

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDING AUGUST 31, 2023

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REPORTS ONLINE



ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF
HARRIS COUNTY DEPARTMENT OF EDUCATION

For the Fiscal Year Ended August 31, 2023

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/ Table</u>
Introductory Section		
Letter of Transmittal	i	
Certificate of Board	vii	
Certificate of Achievement for Excellence in Financial Reporting (GFOA)	viii	
Certificate of Excellence in Financial Reporting Award (ASBO)	x	
Principal Officials	xii	
Organization Chart	xiv	
Financial Section		
Independent Auditor's Report	1	
Management's Discussion and Analysis (Unaudited)	5	
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	17	A-1
Statement of Activities	19	A-2
Fund Financial Statements:		
Balance Sheet-Governmental Funds	20	B-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	23	B-2
Statement of Revenues, Expenditures, and Changes in Fund Balances- Governmental Funds	24	B-3
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26	B-4
Statement of Net Position-Proprietary Funds	27	B-5
Statement of Revenues, Expenses, and Changes in Fund Net Position- Proprietary Funds	28	B-6
Statement of Cash Flows-Proprietary Funds	29	B-7
Statement of Fiduciary Net Position	30	B-8
Statement of Changes in Fiduciary Net Position	31	B-9
Notes to the Basic Financial Statements	33	B-10
Required Supplementary Information:		
Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual-General Fund	73	C-1
Notes to the Required Supplementary Information	74	C-2
Schedule of the Departments Proportionate Share of the Net Pension Liability – TRS	75	C-3
Schedule of the Departments Pension Contributions – TRS	76	C-4
Notes to the Required Supplementary Information - Pensions	77	C-5
Schedule of the Departments Proportionate Share of the Net OPEB Liability - TRS	78	C-6
Schedule of the Departments OPEB Contributions - TRS	79	C-7
Notes to the Required Supplementary Information - OPEB	80	C-8
Combining and Individual Fund Statements and Schedules:		
Nonmajor Governmental Funds Overview	83	
Combining Balance Sheet-Nonmajor Governmental Funds	86	D-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances- Nonmajor Governmental Funds	95	D-2
Internal Service Funds Overview	105	
Combining Statement of Net Position-Internal Service Funds	106	D-3

HARRIS COUNTY DEPARTMENT OF EDUCATION

TABLE OF CONTENTS (continued)

	<u>Page</u>	<u>Exhibit/ Table</u>
Financial Section (continued)		
Combining and Individual Fund Statements and Schedules: (continued)		
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position- Internal Service Funds	107	D-4
Combining Statement of Cash Flows-Internal Service Funds	108	D-5
Other Supplementary Information:		
Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual-Debt Service Fund	111	E-1
Schedule of Delinquent Taxes Receivable	112	E-2
Statistical Section (Unaudited)		
Table of Contents-Statistical Section	115	
Introduction to the Statistical Section	116	
Financial Trends:		
Net Position by Component	120	1
Changes in Net Position	122	2
Fund Balances of Governmental Funds	126	3
Changes in Fund Balances-Governmental Funds	128	4
Governmental Funds Revenues	130	5
Governmental Funds Expenditures and Debt Service Ratio	132	6
Revenue Capacity:		
Property Tax Levies and Collections	137	7
Property Tax Rates-Direct and Overlapping Governments	138	8
Assessed and Estimated Actual Value of Taxable Property	140	9
Principal Taxpayers	141	10
Debt Capacity:		
Ratio of Net General Bonded Debt Outstanding to Assessed Property Value, Percent of Personal Income and Debt per Capita	146	11
Ratio of Annual Debt Service Expenditures by Type to Governmental Funds Expenditures	149	12
Estimated County-wide Direct and Overlapping Bonded Debt	150	13
Demographic and Economic Information:		
Demographic and Economic Statistics	153	14
Miscellaneous Statistical Data	154	15
Principal Employers	155	16
Operating Information:		
Employees by Program	160	17
Operational Indicators by Program	162	18
Building Information	163	19
Service Area and Locations-Description	164	20
Service Area-Map: Harris County, Texas and 25 School Districts	165	21



Introductory Section

Back of Introductory Section Divider

January 17, 2024

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, 2023 (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, 2023. 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

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.

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 257 and 243 students during fiscal year 2022 and 2021, respectively. This represents a 6% increase due to increased demand from school districts. The Department projects to serve 250 students for FY 2023.
- Highpoint Schools serve adjudicated youth by providing intensive counseling and a technology-driven curriculum in a strict disciplinary environment. The Department serviced 512 and 145 students during fiscal year 2022 and 2021, respectively. This represents a 253% increase due to increased demand from school districts. The Department projects to serve nearly 500 students for FY 2023.
- 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 7,286 and 6,276 students during fiscal year 2022 and 2021, respectively. This represents a 10% increase due to higher demand for service contracts. The Department projects to serve 7,000 students for FY 2023.
- 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 1,191 and 1,092 students during fiscal year 2022 and 2021, respectively. This represents a 9% increase. The Department projects to serve 1,100 students for FY 2023.
- 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 6,467 and 5,500 students during fiscal year 2022 and 2021, respectively. This represents a 18% increase due to higher service demand. The Department projects to serve 6,000 students for FY 2023.

- 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 17,690 and 16,296 students during fiscal year 2023 and 2022, respectively. This represents a 9% increase due to an increment in the demand for services. The Department projects to serve over 17,000 students for FY 2024.
- The Center for Educator Success provides teaching and learning services to educators, administrators, support personnel, students, parents and the community. The Department delivered services to 6,303 and 4,117 educators during fiscal years 2023 and 2022, respectively. This is a 53% increase due to the change reorganization of the division. The new Center for Educator Success Division projects to service over 6,000 educators in FY 2024.
- 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 2023 and 2022, the Department serviced 2,233 and 2,032 members, respectively. The Department expects to serve over 2,300 members in FY 2024.
- 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 2,690 and 2,481 members in 2023 and 2022, respectively. This is an increase of 8% due to additional demand for services. The Department expects to serve 2,600 members in FY 2024.
- 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 216,519 students in 2023 and 71,538 students in 2022 in facilities which safety audits were performed. This increase of 202% is due to increased demand for safety audits. For FY 2024 the Department expects to audit facilities in which over 72,000 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 4.78 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 charters, 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 41 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. On October 2016, the PC issued \$7,000,000 Lease Revenue Bonds that funded the new construction of a replacement AB West Campus. In FY 2020, the Department initiated several capital improvement projects totaling \$51,000,000, and it included a new AB East Campus, a new High Point East Campus for Middle School, a new Adult Education Center, and a renovation for the Irvington Building. As of August 31, 2023, the 2006 and 2009 bonds were paid, and the only outstanding bonds are the 2020 Lease Revenue Bonds and the 2020 Maintenance Notes.

The new building projects and the renovation to the Irvington Building are expected to be completed in FY 2024. There were no new bonds issued in fiscal year 2023. For FY 24, the department expects to issue maintenance notes for various renovations and capital projects.

Major Initiatives

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

- 1. The department received approval to build a new Coolwood Head Start Center in previous years, and it is expected that the project will be completed in FY 2024.
- 2. The Head Start Department also received expansion funding for Early Head Start for the Humble Head Start and the Barrett Station Head Start. These projects were completed in 2023.
- 3. The Department continued two other programs into FY 2023 in partnership with the Education Foundation to fund the grants, sponsorship and scholarship activities totaling \$200,000, the Tools for Teachers Program in the amount of \$400,000, and the Focal Point Initiative for \$100,000 for professional development activities at the United States War College for approximately 20 Harris County superintendent and executive leadership team members.
- 4. Planned one-time expenditures for FY 2024 from the General Fund balance totaling \$701,000 as follows:

Booking Software	\$50,000
Intra Portal Software	75,000
Solution Enterprise Laserfiche software	200,000
Photo Equipment	26,000
Servers	350,000
Total fund balance capital expenditure appropriations	<u>\$701,000</u>

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 for the fiscal year ended August 31, 2022. This is the twentieth (20) 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 ACFR that satisfied both generally accepted accounting principles and applicable legal requirements.

The Department received its twentieth (20) 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, 2022. 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, 2022, (PAFR), for the sixteen (16) 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.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the *Distinguished Budget Presentation Award* to the Department for its Annual Budget for the fiscal year ended August 31, 2023. This award is the highest form of recognition in governmental budgeting. Its attainment represents a significant achievement by an organization. This is the fifteen (15) consecutive year that the Department has achieved this prestigious award. To receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

The Department received its fourteen (14) *Meritorious Budget Award* for the fiscal year 2022-2023 from the Association of School Business Officials International (ASBO). ASBO International's MBA and introductory Pathway to the MBA programs promote and recognize excellence in school budget presentation. Program participation enhances school business officials' skills in developing, analyzing, and presenting a school system budget. Participants submit their budget documents to a panel of school financial professionals who review the materials for compliance with the MBA Criteria Checklist and other requirements and provide expert feedback that districts can use to improve their budget documents.

Moreover, Harris County Department of Education received the *TASBO Award for Excellence in Financial Management* for the year ended August 31, 2023. This is the third (3) consecutive year that HCDE Business Office has earned this distinction. This award recognizes Texas school districts, open-enrollment charter schools, and education services centers that have implemented professional standards, best practices, and innovations in financial reporting.

Harris County Department of Education also received the *TASBO Award of Merit for Purchasing Operations* for the year ended August 31, 2023. This is the twelve consecutive year (12) that the HCDE Procurement Office has earned this distinction. This award recognizes Texas school districts, open-enrollment charter schools, and education services centers that are committed to following professional standards in the acquisition of goods and services.

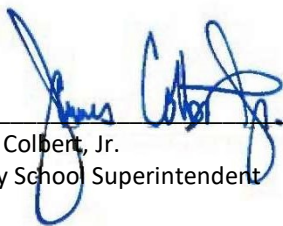
In FY 2023, the Department received another award for purchasing policies and practices from the National Purchasing Institute (NPI). This award is the *Achievement of Excellence in Procurement Award*. This award was graded by a panel who reviewed the internal purchasing procedures. This is seven (7) consecutive year receiving this award.

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.

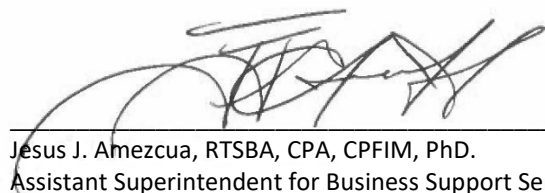
The preparation of this report in a timely manner was made possible by the efficient and dedicated services of the staff of the Business Support Services Division. We would like to express our appreciation to all Department employees for maintaining the highest standards of professionalism in the management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

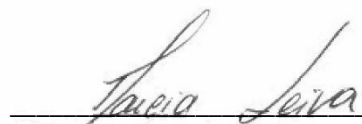
Respectfully Submitted,



James Colbert, Jr.
County School Superintendent



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



Marcia Leiva, MBA
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, 2023, at a meeting of the Board of Trustees on the 17th day of January 2024.



James Colbert, Jr.
Secretary, Board of Trustees



Andrea Duhon
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, 2022.

To be awarded a *Certificate of Achievement*, a governmental unit must publish an easily readable and efficiently organized annual comprehensive 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, 2022

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 Annual Comprehensive Financial Report for the fiscal year ended August 31, 2022

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 Annual Comprehensive Financial Report
for the Fiscal Year Ended August 31, 2022.**

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



A handwritten signature in black ink, reading 'John W. Hutchison'.

**John W. Hutchison
President**

A handwritten signature in black ink, reading 'Siobhán McMahon'.

**Siobhán McMahon, CAE
Chief Operations Officer/
Interim Executive Director**

HARRIS COUNTY DEPARTMENT OF EDUCATION
PRINCIPAL OFFICIALS
FOR THE YEAR ENDED AUGUST 31, 2023

County Board of School Trustees

NAME	TITLE	LENGTH OF SERVICE	TERM EXPIRES
Andrea Duhon	President	2019	12/31/2024
Amy Flores Hinojosa	First Vice President	2019	12/31/2028
David W. Brown	Second Vice President	2021	12/31/2026
James Colbert, Jr.	Secretary	2014	Appointed
Erica Davis	Member	2021	12/31/2026
Eric Dick	Member	2017	12/31/2024
Richard Cantu	Member	2019	12/31/2024
Danyahel Norris	Member	2019	12/31/2024

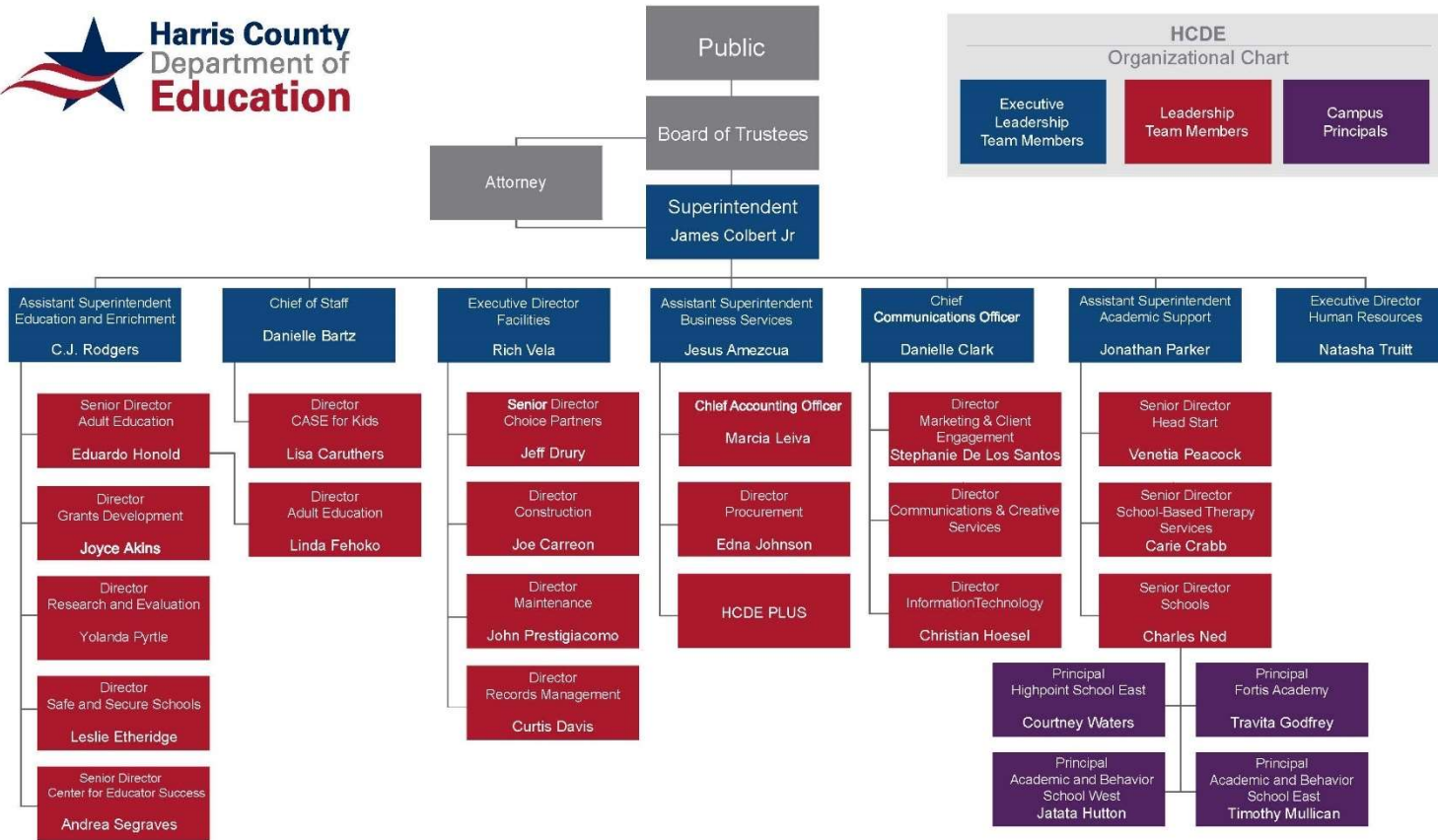
Executive Leadership Team

NAME	POSITION
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 YEAR ENDED AUGUST 31, 2023

PFC Board Members

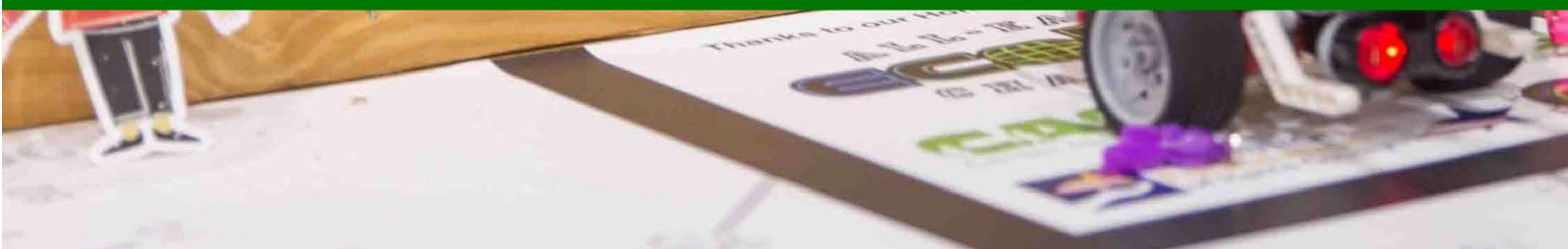
NAME	POSITION
Richard Vela	President
Richard Cantu	First Vice President
Dr. Jesus J. Amezcua	Treasurer/Secretary
James Colbert Jr.	Director
Danyahel Norris	Director
Joe Carreon	Director
Andrea Duhon	Director



Revised: 9-26-2023



Financial Section



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Harris County Department of Education

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the 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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Department, as of August 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Department's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2024 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 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 17, 2024



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, 2023. 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 \$45,046,474 .
- The Department's net position increased by \$9,589,226 . The primary cause of this increase is due to an increase in charges for services, property taxes and investment earnings in the governmental activities and the business-type activities.
- As of August 31, 2023, the Department's governmental funds reported combined ending fund balances of \$42,610,204, a decrease of \$19,382,376. The decrease in governmental fund balances was primarily due to the cost of capital projects and debt service payments.
- At the end of the fiscal year, the unassigned fund balance in the General Fund was \$16,918,498 or 30.0 percent of the General Fund's total expenditures for this fiscal year.
- The Department's total bonded debt decreased by \$2,758,731 during the fiscal year due to the payment of principal payments on debt.

