & Learning Center                                  | 1,058,193            | 1,181,660            | 1,223,398            | 965,705              | 998,820              |
| PFC Capital Projects  | -                    | -                    | -                    | 26,845               | -                    |
| Debt Service:   |                      |                      |                      |                      |                      |
| Principal Payments  | 2,106,429            | 2,131,429            | 1,916,429            | 1,811,428            | 1,761,429            |
| Interest & Fees   | 301,771              | 307,049              | 651,734              | 841,469              | 893,023              |
| Bond Issuance Costs & Fees                                      | -                    | 171,523              | 220,000              | -                    | -                    |
| <b>Total Expenditures</b>                                       | <u>\$ 72,783,901</u> | <u>\$ 78,145,010</u> | <u>\$ 75,858,286</u> | <u>\$ 83,597,445</u> | <u>\$ 78,904,603</u> |
| <b>Debt service as a percentage of non-capital expenditures</b> | 3.37%                | 3.23%                | 3.46%                | 3.24%                | 3.44%                |

NOTE: Governmental expenditures include those made by the following funds: General, Special Revenue, Debt Services and Public Facility Corporation (PFC) Capital Projects funds.

(1) Cooperative Programs moved to Choice Facility Cooperatives in FY 2012.

(2) In FY 2016 Choice Partners Cooperatives are accounted as an enterprise fund.

Source: HCDE records.







**Revenue Capacity**



**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**SCHEDULE OF PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN YEARS**  
**(Unaudited)**

**Table 7**

| Fiscal Year<br>Ended<br>August 31 | Net Tax Levy<br>for the<br>Fiscal Year | Collected within the<br>Fiscal Year of the Levy |                               | Collections in<br>Subsequent<br>Years | Total Collections<br>to Date |  |
|-----------------------------------|--|---|-------------------------------|---------------------------------------|------------------------------|--|
|                                   |  | Amount  | Percent<br>of Net Tax<br>Levy |                                       | Amount                       | Percent of Total<br>Tax Collections<br>to Net Tax Levy |
| 2021                              | \$ 25,252,221                          | \$ 24,822,724                                   | 98.30%                        | \$ -                                  | 24,822,724                   | 98.30%   |
| 2020                              | 23,937,452                             | 23,455,450                                      | 97.99%                        | 291,799                               | 23,747,249                   | 99.21%   |
| 2019                              | 23,187,623                             | 22,764,706                                      | 98.18%                        | 345,744                               | 23,110,450                   | 99.67%   |
| 2018                              | 22,230,715                             | 21,937,173                                      | 98.68%                        | 229,823                               | 22,166,996                   | 99.71%   |
| 2017                              | 21,678,010                             | 21,412,201                                      | 98.77%                        | 217,309                               | 21,629,510                   | 99.78%   |
| 2016                              | 21,040,325                             | 20,736,926                                      | 98.56%                        | 253,165                               | 20,990,091                   | 99.76%   |
| 2015                              | 20,933,936                             | 20,660,459                                      | 98.69%                        | 227,973                               | 20,888,432                   | 99.78%   |
| 2014                              | 20,064,263                             | 19,805,270                                      | 98.71%                        | 228,130                               | 20,033,400                   | 99.85%   |
| 2013                              | 19,167,433                             | 18,882,728                                      | 98.51%                        | 253,036                               | 19,135,764                   | 99.83%   |
| 2012                              | 18,141,665                             | 17,894,045                                      | 98.64%                        | 215,126                               | 18,109,171                   | 99.82%   |

Source: Harris County, Texas Appraisal District provides HCDE with appraised values for properties within HCDE's taxing authority.

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**PROPERTY TAX RATES, ALL DIRECT AND OVERLAPPING GOVERNMENTS**  
**LAST TEN FISCAL YEARS**  
**(Rates per \$100 of Assessed Value)**  
**(Unaudited)**

**Table 8**  
**Page 1 of 2**

| <b>Taxing Authority</b>                      | <b>2021</b> | <b>2020</b> | <b>2019</b> | <b>2018</b> | <b>2017</b> |
|--|-------------|-------------|-------------|-------------|-------------|
| <b>Department Direct Rate:</b>               |             |             |             |             |             |
| HCDE <sup>(a)</sup>                          | \$0.004993  | \$0.005000  | \$0.005190  | \$0.005195  | \$0.005200  |
| <b>Overlapping Rates Jurisdictions:</b>      |             |             |             |             |             |
| Harris County (HC)                           | 0.3912      | 0.4071      | 0.4186      | 0.4180      | 0.4166      |
| HC Flood Control District                    | 0.0314      | 0.0279      | 0.0288      | 0.0283      | 0.0283      |
| Port of Houston Authority                    | 0.0099      | 0.0107      | 0.0116      | 0.0116      | 0.0133      |
| HC Hospital District                         | 0.1667      | 0.1659      | 0.1711      | 0.1711      | 0.1718      |
| <b>Cities:</b>                               |             |             |             |             |             |
| Baytown                                      | 0.7952      | 0.8020      | 0.8220      | 0.8220      | 0.8220      |
| Bellaire                                     | 0.4473      | 0.4473      | 0.4313      | 0.4159      | 0.3874      |
| Deer Park                                    | 0.7200      | 0.7200      | 0.7200      | 0.7200      | 0.7200      |
| Houston                                      | 0.5618      | 0.5679      | 0.5883      | 0.5842      | 0.5864      |
| LaPorte                                      | 0.7100      | 0.7100      | 0.7100      | 0.7100      | 0.7100      |
| League City                                  | 0.5284      | 0.5486      | 0.5638      | 0.5650      | 0.5700      |
| Missouri City                                | 0.5980      | 0.6300      | 0.6300      | 0.6000      | 0.5601      |
| Pasadena                                     | 0.5337      | 0.5703      | 0.6154      | 0.5754      | 0.5754      |
| Pearland                                     | 0.7200      | 0.7412      | 0.7092      | 0.6851      | 0.6812      |
| Seabrook                                     | 0.5436      | 0.5520      | 0.5520      | 0.5749      | 0.5652      |
| South Houston                                | 0.6981      | 0.6999      | 0.6505      | 0.6433      | 0.6322      |
| Webster                                      | 0.3736      | 0.3620      | 0.3479      | 0.3173      | 0.2845      |
| West University Place                        | 0.2941      | 0.3092      | 0.3168      | 0.3168      | 0.3168      |
| <b>Taxing Authority</b>                      | <b>2021</b> | <b>2020</b> | <b>2019</b> | <b>2018</b> | <b>2017</b> |
| <b>School Districts and Junior Colleges:</b> |             |             |             |             |             |
| Aldine                                       | 1.2744      | 1.3471      | 1.4359      | 1.3734      | 1.3234      |
| Alief  | 1.2048      | 1.2441      | 1.3300      | 1.3300      | 1.3050      |
| Clear Creek                                  | 1.2659      | 1.3100      | 1.4000      | 1.4000      | 1.4000      |
| Cypress-Fairbanks                            | 1.3700      | 1.3700      | 1.4400      | 1.4400      | 1.4400      |
| Deer Park                                    | 1.0796      | 1.4151      | 1.5387      | 1.5567      | 1.5567      |
| Galena Park                                  | 1.1281      | 1.4717      | 1.5733      | 1.5633      | 1.5633      |
| Goose Creek                                  | 1.3543      | 1.3543      | 1.4319      | 1.4319      | 1.4319      |
| Houston                                      | 1.1331      | 1.1367      | 1.2067      | 1.2067      | 1.2067      |
| Humble                                       | 1.0684      | 1.4184      | 1.5200      | 1.5200      | 1.5200      |
| Katy   | 1.4431      | 1.4431      | 1.5166      | 1.5166      | 1.5166      |
| Klein  | 1.3600      | 1.3600      | 1.4300      | 1.4300      | 1.4300      |
| LaPorte                                      | 1.2697      | 1.2800      | 1.3800      | 1.3800      | 1.4200      |
| North Forest                                 | N/A         | N/A         | N/A         | N/A         | N/A         |
| Lone Star College *                          | 0.1078      | 0.1078      | 0.1078      | 0.1078      | 0.1078      |
| Pasadena                                     | 1.3830      | 1.3784      | 1.4800      | 1.4800      | 1.3500      |
| Pearland                                     | 1.3185      | 1.3956      | 1.4156      | 1.4156      | 1.4156      |
| San Jacinto Jr. College                      | 0.1694      | 0.1782      | 0.1793      | 0.1833      | 0.1824      |
| Sheldon                                      | 1.5016      | 1.4484      | 1.4700      | 1.4700      | 1.4100      |
| Spring                                       | 1.3843      | 1.4300      | 1.5100      | 1.5100      | 1.4700      |
| Spring Branch                                | 1.3073      | 1.3210      | 1.3945      | 1.3945      | 1.3945      |
| Tomball                                      | 1.2900      | 1.2900      | 1.3400      | 1.3400      | 1.3400      |

<sup>(a)</sup> HCDE has only Maintenance and Operating rates.

\* Formerly North Harris Montgomery Community College

Source: Harris County (Texas) Appraisal District



**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**PROPERTY TAX RATES, ALL DIRECT AND OVERLAPPING GOVERNMENTS**  
**LAST TEN FISCAL YEARS**  
**(Rates per \$100 of Assessed Value)**  
**(Unaudited)**

**Table 8**  
**Page 2 of 2**

| <b>Taxing Authority</b>                      | <b>2016</b> | <b>2015</b> | <b>2014</b> | <b>2013</b> | <b>2012</b> |
|--|-------------|-------------|-------------|-------------|-------------|
| <b>Department Direct Rate:</b>               |             |             |             |             |             |
| HCDE <sup>(a)</sup>                          | \$0.005422  | \$0.00600   | \$0.00636   | \$0.00661   | \$0.00658   |
| <b>Overlapping Rates Jurisdictions:</b>      |             |             |             |             |             |
| Harris County (HC)                           | 0.4192      | 0.4173      | 0.4146      | 0.4002      | 0.3911      |
| HC Flood Control District                    | 0.0273      | 0.0273      | 0.0283      | 0.0280      | 0.0280      |
| Port of Houston Authority                    | 0.0134      | 0.0153      | 0.0171      | 0.1952      | 0.0185      |
| HC Hospital District                         | 0.1700      | 0.1700      | 0.1700      | 0.1821      | 0.1921      |
| <b>Cities:</b>                               |             |             |             |             |             |
| Baytown                                      | 0.8220      | 0.8220      | 0.8220      | 0.8220      | 0.8220      |
| Bellaire                                     | 0.3805      | 0.3936      | 0.3999      | 0.3999      | 0.3999      |
| Deer Park                                    | 0.7144      | 0.7200      | 0.7200      | 0.7200      | 0.7200      |
| Houston                                      | 0.6011      | 0.6310      | 0.6387      | 0.6387      | 0.6387      |
| La Porte                                     | 0.7100      | 0.7100      | 0.7100      | 0.7100      | 0.7100      |
| League City                                  | 0.5735      | 0.5970      | 0.5970      | 0.5970      | 0.6100      |
| Missouri City                                | 0.5447      | 0.5650      | 0.5738      | 0.5448      | 0.5284      |
| Pasadena                                     | 0.5754      | 0.5769      | 0.5915      | 0.5915      | 0.5915      |
| Pearland                                     | 0.7053      | 0.7121      | 0.7051      | 0.7051      | 0.6851      |
| Seabrook                                     | 0.6126      | 0.6400      | 0.6651      | 0.6652      | 0.6499      |
| South Houston                                | 0.6995      | 0.6445      | 0.6699      | 0.7082      | 0.6875      |
| Webster                                      | 0.2345      | 0.2487      | 0.2696      | 0.2852      | 0.2852      |
| West University Place                        | 0.3318      | 0.3617      | 0.3741      | 0.3741      | 0.3741      |
| <b>Taxing Authority</b>                      | <b>2016</b> | <b>2015</b> | <b>2014</b> | <b>2013</b> | <b>2012</b> |
| <b>School Districts and Junior Colleges:</b> |             |             |             |             |             |
| Aldine                                       | 1.2859      | 1.2858      | 1.3058      | 1.3283      | 1.3283      |
| Alief  | 1.2800      | 1.2800      | 1.2900      | 1.3200      | 1.3300      |
| Clear Creek                                  | 1.4000      | 1.4000      | 1.4000      | 1.3600      | 1.3600      |
| Cypress-Fairbanks                            | 1.4400      | 1.4400      | 1.4500      | 1.4500      | 1.4300      |
| Deer Park                                    | 1.5567      | 1.5567      | 1.5567      | 1.5267      | 1.3967      |
| Galena Park                                  | 1.5134      | 1.5134      | 1.5134      | 1.5134      | 1.5134      |
| Goose Creek                                  | 1.4319      | 1.4319      | 1.3868      | 1.3321      | 1.3321      |
| Houston                                      | 1.1967      | 1.1967      | 1.1867      | 1.1567      | 1.1567      |
| Humble                                       | 1.5200      | 1.5200      | 1.5200      | 1.5200      | 1.5200      |
| Katy   | 1.5166      | 1.5266      | 1.5266      | 1.5266      | 1.5266      |
| Klein  | 1.4100      | 1.3900      | 1.4300      | 1.4400      | 1.4300      |
| La Porte                                     | 1.4500      | 1.4500      | 1.3300      | 1.3300      | 1.3550      |
| North Forest                                 | N/A         | N/A         | N/A         | 1.4432      | 1.4692      |
| Lone Star College *                          | 0.1079      | 0.1081      | 0.1160      | 0.1198      | 0.1210      |
| Pasadena                                     | 1.3500      | 1.3500      | 1.3500      | 1.3500      | 1.3500      |
| Pearland                                     | 1.4156      | 1.4157      | 1.4157      | 1.4194      | 1.4194      |
| San Jacinto Jr. College                      | 0.1758      | 0.1856      | 0.1856      | 0.1856      | 0.1856      |
| Sheldon                                      | 1.4100      | 1.4300      | 1.4300      | 1.4300      | 1.4300      |
| Spring                                       | 1.4700      | 1.5100      | 1.5700      | 1.5700      | 1.5700      |
| Spring Branch                                | 1.3945      | 1.3945      | 1.3945      | 1.3945      | 1.3945      |
| Tomball                                      | 1.3400      | 1.3600      | 1.3600      | 1.3600      | 1.3600      |