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 starting on page 73 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 \$45,046,474 at August 31, 2023.

Harris County Department of Education Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 60,849,050	\$ 77,301,626	\$ 2,633,080	\$ 1,541,775	\$ 63,482,130	\$ 78,843,401
Capital assets	109,127,898	82,235,498	-	-	109,127,898	82,235,498
Total Assets	169,976,948	159,537,124	2,633,080	1,541,775	172,610,028	161,078,899
Deferred loss on refunding	-	25,267	-	-	-	25,267
Deferred outflows - pension/OPEB	16,780,750	14,459,223	-	-	16,780,750	14,459,223
Total Deferred Outflows of Resources	16,780,750	14,484,490	-	-	16,780,750	14,484,490
Current liabilities	15,733,242	12,896,820	879,809	41,775	16,613,051	12,938,595
Long term liabilities	101,197,562	97,311,016	-	-	101,197,562	97,311,016
Total Liabilities	116,930,804	110,207,836	879,809	41,775	117,810,613	110,249,611
Deferred inflows - pension/OPEB	26,533,691	29,856,530	-	-	26,533,691	29,856,530
Total Deferred Inflows of Resources	26,533,691	29,856,530	-	-	26,533,691	29,856,530
Net Position:						
Net investment in capital assets	67,374,927	58,273,286	-	-	67,374,927	58,273,286
Unrestricted	(24,081,724)	(24,316,038)	1,753,271	1,500,000	(22,328,453)	(22,816,038)
Total Net Position	\$ 43,293,203	\$ 33,957,248	\$ 1,753,271	\$ 1,500,000	\$ 45,046,474	\$ 35,457,248

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

Net investment in capital assets of \$67,374,927 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 \$22,328,453. The deficit reported as unrestricted is related to the net pension and OPEB liabilities (\$23.0 million and \$14.5 million) respectively.

The net position of the Department increased by \$9,589,226 for the year ended August 31, 2023. Detail of the change in the Department's net position follows:

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Program Revenues						
Charges for services	\$ 24,144,212	\$ 20,761,046	\$ 7,108,364	\$ 7,580,665	\$ 31,252,576	\$ 28,341,711
Operating grants	35,061,449	24,480,552	-	-	35,061,449	24,480,552
General Revenues						
Property taxes	27,994,844	25,366,674	-	-	27,994,844	25,366,674
Grants and contributions not restricted	3,031,546	4,389,700	-	-	3,031,546	4,389,700
Investment Earnings	1,677,020	168,995	-	-	1,677,020	168,995
Miscellaneous	3,974,957	4,632,893	-	-	3,974,957	4,632,893
Total Revenues	95,884,028	79,799,860	7,108,364	7,580,665	102,992,392	87,380,525
Expenses						
Adult Education Program	4,723,590	3,812,902	-	-	4,723,590	3,812,902
Assistant Superintendents	653,506	587,468	-	-	653,506	587,468
Board of Trustees	193,448	196,616	-	-	193,448	196,616
Business Support Services	1,750,283	1,734,433	-	-	1,750,283	1,734,433
Center for After School, Summer & Expanded Learning	7,825,748	7,107,362	-	-	7,825,748	7,107,362
Center for Safe & Secure Schools	904,715	614,339	-	-	904,715	614,339
Center for Grant Development	547,803	481,837	-	-	547,803	481,837
Choice Partners Cooperatives	-	-	2,560,786	2,552,015	2,560,786	2,552,015
Client Engagement	610,378	510,192	-	-	610,378	510,192
Communications	970,379	858,665	-	-	970,379	858,665
Department Wide	8,615,708	9,612,407	-	-	8,615,708	9,612,407
Digital Learning	5,363	109,724	-	-	5,363	109,724
Education Certification & Professional Advancement	52,645	594,197	-	-	52,645	594,197
Education Foundation	600,083	508,374	-	-	600,083	508,374
Facility Support Services	2,359,085	1,921,454	-	-	2,359,085	1,921,454
Head Start Program	20,770,102	18,495,199	-	-	20,770,102	18,495,199
Human Resources	1,278,305	1,093,657	-	-	1,278,305	1,093,657
Interest and Fees-Long-Term Debt	991,048	1,420,804	-	-	991,048	1,420,804
Purchasing Support Services	688,084	609,380	-	-	688,084	609,380
Community Engagement	106,632	-	-	-	106,632	-
Records Management Services	1,990,600	1,948,569	-	-	1,990,600	1,948,569
Research & Evaluation Institution	520,102	504,843	-	-	520,102	504,843
Retirement Leave Benefits	475,565	269,275	-	-	475,565	269,275
Scholastic Arts & Writing Program	-	125,409	-	-	-	125,409
School Based Therapy Services	12,294,402	10,329,423	-	-	12,294,402	10,329,423
Chief of Staff	298,684	246,409	-	-	298,684	246,409
Special Schools & Services	15,113,129	13,116,099	-	-	15,113,129	13,116,099
Superintendent's Office	656,650	602,274	-	-	656,650	602,274
Technology Support Services	3,936,743	4,113,372	-	-	3,936,743	4,113,372
The Teaching & Learning Center	1,909,600	919,413	-	-	1,909,600	919,413
Total Expenses	90,842,380	82,444,096	2,560,786	2,552,015	93,403,166	84,996,111
Increase (decrease) in net position before and transfers	5,041,648	(2,644,236)	4,547,578	5,028,650	9,589,226	2,384,414
Transfers	4,294,307	5,028,650	(4,294,307)	(5,028,650)	-	-
Increase (decrease) in net position	9,335,955	2,384,414	253,271	-	9,589,226	2,384,414
Beginning Net Position	33,957,248	29,472,834	1,500,000	1,500,000	35,457,248	30,972,834
Prior period adjustment	-	2,100,000	-	-	-	2,100,000
Ending Net Position	\$ 43,293,203	\$ 33,957,248	\$ 1,753,271	\$ 1,500,000	\$ 45,046,474	\$ 35,457,248

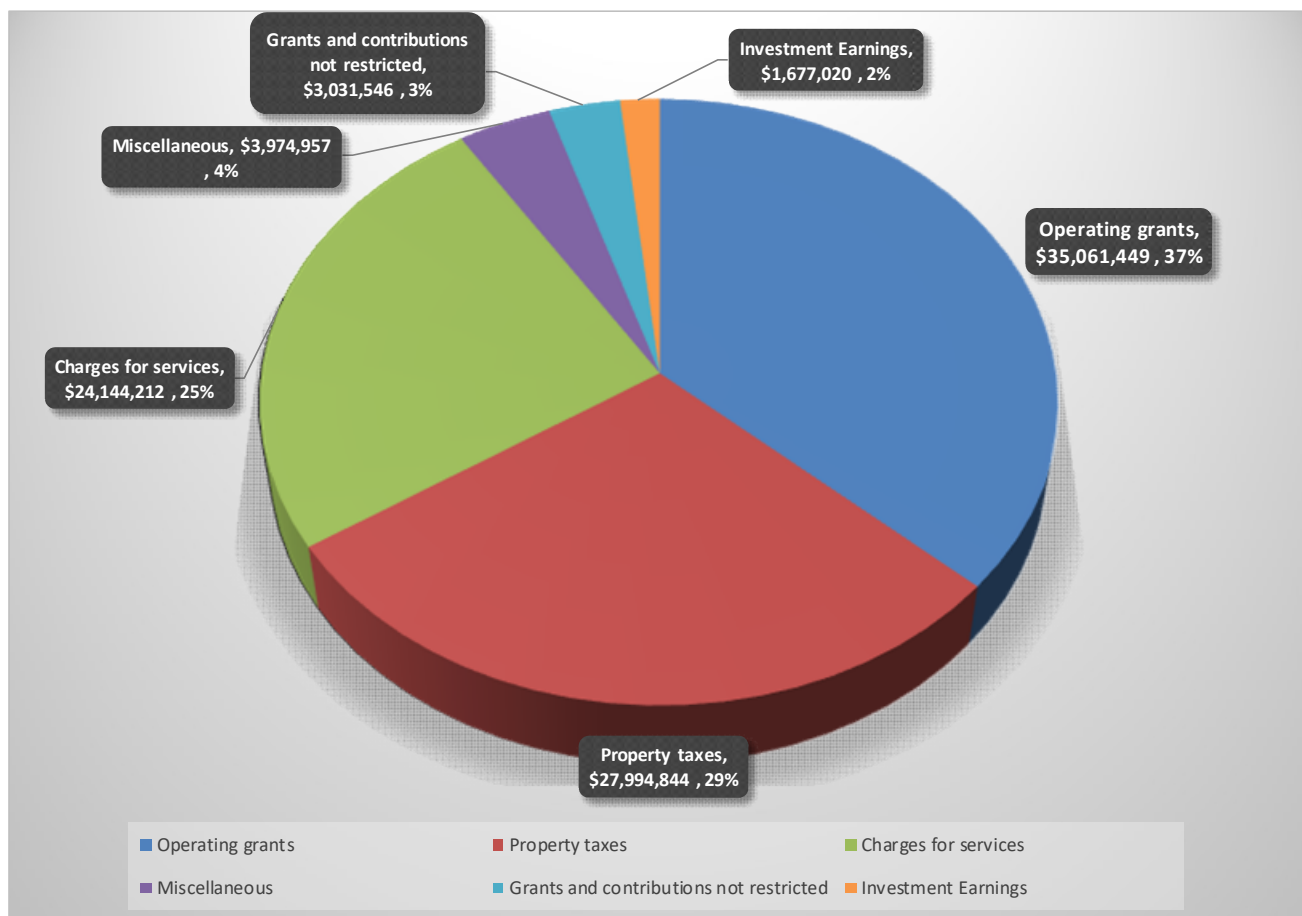
HARRIS COUNTY DEPARTMENT OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (continued)

In fiscal year 2023 property taxes increased (10.4 percent) due to an increase in the property values even with the tax rate unchanged. Grants increased overall (31.9 percent) due to an increase in activity, especially in the Head Start funds. Charges for services and investment earnings both increased due to increased activity and market conditions respectively.

Expenses increased in total by 9.9 percent. The increase correlates directly with the increase in grant funds and the associated activities.

Revenues for the governmental activities are generated primarily from two sources. The first source is comprised of two groups, Operating Grants and Contributions (\$35,061,449) and Grants and Contributions Not Restricted to Specific Program (\$3,031,546) totaling \$38,092,995 , represent 39.7 percent of total revenues. Charges for services from governmental activities (\$24,144,212) and (\$7,108,364) from business-type activities represent 30.3 percent of total revenues. The remaining percent is generated from property taxes (29.2 percent), head start non-federal share and miscellaneous revenues and investment earnings.

Revenues by Source – Governmental Activities
Total \$95,884,028



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 2023 total \$7,108,364 . The decrease is related to a decrease in activity compared to FY 2022.

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 (\$20,770,102) which represents 22.2 percent of total expenses. The special schools and services (\$15,113,129) represents 16.2 percent and school based therapy (\$12,294,402) represents 13.2 percent. Department Wide expenses (\$8,615,708) represents 9.2 percent and the center for after-school (\$7,825,748) represents 8.4 percent. The remaining individual functional categories of expenses are each less than 5 percent of total expenses. Expenses increased for governmental activities with the primary cause the increased activity in the Head Start Program, special schools and services due to expansion and school-based therapy services. Business-type activities expenses decreased due to less activity.

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 \$42,610,204, in comparison with the prior year of \$61,992,580. The net decrease of the combined fund balances was comprised of a fund balance decrease in the PFC Capital Projects Fund of \$18,549,087 and a decrease of \$612,786 in the debt service fund. The decrease in Capital Projects Fund is related to the progress payments of capital projects. The decrease in the debt service fund is attributed to debt service payments. Out of the combined fund balances, \$16,849,501 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 \$213,884, restricted fund balance of \$16,156,473, committed fund balance of \$2,514,976 and assigned fund balance of \$6,875,370. 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 \$16,918,498, while total fund balance was \$25,698,561. 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 30.0 percent of total general fund expenditures, while total fund balance represents 45.6 percent of that same amount.

The fund balance in the general fund decreased \$220,503 during the current fiscal year primarily due to an increase in property tax revenues and interest income, state program revenues and federal funds.

The fund balance for the PFC Capital Project Funds decreased by \$18,549,087 due to the payment of progress invoices on 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 decrease in net position is primarily due to an increase 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.

General Fund Budgetary Highlights

During the fiscal year, the Department amended the revenue budget by \$662,035. 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).

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

At year end local revenues were higher than budgeted from investment income by \$1.6 million. This was offset by tuition and fees being under budget by \$0.8 million with a decrease in services needed. Property taxes were on track with budget. State revenues exceeded budget by \$81 thousand due to an increase in the TRS on behalf amount for Active Care funding. Federal program revenues exceeded anticipated budget by \$83 thousand from an increase in Medicaid and indirect costs.

Over the course of the year the Department revised its budget at each regularly scheduled HCDE Board of Trustees meeting. There was \$1,246,930 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:

- \$550,800 for Department Wide
- \$292,580 for Center for Safe & Secure Schools
- \$199,545 for School Based Therapy Services

There was a \$ 4,096,945 difference between the final amended budget and actual expenditures. The significant differences are summarized below:

- \$1,406,338 Special Schools and Services under budget
- \$1,097,343 School Based Therapy Services under budget

Capital Assets and Long-Term Liabilities

Capital Assets- At the end of fiscal year 2023, Harris County Department of Education had (net of accumulated depreciation of \$109,127,898) invested in capital assets including land, buildings and improvements, furniture and equipment, construction in progress and right-to-use assets. The net increase in capital assets of \$26,892,400 is due to completion of buildings and new right-to-use assets in FY 2023.

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

	Governmental Activities	
	2023	2022
Land	\$ 3,392,942	\$ 3,392,942
Buildings and Improvements	76,833,160	51,057,622
Furniture and Equipment	4,945,935	2,033,840
Construction in Progress	13,092,959	16,647,497
Right-to-use asset	10,862,902	9,103,597
Total	\$ 109,127,898	\$82,235,498

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

- \$16.3 million increase in construction in progress related to ABS East new school, Adult Education Center Renovation and Highpoint East 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 \$48,705,432 consisting of \$29,915,000 lease revenue bonds, \$13,865,000 in maintenance tax notes and \$4,925,432 in issuance premiums and \$9,204,012 in leases payable. The bonds and notes are backed by specified program revenues and property taxes. The other long-term liabilities in the amount of include \$5,698,726 for compensated absences and \$59,029 for workers compensation.

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

	Governmental Activities	
	2023	2022
Bonds and Notes Payable	\$ 48,705,432	\$ 51,464,163
Leases payable	9,204,012	7,228,876
Other Long-Term Liabilities	5,757,755	5,607,204
Net Pension Liability (Department Share)	23,049,581	9,704,199
Net OPEB Liability (Department Share)	14,480,782	23,306,574
Total	\$ 101,197,562	\$ 97,311,016

During the year ended August 31, 2023, the Department's total long-term liabilities had a net increase of \$3,886,546 due to changes in the net pension liability of \$13,345,382, a decrease in bonds and notes payable of \$2,758,731 and an increase in leases payable of \$1,975,136.

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 Values increased by \$55 Billion to \$639 billion for tax year 2023 (FY 2023-2024).
- Property taxes represent 44 percent of the fiscal year 2023-2024 total estimated general fund revenues.
- The unemployment rate for Harris County was 4.9 percent on August 31, 2023, while the nationwide rate averaged 3.8 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, 2023, was 3.7% higher.
- 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, capital projects, and city and county grants for after school programs.

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

The Department elected officials considered these and many other factors when setting the fiscal year 2023 general fund and the property tax rate. The adopted budget is based on the following significant assumptions:

- Estimated revenues from current tax revenues are \$30,400,840, an increase of 9.9 percent from previous fiscal year 2023 budget of \$27,658,745 based on an increase in property values assessed by the Harris County Appraisal District.
- Fiscal Year 2024 general fund expenditures are budgeted at \$69,873,489, an increase of 1.3 percent from the amended fiscal year 2023 budget of \$68,167,404. The increase is due to the maintaining the compensation plan and continuing the Tools for Teachers and Grants Programs for the Education Foundation.

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.





Basic Financial Statement



HARRIS COUNTY DEPARTMENT OF EDUCATION
STATEMENT OF NET POSITION
August 31, 2023
Exhibit A-1

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 48,220,426	\$ 862,080	\$ 49,082,506
Property taxes receivable (net)	1,163,926	-	1,163,926
Due from other governments	8,745,180	-	8,745,180
Other receivables	2,033,774	1,771,000	3,804,774
Inventories	107,886	-	107,886
Prepaid items	577,858	-	577,858
Capital Assets:			
Land	3,392,942	-	3,392,942
Construction in Progress	13,092,959	-	13,092,959
Buildings and improvements, net	76,833,160	-	76,833,160
Furniture and equipment, net	4,945,935	-	4,945,935
Right-to-use assets - buildings, net	10,862,902	-	10,862,902
Total Assets	169,976,948	2,633,080	172,610,028
Deferred Outflows of Resources			
Deferred outflow related to OPEB	4,191,821	-	4,191,821
Deferred outflow related to pension	12,588,929	-	12,588,929
Total Deferred Outflows of Resources	16,780,750	-	16,780,750
Liabilities			
Accounts payable	9,293,116	838,343	10,131,459
Payroll deductions payable	1,112,490	-	1,112,490
Accrued wages payable	202,482	-	202,482
Accrued interest payable	68,230	-	68,230
Due to Other Governments	62,563	22,116	84,679
Other payables	392,398	-	392,398
Unearned revenues	4,601,963	19,350	4,621,313
Long-term Liabilities:			
Due within one year	3,170,612	-	3,170,612
Due in more than one year:	60,496,587	-	60,496,587
Net OPEB Liability (Department's Share)	14,480,782	-	14,480,782
Net Pension Liability (Department's Share)	23,049,581	-	23,049,581
Total Liabilities	116,930,804	879,809	117,810,613
Deferred Inflows of Resources			
Deferred inflow related to OPEB	24,720,744	-	24,720,744
Deferred inflow related to pension	1,812,947	-	1,812,947
Total Deferred inflows of resources	26,533,691	-	26,533,691
Net Position			
Net investment in capital assets	67,374,927	-	67,374,927
Unrestricted	(24,081,724)	1,753,271	(22,328,453)
Total Net Position	\$ 43,293,203	\$ 1,753,271	\$ 45,046,474



HARRIS COUNTY DEPARTMENT OF EDUCATION

Exhibit A-2

STATEMENT OF ACTIVITIES

For the Year Ended August 31, 2023

				Net (Expense) Revenues and		
				Changes in Net Position		
				Primary Government		

See notes to the financial statements.