<sup>(a)</sup> HCDE has only Maintenance and Operating rates.

\* Formerly North Harris Montgomery Community College

Source: Harris County (Texas) Appraisal District

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
*(Amounts Expressed in Thousands)*  
*(Unaudited)*

**Table 9**

| Fiscal Year<br>Ended Aug 31 | Real<br>Property Value |                | Personal<br>Property Value |               | Less:<br>Exemptions | Adjusted<br>Assessed Value | HCDE<br>Tax Rates |
|-----------------------------|------------------------|----------------|----------------------------|---------------|---------------------|----------------------------|-------------------|
|                             | Residential            | Commercial     | Residential                | Commercial    |                     |                            |                   |
| 2021                        | \$ 252,099,576         | \$ 204,955,981 | \$ 150,676,796             | \$ 45,005,320 | \$146,995,988       | \$ 505,741,685             | 0.004993          |
| 2020                        | 243,096,335            | 231,361,699    | 85,718,615                 | 54,500,076    | 137,030,564         | 477,646,161                | 0.005000          |
| 2019                        | 224,983,572            | 192,041,232    | 102,407,056                | 51,115,449    | 125,209,044         | 445,338,265                | 0.005190          |
| 2018                        | 212,045,562            | 198,126,505    | 50,888,644                 | 43,362,660    | 70,345,198          | 434,078,174                | 0.005195          |
| 2017                        | 209,213,537            | 187,383,708    | 84,565,308                 | 41,903,961    | 110,181,699         | 412,884,815                | 0.005200          |
| 2016                        | 194,080,210            | 184,129,876    | 73,005,880                 | 45,005,320    | 108,166,600         | 388,054,686                | 0.005422          |
| 2015                        | 163,634,124            | 183,843,138    | 51,916,325                 | 50,762,171    | 101,198,666         | 348,957,093                | 0.005999          |
| 2014                        | 144,388,401            | 169,041,407    | 47,493,252                 | 49,442,454    | 94,790,443          | 315,575,071                | 0.006358          |
| 2013                        | 136,475,054            | 93,503,889     | 45,197,018                 | 43,387,355    | 28,893,782          | 289,669,533                | 0.006610          |
| 2012                        | 134,543,172            | 137,773,436    | 45,731,769                 | 45,253,937    | 87,635,015          | 275,667,299                | 0.006580          |

Source: Harris County (Texas) Appraisal District

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**PRINCIPAL TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**  
**(Amounts in Thousands)**  
**(Unaudited)**

*Table 10*

| Taxpayers                        | 2021                         |      |  | 2012                         |      |  |
|----------------------------------|------------------------------|------|--|------------------------------|------|--|
|                                  | 2020                         | Rank | Percentage                                 | 2011                         | Rank | Percentage                                 |
|                                  | Taxable Value <sup>(a)</sup> |      | of Total 2021 Taxable Value <sup>(b)</sup> | Taxable Value <sup>(a)</sup> |      | of Total 2012 Taxable Value <sup>(c)</sup> |
| Centerpoint Energy, Inc.         | \$ 4,166,177                 | 1    | 0.82%                                      | \$ 2,458,242                 | 2    | 0.89%                                      |
| Exxon Mobil Corporation          | 4,719,740                    | 2    | 0.93%                                      | 3,049,210                    | 1    | 1.11%                                      |
| Chevron Phillips Chemical CO LP  | 3,639,169                    | 3    | 0.72%                                      | 1,805,849                    | 4    | 0.66%                                      |
| Equistar Chemicals LP (d)        | 2,052,660                    | 4    | 0.41%                                      | 1,032,141                    | 9    | 0.37%                                      |
| Shell Oil Company                | 1,850,151                    | 5    | 0.37%                                      | 2,146,430                    | 3    | 0.78%                                      |
| Enterprise                       | 1,256,969                    | 6    | 0.25%                                      | -                            |      |  |
| Lyondell Chemical (d)            | 1,207,790                    | 7    | 0.24%                                      | 825,232                      | 10   | 0.30%                                      |
| Palmetto Transoceanic LLC        | 1,012,329                    | 8    | 0.20%                                      | -                            |      |  |
| Wal Mart                         | 949,463                      | 9    | 0.19%                                      | -                            |      |  |
| Phillips 66 Company              | 866,237                      | 10   | 0.17%                                      | -                            |      |  |
| Hewlett Packard                  | -                            |      |  | 1,128,140                    | 6    | 0.41%                                      |
| Crescent Real State              | -                            |      |  | 1,284,063                    | 7    | 0.47%                                      |
| Houston Refining (d)             | -                            |      |  | -                            |      |  |
| National Oilwell                 | -                            |      |  | 1,202,593                    | 8    | 0.44%                                      |
| Hines Interests Ltd. Partnership | -                            |      |  | 1,393,328                    | 5    | 0.51%                                      |
| <b>Total</b>                     | <b>\$ 21,720,685</b>         |      | <b>4.29%</b>                               | <b>\$ 16,325,228</b>         |      | <b>5.92%</b>                               |

Source: Harris County (Texas) Appraisal District

- (a) Amounts for these taxpayers do not include taxable valuations, which may be substantial, attributable to certain subsidiaries and affiliates which are not grouped on the tax rolls with the taxpayers shown.
- (b) Based on total taxable value as of August 2020.
- (c) Based on total taxable value as of August 2011.
- (d) Lyondell Chemical filed for Chapter 11 bankruptcy on January 6, 2009. It is not certain whether all taxes owed by Lyondell Chemical and its related entities Houston Refining and Equistar Chemical LP will be paid.





## Debt Capacity





**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**RATIO OF NET GENERAL BONDED DEBT OUTSTANDING TO ASSESSED**  
**VALUE, PERCENT OF PERSONAL INCOME, AND DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

**Table 11**  
**Page 1 of 2**

| <b>Fiscal<br/>Year<br/>Ended<br/>Aug. 31</b> | <b>Gross<br/>Bonded<br/>Debt (1)</b> | <b>Less<br/>Restricted<br/>For<br/>Debt Service (2)</b> | <b>Net<br/>Bonded<br/>Debt</b> | <b>Taxable/Assessed<br/>Property Values<sup>(b)</sup><br/>(amounts in<br/>thousands) (3)</b> |
|--|--------------------------------------|---|--------------------------------|--|
| 2021   | \$ 54,857,899                        | \$ -  | \$ 54,857,899                  | \$ 505,741,685   |
| 2020   | 10,612,282                           | -   | 10,612,282                     | 477,646,161  |
| 2019   | 13,310,713                           | -   | 13,310,713                     | 445,338,265  |
| 2018   | 16,197,142                           | -   | 16,197,142                     | 434,078,174  |
| 2017   | 19,053,624                           | -   | 19,053,624                     | 412,884,815  |
| 2016   | 14,844,750                           | -   | 14,844,750                     | 388,054,686  |
| 2015   | 16,959,914                           | -   | 16,959,914                     | 348,957,093  |
| 2014   | 19,828,750                           | -   | 19,828,750                     | 315,575,071  |
| 2013   | 20,954,287                           | -   | 20,954,287                     | 289,669,533  |
| 2012   | 22,765,715                           | -   | 22,765,715                     | 275,667,299  |

Notes:

(1) Includes lease revenue bonds, QZAB bonds, and Maintenance Tax Notes

(2) HCDE does not have a debt service rate

(3) Source-Taxable Assessed Property Values: Harris County (Texas) Appraisal District

(4) Source-Personal Income: Bureau of Economic Analysis. This ratio is calculated using the value for the prior calendar year.

(5) Source-Population: Bureau of the Census. This ratio is calculated using the value for the prior calendar year

n/a - indicates the numbers are not yet available

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**RATIO OF NET GENERAL BONDED DEBT OUTSTANDING TO ASSESSED**  
**VALUE, PERCENT OF PERSONAL INCOME, AND DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

**Table 11**  
**page 2 of 2**

| <b>Fiscal Year Ended Aug. 31</b> | <b>Ratio of Net Bonded Debt to Assessed Values</b> | <b>Personal Income <sup>(c)</sup> (amounts in thousands) (4)</b> | <b>Percent of Personal Income</b> | <b>Population(5)</b> | <b>Debt per Capita</b> |
|----------------------------------|--|--|-----------------------------------|----------------------|------------------------|
| 2021                             | 0.0108%  | n/a  | n/a                               | 4,731,145            | \$11.60                |
| 2020                             | 0.0022%  | \$ 285,160,839   | 0.0037%                           | 4,767,540            | \$2.23                 |
| 2019                             | 0.0030%  | 282,809,166  | 0.0047%                           | 4,713,325            | \$2.82                 |
| 2018                             | 0.0037%  | 265,351,328  | 0.0061%                           | 4,652,980            | \$3.48                 |
| 2017                             | 0.0046%  | 247,482,118  | 0.0077%                           | 4,589,928            | \$4.15                 |
| 2016                             | 0.0038%  | 240,752,454  | 0.0062%                           | 4,538,028            | \$3.27                 |
| 2015                             | 0.0049%  | 252,694,912  | 0.0067%                           | 4,441,370            | \$3.82                 |
| 2014                             | 0.0063%  | 230,462,963  | 0.0086%                           | 4,336,853            | \$4.57                 |
| 2013                             | 0.0072%  | 224,617,980  | 0.0093%                           | 4,253,700            | \$4.93                 |
| 2012                             | 0.0083%  | 204,593,445  | 0.0111%                           | 4,180,894            | \$5.45                 |

Notes:

(1) Includes lease revenue bonds, QZAB bonds, and Maintenance Tax Notes

(2) HCDE does not have a debt service rate

(3) Source-Taxable Assessed Property Values: Harris County (Texas) Appraisal District

(4) Source-Personal Income: Bureau of Economic Analysis. This ratio is calculated using the value for the prior calendar year.

(5) Source-Population: Bureau of the Census. This ratio is calculated using the value for the prior calendar year.

n/a - indicates the numbers are not yet available





**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES BY TYPE**  
**TO GOVERNMENTAL FUNDS EXPENDITURES**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

*Table 12*

| Year Ended August 31 | Principal and Interest             |                             |                         | Governmental Funds Expenditures | Ratio of Bonded Debt Expenditures to Governmental Funds Expenditures |
|----------------------|------------------------------------|-----------------------------|-------------------------|---------------------------------|--|
|                      | Bonds & Notes Payable Expenditures | Capital Acquisition Program | Total Debt Expenditures |                                 |  |
| 2021                 | \$ 4,000,255                       | \$ -                        | \$ 4,000,255            | \$ 89,639,976                   | 4.46%  |
| 2020                 | 2,917,611                          | -                           | 2,917,611               | 90,182,962                      | 3.24%  |
| 2019                 | 3,149,496                          | -                           | 3,149,496               | 82,995,395                      | 3.79%  |
| 2018                 | 3,144,592                          | -                           | 3,144,592               | 79,368,338                      | 3.96%  |
| 2017                 | 3,133,732                          | -                           | 3,133,732               | 76,879,551                      | 4.08%  |
| 2016                 | 2,408,200                          | -                           | 2,408,200               | 72,783,901                      | 3.31%  |
| 2015                 | 2,438,478                          | -                           | 2,438,478               | 78,145,010                      | 3.12%  |
| 2014                 | 2,568,163                          | -                           | 2,568,163               | 75,858,286                      | 3.39%  |
| 2013                 | 2,652,897                          | -                           | 2,652,897               | 83,597,445                      | 3.17%  |
| 2012                 | 2,654,452                          | -                           | 2,654,452               | 78,904,603                      | 3.36%  |

Source: HCDE records.