HARRIS COUNTY DEPARTMENT OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
August 31, 2023

Exhibit B-1
Page 1 of 2

	General Fund	Head Start Program	Capital Projects Fund
Assets			
Cash and cash equivalents	\$ 20,840,458	\$ -	\$ 21,165,216
Property taxes receivable	1,187,680	-	-
Allowance for uncollectible taxes	(23,754)	-	-
Due from other governments	423,268	1,255,910	-
Due from other funds	4,399,168	-	-
Other receivables	2,433,774	-	-
Allowance for uncollectible receivables	(400,000)	-	-
Inventories	107,886	-	-
Prepaid Items	37,001	47,714	-
Total Assets	\$ 29,005,481	\$ 1,303,624	\$ 21,165,216
Liabilities, Deferred Inflows of Resources and Fund Balance			
Liabilities:			
Accounts payable	\$ 810,302	\$ 50,505	\$ 4,616,345
Payroll Deductions Payable	1,112,490	-	-
Accrued wages payable	57,283	4,891	-
Due to other funds	-	1,248,228	-
Due to other governments	60,263	-	392,398
Unearned revenues-other	102,655	-	-
Total Liabilities	2,142,993	1,303,624	5,008,743
Deferred Inflows of Resources			
Unavailable revenue-property taxes	1,163,927	-	-
Total Deferred Inflows of Resources	1,163,927	-	-
Fund Balances:			
No spendable:			
Inventory	107,886	-	-
Prepaid Items	37,001	47,714	-
Restricted:			
PFC Construction Projects	-	-	16,156,473
Committed:			
Capital Projects	1,814,976	-	-
Retirement Employee Leave	500,000	-	-
Unemployment Liability	200,000	-	-
Assigned:			
Building & Vehicle Replacement Acquisition	1,065,200	-	-
Asset Replacement & Acquisition	2,000,000	-	-
PFC Lease Payment	3,055,000	-	-
Debt Service	-	-	-
Unassigned	16,918,498	(47,714)	-
Total Fund Balances	25,698,561	-	16,156,473
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 29,005,481	\$ 1,303,624	\$ 21,165,216

HARRIS COUNTY DEPARTMENT OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
August 31, 2023

Exhibit B-1
Page 2 of 2

	Nonmajor Governmental Funds	Total Governmental Funds
Assets		
Cash and cash equivalents	\$ 4,897,341	\$ 46,903,015
Property taxes receivable	-	1,187,680
Allowance for uncollectible taxes	-	(23,754)
Due from other governments	7,066,002	8,745,180
Due from other funds	-	4,399,168
Other receivables	-	2,433,774
Allowance for uncollectible receivables	-	(400,000)
Inventories	-	107,886
Prepaid Items	21,283	105,998
Total Assets	\$ 11,984,626	\$ 63,458,947
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities:		
Accounts payable	\$ 3,578,674	\$ 9,055,826
Payroll Deductions Payable	-	1,112,490
Accrued wages payable	111,265	173,439
Due to other funds	3,037,909	4,286,137
Due to other governments	2,300	454,961
Unearned revenues-other	4,499,308	4,601,963
Total Liabilities	11,229,456	19,684,816
Deferred Inflows of Resources		
Unavailable revenue-property taxes	-	1,163,927
Total Deferred Inflows of Resources	-	1,163,927
Fund Balances:		
Nonspendable:		
Inventory	-	107,886
Prepaid Items	21,283	105,998
Restricted:		
PFC Construction Projects	-	16,156,473
Committed:		
Capital Projects	-	1,814,976
Retirement Employee Leave	-	500,000
Unemployment Liability	-	200,000
Assigned:		
Building & Vehicle Replacement Acquisition	-	1,065,200
Asset Replacement & Acquisition	-	2,000,000
PFC Lease Payment	-	3,055,000
Debt Service	755,170	755,170
Unassigned	(21,283)	16,849,501
Total Fund Balances	755,170	42,610,204
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 11,984,626	\$ 63,458,947



HARRIS COUNTY DEPARTMENT OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
August 31, 2023

Exhibit B-2

Total Fund Balances-Governmental Funds (Exhibit B-1) \$ 42,610,204

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets and right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental capital assets cost and right-to-use value of \$146,538,572 exceeds the related accumulated depreciation and amortization of \$37,410,674. 109,127,898

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. 1,163,927

Deferred Outflows and Inflows of Resources related to the Pension Standards of \$12,588,929 and \$1,812,947 respectively 10,775,982

Deferred Outflows and Inflows of Resources related to the OPEB Standards of \$4,191,821 and \$24,720,744 respectively (20,528,923)

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	\$ (43,780,000)	
Lease liability	(9,204,012)	
Accrued Interest on Bonds and Notes Payable	(68,230)	
Premium on Bonds	(4,925,432)	
Net Pension Liability	(23,049,581)	
Net OPEB Liability	(14,480,782)	
Compensated Absences	<u>(5,698,726)</u>	
		(101,206,763)

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 1,350,878

Total Net Position-Governmental Activities (Exhibit A-1) \$ 43,293,203

HARRIS COUNTY DEPARTMENT OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
For the Year Ended August 31, 2023

Exhibit B-3

Page 1 of 2

	General Fund	Head Start Program	Capital Projects Fund
Revenues			
Local and Intermediate Sources	\$ 52,956,604	\$ 50	\$ 772,381
State Programs	3,825,207	-	-
Federal Programs	2,501,746	11,845,469	-
Total Revenues	59,283,557	11,845,519	772,381
Expenditures			
Current:			
Adult Education Program	98,392	-	-
Assistant Superintendents	716,854	-	-
Board of Trustees	197,362	-	-
Business Support Services	1,834,358	-	-
Center for After-School, Summer & Expanded Learning	767,698	-	-
Center for Safe & Secure Schools	835,578	-	-
Center for Grant Development	581,303	-	-
Client Engagement	642,191	-	-
Communications	1,026,739	-	-
Department Wide	8,638,310	-	-
Digital Education & Innovation	-	-	-
Education Certification & Professional Advancement	-	-	-
Education Foundation	600,083	-	-
Facility Support Services	212,643	-	-
Head Start Program	1,371	14,162,717	-
Human Resources	1,342,823	-	-
Purchasing Support Services	728,248	-	-
Community Engagement	113,733	-	-
Records Management Services	2,005,842	-	-
Research & Evaluation Institute	551,004	-	-
Retirement Leave Benefits	475,565	-	-
Scholastic Arts & Writing Program	-	-	-
School Based Therapy Services	13,041,055	-	-
Chief of Staff	318,001	-	-
Special Schools & Services	14,234,654	-	-
Superintendent's Office	688,994	-	-
Special Schools Administration	804,950	-	-
Technology Support Services	3,934,848	-	-
The Teaching & Learning Center	1,958,789	-	-
Debt Service:			
Principal on Long-Term Debt	-	512,173	-
Interest on Long-Term Debt	-	29,681	-
Capital Outlay:			
Facilities acquisition and construction	-	-	22,750,551
Total Expenditures	56,351,388	14,704,571	22,750,551
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,932,169	(2,859,052)	(21,978,170)
Other Financing Sources (Uses)			
Proceeds for leases	-	2,487,309	-
Transfers In	4,294,307	371,743	3,586,100
Transfers Out	(7,446,979)	-	(157,017)
Total Other Financing Sources (Uses)	(3,152,672)	2,859,052	3,429,083
Net Change in Fund Balances	(220,503)	-	(18,549,087)
Fund Balances-Beginning	25,919,064	-	34,705,560
Fund Balances-Ending	\$ 25,698,561	\$ -	\$ 16,156,473

HARRIS COUNTY DEPARTMENT OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
For the Year Ended August 31, 2023

Exhibit B-3
Page 2 of 2

	Nonmajor Governmental Funds	Total Governmental Funds
Revenues		
Local and Intermediate Sources	\$ 6,320,227	\$ 60,049,262
State Programs	-	3,825,207
Federal Programs	21,284,017	35,631,232
Total Revenues	27,604,244	99,505,701
Expenditures		
Current:		
Adult Education Program	4,847,064	4,945,456
Assistant Superintendents	-	716,854
Board of Trustees	-	197,362
Business Support Services	-	1,834,358
Center for After-School, Summer & Expanded Learning	7,240,951	8,008,649
Center for Safe & Secure Schools	105,417	940,995
Center for Grant Development	-	581,303
Client Engagement	-	642,191
Communications	-	1,026,739
Department Wide	-	8,638,310
Digital Education & Innovation	-	-
Education Certification & Professional Advancement	52,645	52,645
Education Foundation	-	600,083
Facility Support Services	4,413	217,056
Head Start Program	15,834,568	29,998,656
Human Resources	-	1,342,823
Purchasing Support Services	-	728,248
Community Engagement	-	113,733
Records Management Services	-	2,005,842
Research & Evaluation Institute	-	551,004
Retirement Leave Benefits	-	475,565
Scholastic Arts & Writing Program	-	-
School Based Therapy Services	5,274	13,046,329
Chief of Staff	-	318,001
Special Schools & Services	-	14,234,654
Superintendent's Office	-	688,994
Texas Virtual Schools Network	-	804,950
Technology Support Services	-	3,934,848
The Teaching & Learning Center	43,948	2,002,737
Debt Service:		
Principal on Long-Term Debt	2,506,425	3,018,598
Interest on Long-Term Debt	1,222,478	1,252,159
Capital Outlay:		
Facilities acquisition and construction	-	22,750,551
Total Expenditures	31,863,183	125,669,693
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,258,939)	(26,163,992)
Other Financing Sources (Uses)		
Premium on maintenance tax note	-	2,487,309
Transfers In	3,646,153	11,898,303
Transfers Out	-	(7,603,996)
Total Other Financing Sources (Uses)	3,646,153	6,781,616
Net Change in Fund Balances	(612,786)	(19,382,376)
Fund Balances-Beginning	1,367,956	61,992,580
Fund Balances-Ending	\$ 755,170	\$ 42,610,204

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, 2023

Exhibit B-4

Total Net Change in Fund Balances-Governmental Funds (Exhibit B-3): \$ (19,382,376)

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/amortization expense. This is the amount by which capital outlay of \$30,043,116 exceeds depreciation/amortization of \$2,714,853 in the period 27,328,263

Net loss on disposal of assets is not recorded in the fund financial statements but is included in the government-wide statements (435,863)

Other sources in the governmental funds for leases of right to use assets are reported as liabilities in the statement of net position (2,487,309)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 2,506,425

Payment of principal on leases payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 512,173

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 109,597

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	4,395
Amortization of Bond Premium	252,302
Amortization of deferred charge on refunding	(25,267)

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. (163,513)

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. (7,648)

Change in pension amounts (1,939,596)

OPEB expense for the current year 3,064,372

Change in Net Position of Governmental Activities (Exhibit A-2): \$ 9,335,955

HARRIS COUNTY DEPARTMENT OF EDUCATION

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

August 31, 2023

Exhibit B-5

	Business-Type Activities	Governmental Activities
	Choice Partners	Internal Service Funds
Assets		
Current Assets:		
Cash and cash equivalents	\$ 862,080	\$ 1,317,411
Due from Vendors	1,771,000	-
Prepaid Items	-	471,860
Total Assets	2,633,080	1,789,271
Liabilities		
Current Liabilities:		
Accounts payable	838,343	237,290
Accrued wages payable	-	29,043
Claims Payable - due within one year	-	59,029
Due to other governments	22,116	-
Due to other funds	-	113,031
Unearned Revenues	19,350	-
Total Liabilities	879,809	438,393
Net Position		
Unrestricted	1,753,271	1,350,878
Total Net Position	\$ 1,753,271	\$ 1,350,878

HARRIS COUNTY DEPARTMENT OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
For the Year Ended August 31, 2023

Exhibit B-6

	Business-Type Activities	Governmental Activities
	Choice Partners	Internal Service Funds
Operating Revenues		
Charges for Services	\$ 7,108,364	\$ 6,610,513
Total Operating Revenues	<u>7,108,364</u>	<u>6,610,513</u>
Operating Expenses		
Payroll Costs	1,636,224	3,092,394
Professional Services	500,640	1,730,684
Supplies and Materials	62,748	414,709
Administrative	68,476	1,380,374
Facility Support Charges	73,204	-
Travel and Meeting Costs	146,989	-
Advertising and Notices	72,505	-
Total Operating Expenses	<u>2,560,786</u>	<u>6,618,161</u>
Operating Income (Loss)	4,547,578	(7,648)
Transfer Out	(4,294,307)	-
Change in net position	253,271	(7,648)
Total Net Position-Beginning	<u>1,500,000</u>	<u>1,358,526</u>
Total Net Position-Ending	<u>\$ 1,753,271</u>	<u>\$ 1,350,878</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended August 31, 2023

Exhibit B-7

	Business-Type Activities	Governmental Activities
	Choice Partners	Internal Service Funds
Cash Flows from Operating Activities		
Receipts from customers	\$ 7,010,483	\$ -
Payments for operating activities with other funds	(116,494)	6,266,975
Payments to employees	(1,636,224)	(3,082,626)
Payments to suppliers	(101,378)	(3,059,409)
Payments for workers' compensation claims	-	(470,487)
Net Cash Provided by (Used By) Operating Activities	5,156,387	(345,547)
Cash Flows for Noncapital Financing Activities		
Transfer to General Fund	(4,294,307)	-
Net Cash Flows provided by (used for) Noncapital Financing Activities	(4,294,307)	-
Net increase (decrease) in cash and cash equivalents	862,080	(345,547)
Cash and Cash Equivalents at Beginning of Year	-	1,662,958
Cash and Cash Equivalents at End of Year	\$ 862,080	\$ 1,317,411
Reconciliation of Operating Income to Net Cash		
Provided by (Used for) Operating Activities:		
Operating income (loss)	4,547,578	(7,648)
Changes in Assets and Liabilities:		
Decrease (increase) in prepaid items	-	(13,128)
Decrease (increase) in accounts receivable	(112,731)	-
Increase (decrease) in accounts payable	816,628	21,961
Increase (decrease) in accrued wages payable	-	9,768
Increase (decrease) in interfund payables	(116,494)	(343,538)
Increase (decrease) in claims payable	-	(12,962)
Increase (decrease) in due to others	6,556	-
Increase (decrease) in unearned revenues	14,850	-
Net Cash Provided (Used) by Operating Activities	\$ 5,156,387	\$ (345,547)

HARRIS COUNTY DEPARTMENT OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
August 31, 2023

Exhibit B-8

	<u>Custodial Fund</u>
Assets	
Cash and cash equivalents	\$ 49,451
Total Assets	<u>\$ 49,451</u>
Liabilities	
Accounts payable	\$ 85
Due to student groups	49,366
Total Liabilities	<u>\$ 49,451</u>
Net Position	<u>\$ 49,366</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended August 31, 2023

Exhibit B-9

	<u>Custodial Fund</u>
Additions	
Contributions	\$ 7,053
Total Additions	<u>7,053</u>
Deductions	
Payments	<u>2,301</u>
Total Deductions	<u>2,301</u>
Change in fiduciary net position	4,752
Beginning Net Position	<u>44,614</u>
Ending Net Position	<u><u>\$ 49,366</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.

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.

Note 1 - Summary of Significant Accounting Policies (continued)

B. Government-Wide and Fund Financial Statements (continued)

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.

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.)

Note 1 - Summary of Significant Accounting Policies (continued)

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

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 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.

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.

Note 1 - Summary of Significant Accounting Policies (continued)

D. Fund Accounting (continued)

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.

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 the activity 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 and cannot be used by the Department for general operations.

Note 1 - Summary of Significant Accounting Policies (continued)

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 established 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*.

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, 2023. 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 2022 (fiscal year 2023) was \$0.004900 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.

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

A *deferred outflow of resources* is a consumption of a government's net assets (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.

A *deferred inflow of resources* is an acquisition of a government's net assets (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.

Note 1 - Summary of Significant Accounting Policies (continued)

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

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.

4. Capital Assets

Capital assets, which include land, buildings and improvements, furniture and equipment, right-to-use assets 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
Right to use Assets	20-30

Land and construction in progress are not depreciated.

Note 1 - Summary of Significant Accounting Policies (continued)

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

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.

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 1st 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.

Note 1 - Summary of Significant Accounting Policies (continued)

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

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.

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.

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)

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.

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.

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

A *deferred outflow of resources* is a consumption of a government's net assets (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:

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A *deferred inflow of resources* is an acquisition of a government's net assets (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:

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- 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.

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)

- 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 Statement No. 96 Subscription-Based Information Technology Arrangements (SBITA), was issued in May 2020 and was effective for periods beginning after June 15, 2022. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The Department has evaluated the effects of this standard and has determined that it does not impact the financial statements.

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.

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

A. Budgetary Data (continued)

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.

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.

Note 3 - Deposits and Investments (continued)

During fiscal year 2023, 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 "2a-7" 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.