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**ESTIMATED COUNTY-WIDE DIRECT AND OVERLAPPING BONDED DEBT**  
**AUGUST 31, 2021**  
**(Unaudited)**

**Table 13**

|   | <b>Percentage<br/>Applicable to<br/>Name of Government</b> | <b>Net Debt<br/>(Thousands)</b> |
|---|--|---------------------------------|
| <b><u>OVERLAPPING</u></b>   |  |                                 |
| <b>County-Wide Jurisdictions:</b>   |  |                                 |
| Harris County (2/28/21) (a)   | 100.00%  | \$ 1,464,067                    |
| Harris County Flood Control District (2/28/21)                                  | 100.00%  | 740,808                         |
| Port of Houston Authority (2/28/21)   | 100.00%  | <u>492,439</u>                  |
| <b>Total County-Wide Direct Debt</b>  |  | <b>\$ 2,697,314</b>             |
| <b>Cities:</b>  |  |                                 |
| Houston (06/30/2021)  | 100.00%  | \$ 3,644,819                    |
| Other cities (a)  | Various  | <u>533,195</u>                  |
| <b>Sub-Total Cities</b>   |  | <b><u>4,178,014</u></b>         |
| <b>School Districts and Junior Colleges: (b)</b>                                | Various  | <u>18,424,799</u>               |
| Utility Districts (c)   | 100.00%  | <u>7,868,086</u>                |
| <b>Total Overlapping Debt:</b>  |  | <b>\$ 33,168,213</b>            |
| <b>Total Direct HCDE (e)</b>  |  | <b>\$ 54,858</b>                |
| <b>Total Direct and Overlapping Debt<br/>(Estimated \$7,022 Per Capita) (e)</b> |  | <b><u>\$ 33,223,071</u></b>     |

- (a) Aggregate net debt of 15 cities, each of which had a net debt of less than \$10,000,000.
- (b) Aggregate of 3 school, each of which had a net debt of less than \$25,000,000.
- (c) Estimated aggregate net debt of several hundred utility districts. Source: Municipal Advisory Council (MAC).
- (d) Census Bureau population estimated 4,589,928. Source: Bureau of the Census.
- (e) Net debt for HCDE includes the following:

|                               |                             |
|-------------------------------|-----------------------------|
| Lease Revenue Bonds (Net)     | \$ 34,660,000               |
| QZAB                          | 902,857                     |
| Maintenance Notes             | 13,865,000                  |
| Issuance Premiums             | <u>5,430,042</u>            |
| <b>Total Direct HCDE Debt</b> | <b><u>\$ 54,857,899</u></b> |

Source: Harris County, Texas. The table reflects bonds outstanding as of various dates. Certain entities may have issued substantial amounts of bonds since the latest available data and may have capital improvements programs requiring the issuance of a substantial amount of additional bonds. The Harris County Department of Education has the same geographical boundaries as the Harris County.



# Demographic & Economic Information

**HARRIS COUNTY DEPARTMENT OF EDUCATION  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

**Table 14**

| <b>Calendar Year</b> | <b>Population <sup>(a)</sup></b> | <b>Unemployment Rate <sup>(a)</sup></b> | <b>Personal Income <sup>(a)</sup></b> | <b>Per Capita Income</b> |
|----------------------|----------------------------------|---|---------------------------------------|--------------------------|
| 2021                 | 4,731,145                        | 6.10%                                   | n/a                                   | n/a                      |
| 2020                 | 4,767,540                        | 10.00%                                  | \$ 285,160,839,000                    | \$ 59,813                |
| 2019                 | 4,713,325                        | 3.80%                                   | 282,809,166,000                       | 60,002                   |
| 2018                 | 4,652,980                        | 4.40%                                   | 265,351,328,000                       | 57,028                   |
| 2017                 | 4,589,928                        | 4.10%                                   | 247,482,118,000                       | 53,919                   |
| 2016                 | 4,538,028                        | 4.80%                                   | 240,752,454,000                       | 53,052                   |
| 2015                 | 4,441,370                        | 4.60%                                   | 252,694,912,000                       | 56,896                   |
| 2014                 | 4,336,853                        | 5.00%                                   | 230,462,963,000                       | 53,141                   |
| 2013                 | 4,253,700                        | 6.00%                                   | 224,617,980,000                       | 52,805                   |
| 2012                 | 4,180,894                        | 6.60%                                   | 204,593,445,000                       | 48,935                   |

n/a - indicates the numbers are not yet available.

Sources: (a) The County Information Program, Texas Association of Counties  
Population and unemployment rate is previous year information.

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**MISCELLANEOUS STATISTICAL DATA**  
**AUGUST 31, 2021**  
**(Unaudited)**

*Table 15*

The Department was created by the Texas State Legislature, and is located in Houston in Harris County, Texas.

|   |   |
|---|---|
| Year Created  | 1889                                      |
| Location of administrative offices                          | 6300 Irvington Blvd. Houston, Texas 77022 |
| County Seat   | Houston                                   |
| Largest City in Texas                                       | Houston                                   |
| Fifth largest city in the United States (a)                 | Houston                                   |
| Number of school districts in primary service area          | 25  |
| 2019 estimate Population of Harris County, Texas (b)        | 4,738,253                                 |
| Area of Harris County, Texas (b)                            | 1,778 square miles                        |
| 2020 Employment by Major Industry: (a)                      |   |
| Mining and Logging  | 64,500                                    |
| Construction  | 207,100                                   |
| Manufacturing   | 209,600                                   |
| Trade, Transportation, and Utilities                        | 615,000                                   |
| Information   | 28,200                                    |
| Financial Activities  | 165,200                                   |
| Professional and Business Services                          | 483,400                                   |
| Educational and Health Services                             | 394,500                                   |
| Leisure and Hospitality                                     | 279,700                                   |
| Other Services  | 104,100                                   |
| Government  | 412,100                                   |
| 2015-2019 Median household income: (b)                      |   |
| State of Texas  | \$ 61,874                                 |
| Harris County   | \$ 61,705                                 |
| August 2019 Unemployment Rate (c)                           |   |
| State of Texas  | 3.6%                                      |
| Harris County   | 3.9%                                      |
| 2015-2019 Median value of owner occupied housing units: (b) |   |
| State of Texas  | \$ 172,500                                |
| Harris County   | \$ 175,700                                |

Sources: (a) Bureau of Labor Statistics  
(b) U. S. Bureau of the Census  
(c) Texas Association of Counties

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**PRINCIPAL EMPLOYEES**  
**CURRENT YEAR AND TEN YEARS AGO**  
**(Amounts in thousands)**  
**(Unaudited)**

*Table 16*

| Employer                     | 2021           |      |                                | 2012           |      |                                |
|------------------------------|----------------|------|--------------------------------|----------------|------|--------------------------------|
|                              | Employees      | Rank | Percentage of Total Employment | Employees      | Rank | Percentage of Total Employment |
| HEB                          | 38,554         | 1    | 1.1719%                        | 17,627         | 3    | 0.6563%                        |
| Wal-Mart Stores Inc.         | 32,000         | 2    | 0.9727%                        |                |      |                                |
| Memorial Hermann Healthcare  | 27,717         | 3    | 0.8425%                        | 20,000         | 1    | 0.7446%                        |
| Houston Methodist            | 26,540         | 4    | 0.8067%                        | 14,300         | 8    | 0.5324%                        |
| UT MD Anderson Cancer Center | 21,946         | 5    | 0.6671%                        | 18,670         | 2    | 0.6951%                        |
| Amazon                       | 16,000         | 6    | 0.4864%                        |                |      |                                |
| Kroger Co                    | 15,750         | 7    | 0.4788%                        | 14,828         | 6    | 0.5520%                        |
| HCA Houston HealthCare       | 15,065         | 8    | 0.4579%                        |                |      |                                |
| Exxon Mobil Corp             | 14,834         | 9    | 0.4509%                        | 14,400         | 7    | 0.5361%                        |
| Texas Children's Hospital    | 13,081         | 10   | 0.3976%                        |                |      |                                |
| United Airlines              |                |      |                                | 16,665         | 4    | 0.6204%                        |
| McDonald's Corp.             |                |      |                                | 14,880         | 5    | 0.5500%                        |
| Schlumberger                 |                |      |                                | 10,817         | 9    | 0.4027%                        |
| UT Medical Branch Galveston  |                |      |                                | 10,714         | 10   | 0.3989%                        |
| <b>Totals</b>                | <b>221,487</b> |      | <b>6.7325%</b>                 | <b>152,901</b> |      | <b>5.6885%</b>                 |

Notes: Employment numbers were obtained from the Houston Chronicle.  
 These numbers exclude employment numbers for Houston ISD and the City of Houston







# Operating Information



**HARRIS COUNTY DEPARTMENT OF EDUCATION  
DEPARTMENT EMPLOYEES BY PROGRAM  
LAST TEN FISCAL YEARS  
(Unaudited)**

**Table 17  
Page 1 of 2**

|   | <u>2021</u>  | <u>2020</u>  | <u>2019</u>  | <u>2018</u>  | <u>2017</u>  |
|---|--------------|--------------|--------------|--------------|--------------|
| Adult Education                                       | 72.0         | 73.3         | 73.3         | 73.3         | 75.3         |
| Assistant Superintendents' Offices                    | 6.0          | 6.0          | 6.0          | 6.0          | 5.0          |
| Alternative Certification                             | 5.0          | 5.5          | 5.5          | 5.5          | 5.5          |
| Business Support Services                             | 15.0         | 17.0         | 16.5         | 16.5         | 16.5         |
| Board of Trustees                                     | 1.0          | 1.0          | 1.0          | 1.0          | 0.5          |
| Center for After School, Summer and Expanded Learning | 24.0         | 26.0         | 20.0         | 21.0         | 22.2         |
| Center for Safe & Secure Schools                      | 5.0          | 5.0          | 3.0          | 4.0          | 3.0          |
| Center for School Governance & Fiscal Accountability  | -            | -            | -            | -            | -            |
| Choice Partners Cooperative                           | 19.0         | 19.5         | 18.4         | 18.4         | 15.4         |
| Client Engagement                                     | 5.0          | 3.9          | 6.0          | 6.0          | 4.6          |
| Communications  | 9.0          | 9.6          | 8.6          | 8.6          | 9.0          |
| Digital Learning & Instructional Technology           | -            | -            | -            | -            | -            |
| Facility Support Services                             | 49.0         | 51.0         | 51.5         | 51.5         | 51.5         |
| Head Start Program                                    | 242.0        | 293.0        | 288.0        | 288.0        | 285.0        |
| Human Resources                                       | 10.0         | 10.0         | 10.0         | 10.0         | 10.0         |
| Purchasing Support                                    | 7.0          | 6.0          | 6.0          | 6.0          | 6.0          |
| Records Management Services                           | 14.0         | 15.0         | 14.0         | 14.0         | 13.0         |
| Research & Evaluation                                 | 7.0          | 7.0          | 7.0          | 7.0          | 7.0          |
| Resource Development                                  | 6.0          | 6.0          | 6.0          | 6.0          | 6.0          |
| School Based Therapy Services                         | 157.0        | 143.9        | 141.9        | 141.9        | 138.3        |
| Special Schools Program                               | 155.0        | 174.0        | 168.0        | 168.0        | 158.3        |
| Superintendent's Office                               | 2.0          | 2.0          | 2.0          | 2.0          | 1.5          |
| Digital Learning and Innovation                       | 1.8          | 1.8          | 2.0          | 2            | 2            |
| Technology Support Services                           | 23.0         | 24.0         | 21.0         | 21.0         | 21.0         |
| Texas LEARNS  | -            | -            | -            | -            | -            |
| Texas Virtual School Network                          | -            | -            | -            | -            | 15.0         |
| The Teaching and Learning Center                      | 7.0          | 10.8         | 10.5         | 10.5         | 11.8         |
| <b>Total:</b>   | <u>841.8</u> | <u>911.3</u> | <u>886.2</u> | <u>888.2</u> | <u>883.1</u> |

Note: Count includes both full-time equivalent and hourly employees (where the position is their primary job at HCDE).

Source: HCDE records.

**HARRIS COUNTY DEPARTMENT OF EDUCATION  
DEPARTMENT EMPLOYEES BY PROGRAM  
LAST NINE FISCAL YEARS  
(Unaudited)**

**Table 17  
Page 2 of 2**

|   | <u>2016</u>  | <u>2015</u>  | <u>2014</u>  | <u>2013</u>  | <u>2012</u>  |
|---|--------------|--------------|--------------|--------------|--------------|
| Adult Education                                       | 75.3         | 78.7         | 104.2        | 77.0         | 78.0         |
| Assistant Superintendents' Offices                    | 4.0          | 3.5          | 3.5          | 3.5          | 3.5          |
| Alternative Certification                             | 5.5          | 4.0          | 4.0          | 2.5          | 2            |
| Business Support Services                             | 16.5         | 15.5         | 15.5         | 15.5         | 15.5         |
| Board of Trustees                                     | 0.5          | 0.5          | 0.5          | 0.5          | 0.5          |
| Center for After School, Summer and Expanded Learning | 22.2         | 13.0         | 13.0         | 14.0         | 14.0         |
| Center for Safe & Secure Schools                      | 3.0          | 3.5          | 3.5          | 1.0          | 3.0          |
| Center for School Governance & Fiscal Accountability  | -            | 0.5          | 0.5          | 1            | 1            |
| Choice Partners Cooperative                           | 15.4         | 15.0         | 16.0         | 17.0         | 9.0          |
| Client Engagement                                     | 4.6          | 4.0          | 4.0          | 3.0          | 3            |
| Communications  | 9.0          | 6.0          | 6.0          | 6.0          | 5.0          |
| Digital Learning & Instructional Technology           | -            | 1.0          | 1.0          | 2.0          | 2.0          |
| Facility Support Services                             | 51.5         | 51.5         | 51.5         | 52.0         | 53.5         |
| Head Start Program                                    | 285.0        | 258.5        | 235.3        | 242.0        | 251.0        |
| Human Resources                                       | 10.0         | 9.5          | 10.0         | 11.0         | 11.0         |
| Purchasing Support                                    | 6.0          | 6.0          | 6.0          | 6.0          | 11.0         |
| Records Management Services                           | 13.0         | 12.0         | 12.0         | 13.0         | 14.0         |
| Research & Evaluation                                 | 7.0          | 6.0          | 6.0          | 6.0          | 6.0          |
| Resource Development                                  | 6.0          | 6.0          | 6.0          | 7.0          | 7.0          |
| School Based Therapy Services                         | 138.3        | 206.0        | 196.4        | 211.0        | 221.0        |
| Special Schools Program                               | 155.0        | 157.0        | 145.0        | 142.0        | 142.0        |
| Superintendent's Office                               | 2.5          | 2.0          | 2.0          | 2.0          | 2.0          |
| Digital Learning and Innovation                       | -            | 3.0          | 3            | 3            | -            |
| Technology Support Services                           | 22.0         | 24.0         | 25.0         | 27.0         | 24.0         |
| Texas LEARNS  | -            | -            | -            | 15.0         | 14.0         |
| Texas Virtual School Network                          | 15.0         | 18.0         | 17.0         | 17.0         | 19.0         |
| The Teaching and Learning Center                      | 12.5         | 9.8          | 9.8          | 9.0          | 9.0          |
| <b>Total:</b>   | <u>879.7</u> | <u>914.5</u> | <u>896.7</u> | <u>905.5</u> | <u>920.2</u> |