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, 2023, the carrying amount of the Department's deposits was \$2,041,257 and the bank balance was \$3,049,766. The Department's entire bank balance on August 31, 2023, 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 of 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, 2023, the Department held the following deposits (cash) and investments:

	Fair Value/Amortized Cost	Weighted Average Maturity (Days)	Percentage of Portfolio	S&P Credit Quality Rating
Cash and Cash Equivalents				
Governmental Activities				
Cash and Deposits	\$ 1,129,726		2.30%	N/A
Public Funds Investment Pools:				
TexSTAR	7,715,529	26	15.70%	AAAm
Lone Star	18,423,515	18	37.50%	AAAm
TexPool	11,326,554	23	23.05%	AAAm
Texas Class	9,625,102	40	19.59%	AAAm
Total Public Funds Investment Pools:	47,090,700			
Total Governmental Activities	<u>\$ 48,220,426</u>			
Business-Type Activities				
Cash and Deposits	862,080		1.75%	N/A
Total Business-Type Activities	<u>\$ 862,080</u>			
Fiduciary Funds	<u>49,451</u>		0.10%	N/A
Total Cash and Cash Equivalents	<u>\$ 49,131,957</u>		<u>100.00%</u>	
 Portfolio Weighted Average Maturity		 23		

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:

	<u>General Fund</u>	<u>Head Start Program</u>	<u>Nonmajor & Other Funds</u>	<u>Choice Partners</u>	<u>Total</u>
Receivables:					
Property taxes	\$ 1,187,680	\$ -	\$ -	\$ -	\$ 1,187,680
Due from other governments:					
Federal	423,268	1,255,910	7,066,002	-	8,745,180
Other receivables	<u>2,433,774</u>	<u>-</u>	<u>-</u>	<u>1,983,739</u>	<u>4,417,513</u>
Gross Receivables	4,044,722	1,255,910	7,066,002	1,983,739	14,350,373
Less: Allowance for uncollectible taxes	(23,754)	-	-	-	(23,754)
Less: Allowance for uncollectible receivables	<u>(400,000)</u>	<u>-</u>	<u>-</u>	<u>(212,739)</u>	<u>(612,739)</u>
	<u>\$ 3,620,968</u>	<u>\$ 1,255,910</u>	<u>\$ 7,066,002</u>	<u>\$ 1,771,000</u>	<u>\$ 13,713,880</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, 2023, the deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent Property Taxes Receivable (General Fund)	\$ 1,163,927	\$ -
Grant Revenues Received but not Expended	-	4,499,308
Other	<u>-</u>	<u>102,655</u>
Total Deferred Inflows of Resources/Unearned Revenue for Governmental Funds	<u>\$ 1,163,927</u>	<u>\$ 4,601,963</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 primary interfund transaction included amounts due from the special revenue funds and internal service fund to the general fund. The composition of interfund balances at August 31, 2023, consisted of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Funds:		
General Fund	\$ 4,399,168	\$ -
Head Start Program - Special Revenue Fund	-	1,248,228
Non-Major Funds - Internal Service	-	113,031
Non-Major Funds	-	3,037,909
Total Governmental Funds	<u>\$ 4,399,168</u>	<u>\$ 4,399,168</u>

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, 2023:

\$ 3,489,136	From the General Fund to the Non-Major Funds to fund the local match and routine debt service payments
371,743	From the General Fund to Head Start
3,586,100	From the General Fund to Capital Projects Fund
157,017	From the Capital Projects Fund to the Debt Service Fund
<u>4,294,307</u>	From the Enterprise fund to the General Fund to support HCDE programs
<u>\$ 11,898,303</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, 2023, are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers, Adjustments and Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land-General Fund -GF	\$ 2,035,599	\$ -	\$ -	\$ 2,035,599
Land-Public Facility Corporation -PFC	1,357,343	-	-	1,357,343
Construction in Progress	16,647,497	24,236,751	(27,791,289)	13,092,959
Total Capital Assets, not being Depreciated	<u>20,040,439</u>	<u>24,236,751</u>	<u>(27,791,289)</u>	<u>16,485,901</u>
Capital Assets being Depreciated:				
Buildings and Improvements-GF	32,427,871	109,141	26,629,913	59,166,925
Buildings and Improvements-PFC	41,993,435	-	-	41,993,435
Furniture and Equipment-GF	13,815,065	3,209,915	(420,487)	16,604,493
Right-to-use Asset - Buildings	9,800,509	2,487,309	-	12,287,818
Total Capital assets, being Depreciated	<u>98,036,880</u>	<u>5,806,365</u>	<u>26,209,426</u>	<u>130,052,671</u>
Less Accumulated Depreciation for:				
Building and Improvements-GF	(12,585,674)	(753,171)	581,267	(12,757,578)
Building and Improvements-PFC	(10,778,010)	(791,612)	-	(11,569,622)
Furniture and Equipment-GF	(11,781,225)	(442,066)	564,733	(11,658,558)
Right-to-use Asset - Buildings	(696,912)	(728,004)	-	(1,424,916)
Total Accumulated Depreciation	<u>(35,841,821)</u>	<u>(2,714,853)</u>	<u>1,146,000</u>	<u>(37,410,674)</u>
Total Capital assets, being Depreciated, net	<u>62,195,059</u>	<u>3,091,512</u>	<u>27,355,426</u>	<u>92,641,997</u>
Total Governmental Activities				
Capital Assets, net	<u>\$ 82,235,498</u>	<u>\$27,328,263</u>	<u>\$ (435,863)</u>	<u>\$ 109,127,898</u>

Construction Commitments

The Department has active construction projects as of August 31, 2023 are shown below:

<u>Project</u>	<u>Budget</u>	<u>In Progress</u>	<u>Remaining Budget</u>
Humble Early HS Expansion Project	\$ 1,819,649	\$ 1,716,657	\$ 102,992
Barrett Station Early HS Expansion	2,264,488	1,828,832	435,656
Head Start-Coolwood Center	7,924,284	2,990,970	4,933,314
Irvington Renovation	10,901,893	132,639	10,769,254
Highpoint East Improvements	9,541,714	6,423,861	3,117,853
	<u>\$ 32,452,028</u>	<u>\$ 13,092,959</u>	<u>\$ 19,359,069</u>

Note 6 - Capital Assets (continued)

Depreciation/amortization expense was charged to Department programs as follows:

Governmental Activities

Superintendent's Office	\$ 505
Facilities Acquisition and Construction	748,677
Technology Support Services	193,126
Digital Learning	5,363
Department Wide	45,437
Special Schools and Services	767,122
Adult Education Program	36,735
Head Start Program	841,138
Center for After-School, Summer and Expanded Learning	7,163
Records Management Services	69,587
Total Depreciation/Amortization Expense	\$ 2,714,853

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds, Notes and Leases Payable:					
Lease Revenue Bonds	\$ 31,970,000	\$ -	\$ (2,055,000)	\$ 29,915,000	\$ 1,450,000
Qualified Zone Academy Bonds	451,429	-	(451,429)	-	-
Maintenance Tax Notes	13,865,000	-	-	13,865,000	-
Plus:					
Issuance Premiums	5,177,734	-	(252,302)	4,925,432	-
Lease liability	7,228,876	2,487,309	(512,173)	9,204,012	603,180
Total Bonds and Notes Payable, net	58,693,039	2,487,309	(3,270,904)	57,909,444	2,053,180
Workers' Compensation	71,991	-	(12,962)	59,029	59,029
Compensated Absences	5,535,213	927,037	(763,524)	5,698,726	1,058,403
Net OPEB Liability (Department's Share)	23,306,574	-	(8,825,792)	14,480,782	-
Net Pension Liability (Department's Share)	9,704,199	13,345,382	-	23,049,581	-
Total Long-term Liabilities	\$ 97,311,016	\$ 16,759,728	\$ (12,873,182)	\$ 101,197,562	\$ 3,170,612

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

Note 7 - Long-Term Liabilities (continued)

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.

The Department's general obligation maintenance tax debt payable and lease revenue as of August 31, 2023, 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	\$ 1,335,000	\$ -	\$ (1,335,000)	\$ -
2016	Lease Revenue Bond	7,000,000	1.68%	2/15/2026	2,920,000	-	(720,000)	2,200,000
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	451,429	-	(451,429)	-
2020	Maintenance Tax Notes	13,865,000	3.00-5.00%	2/15/2040	13,865,000	-	-	13,865,000
Totals					46,286,429	-	(2,506,429)	43,780,000
	Plus: Issuance Premiums				5,177,734	-	(252,302)	4,925,432
Totals					<u>\$ 51,464,163</u>	<u>\$ -</u>	<u>\$ (2,758,731)</u>	<u>\$ 48,705,432</u>

* QZAB = Qualified Zone Academy Bonds

Note 7 - Long-Term Liabilities (continued)

B. Bonds and Notes (continued)

The following tables summarize by type the annual debt service requirements of the outstanding debt issues at August 31, 2023 to maturity.

Lease Revenue Bonds (PFC Long-term Debt)				Maintenance Tax Notes		
Years Ending August 31	Principal	Interest	Total Requirements	Principal	Interest	Total Requirements
2024	\$ 1,450,000	\$ 1,036,175	\$ 2,486,175	\$ -	\$ 508,800	\$ 508,800
2025	1,480,000	987,161	2,467,161	-	508,800	508,800
2026	1,525,000	936,604	2,461,604	-	508,800	508,800
2027	880,000	888,763	1,768,763	720,000	490,800	1,210,800
2028	930,000	843,513	1,773,513	750,000	454,050	1,204,050
2029-2033	5,025,000	3,537,809	8,562,809	4,635,000	1,663,850	6,298,850
2034-2038	5,980,000	2,583,338	8,563,338	5,440,000	759,000	6,199,000
2039-2043	8,690,000	1,602,819	10,292,819	2,320,000	70,050	2,390,050
2044-2045	3,955,000	159,700	4,114,700	-	-	-
Totals	\$ 29,915,000	\$ 12,575,882	\$ 42,490,882	\$ 13,865,000	\$ 4,964,150	\$ 18,829,150

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

Years Ending August 31	Principal	Interest	Total Requirements
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	1,600,000	1,379,563	2,979,563
2028	1,680,000	1,297,563	2,977,563
2029-2033	9,660,000	5,201,659	14,861,659
2033-2038	11,420,000	3,342,338	14,762,338
2039-2043	11,010,000	1,672,869	12,682,869
2044-2045	3,955,000	159,700	4,114,700
Totals	\$ 43,780,000	\$ 17,540,032	\$ 61,320,032

Note 7 - Long-Term Liabilities (continued)

C. Lease liabilities

Lease liabilities included with the implementation of *GASB Statement No. 87 Leases*, consist of building use leases related to the Head Start program at various locations. The following table summarizes the Departments lease liabilities at August 31, 2023 to maturity

Years Ending August 31	Principal	Interest	Total Requirements
2024	\$ 603,180	\$ 35,712	\$ 638,892
2025	605,599	33,293	638,892
2026	608,025	30,867	638,892
2027	602,957	28,435	631,392
2028	594,846	26,046	620,892
2029 - 2033	3,010,169	94,291	3,104,460
2034 - 2038	2,274,969	39,112	2,314,081
2039 - 2043	904,267	6,638	910,905
Totals	\$ 9,204,012	\$ 294,394	\$ 9,498,406

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 31,2023 follows:

Fund	Amount
Medicaid Administrative Claiming Program	\$ 142,889
Indirect Costs:	
STOP School Violence	382
Texas Estuarine Resource Network Program	9,811
Adult Education Basic Grants to States - Regular	227,977
Adult Education Basic Grants to States	
- English Literacy & Civics Education	10,155
Employer Engagement	12,850
Family Math Literacy	27,246
County Connections	110,089
21st Century Community Learning Centers	22,976
Head Start & Early Head Start	1,826,349
Early Head Start - Covid 19 Funds	1,258
Head Start - American Relief Funds	103,627
Disaster Assistance	6,137
	<u>\$ 2,501,746</u>

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.

After School Partnership Program - During fiscal year 2023, 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	\$ 898,529
<i>Pass-Through Expenditures -</i>	
School Districts:	
Houston ISD- 11 Campus	233,299
Pasadena ISD- 1 Campus	27,300
Alief ISD	189,437
Charter Schools:	
Academy for Accelerated Learning	80,000
Total Pass-through Expenditures	530,036
Grand Total Expenditures	\$ 1,428,565

21st Century Community Learning Centers - During fiscal year 2023, 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:

Members	Expenditures
<i>Fiscal Agent -</i>	
HCDE	\$ 1,582,112
<i>Pass-Through Expenditures -</i>	
School Districts:	
Alief ISD- 2 Campuses	63,852
AAMA- 2 Campus	139,633
Baker Ripley Charter Promise Community School -	
2 Schools	155,265
Clear Creek ISD- 1 Campus	27,826
Galena Park ISD- 4 Campuses	454,551
Houston ISD- 1 Campus	35,435
Humble ISD- 2 Campus	56,738
Raul Yzaguirre	122,000
Sheldon ISD- 3 Campuses	346,562
Southwest Schools- 1 Campus	124,468
Total Pass-Through Expenditures	1,526,330
Grand Total Expenditures	\$ 3,108,442

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:

	Final Budget	Actual
State mandated programs (TRS on behalf, etc.)	\$ 3,250,000	\$ 3,295,407
Professional services	1,698,033	1,295,307
General Supplies	136,257	135,327
Facility support charges	3,425,311	3,387,643
Miscellaneous operating	1,159,483	524,626
Personnel attrition	(1,517,000)	-
Total	\$ 8,152,084	\$ 8,638,310

Note 11 - Risk Management

- A. Health Insurance** - During the year ending August 31, 2023, 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.

	Year Ended 8/31/2022	Year Ended 8/31/2023
Unpaid Claims, Beginning of Fiscal Year	\$ 95,064	\$ 71,991
Claims payments	(23,073)	(12,962)
Unpaid Claims, End of Fiscal Year	\$ 71,991	\$ 59,029

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.

Pension Plan Fiduciary Net Position

Detail 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. The report may be obtained on the internet at https://www.trs.texas.gov/Pages/about_publications.aspx, selecting About TRS then Publications then *Financial Reports* or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

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.

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.

Note 12 - Defined Benefit Pension Plan (continued)

Contributions (continued)

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). Contributions for all contributors were as follows:

	Contribution Rates	
	Plan Fiscal Year	
	2023	2022
Member	8.00%	8.00%
Non-Employer Contributing Entity (NECE) - State	8.00%	7.75%
Employers (Department)	8.00%	7.75%

	Fiscal Year (2023)
	TRS
	Contributions
Department	\$ 2,066,724
Member (Employee)	3,935,532
Non-employer (State) Contributing Entity	2,770,580

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 1.7 percent of the member's salary beginning in fiscal year 2022, 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, 2022 actuarial valuation was determined using the following actuarial assumptions:

Component	Result
Valuation Date	August 31, 2021, rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
Municipal Bond Rate as of August 2020	3.91% - The 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	2121
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Benefit changes during the year	None
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, 2021. For a full description of these assumptions please see the actuarial valuation report dated November 12, 2021.

Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.00 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 7.00%. 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)

Discount Rate (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, 2022 are summarized below:

Asset Class	Target Allocation²	Long-Term Expected Geometric Real Rate of Return³	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	4.60%	1.12%
Non-U.S. Developed	13.00%	4.90%	0.90%
Emerging Markets	9.00%	5.40%	0.75%
Private Equity ¹	14.00%	7.70%	1.55%
Stable Value			
Government Bonds	16.00%	1.00%	0.22%
Absolute Return (Including Credit Sensitive Investments)	0.00%	3.70%	0.00%
Stable Value Hedge Funds	5.00%	3.40%	0.18%
Real Return			
Real Estate	15.00%	4.10%	0.94%
Energy, Natural Resources and Infrastructure	6.00%	5.10%	0.37%
Commodities	0.00%	3.60%	0.00%
Risk Parity			
Risk Parity	8.00%	4.60%	0.43%
Leverage			
Cash	2.00%	3.00%	0.01%
Asset Allocation Leverage	-6.00%	3.60%	-0.05%
Inflation Expectation	0.00%		2.70%
Volatility Drag ⁴	0.00%		-0.91%
Expected Return	100.00%		8.21%

¹ Absolute Return includes Credit Sensitive Investments.

² Target allocations are based on the fiscal year 2022 policy model.

³ Capital Market Assumptions come from Aon Hewitt as of August 31, 2022.

⁴ The volatility drag results from the conversion between arithmetic and geometric mean returns.

Note 12 - Defined Benefit Pension Plan (continued)

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.00%) in measuring the Net Pension Liability.

	<u>1% Decrease in Discount Rate (6.00%)</u>	<u>Decrease Rate (7.00%)</u>	<u>1% Increase in Discount Rate (8.00%)</u>
Department's proportionate share of the net pension liability:	\$ 35,856,409	\$ 23,049,581	\$ 12,669,046

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

Changes Since the Prior Actuarial Valuation

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

At August 31, 2023, the Department reported a liability of \$23,049,581 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	\$ 23,049,581
State's proportionate share that is associated with the Department	<u>30,082,125</u>
Total	<u><u>\$ 53,131,706</u></u>

The net pension liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2021 through August 31, 2022.

At August 31, 2022, the Department's proportion of the collective net pension liability was 0.0388% which was a decrease of 0.0007% from its proportion measured as of August 31, 2021.

For the year ended August 31, 2023, the Department recognized pension expense of \$3,676,191. The Department also recognized an additional on-behalf revenue and expense of \$2,875,510 representing for support provided by the State.

Note 12 - Defined Benefit Pension Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Changes Since the Prior Actuarial Valuation (continued)

At August 31, 2023, 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 of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 334,217	\$ (502,525)
Changes of assumption	4,294,887	(1,070,406)
Net difference between projected and actual earnings on pension plan investments	2,277,224	-
Changes in proportion and differences between District contributions and proportionate share of contributions	3,615,877	(240,016)
District contributions subsequent to the measurement date	2,066,724	-
Total	\$ 12,588,929	\$ (1,812,947)

Deferred outflows of resources resulting from Department contributions subsequent to the measurement date in the amount of \$2,066,724 will be recognized as a reduction of the net pension liability in the year ended August 31, 2024. 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 August 31:	Pension Expense Amount	Balance of Deferred Outflows (Inflows)
2024	\$ 2,476,148	\$ 6,233,110
2025	1,751,045	4,482,065
2026	1,190,574	3,291,491
2027	2,916,195	375,296
2028	375,296	-
	\$ 8,709,258	

The District will continue to make the required pension contributions based on the statutorily determined rates established by the Teacher Retirement System of Texas (TRS). TRS will apply the District's contributions to the Net Pension Liability on an annual basis. The contributions are paid by the funds that pay the employees' salaries. These funding sources include the General Fund and Special Revenue funds.

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 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. The report may be obtained on the Internet at https://www.trs.texas.gov/Pages/about_publications.aspx, selecting About TRS then Publications then *Financial Reports* 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.

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

TRS-Care Monthly Premium Rates			
	Medicare		Non-Medicare
Retiree or Surviving Spouse	\$	135	\$ 200
Retiree and Spouse		529	689
Retiree or Surviving Spouse 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.

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

Contributions (continued)

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.

	Contribution Rates Fiscal Year	
	2023	2022
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%

	Fiscal Year	
	TRS Contributions	
Employer (Department) contributions	\$	546,407
Member (Employee) contributions		319,764
Non-employer (State) on behalf - contributions		698,899

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 hiring a TRS retiree, employers are required to pay 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 \$5,520,343 in fiscal year 2021 for consumer protections against medical and health care billing by certain out-of-network providers.

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

Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2022. The actuarial valuation was determined using the following actuarial assumptions:

Component	Result
Valuation Date	August 31, 2021, rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.91% as of August 31, 2022
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 claim costs.
Projected Salary Increases	3.05% to 9.05% including inflation
Healthcare Trend Rates	The initial medical trend rates were 8.25% for Medicare retirees and 7.25% for non-Medicare retirees. The initial prescription drug trend was 8.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.
Election Rates	Normal Retirement: 62% participation rate prior to age 65 and 25% participation rate after age 65. Pre-65 retirees: 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

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).

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

Discount Rate

A single discount rate of 3.91% was used to measure the total OPEB liability. There was a decrease of 0.38% 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 non-employer 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, 2021 using the Fixed Income Market Data/Yield Curve/ Data 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 (3.91%) in measuring the Net OPEB Liability.

	Discount Rate		
	1% Decrease	Current	1% Increase
	(2.91%)	Rate (3.91%)	(4.91%)
District's proportional share of the net OPEB liability	\$ 17,073,991	\$ 14,480,782	\$ 12,379,951

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

At August 31, 2023, the Department reported a liability of \$14,480,782 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:

District's proportionate share of the collective net OPEB liability	\$ 14,480,782
State's proportionate share that is associated with the District	<u>17,664,280</u>
Total	<u><u>\$ 32,145,062</u></u>

The Net OPEB Liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer’s proportion of the Net OPEB Liability was based on the employer’s contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2021 through August 31, 2022.

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

OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEBs (continued)

At August 31, 2022, the Department's proportion of the collective Net OPEB Liability was 0.0605% which was an increase of 0.0004% from its proportion measured as of August 31, 2021.

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.

	Healthcare Cost Trend Rate		
	1% Decrease	Current	1% Increase
District's proportional share of the net OPEB liability	\$ 11,932,230	\$ 14,480,782	\$ 17,784,653

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 1.95 percent as of August 31, 2021, to 3.91 percent as of August 31, 2022. This change decreased 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 terms since the prior measurement date.

For the year ended August 31, 2023, the Department recognized negative OPEB expense of (\$2,179,073). The Department also recognized negative on-behalf expense and revenue of (\$2,506,704) for support provided by the State.

At August 31, 2023, 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 of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 805,080	\$ (12,063,792)
Changes in actuarial assumptions	2,205,710	(10,060,386)
Net difference between projected and actual earnings on OPEB plan investments	43,135	-
Changes in proportion and differences between District contributions and proportionate share of contributions	591,490	(2,596,566)
District contributions subsequent to the measurement date	546,406	-
Total	\$ 4,191,821	\$ (24,720,744)

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

Changes Since the Prior Actuarial Valuation (continued)

The 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, 2024. 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:

<u>Year Ending August 31:</u>	<u>OPEB Expense Amount</u>	<u>Balance of Deferred Outflows (Inflows)</u>
2024	\$ (3,828,731)	\$ (17,246,598)
2025	(3,828,575)	(13,418,023)
2026	(3,214,502)	(10,203,521)
2027	(2,383,140)	(7,820,381)
2028	(2,633,563)	(5,186,818)
Thereafter	(5,186,818)	-
	<u>\$ (21,075,329)</u>	

The General, Capital Projects and Special Revenue Funds are used to liquidate other post-employment liabilities.

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. Under Medicare Part D, TRS-Care retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the year ended August 31, 2023, August 31, 2022 and August 31, 2021, the subsidy payments received by TRS-Care on behalf of the District were \$253,849, \$182,247, and \$196,046, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statement of the District.

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, 2023.

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, 2023.

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 2023, inventory within the Foreign Trade Zone totaled 1.022 billion. The Department received tax equivalency payments of \$48,517 from Exxon Mobil Inc., Magellen Terminals, Sigma Tube, Houston Refining LLP, Dixie Cullen, Nobel Drilling, Cosentino, Mitsubishi and Toshiba.





Required Supplementary
Information

Class 2020

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, 2023

Exhibit C-1

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Local and Intermediate Sources	\$ 51,505,734	\$ 52,167,769	\$ 52,956,604	\$ 788,835
State Programs	3,698,000	3,698,000	3,825,207	127,207
Federal Programs	2,419,098	2,419,098	2,501,746	82,648
Total Revenues	57,622,832	58,284,867	59,283,557	998,690
Expenditures				
Current:				
Adult Education Program	88,486	95,716	98,392	(2,676)
Assistant Superintendents	693,839	741,439	716,854	24,585
Board of Trustees	207,115	212,115	197,362	14,753
Business Support Services	2,003,734	2,003,734	1,834,358	169,376
Center for After-School, Summer & Expanded Learning	778,964	782,964	767,698	15,266
Center for Safe & Secure Schools	675,581	968,161	835,578	132,583
Center for Grant Development	634,830	634,830	581,303	53,527
Client Engagement	696,960	696,960	642,191	54,769
Communications	1,216,193	1,221,193	1,026,739	194,454
Department Wide	7,601,284	8,152,084	8,638,310	(486,226)
Education Foundation	600,000	600,200	600,083	117
Facility Support Services	196,007	196,007	212,643	(16,636)
Head Start Program	8,000	7,770	1,371	6,399
Human Resources	1,343,901	1,370,901	1,342,823	28,078
Purchasing Support Services	840,294	840,294	728,248	112,046
Community Engagement	120,000	120,000	113,733	6,267
Records Management Services	2,139,286	2,139,286	2,005,842	133,444
Research & Evaluation Institute	681,489	681,489	551,004	130,485
Retirement Leave Benefits	150,000	346,580	475,565	(128,985)
School Based Therapy Services	13,938,853	14,138,398	13,041,055	1,097,343
Chief of Staff	315,650	320,650	318,001	2,649
Special Schools & Services	15,768,767	15,640,992	14,234,654	1,406,338
Superintendent's Office	710,818	710,818	688,994	21,824
Special Schools Administration	874,967	909,367	804,950	104,417
Technology Support Services	4,282,655	4,279,655	3,934,848	344,807
The Teaching & Learning Center	2,633,730	2,636,730	1,958,789	677,941
Total Expenditures	59,201,403	60,448,333	56,351,388	4,096,945
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	(1,578,571)	(2,163,466)	2,932,169	5,095,635
Other Financing Sources (Uses)				
Transfers In	5,148,872	5,148,872	4,294,307	(854,565)
Transfers Out	(4,864,887)	(8,017,651)	(7,446,979)	570,672
Total Other Financing Sources (Uses)	283,985	(2,868,779)	(3,152,672)	(283,893)
Net Change in Fund Balances	(1,294,586)	(5,032,245)	(220,503)	4,811,742
Fund Balances-Beginning	25,919,064	25,919,064	25,919,064	-
Fund Balances-Ending	\$ 24,624,478	\$ 20,886,819	\$ 25,698,561	\$ 4,811,742

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 \$662,035.

There was a \$4,096,945 difference between the final amended budget and actual expenditures. The significant differences are summarized below:

- \$1,406,338 Special Schools and Services under budget
- \$1,097,343 School Based Therapy Services under budget

The following budget manager categories exceeded budget:

Adult Education	\$2,676
Department Wide	\$486,226
Facility Support Services	\$16,636
Retirement Leave Benefits	\$128,985

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 Nine Measurement Years Ended August 31

Exhibit C-3

	2022	2021	2020	2019	2018
Department's proportion of the net pension liability	0.0388%	0.0381%	0.0387%	0.0248%	0.0238%
Department's proportionate share of the net pension liability	\$ 23,049,581	\$ 9,704,199	\$ 20,739,553	\$ 12,914,733	\$ 13,093,794
State's proportionate share of the net pension liability associated with the Department	30,082,125	23,454,144	29,548,731	28,729,606	31,109,264
Total	\$ 53,131,706	\$ 33,158,343	\$ 50,288,284	\$ 41,644,339	\$ 44,203,058
Department's covered payroll (for Measurement Year)	\$ 44,726,679	\$ 44,522,188	\$ 43,144,177	\$ 41,843,653	\$ 39,733,893
Department's proportionate share of the net pension liability as a percentage of its covered payroll	51.5%	21.8%	48.1%	30.9%	33.0%
Plan's fiduciary net position as a percentage of the total pension liability	75.65%	88.79%	75.54%	75.24%	73.74%
Plan's net pension liability as a percentage of covered payroll	112.72%	51.08%	110.36%	114.93%	126.11%
	2017	2016	2015	2014	
Department's proportion of the net pension liability	0.0243%	0.0233%	0.0234%	0.0278%	
Department's proportionate share of the net pension liability	\$ 7,762,844	\$ 8,794,281	\$ 8,260,418	\$ 7,215,493	
State's proportionate share of the net pension liability associated with the Department	18,522,260	22,088,591	21,177,189	18,967,699	
Total	\$ 26,285,104	\$ 30,882,872	\$ 29,437,607	\$ 26,183,192	
Department's covered payroll (for Measurement Year)	\$ 38,995,847	\$ 37,264,186	\$ 35,960,896	\$ 36,028,897	
Department's proportionate share of the net pension liability as a percentage of its covered payroll	19.9%	23.6%	23.0%	20.0%	
Plan's fiduciary net position as a percentage of the total pension liability	82.17%	78.00%	78.43%	83.25%	
Plan's net pension liability as a percentage of covered payroll	75.93%	92.75%	91.94%	73.82%	

HARRIS COUNTY DEPARTMENT OF EDUCATION
Exhibit C-4
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DEPARTMENT'S PENSION RETIREMENT CONTRIBUTIONS
Teachers Retirement System of Texas
Last Ten Fiscal Years Ended August 31

	2023	2022	2021	2020	2019
Contractually required contributions	\$ 2,066,724	\$ 1,805,791	\$ 1,629,799	\$ 1,599,915	\$ 867,842
Contributions in relation to the contractually required contributions	<u>2,066,724</u>	<u>1,805,791</u>	<u>1,629,799</u>	<u>1,599,915</u>	<u>867,842</u>
Contribution Deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Department's covered payroll	\$ 49,220,298	\$ 44,726,679	\$ 44,522,188	\$ 43,144,177	\$ 41,843,651
Contributions as a percentage of covered payroll	4.20%	4.04%	3.66%	3.71%	2.07%
	2018	2017	2016	2015	2014
Contractually required contributions	\$ 799,557	\$ 794,101	\$ 741,368	\$ 699,042	\$ 685,186
Contributions in relation to the contractually required contributions	<u>799,557</u>	<u>794,101</u>	<u>741,368</u>	<u>699,042</u>	<u>685,186</u>
Contribution Deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Department's covered payroll	\$ 39,733,893	\$ 38,995,847	\$ 37,264,186	\$ 35,960,896	\$ 36,028,897
Contributions as a percentage of covered payroll	2.01%	2.04%	1.99%	1.94%	1.90%

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

Changes of Assumptions

Assumptions, methods, and plan changes which are specific to the Pension Trust Fund were updated from the prior year's report. The net pension liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions:

- The single discount rate as of August 31, 2018 was a single blended rate of 6.907 percent. That has changed to the long-term rate of 7.25 percent as of August 31, 2019.
- There was no change to the discount rate for the measurement year ended August 31, 2020 or 2021.
- The discount rate changed from 7.25% to 7.00% from measurement year 2021 through 2022.
- 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 \$2,700 increase in fiscal year 2020. This is an additional to the salary increase expected based on the actuarial assumptions.

Changes of Benefit Terms

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

HARRIS COUNTY DEPARTMENT OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DEPARTMENT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
Teacher Retirement System of Texas
Last Six Measurement Years Ended August 31

Exhibit C-6

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Department's Proportion of the Net OPEB Liability	0.0605%	0.0604%	0.0628%	0.0618%
Department's proportionate share of the net OPEB liability	\$ 14,480,782	\$ 23,306,574	\$ 23,854,417	\$ 31,296,144
State's proportionate share of the net OPEB liability associated with the Department	<u>17,664,280</u>	<u>31,225,616</u>	<u>32,054,618</u>	<u>41,585,578</u>
Total	<u>\$ 32,145,062</u>	<u>\$ 54,532,190</u>	<u>\$ 55,909,035</u>	<u>\$ 72,881,722</u>
Department's covered payroll (for Measurement Year)	\$ 44,726,679	\$ 44,522,188	\$ 43,144,177	\$ 41,843,653
Department's proportionate share of the net OPEB liability as a percentage of its covered payroll	32.4%	52.3%	55.3%	74.8%
Plan's fiduciary net position as a percentage of the total OPEB liability	11.52%	6.18%	4.99%	2.66%
Plan's net OPEB liability as a percentage of covered payroll	59.10%	100.13%	101.46%	135.21%
	<u>2018</u>	<u>2017</u>		
Department's Proportion of the Net OPEB Liability	0.0646%	0.0647%		
Department's proportionate share of the net OPEB liability	\$ 32,234,768	\$ 28,124,225		
State's proportionate share of the net OPEB liability associated with the Department	<u>26,283,149</u>	<u>23,468,900</u>		
Total	<u>\$ 58,517,917</u>	<u>\$ 51,593,125</u>		
Department's covered payroll (for Measurement Year)	\$ 39,733,893	\$ 38,995,847		
Department's proportionate share of the net OPEB liability as a percentage of its covered payroll	81.1%	72.1%		
Plan's fiduciary net position as a percentage of the total OPEB liability	1.57%	0.91%		
Plan's net OPEB liability as a percentage of covered payroll	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
Teachers Retirement System of Texas
Last Ten Fiscal Years Ended August 31

Exhibit C-7

	2023	2022	2021	2020	2019
Contractually required contributions	\$ 546,407	\$ 493,874	\$ 471,916	\$ 477,510	\$ 466,951
Contributions in relation to the contractually required contributions	<u>546,407</u>	<u>493,874</u>	<u>471,916</u>	<u>477,510</u>	<u>466,951</u>
Contribution Deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Department's covered payroll	\$ 49,220,298	\$ 44,726,679	\$ 44,522,188	\$ 43,144,177	\$ 41,843,651
Contributions as a percentage of covered payroll	1.11%	1.10%	1.06%	1.11%	1.12%
	2018	2017	2016	2015	2014
Contractually required contributions	\$ 445,167	\$ 339,056	\$ 328,635	\$ 311,879	\$ 307,431
Contributions in relation to the contractually required contributions	<u>445,167</u>	<u>339,056</u>	<u>328,635</u>	<u>311,879</u>	<u>307,431</u>
Contribution Deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Department's covered payroll	\$ 39,733,893	\$ 38,995,847	\$ 37,264,186	\$ 35,960,896	\$ 36,028,897
Contributions as a percentage of covered payroll	1.12%	0.87%	0.88%	0.87%	0.85%

OPEB Changes of Assumptions

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 3.69 percent as of August 31, 2018 to 2.63 percent as of August 31, 2019. This change increased the TOL.
- 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 TOL.
- The discount rate changed from 2.33 percent as of August 31, 2020 to 1.95 percent as of August 31, 2021. This change increased the TOL.
- The discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent as of August 31, 2022. This change decreased 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.



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)

- 21st Century Community Learning Centers (21st 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

Center for Educators Success - 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, 2023

Exhibit D-1
Page 1 of 9

	Special Revenue Funds			
	Head Start - Training and Tech Assist	Head Start - Innovation/Im provement	Stop School Violence Grant	Head Start CARES Relief Fund
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 2,358,878
Due from other governments	25,568	882,745	-	-
Prepaid Items	-	-	-	-
Total Assets	<u>\$ 25,568</u>	<u>\$ 882,745</u>	<u>\$ -</u>	<u>\$ 2,358,878</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 14,628	\$ 873,289	\$ -	\$ 38,061
Accrued wages payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	10,940	9,456	-	-
Unearned Revenues	-	-	-	2,320,817
Total Liabilities	<u>25,568</u>	<u>882,745</u>	<u>-</u>	<u>2,358,878</u>
Fund Balances:				
Nonspendable				
Prepaid	-	-	-	-
Assigned:				
Debt Service	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 25,568</u>	<u>\$ 882,745</u>	<u>\$ -</u>	<u>\$ 2,358,878</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
August 31, 2023

Exhibit D-1
Page 2 of 9

	Special Revenue Funds			
	TECQ / Audubon	Early Head Start/Child Care Partnership	Early Head Start Operations	Early Head Start/Child Care Partnership
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	1,880,593	238,454	20,122
Prepaid Items	-	-	15,723	-
Total Assets	<u>\$ -</u>	<u>\$ 1,880,593</u>	<u>\$ 254,177</u>	<u>\$ 20,122</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 652,628	\$ 90,345	\$ 19,846
Accrued wages payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	1,227,965	163,832	276
Unearned Revenues	-	-	-	-
Total Liabilities	<u>-</u>	<u>1,880,593</u>	<u>254,177</u>	<u>20,122</u>
Fund Balances:				
Nonspendable				
Prepaid	-	-	15,723	-
Assigned:				
Debt Service	-	-	-	-
Unassigned	-	-	(15,723)	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 1,880,593</u>	<u>\$ 254,177</u>	<u>\$ 20,122</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
August 31, 2023

Exhibit D-1
Page 3 of 9

	Special Revenue Funds			
	HS - Coolwood Land Acquisition	TCEQ - Engag Commun CASE	Federal Adult Basic Education (ABE) Regular	Adult Basic Education EL and Civics
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other governments	136,151	9,717	582,069	127,850
Prepaid Items	-	-	5,560	-
Total Assets	\$ 136,151	\$ 9,717	\$ 587,629	\$ 127,850
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 8,654	\$ 6,958	\$ -
Accrued wages payable	-	-	71,606	24,536
Due to other governments	-	-	-	-
Due to other funds	136,151	1,063	509,065	103,314
Unearned Revenues	-	-	-	-
Total Liabilities	136,151	9,717	587,629	127,850
Fund Balances:				
Nonspendable				
Prepaid	-	-	5,560	-
Assigned:				
Debt Service	-	-	-	-
Unassigned	-	-	(5,560)	-
Total Fund Balances	-	-	-	-
Total Liabilities and Fund Balances	\$ 136,151	\$ 9,717	\$ 587,629	\$ 127,850