Note: Count includes both full-time equivalent and hourly employees (where the position is their primary job at HCDE).

Source: HCDE records.

**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**OPERATIONAL INDICATORS BY PROGRAMS**  
**LAST FIVE FISCAL YEARS**  
**(Unaudited)**

*Table 18*

| <b>Programs</b>  | <b>Services Provided</b>  |
|--|---|
| Adult Education  | Administers grants  |
| Assistant Superintendents' Offices                           | Support/administrative  |
| Board of Trustees  | Governance  |
| Business Support Services                                    | Support/administrative  |
| Center for After-School, Summer and Expanded Learning (CASE) | Administer grants for after-school programs at school districts and charter schools |
| Center for Grant Development                                 | Internal support for grants/resources acquisition                                   |
| Center for Safe & Secure Schools                             | Campus security review and training   |
| Chief of Staff   | Support/public information  |
| Client Engagemet   | Internal support for grants/resources acquisition                                   |
| Communications   | Support/public information  |
| Department Wide  | Support   |
| Digital Education & Innovations                              | Provide online courses to teachers  |
| Educator Certification & Advancement                         | Training for teacher and principal candidates                                       |
| Facility Support Services                                    | Support   |
| Head Start Program   | Administer grant programs   |
| Human Resources  | Support   |
| Purchasing Support Services                                  | Internal purchasing   |
| Records Management Services                                  | Records retention cooperative   |
| Research & Evaluation Institute                              | Research support services   |
| Retirement Leave Benefits                                    | Retirement benefits program   |
| Scholastic Arts & Writing Program                            | Administer regional program for Texas Students                                      |
| School-based Therapy Services                                | Therapy services and grant programs   |
| Special Schools Services                                     | Contract instruction for special-population students                                |
| Superintendent's Office                                      | Support/administrative  |
| Technology Support Services                                  | Support   |
| Teaching & Learning Center                                   | Professional development training<br>Therapy services and grant programs            |
| COMPONENT UNIT:  |   |
| Education Foundation of Harris County                        | Fund-raising and grants   |

Source: HCDE records.

| Site #                              | Building/<br>Purpose                  | Location/<br>City     | Year<br>Built | Put Into<br>Service | Square<br>Footage |
|-------------------------------------|---------------------------------------|-----------------------|---------------|---------------------|-------------------|
| <b>(1) Administration:</b>          |                                       |                       |               |                     |                   |
| 1.                                  | Ronald W. Reagan Building             | North Houston, TX     | 1988          | 1988                | 72,000            |
| 2.                                  | North Post Oak Building               | North Houston, TX     | 1995          | 2006                | 340,000           |
| 3.                                  | Conference Center and Parking Garage  | North Houston, TX     | 2002          | 2002                | 15,000            |
| 4.                                  | Caplin Warehouse                      | Northeast Houston, TX | 1999          | 1999                | 17,000            |
| 5.                                  | Melbourne Warehouse                   | North Houston, TX     | 2005          | 2005                | 2,400             |
| 6.                                  | Science Building                      | North Houston, TX     | 2010          | 2010                | 2,430             |
| <b>(2) Schools:</b>                 |                                       |                       |               |                     |                   |
| 7.                                  | Academic & Behavior Center (ABC)-East | Southeast Houston, TX | 1980          | 1982                | 47,000            |
| 8.                                  | ABC-West                              | Southwest Houston, TX | 1980          | 1998                | 22,500            |
| 9.                                  | High Point-East Campus                | Northeast Houston, TX | 1970          | 1995                | 45,000            |
| 10.                                 | High Point-North Campus               | Northwest Houston, TX | 1997          | 1997                | 24,500            |
| 11.                                 | ABC-West (New)                        | Southwest Houston, TX | 2020          | 2020                | 45,000            |
| <b>(3) Adult Education Program:</b> |                                       |                       |               |                     |                   |
| 12.                                 | Irvington Adult Education             | North Houston, TX     | 1972          | 1972                | 16,000            |
| 13.                                 | Lindale Adult Education               | North Houston, TX     | 2002          | 2002                | 13,600            |
| <b>(4) Head Start Program:</b>      |                                       |                       |               |                     |                   |
| 14.                                 | Barrett Station Center                | Crosby, TX            | 2002          | 2002                | 2,660             |
| 15.                                 | La Porte Center                       | La Porte, TX          | 1999          | 1999                | 5,760             |
| 16.                                 | Pugh Center                           | Houston, Texas        | 2000          | 2000                | 2,600             |
| 17.                                 | Humble Center                         | Humble, Texas         | 2015          | 2015                | 1,728             |
| 18.                                 | Humble Center                         | Humble, Texas         | 2001          | 2001                | 2,294             |
| <b>(5) Other Services:</b>          |                                       |                       |               |                     |                   |
| 19.                                 | Printing and Visual Communications    | North Houston, TX     | 2001          | 2001                | 15,000            |
| 20.                                 | Crosstimbers Records Storage Facility | North Houston, TX     | 1980          | 1996                | 18,000            |

**Notes:**

- (1) The administration buildings and the conference center (top floor of the parking garage) have workshop and conference facilities where meetings are held and professional development training is provided.
- (2) The Department contracts with local independent school districts to provide direct instruction at four schools-2 for adjudicated youth (grades 7-12) and 2 for special needs students (through age 21).
- (3) The Department administers an Adult Education program across Harris County, providing instruction to limited English proficient and GED students at numerous classrooms located at community and school district facilities.
- (4) The Department operates the Area I Head Start program in northeast Harris County. The administration offices are located at the Ronald W. Reagan building and there are 15 centers. The Department partners with school districts and community partners in the other 11 centers. The Pugh Center and Humbe Center are portable buildings.
- (5) The Department owns these buildings that are currently for sale. The print shop was disbanded in 2008 and the records retention service was relocated to the North Post Oak building.