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
August 31, 2023

Exhibit D-1
Page 4 of 9

	Special Revenue Funds			
	Employer Engagement	Math Literacy	21st Century Cycle 12	21st Century Cycle 11
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other governments	16,741	116,584	20,560	293,089
Prepaid Items	-	-	-	-
Total Assets	\$ 16,741	\$ 116,584	\$ 20,560	\$ 293,089
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 182	\$ 65,841	\$ 3,218	\$ 65,583
Accrued wages payable	157	1,443	-	10,382
Due to other governments	-	-	-	-
Due to other funds	16,402	49,300	17,342	217,124
Unearned Revenues	-	-	-	-
Total Liabilities	16,741	116,584	20,560	293,089
Fund Balances:				
Nonspendable				
Prepaid	-	-	-	-
Assigned:				
Debt Service	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	-	-	-	-
Total Liabilities and Fund Balances	\$ 16,741	\$ 116,584	\$ 20,560	\$ 293,089

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
August 31, 2023

Exhibit D-1
Page 5 of 9

	Special Revenue Funds			
	21st Century Cycle 10	Texas Council Dev. Disability	Federal CASE After School Partnership	Head Start Disaster Recovery
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 1,054,534	\$ -
Due from other governments	435,058	-	650,658	-
Prepaid Items	-	-	-	-
Total Assets	\$ 435,058	\$ -	\$ 1,705,192	\$ -
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 360,333	\$ -	\$ 234,236	\$ -
Accrued wages payable	-	-	2,372	-
Due to other governments	-	-	-	-
Due to other funds	74,725	-	-	-
Unearned Revenues	-	-	1,468,584	-
Total Liabilities	435,058	-	1,705,192	-
Fund Balances:				
Nonspendable				
Prepaid	-	-	-	-
Assigned:				
Debt Service	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	-	-	-	-
Total Liabilities and Fund Balances	\$ 435,058	\$ -	\$ 1,705,192	\$ -

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
August 31, 2023

Exhibit D-1
Page 6 of 9

	Special Revenue Funds			
	Access - Adult Ed	Head Start Disaster Relief	EPP Grant	Every Hour Counts
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 28,425	\$ 15,616
Due from other governments	18,248	235,924	-	-
Prepaid Items	-	-	-	-
Total Assets	<u>\$ 18,248</u>	<u>\$ 235,924</u>	<u>\$ 28,425</u>	<u>\$ 15,616</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 109,619	\$ 5,670	\$ -
Accrued wages payable	-	140	-	-
Due to other governments	-	-	-	-
Due to other funds	18,248	126,165	-	-
Unearned Revenues	-	-	22,755	15,616
Total Liabilities	<u>18,248</u>	<u>235,924</u>	<u>28,425</u>	<u>15,616</u>
Fund Balances:				
Nonspendable				
Prepaid	-	-	-	-
Assigned:				
Debt Service	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 18,248</u>	<u>\$ 235,924</u>	<u>\$ 28,425</u>	<u>\$ 15,616</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
August 31, 2023

Exhibit D-1
Page 7 of 9

	Special Revenue Funds			
	Houston Endowment Grant	CASE - City of Houston	County Connection Program	Early Head Start In-Kind
Assets				
Cash and cash equivalents	\$ 220,797	\$ 2,836	\$ -	\$ 998
Due from other governments	-	-	1,375,871	-
Prepaid Items	-	-	-	-
Total Assets	<u>\$ 220,797</u>	<u>\$ 2,836</u>	<u>\$ 1,375,871</u>	<u>\$ 998</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 8,200	\$ 536	\$ 1,018,701	\$ -
Accrued wages payable	-	-	629	-
Due to other governments	-	2,300	-	-
Due to other funds	-	-	356,541	-
Unearned Revenues	212,597	-	-	998
Total Liabilities	<u>220,797</u>	<u>2,836</u>	<u>1,375,871</u>	<u>998</u>
Fund Balances:				
Nonspendable				
Prepaid	-	-	-	-
Assigned:				
Debt Service	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 220,797</u>	<u>\$ 2,836</u>	<u>\$ 1,375,871</u>	<u>\$ 998</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
August 31, 2023

Exhibit D-1
Page 8 of 9

	Special Revenue Funds			
	Head Start In- Kind	Stop School Violence - In- kind	Head Start Hogg Grant	Hogg Found
Assets				
Cash and cash equivalents	\$ 30,955	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-
Prepaid Items	-	-	-	-
Total Assets	<u>\$ 30,955</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,426	\$ -	\$ -	\$ -
Accrued wages payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Unearned Revenues	29,529	-	-	-
Total Liabilities	<u>30,955</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Nonspendable				
Prepaid	-	-	-	-
Assigned:				
Debt Service	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 30,955</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
August 31, 2023

Exhibit D-1
Page 9 of 9

	<u>Special Revenue Funds</u>			
	<u>Education Foundation Local Grants</u>	<u>Total Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds (See Exhibit B-1)</u>
Assets				
Cash and cash equivalents	\$ 429,132	\$ 4,142,171	\$ 755,170	\$ 4,897,341
Due from other governments	-	7,066,002	-	7,066,002
Prepaid Items	-	21,283	-	21,283
Total Assets	<u>\$ 429,132</u>	<u>\$ 11,229,456</u>	<u>\$ 755,170</u>	<u>\$ 11,984,626</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 720	\$ 3,578,674	\$ -	\$ 3,578,674
Accrued wages payable	-	111,265	-	111,265
Due to other governments	-	2,300	-	2,300
Due to other funds	-	3,037,909	-	3,037,909
Unearned Revenues	428,412	4,499,308	-	4,499,308
Total Liabilities	<u>429,132</u>	<u>11,229,456</u>	<u>-</u>	<u>11,229,456</u>
Fund Balances:				
Nonspendable				
Prepaid	-	21,283	-	21,283
Assigned:				
Debt Service	-	-	755,170	755,170
Unassigned	-	(21,283)	-	(21,283)
Total Fund Balances	<u>-</u>	<u>-</u>	<u>755,170</u>	<u>755,170</u>
Total Liabilities and Fund Balances	<u>\$ 429,132</u>	<u>\$ 11,229,456</u>	<u>\$ 755,170</u>	<u>\$ 11,984,626</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, 2023

Exhibit D-2

Page 1 of 9

	Special Revenue Funds			
	Head Start - Training and Tech Assist	Head Start - Innovation/Im provement	Stop School Violence Grant	Head Start CARES Relief Fund
Revenues				
Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 1,915,973
Federal Programs	117,848	2,772,597	3,368	-
Total Revenues	<u>117,848</u>	<u>2,772,597</u>	<u>3,368</u>	<u>1,915,973</u>
Expenditures				
Current:				
Adult Education Program	-	-	-	-
Center for After-School, Summer & Expanded Learning	-	-	-	-
Center for Safe & Secure Schools	-	-	3,368	-
Education Certification & Professional Advancement	-	-	-	-
Facility Support Services	-	-	-	-
Head Start Program	117,848	2,772,597	-	1,915,973
School Based Therapy Services	-	-	-	-
The Teaching & Learning Center	-	-	-	-
Debt Service:				
Principal on Long-Term Debt	-	-	-	-
Interest on Long-Term Debt	-	-	-	-
Total Expenditures	<u>117,848</u>	<u>2,772,597</u>	<u>3,368</u>	<u>1,915,973</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances-Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances-Ending	<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, 2023

Exhibit D-2

Page 2 of 9

	Special Revenue Funds			
	TECQ / Audubon	Early Head Start/Child Care Partnership	Early Head Start Operations	Early Head Start/Child Care Partnership
Revenues				
Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
Federal Programs	43,948	3,573,805	2,990,013	37,271
Total Revenues	<u>43,948</u>	<u>3,573,805</u>	<u>2,990,013</u>	<u>37,271</u>
Expenditures				
Current:				
Adult Education Program	-	-	-	-
Center for After-School, Summer & Expanded Learning	-	-	-	-
Center for Safe & Secure Schools	-	-	-	-
Education Certification & Professional Advancement	-	-	-	-
Facility Support Services	-	-	-	-
Head Start Program	-	3,573,805	2,990,013	37,271
School Based Therapy Services	-	-	-	-
The Teaching & Learning Center	43,948	-	-	-
Debt Service:				
Principal on Long-Term Debt	-	-	-	-
Interest on Long-Term Debt	-	-	-	-
Total Expenditures	<u>43,948</u>	<u>3,573,805</u>	<u>2,990,013</u>	<u>37,271</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances-Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances-Ending	<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, 2023

Exhibit D-2

Page 3 of 9

	Special Revenue Funds			
	HS - Coolwood Land Acquisition	TCEQ - Engag Commun CASE	Federal Adult Basic Education (ABE) Regular	Adult Basic Education EL and Civics
Revenues				
Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
Federal Programs	136,151	9,717	4,032,324	171,708
Total Revenues	<u>136,151</u>	<u>9,717</u>	<u>4,032,324</u>	<u>171,708</u>
Expenditures				
Current:				
Adult Education Program	-	-	4,032,324	171,708
Center for After-School, Summer & Expanded Learning	-	9,717	-	-
Center for Safe & Secure Schools	-	-	-	-
Education Certification & Professional Advancement	-	-	-	-
Facility Support Services	-	-	-	-
Head Start Program	136,151	-	-	-
School Based Therapy Services	-	-	-	-
The Teaching & Learning Center	-	-	-	-
Debt Service:				
Principal on Long-Term Debt	-	-	-	-
Interest on Long-Term Debt	-	-	-	-
Total Expenditures	<u>136,151</u>	<u>9,717</u>	<u>4,032,324</u>	<u>171,708</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances-Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances-Ending	<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, 2023

Exhibit D-2

Page 4 of 9

	Special Revenue Funds			
	Employer Engagement	Math Literacy	21st Century Cycle 12	21st Century Cycle 11
Revenues				
Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
Federal Programs	276,502	348,282	20,560	1,634,744
Total Revenues	<u>276,502</u>	<u>348,282</u>	<u>20,560</u>	<u>1,634,744</u>
Expenditures				
Current:				
Adult Education Program	276,502	348,282	-	-
Center for After-School, Summer & Expanded Learning	-	-	20,560	1,634,744
Center for Safe & Secure Schools	-	-	-	-
Education Certification & Professional Advancement	-	-	-	-
Facility Support Services	-	-	-	-
Head Start Program	-	-	-	-
School Based Therapy Services	-	-	-	-
The Teaching & Learning Center	-	-	-	-
Debt Service:				
Principal on Long-Term Debt	-	-	-	-
Interest on Long-Term Debt	-	-	-	-
Total Expenditures	<u>276,502</u>	<u>348,282</u>	<u>20,560</u>	<u>1,634,744</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances-Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances-Ending	<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, 2023

Exhibit D-2

Page 5 of 9

	Special Revenue Funds			
	21st Century Cycle 10	Texas Council Dev. Disability	Federal CASE After School Partnership	Head Start Disaster Recovery
Revenues				
Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
Federal Programs	1,430,162	5,274	1,428,565	9,804
Total Revenues	<u>1,430,162</u>	<u>5,274</u>	<u>1,428,565</u>	<u>9,804</u>
Expenditures				
Current:				
Adult Education Program	-	-	-	-
Center for After-School, Summer & Expanded Learning	1,430,162	-	1,958,601	-
Center for Safe & Secure Schools	-	-	-	-
Education Certification & Professional Advancement	-	-	-	-
Facility Support Services	-	-	-	-
Head Start Program	-	-	-	9,804
School Based Therapy Services	-	5,274	-	-
The Teaching & Learning Center	-	-	-	-
Debt Service:				
Principal on Long-Term Debt	-	-	-	-
Interest on Long-Term Debt	-	-	-	-
Total Expenditures	<u>1,430,162</u>	<u>5,274</u>	<u>1,958,601</u>	<u>9,804</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(530,036)</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In	-	-	530,036	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>530,036</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances-Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances-Ending	<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, 2023

Exhibit D-2

Page 6 of 9

	Special Revenue Funds			
	Access - Adult Ed	Head Start Disaster Relief	EPP Grant	Every Hour Counts
Revenues				
Local and Intermediate Sources	\$ 18,248	\$ -	\$ 52,645	\$ 39,384
Federal Programs	-	841,669	-	-
Total Revenues	18,248	841,669	52,645	39,384
Expenditures				
Current:				
Adult Education Program	18,248	-	-	-
Center for After-School, Summer & Expanded Learning	-	-	-	39,384
Center for Safe & Secure Schools	-	-	-	-
Education Certification & Professional Advancement	-	-	52,645	-
Facility Support Services	-	-	-	-
Head Start Program	-	841,669	-	-
School Based Therapy Services	-	-	-	-
The Teaching & Learning Center	-	-	-	-
Debt Service:				
Principal on Long-Term Debt	-	-	-	-
Interest on Long-Term Debt	-	-	-	-
Total Expenditures	18,248	841,669	52,645	39,384
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	-	-
Fund Balances-Beginning	-	-	-	-
Fund Balances-Ending	\$ -	\$ -	\$ -	\$ -

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, 2023

Exhibit D-2

Page 7 of 9

	Special Revenue Funds			
	Houston Endowment Grant	CASE - City of Houston	County Connection Program	Early Head Start In-Kind
Revenues				
Local and Intermediate Sources	\$ 98,558	\$ 649,270	\$ -	\$ 196,259
Federal Programs	-	-	1,399,705	-
Total Revenues	98,558	649,270	1,399,705	196,259
Expenditures				
Current:				
Adult Education Program	-	-	-	-
Center for After-School, Summer & Expanded Learning	98,558	649,270	1,399,705	-
Center for Safe & Secure Schools	-	-	-	-
Education Certification & Professional Advancement	-	-	-	-
Facility Support Services	-	-	-	-
Head Start Program	-	-	-	196,259
School Based Therapy Services	-	-	-	-
The Teaching & Learning Center	-	-	-	-
Debt Service:				
Principal on Long-Term Debt	-	-	-	-
Interest on Long-Term Debt	-	-	-	-
Total Expenditures	98,558	649,270	1,399,705	196,259
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	-	-
Fund Balances-Beginning	-	-	-	-
Fund Balances-Ending	\$ -	\$ -	\$ -	\$ -

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, 2023

Exhibit D-2

Page 8 of 9

	Special Revenue Funds			
	Head Start In- Kind	Stop School Violence - In- kind	Head Start Hogg Grant	Hogg Found
Revenues				
Local and Intermediate Sources	\$ 3,216,783	\$ 102,049	\$ 15,990	\$ 7,273
Federal Programs	-	-	-	-
Total Revenues	<u>3,216,783</u>	<u>102,049</u>	<u>15,990</u>	<u>7,273</u>
Expenditures				
Current:				
Adult Education Program	-	-	-	-
Center for After-School, Summer & Expanded Learning	-	-	-	-
Center for Safe & Secure Schools	-	102,049	-	-
Education Certification & Professional Advancement	-	-	-	-
Facility Support Services	-	-	-	-
Head Start Program	3,216,783	-	15,990	7,273
School Based Therapy Services	-	-	-	-
The Teaching & Learning Center	-	-	-	-
Debt Service:				
Principal on Long-Term Debt	-	-	-	-
Interest on Long-Term Debt	-	-	-	-
Total Expenditures	<u>3,216,783</u>	<u>102,049</u>	<u>15,990</u>	<u>7,273</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances-Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances-Ending	<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, 2023

Exhibit D-2

Page 9 of 9

	<u>Special Revenue Funds</u>			Nonmajor
	Education	Total Special	Debt Service	Governmental
	Foundation	Revenue Funds	Fund	Funds (See
	Local Grants			Exhibit B-1)
Revenues				
Local and Intermediate Sources	\$ 7,795	\$ 6,320,227	\$ -	\$ 6,320,227
Federal Programs	-	21,284,017	-	21,284,017
Total Revenues	<u>7,795</u>	<u>27,604,244</u>	<u>-</u>	<u>27,604,244</u>
Expenditures				
Current:				
Adult Education Program	-	4,847,064	-	4,847,064
Center for After-School, Summer & Expanded Learning	250	7,240,951	-	7,240,951
Center for Safe & Secure Schools	-	105,417	-	105,417
Education Certification & Professional Advancement	-	52,645	-	52,645
Facility Support Services	4,413	4,413	-	4,413
Head Start Program	3,132	15,834,568	-	15,834,568
School Based Therapy Services	-	5,274	-	5,274
The Teaching & Learning Center	-	43,948	-	43,948
Debt Service:				
Principal on Long-Term Debt	-	-	2,506,425	2,506,425
Interest on Long-Term Debt	-	-	1,222,478	1,222,478
Total Expenditures	<u>7,795</u>	<u>28,134,280</u>	<u>3,728,903</u>	<u>31,863,183</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(530,036)</u>	<u>(3,728,903)</u>	<u>(4,258,939)</u>
Other Financing Sources (Uses)				
Transfers In	-	530,036	3,116,117	3,646,153
Total Other Financing Sources (Uses)	<u>-</u>	<u>530,036</u>	<u>3,116,117</u>	<u>3,646,153</u>
Net Change in Fund Balances	-	-	(612,786)	(612,786)
Fund Balances-Beginning	<u>-</u>	<u>-</u>	<u>1,367,956</u>	<u>1,367,956</u>
Fund Balances-Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 755,170</u>	<u>\$ 755,170</u>



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
August 31, 2023

Exhibit D-3

	Workers' Compensation Fund	Facility Charges Fund	Total Internal Service Funds (see Exhibit B-5)
Assets			
Current Assets:			
Cash and cash equivalents	\$ 1,051,078	\$ 266,333	\$ 1,317,411
Prepaid items	471,860	-	471,860
Total Assets	<u>1,522,938</u>	<u>266,333</u>	<u>1,789,271</u>
Liabilities			
Current Liabilities:			
Accounts payable	-	237,290	237,290
Accrued wages payable	-	29,043	29,043
Due to other funds	113,031	-	113,031
Claims payable - due within one year	59,029	-	59,029
Total Liabilities	<u>172,060</u>	<u>266,333</u>	<u>438,393</u>
Net Position			
Unrestricted	1,350,878	-	1,350,878
Total Net Position	<u>\$ 1,350,878</u>	<u>\$ -</u>	<u>\$ 1,350,878</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, 2023

Exhibit D-4

	Workers' Compensation Fund	Facility Charges Fund	Total Internal Service Funds (see Exhibit B-6)
Operating Revenues			
Charges for Services	\$ 434,586	\$ 6,175,927	\$ 6,610,513
Total Operating Revenues	<u>434,586</u>	<u>6,175,927</u>	<u>6,610,513</u>
Operating Expenses			
Payroll Costs	-	3,092,394	3,092,394
Professional Services	-	1,730,684	1,730,684
Supplies and Materials	-	414,709	414,709
Miscellaneous Operating Expenses	442,234	938,140	1,380,374
Total Operating Expenses	<u>442,234</u>	<u>6,175,927</u>	<u>6,618,161</u>
Change in Net Position	<u>(7,648)</u>	<u>-</u>	<u>(7,648)</u>
Total Net Position-Beginning	<u>1,358,526</u>	<u>-</u>	<u>1,358,526</u>
Total Net Position-Ending	<u>\$ 1,350,878</u>	<u>\$ -</u>	<u>\$ 1,350,878</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended August 31, 2023

Exhibit D-5

	Workers' Compensation Fund	Facility Charges Fund	Total Internal Service Funds (see Exhibit B-7)
Cash Flows from Operating Activities			
Receipts from interfund services provided	\$ 91,048	\$ 6,175,927	\$ 6,266,975
Payments to employees	-	(3,082,626)	(3,082,626)
Payments to suppliers	-	(3,059,409)	(3,059,409)
Payments for workers' compensation claims	(470,487)	-	(470,487)
Net Cash Provided by (Used In) Operating Activities	(379,439)	33,892	(345,547)
Net increase (decrease) in cash and cash equivalents	(379,439)	33,892	(345,547)
Cash and Cash Equivalents at Beginning of Year	1,430,517	232,441	1,662,958
Cash and Cash Equivalents at End of Year	\$ 1,051,078	\$ 266,333	\$ 1,317,411
Reconciliation of Operating Income to Net Cash			
Provided by Operating Activities			
Operating income (loss)	\$ (7,648)	\$ -	\$ (7,648)
Changes in Assets and Liabilities:			
Decrease (increase) in prepaid items	(15,291)	2,163	(13,128)
Increase (decrease) in accounts payable	-	21,961	21,961
Increase (decrease) in accrued wages payable	-	9,768	9,768
Increase (decrease) in due to/from other funds	(343,538)	-	(343,538)
Increase (decrease) in claims payable	(12,962)	-	(12,962)
Net Cash Provided by (Used In) Operating Activities	\$ (379,439)	\$ 33,892	\$ (345,547)



Other Supplementary Information



HARRIS COUNTY DEPARTMENT OF EDUCATION
Exhibit E-1
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended August 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures				
Debt Service:				
Principal on Long-Term Debt	\$ 2,506,425	\$ 2,506,425	\$ 2,506,425	\$ -
Interest on Long-Term Debt	1,591,341	1,591,341	1,222,478	368,863
Total Expenditures	4,097,766	4,097,766	3,728,903	368,863
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,097,766)	(4,097,766)	(3,728,903)	368,863
Other Financing Sources (Uses)				
Transfers In	2,959,100	2,959,100	3,116,117	157,017
Total Other Financing Sources (Uses)	2,959,100	2,959,100	3,116,117	157,017
Net Change in Fund Balances	(1,138,666)	(1,138,666)	(612,786)	525,880
Fund Balances-Beginning	1,367,956	1,367,956	1,367,956	-
Fund Balances-Ending	\$ 229,290	\$ 229,290	\$ 755,170	\$ 525,880

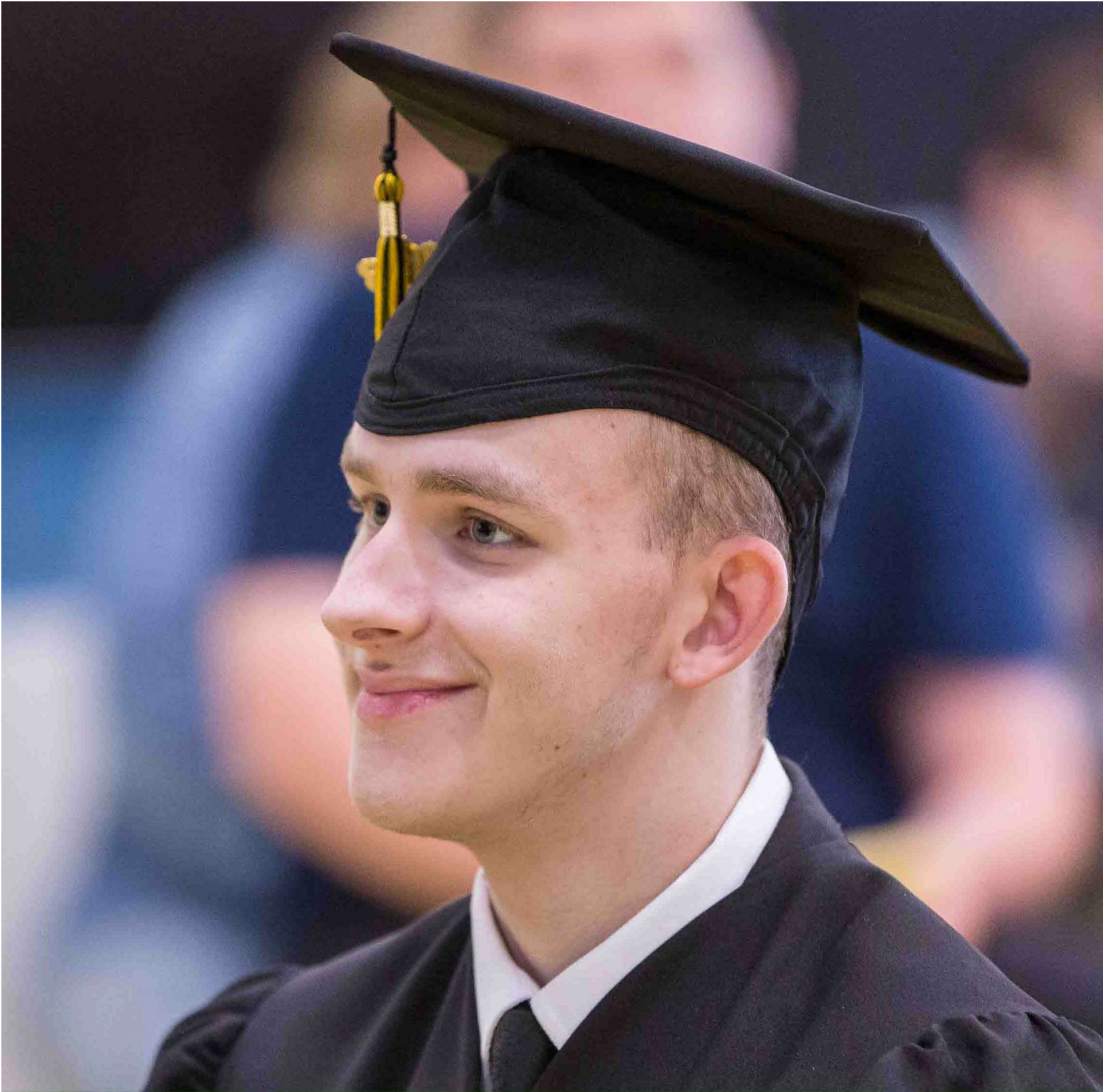
HARRIS COUNTY DEPARTMENT OF EDUCATION

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

For the Year Ended August 31, 2023

Exhibit E-2

Years Ending August 31	Tax Rate		Assessed Value	Beginning Balance	Current Year Levy	Collections & Adjustments	Ending Balance
	Maintenance	Debt Service					
2014 & Prior	Various	-	Various	\$ 139,342	\$ -	\$ 30,100	\$ 109,242
2015	0.005999	-	348,957,092,849	43,338	-	1,449	41,889
2016	0.005422	-	388,054,684,618	47,369	-	1,844	45,525
2017	0.0052	-	416,884,796,154	44,163	-	2,635	41,528
2018	0.005195	-	434,078,173,795	54,095	-	4,201	49,894
2019	0.00519	-	445,338,264,373	61,189	-	8,113	53,076
2020	0.005000	-	477,646,161,016	115,166	-	41,141	74,025
2021	0.004993	-	501,765,295,099	186,109	-	75,344	110,765
2022	0.004990	-	511,588,870,404	385,078	-	232,672	152,406
2023	0.004900	-	574,324,822,145	-	28,137,032	27,627,702	509,330
				<u>\$ 1,075,849</u>	<u>\$ 28,137,032</u>	<u>\$ 28,025,201</u>	<u>\$ 1,187,680</u>



Statistical Section

HARRIS COUNTY DEPARTMENT OF EDUCATION

STATISTICAL SECTION (Unaudited)

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit/ Table</u>
Introduction to the Statistical Section	116	
Financial Trends:		
Net Position by Component	120	1
Changes in Net Position	122	2
Fund Balances of Governmental Funds	126	3
Changes in Fund Balances-Governmental Funds	128	4
Governmental Funds Revenues	130	5
Governmental Funds Expenditures and Debt Service Ratio	132	6
Revenue Capacity:		
Property Tax Levies and Collections.....	137	7
Property Tax Rates-Direct and Overlapping Governments	138	8
Assessed and Estimated Actual Value of Taxable Property	140	9
Principal Taxpayers	141	10
Debt Capacity:		
Ratio of Net General Bonded Debt Outstanding to Assessed Property Value, Percent of Personal Income and Debt per Capita	146	11
Ratio of Annual Debt Service Expenditures by Type to Governmental Funds Expenditures	149	12
Estimated County-wide Direct and Overlapping Bonded Debt.....	150	13
Demographic and Economic Information:		
Demographic and Economic Statistics	153	14
Miscellaneous Statistical Data.....	154	15
Principal Employers	155	16
Operating Information:		
Employees by Program.....	160	17
Operational Indicators by Program	162	18
Building Information	163	19
Service Area and Locations-Description	164	20
Service Area-Map: Harris County, Texas and 25 School Districts.....	165	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

	2023	2022	2021	2020	2019
Governmental Activities:					
Net investment in capital assets	\$ 67,374,927	\$ 57,974,197	\$ 54,464,903	\$ 47,221,390	\$ 47,908,866
Restricted	-	-	-	-	-
Unrestricted	(24,081,724)	(24,016,949)	(24,992,069)	(16,824,748)	(18,737,419)
Total Governmental Activities	\$ 43,293,203	\$ 33,957,248	\$ 29,472,834	\$ 30,396,642	\$ 29,171,447
Business-Type Activities:					
Unrestricted	\$ 1,753,271	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,000,000
Total Business-Type Activities	\$ 1,753,271	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,000,000
Total:					
Net investment in capital assets	\$ 67,374,927	\$ 57,974,197	\$ 54,464,903	\$ 47,221,390	\$ 47,908,866
Restricted	-	-	-	-	-
Unrestricted	(22,328,453)	(22,516,949)	(23,492,069)	(15,324,748)	(17,737,419)
Total Net Position	\$ 45,046,474	\$ 35,457,248	\$ 30,972,834	\$ 31,896,642	\$ 30,171,447

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

	2018	2017	2016	2015	2014
Governmental Activities:					
Net investment in					
capital assets	\$ 43,712,723	\$ 32,428,990	\$ 34,145,710	\$ 32,677,342	\$ 29,291,742
Restricted	-	-	31,983	31,881	1,028,015
Unrestricted	(20,722,390)	26,188,720	20,804,496	17,622,666	24,172,444
Total Governmental Activities	\$ 22,990,333	\$ 58,617,710	\$ 54,982,189	\$ 50,331,889	\$ 54,492,201
Business-Type Activities:					
Unrestricted	\$ 500,000	\$ -	\$ -	\$ -	\$ -
Total Business-Type Activities	\$ 500,000	\$ -	\$ -	\$ -	\$ -
Total:					
Net investment in					
capital assets	\$ 43,712,723	\$ 32,428,990	\$ 34,145,710	\$ 32,677,342	\$ 29,291,742
Restricted	-	-	31,983	31,881	1,028,015
Unrestricted	(20,222,390)	26,188,720	20,804,496	17,622,666	24,172,444
Total Net Position	\$ 23,490,333	\$ 58,617,710	\$ 54,982,189	\$ 50,331,889	\$ 54,492,201

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

	2023	2022	2021	2020	2019
Expenses:					
Governmental Activities:					
Adult Education Program	\$ 4,723,590	\$ 3,812,902	\$ 4,127,033	\$ 4,638,902	\$ 4,569,273
Assistant Superintendents' Offices	653,506	587,468	603,726	555,259	576,780
Board of Trustees	193,448	196,616	163,700	164,109	177,757
Business Support Services	1,750,283	1,734,433	1,998,215	1,985,847	1,745,357
Center for After-School, Summer & Expanded Learning	7,825,748	7,107,362	7,729,357	6,516,679	7,090,805
Center for Safe and Secure Schools	904,715	614,339	759,146	793,170	1,050,107
Center for School Governance & Fiscal Accountability	-	-	-	-	-
Center for Grant Development	547,803	481,837	592,331	583,366	567,705
Choice Partners Cooperatives	-	-	-	-	-
Client Engagement	610,378	510,192	462,459	434,571	644,546
Communications	970,379	858,665	962,407	832,260	837,090
Department Wide	8,615,708	9,612,407	8,725,092	10,549,704	6,717,410
Digital Learning	5,363	109,724	288,756	423,384	271,230
Early Childhood Intervention	-	-	-	-	-
Education Certification & Professional Advancement	52,645	594,197	677,435	665,549	597,579
Education Foundation	600,083	508,374	210,543	500,626	-
Facility Support Services	2,359,085	1,921,454	3,032,471	1,566,862	1,038,146
Head Start Program	20,770,102	18,495,199	20,185,050	20,007,792	20,782,372
Human Resources	1,278,305	1,093,657	1,107,767	1,097,516	1,053,283
Interest and Fees on Long-Term Debt	991,048	1,420,804	1,792,569	230,424	274,948
Preschool Initiative	-	-	-	-	-
Purchasing Support Services	688,084	609,380	573,016	581,023	566,986
Quality Zone Academy Bonds	-	-	-	-	-
Records Management Services	1,990,600	1,948,569	1,960,988	1,900,490	2,005,229
Research and Evaluation Institute	520,102	504,843	635,864	612,972	569,157
Retirement Leave Benefits	475,565	269,275	333,844	231,057	118,233
Scholastic Arts and Writing Program	-	125,409	119,673	142,239	139,108
School Based Therapy Services	12,294,402	10,329,423	11,457,283	11,360,389	10,709,672
Chief of Staff	298,684	246,409	284,899	273,876	268,564
Special Schools & Services	15,113,129	13,116,099	13,817,704	12,875,176	12,743,363
Superintendent's Office	656,650	602,274	623,314	564,677	523,018
Technology Support Services	3,936,743	4,113,372	3,982,140	4,090,248	4,098,566
Texas LEARNS	-	-	-	-	-
The Teaching & Learning Center	1,909,600	919,413	916,601	1,144,261	1,351,221
Total Governmental Activities Expenses	90,842,380	82,444,096	88,123,383	85,322,288	81,087,485
Business-Type Activities:					
Choice Partners Cooperatives	2,560,786	2,552,015	2,095,107	1,962,256	2,083,863
Total Expenses	93,403,166	84,996,111	90,218,490	87,284,544	83,171,348

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

Table 2
Page 2 of 4

	2018	2017	2016	2015	2014
Expenses:					
Governmental Activities:					
Adult Education Program	\$ 1,036,132	\$ 3,873,917	\$ 4,050,032	\$ 3,895,904	\$ 4,187,795
Assistant Superintendents' Offices	550,282	539,630	537,885	517,072	465,054
Board of Trustees	128,396	138,256	131,506	205,134	194,415
Business Support Services	1,763,138	1,720,319	1,790,657	1,674,204	1,652,498
Center for After-School, Summer & Expanded Learning	5,934,605	7,289,977	7,315,643	8,468,498	6,932,436
Center for Safe and Secure Schools	86,464	655,108	491,085	623,098	758,633
Center for School Governance & Fiscal Accountability	-	-	-	70,430	129,537
Center for Grant Development	568,024	555,688	544,990	519,875	503,314
Choice Partners Cooperatives	-	-	-	1,727,275	1,596,110
Client Engagement	491,644	374,313	451,521	456,323	410,006
Communications	774,921	858,041	884,274	709,750	652,250
Department Wide	6,111,173	7,089,535	6,808,688	5,421,099	5,380,665
Digital Learning	441,316	1,391,612	368,131	1,450,677	1,668,330
Early Childhood Intervention	-	-	-	2,112,772	4,871,933
Education Certification & Professional Advancement	627,407	678,461	630,272	506,930	510,939
Education Foundation	-	9,559	199,417	200,398	200,535
Facility Support Services	937,572	1,112,896	772,981	981,239	767,703
Head Start Program	7,146,876	17,304,932	16,103,236	15,401,901	13,758,980
Human Resources	1,023,212	994,097	943,149	945,021	922,955
Interest and Fees on Long-Term Debt	330,095	602,708	310,720	480,219	799,380
Preschool Initiative	-	-	-	-	36,600
Purchasing Support Services	494,421	494,804	477,229	402,651	427,478
Quality Zone Academy Bonds	-	-	6,281	-	-
Records Management Services	1,921,547	1,627,074	1,656,361	1,777,447	1,685,191
Research and Evaluation Institute	597,668	579,394	515,936	460,493	492,210
Retirement Leave Benefits	124,832	358,964	322,795	288,606	410,154
Scholastic Arts and Writing Program	99,932	101,618	102,702	88,126	72,185
School Based Therapy Services	10,328,779	9,790,720	9,375,763	8,686,191	7,932,355
Chief of Staff	239,431	291,630	189,323	130,936	-
Special Schools & Services	11,535,687	11,091,019	10,865,891	11,270,451	11,018,200
Superintendent's Office	443,456	448,785	385,255	432,322	504,922
Technology Support Services	3,381,097	3,446,066	5,052,094	4,115,775	3,961,667
Texas LEARNS	-	-	-	-	421,089
The Teaching & Learning Center	1,262,855	1,240,775	1,068,452	1,185,444	1,221,872
Total Governmental Activities Expenses	58,380,712	74,659,898	72,352,269	75,206,261	74,547,391
Business-Type Activities:					
Choice Partners Cooperatives	1,844,392	1,783,195	1,879,446	-	-
Total Expenses	60,225,104	76,443,093	74,231,715	75,206,261	74,547,391