This is an overview of the direct services to students of all ages provided by HCDE in response to the needs of the schools and the students in the primary service area of Harris County, Texas.

**HARRIS COUNTY, TEXAS AND 25 SCHOOL DISTRICTS**

The HCDE primary service area covers school districts and charter schools across 1,700 square miles.

**HCDE SPECIAL SCHOOL LOCATIONS**

HCDE operates three alternative education programs at 4 sites, including:

- Academic and Behavior Centers (ABCs) provide educational programs for students ages 5-21 with emotional disturbances, mental retardation, and pervasive developmental disturbances from customer school districts;
- Highpoint Schools provide long-term educational services for expelled and/or adjudicated students from customer school districts; and
- Fortis Academy help students who have completed a substance abuse or dependency rehabilitation program continue their high school education in a sober environment.

| <b>Campus</b>  | <b>Year Opened</b> | <b>Area Served</b>      |
|----------------|--------------------|-------------------------|
| ABC-East       | FY 1982            | Southeast Harris County |
| ABC-West       | FY 2020            | Southwest Harris County |
| Highpoint-East | FY 1995            | Northeast Harris County |
| Fortis Academy | FY 2018            | Northern Harris County  |

**HCDE HEAD START LOCATIONS**

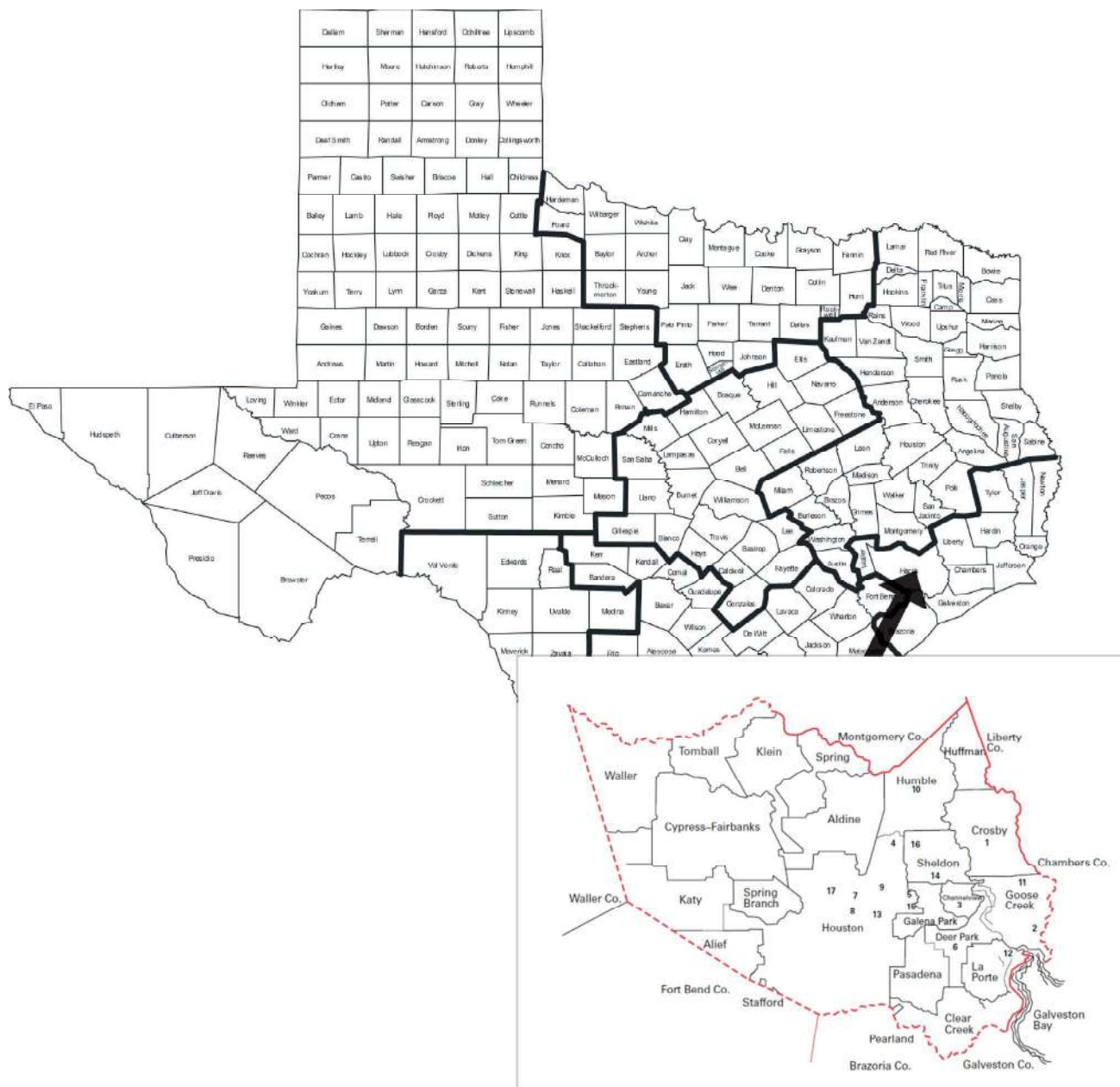
HCDE administers the Area I Head Start program at fifteen (15) neighborhood centers across the north, east, and southeast portion of Harris County, Texas and five Early Head Start Program and six Early Head Start Community Partners.

**HCDE CASE SCHOOLS LOCATIONS**

The Center for After School, Summer and Expanded Learning (CASE) Division is fiscal agent for numerous after school programs in client independent school districts and charter schools. Additional location information is available in Notes to the Basic Financial Statements, Note 9- Shared Service Arrangements.



# Harris County, Texas and 25 School Districts











**Harris County**  
Department of  
**Education**

It is the policy of Harris County Department of Education not to discriminate on the basis of race, color, national origin, gender, limited English proficiency, or handicapping condition(s) in its programs.

6300 IRVINGTON BLVD. | HOUSTON, TX 77022 | 713-694-6300 | [WWW.HCDE-TEXAS.ORG](http://WWW.HCDE-TEXAS.ORG)