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

Table 2
Page 3 of 4

	2023	2022	2021	2020	2019
Program Revenues:					
Governmental Activities:					
Charges for services:					
Adult Education Program	\$ -	\$ -	\$ 14,436	\$ -	\$ -
Business Support Services	167,483	164,415	132,721	245,754	55,098
Center for After-School, Summer & Expanded Learning	80,261	112,650	74,810	83,560	94,748
Center for Safe and Secure Schools	735,327	276,774	271,773	273,972	229,396
Center for School Governance & Fiscal Accountability	-	-	-	-	-
Center for Grant Development	1,305	120	1,455	1,515	2,495
Choice Facility Partners (1)	-	-	-	-	-
Client Engagement	-	-	-	-	-
Department Wide	1,109,158	207,672	411,395	35,711	43,979
Digital Learning	200	-	-	-	12,085
Early Childhood Intervention	-	-	-	-	-
Education Certification & Professional Advancement	-	111,998	226,387	113,982	204,520
Human Resources	-	-	-	-	-
Purchasing Support Services	-	-	-	-	-
Records Management Services	1,777,184	1,890,422	1,781,590	1,868,784	1,687,681
Research and Evaluation Institute	104,500	79,500	149,500	91,499	80,786
Scholastic Arts and Writing Program	-	-	-	-	-
School Based Therapy Services	10,441,275	9,359,728	9,368,648	8,892,942	8,981,971
Special Schools & Services	9,417,696	7,850,166	8,001,312	9,022,523	8,880,541
Technology Support Services	-	-	-	-	1,200
The Teaching & Learning Center	309,823	707,601	572,791	828,920	1,236,917
Total Charges for Services	24,144,212	20,761,046	21,006,818	21,459,162	21,511,417
Operating grants and contributions	35,061,449	24,480,552	27,289,087	25,663,841	26,730,731
Total Governmental Activities	59,205,661	45,241,598	48,295,905	47,123,003	48,242,148
Business-Type Activities:					
Charges for services:					
Choice Partners Cooperative	7,108,364	7,580,665	6,924,045	5,952,679	8,389,674
Total Program Revenues	66,314,025	52,822,263	55,219,950	53,075,682	56,631,822
Net Expenses					
Governmental Activities:	(31,636,719)	(37,202,498)	(39,827,478)	(38,199,285)	(32,845,337)
Business-Type Activities:	4,547,578	5,028,650	4,828,938	3,990,423	6,305,811
Total Net Expenses	\$ (27,089,141)	\$ (32,173,848)	\$ (34,998,540)	\$ (34,208,862)	\$ (26,539,526)
General Revenues					
Governmental Activities:					
Property taxes, levied for general purposes	\$ 27,994,844	\$ 25,366,674	\$ 25,178,251	\$ 23,870,492	\$ 23,040,994
Grants and contributions not restricted to specific program	3,031,546	4,389,700	2,703,105	5,610,709	3,901,877
Investment earnings	1,677,020	168,995	26,124	434,601	993,098
Miscellaneous income	3,974,957	4,632,893	6,167,249	6,018,115	5,284,651
Transfers	4,294,307	5,028,650	4,828,938	3,490,423	5,805,811
Total Governmental Activities	40,972,674	39,586,912	38,903,667	39,424,340	39,026,431
Business-Type Activities:					
Transfer out	(4,294,307)	(5,028,650)	(4,828,938)	(3,490,423)	(5,805,811)
Total General Revenues	36,678,367	34,558,262	34,074,729	35,933,917	33,220,620
Change in Net Position					
Governmental Activities:	9,335,955	2,384,414	(923,811)	1,225,055	6,181,094
Business-Type Activities:	253,271	-	-	500,000	500,000
Total Primary Government	\$ 9,589,226	\$ 2,384,414	\$ (923,811)	\$ 1,725,055	\$ 6,681,094

(1) 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

	2018	2017	2016	2015	2014
Program Revenues:					
Governmental Activities:					
Charges for services:					
Adult Education Program	\$ -	\$ -	\$ -	\$ -	\$ -
Business Support Services	4,590	58,597	284,473	169,052	285,093
Center for After-School, Summer & Expanded Learning	89,994	9,506	11,800	29,015	27,142
Center for Safe and Secure Schools	187,729	502,661	117,350	120,735	436,410
Center for School Governance & Fiscal Accountability	-	-	-	-	29,805
Center for Grant Development	865	840	2,275	2,495	2,800
Choice Facility Partners (1)	-	-	-	3,201,052	2,896,693
Client Engagement	-	-	-	1,400	-
Department Wide	28,480	20,215	12,963	13,824	13,003
Digital Learning	25,755	41,745	61,015	83,160	90,200
Early Childhood Intervention	-	-	-	108,208	324,614
Education Certification & Professional Advancement	228,979	206,289	252,270	255,109	196,902
Human Resources	-	-	-	-	1,795
Purchasing Support Services	-	-	5,559	3,563	-
Records Management Services	1,894,771	1,563,165	1,569,386	1,558,589	1,435,793
Research and Evaluation Institute	79,249	2,002	48,644	39,823	60,451
Scholastic Arts and Writing Program	-	-	40,449	26,155	19,135
School Based Therapy Services	8,888,790	8,552,308	8,633,429	8,151,129	7,706,746
Special Schools & Services	8,327,481	8,433,065	7,439,987	7,849,458	8,373,138
Technology Support Services	9,850	17,440	61,296	227,846	418,406
The Teaching & Learning Center	731,899	734,437	773,405	945,650	888,464
Total Charges for Services	20,498,432	20,142,270	19,314,301	22,786,263	23,206,590
Operating grants and contributions	18,289,999	23,509,189	23,307,323	25,840,048	24,888,778
Total Governmental Activities	38,788,431	43,651,459	42,621,624	48,626,311	48,095,368
Business-Type Activities:					
Charges for services:					
Choice Partners Cooperative	5,147,496	4,371,278	4,426,904	-	-
Total Charges for Services	43,935,927	48,022,737	47,048,528	48,626,311	48,095,368
Net Expenses					
Governmental Activities:	(19,592,281)	(31,008,439)	(29,730,645)	(26,579,950)	(26,452,023)
Business-Type Activities:	3,303,104	2,588,083	2,547,458	-	-
Total Net Expenses	\$ (16,289,177)	\$ (28,420,356)	\$ (27,183,187)	\$ (26,579,950)	\$ (26,452,023)
General Revenues					
Governmental Activities:					
Property taxes, levied for general purposes	\$ 22,494,557	\$ 21,723,798	\$ 21,059,842	\$ 21,041,087	\$ 20,184,898
Grants and contributions not restricted to specific program	2,439,712	4,804,746	5,560,503	5,077,413	4,679,915
Investment earnings	554,708	170,480	60,751	13,331	8,133
Miscellaneous income	4,988,233	5,356,853	5,152,391	4,462,989	4,379,490
Transfers	2,803,104	2,588,083	2,547,458	-	-
Total Governmental Activities	33,280,314	34,643,960	34,380,945	30,594,820	29,252,436
Business-Type Activities:					
Transfer out	(2,803,104)	(2,588,083)	(2,547,458)	-	-
Total Governmental Activities Revenues	30,477,210	32,055,877	31,833,487	30,594,820	29,252,436
Change in Net Position					
Governmental Activities:	13,688,033	3,635,521	4,650,300	4,014,870	2,800,413
Business-Type Activities:	500,000	-	-	-	-
Total Primary Government	\$ 14,188,033	\$ 3,635,521	\$ 4,650,300	\$ 4,014,870	\$ 2,800,413

(1) 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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
General Fund:					
Nonspendable	\$ 144,887	\$ 219,796	\$ 266,062	\$ 177,243	\$ 169,805
Restricted	-	-	-	-	-
Committed	2,514,976	2,014,976	2,014,976	2,014,976	2,014,976
Assigned	6,120,200	6,149,729	6,770,790	13,540,000	9,499,397
Unassigned	<u>16,918,498</u>	<u>17,534,563</u>	<u>17,032,101</u>	<u>17,103,242</u>	<u>20,930,182</u>
Total General Fund	<u><u>\$ 25,698,561</u></u>	<u><u>\$ 25,919,064</u></u>	<u><u>\$ 26,083,929</u></u>	<u><u>\$ 32,835,461</u></u>	<u><u>\$ 32,614,360</u></u>
All Other Governmental Funds:					
Nonspendable	\$ 68,997	\$ 112,416	\$ 238,934	\$ 9,898	\$ -
Restricted, reported in:					
PFC Capital Projects Fund	16,156,473	34,705,560	51,751,156	2,939,650	10,600,127
Assigned, reported in:					
Debt Service Fund	755,170	1,367,956	2,500,000	-	-
Unassigned	<u>(68,997)</u>	<u>(112,416)</u>	<u>(238,934)</u>	<u>(9,898)</u>	<u>-</u>
Total All Other Governmental Funds	<u><u>\$ 16,911,643</u></u>	<u><u>\$ 36,073,516</u></u>	<u><u>\$ 54,251,156</u></u>	<u><u>\$ 2,939,650</u></u>	<u><u>\$ 10,600,127</u></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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Fund:					
Nonspendable	\$ 128,037	\$ 163,555	\$ 159,613	\$ 163,462	\$ 148,912
Restricted	-	-	-	6,281	6,281
Committed	2,014,976	1,575,000	6,200,000	6,721,446	3,150,000
Assigned	9,499,397	9,363,629	7,538,285	5,185,416	8,394,445
Unassigned	<u>17,769,755</u>	<u>17,020,303</u>	<u>17,022,340</u>	<u>15,826,627</u>	<u>14,901,561</u>
Total General Fund	<u><u>\$ 29,412,165</u></u>	<u><u>\$ 28,122,487</u></u>	<u><u>\$ 30,920,238</u></u>	<u><u>\$ 27,903,232</u></u>	<u><u>\$ 26,601,199</u></u>
All Other Governmental Funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted, reported in:					
PFC Capital Projects Fund	11,219,387	10,874,006	31,983	31,881	1,021,734
Assigned, reported in:					
Debt Service Fund	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u><u>\$ 11,219,387</u></u>	<u><u>\$ 10,874,006</u></u>	<u><u>\$ 31,983</u></u>	<u><u>\$ 31,881</u></u>	<u><u>\$ 1,021,734</u></u>

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

	2023	2022	2021	2020*	2019*
Total Revenues	\$ 99,505,701	\$ 82,834,346	\$ 82,021,081	\$ 79,284,172	\$ 79,771,645
Total Expenditures	<u>125,669,693</u>	<u>106,205,501</u>	<u>89,444,277</u>	<u>89,444,277</u>	<u>90,213,971</u>
Excess (deficiency) of revenues over(under) expenditures:	<u>(26,163,992)</u>	<u>(23,371,155)</u>	<u>(7,423,196)</u>	<u>(10,160,105)</u>	<u>(10,442,326)</u>
Other Financing Sources (Uses)					
Lease revenue bond refunding	-	-	-	-	-
Payment on bond refunding escrow agent	-	-	-	-	-
Lease revenue bond issued	-	-	27,715,000	-	-
Premium on lease revenue bond	-	-	2,206,798	-	-
Maintenance tax notes issued	-	-	13,865,000	-	-
Premium on maintenance tax notes	2,487,309	-	3,405,317	-	-
Transfers in	11,898,303	11,627,842	18,739,249	9,763,310	11,635,782
Transfers out	<u>(7,603,996)</u>	<u>(6,599,192)</u>	<u>(13,948,194)</u>	<u>(6,272,887)</u>	<u>(5,829,097)</u>
Total Other Financing Sources (Uses)	<u>6,781,616</u>	<u>5,028,650</u>	<u>51,983,170</u>	<u>3,490,423</u>	<u>5,806,685</u>
Net Change in Fund Balances	<u><u>\$ (19,382,376)</u></u>	<u><u>\$ (18,342,505)</u></u>	<u><u>\$ 44,559,974</u></u>	<u><u>\$ (6,669,682)</u></u>	<u><u>\$ (4,635,641)</u></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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Revenues	\$ 78,200,293	\$ 75,335,740	\$ 73,253,550	\$ 79,276,809	\$ 77,424,337
Total Expenditures	<u>82,995,395</u>	<u>79,368,338</u>	<u>76,879,551</u>	<u>72,783,901</u>	<u>78,145,010</u>
Excess (deficiency) of revenues over(under) expenditures:	<u>(4,795,102)</u>	<u>(4,032,598)</u>	<u>(3,626,001)</u>	<u>6,492,908</u>	<u>(720,673)</u>
Other Financing Sources (Uses)					
Lease revenue bond refunding	-	-	-	4,255,000	9,685,000
Payment on bond refunding escrow agent	-	-	-	(5,074,619)	(9,465,000)
Lease revenue bond issued	-	-	-	-	-
Premium on lease revenue bond	-	-	-	-	-
Maintenance tax notes issued	-	7,000,000	-	-	-
Premium on maintenance tax notes	-	-	-	-	-
Transfers in	8,573,483	11,267,601	5,799,651	4,752,664	4,401,099
Transfers out	<u>(57,703,789)</u>	<u>(8,679,518)</u>	<u>(3,252,192)</u>	<u>(4,752,664)</u>	<u>(4,401,099)</u>
Total Other Financing Sources (Uses)	<u>(49,130,306)</u>	<u>9,588,083</u>	<u>2,547,459</u>	<u>(819,619)</u>	<u>220,135</u>
Net Change in Fund Balances	<u>\$ (53,925,408)</u>	<u>\$ 5,555,485</u>	<u>\$ (1,078,542)</u>	<u>\$ 5,673,289</u>	<u>\$ (500,538)</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

	2023	2022	2021	2020	2019
Local Sources:					
Charges for services	\$ 22,888,414	\$ 20,489,236	\$ 20,500,078	\$ 21,358,795	\$ 21,511,437
Property taxes, levied					
for general purposes	27,771,515	25,368,044	25,086,237	23,707,501	23,051,892
Local grants	4,384,519	4,589,937	3,575,107	4,761,166	5,272,056
Miscellaneous income	5,004,814	512,947	3,187,030	951,905	1,023,752
Total Local Sources	60,049,262	50,960,164	52,348,452	50,779,367	50,859,137
State Sources:					
State aid grants	529,800	529,800	529,800	548,616	780,488
On-behalf payments	3,295,407	3,019,944	2,815,070	3,036,198	2,508,668
Total State Sources	3,825,207	3,549,744	3,344,870	3,584,814	3,289,156
Federal Sources:	35,631,232	28,324,438	26,327,759	24,919,991	25,623,352
Total Revenues	\$ 99,505,701	\$ 82,834,346	\$ 82,021,081	\$ 79,284,172	\$ 79,771,645

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

	2018	2017	2016	2015	2014
Local Sources:					
Charges for services	\$ 20,383,705	\$ 20,043,478	\$ 19,213,400	\$ 22,543,051	\$ 22,774,848
Property taxes, levied					
for general purposes	22,514,793	21,751,923	21,141,146	21,107,977	20,261,566
Local grants	4,766,262	5,355,621	5,086,589	5,049,186	4,653,717
Miscellaneous income	892,026	270,504	164,439	267,098	466,073
Total Local Sources	48,556,786	47,421,526	45,605,574	48,967,312	48,156,204
State Sources:					
State aid grants	2,352,287	2,260,853	2,810,044	3,182,302	4,710,852
On-behalf payments	2,396,189	2,290,135	2,215,370	2,099,190	2,009,295
Total State Sources	4,748,476	4,550,988	5,025,414	5,281,492	6,720,147
Federal Sources:	24,895,031	23,363,226	22,622,562	25,028,005	22,547,986
Total Revenues	\$ 78,200,293	\$ 75,335,740	\$ 73,253,550	\$ 79,276,809	\$ 77,424,337

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

	2023	2022	2021	2020	2019
Adult Education Program	\$ 4,945,456	\$ 4,147,759	\$ 3,968,609	\$ 4,429,807	\$ 4,242,673
Assistant Superintendents' Offices	716,854	650,043	595,537	550,259	567,780
Board of Trustees	197,362	203,356	162,520	164,109	177,757
Business Support Services	1,834,358	1,877,350	1,977,239	1,976,847	1,726,357
Center for After School, Summer & Expanded Learning	8,008,649	7,433,846	7,619,554	6,431,634	6,932,667
Center for Safe & Secure Schools	940,995	659,865	747,630	782,170	617,861
Center for School Gov & Fiscal Accountability	-	-	-	-	-
Center for Grant Development	581,303	535,226	584,083	578,366	558,705
Choice Partners Cooperatives (1) (2)	-	-	-	-	-
Communications & Client Engagement	1,668,930	1,509,021	1,404,604	1,256,174	1,458,957
Department Wide	8,638,310	8,459,633	8,666,966	7,137,853	6,727,446
Digital Learning	804,950	1,061,689	290,827	450,124	244,380
Early Childhood Intervention	-	-	-	-	-
Education Certification & Professional Advancement	52,645	642,956	677,435	660,549	588,579
Education Foundation	600,083	508,374	210,543	500,600	-
Facility Support Services	217,056	18,420,989	163,536	282,427	1,025,227
Head Start Program	29,998,656	20,223,322	20,492,126	19,245,331	19,314,914
Human Resources	1,342,823	1,192,545	1,094,473	1,092,516	1,044,283
Preschool Initiative	-	-	-	-	-
Principal Certification	-	-	2,780	-	-
Purchasing Support Services (1)	728,248	674,840	573,016	576,023	538,986
Community Engagement	113,733	-	-	-	-
Quality Zone Academy Bonds (QZAB)	-	-	-	-	-
Records Management Services	2,005,842	1,969,477	1,889,657	1,818,947	1,917,340
Research & Evaluation Institute	551,004	558,838	627,825	607,972	560,157
Retirement Leave Benefits	475,565	269,275	333,844	231,057	118,233
Scholastic Arts & Writing Program	-	133,968	118,381	142,239	139,108
School Based Therapy Services	13,046,329	11,486,094	11,332,185	11,135,002	10,550,740
Chief of Staff	318,001	276,167	280,940	273,876	269,039
Special Schools & Services	14,234,654	12,461,576	12,876,450	19,870,365	14,996,466
Superintendent's Office	688,994	675,534	622,806	559,169	513,510
Technology Support Services	3,934,848	3,906,227	3,742,971	3,561,381	3,690,024
Texas LEARNS	-	-	-	-	-
The Teaching & Learning Center	2,002,737	1,002,978	899,159	1,142,292	1,324,710
PFC Capital Projects	-	-	2,837,998	1,839,271	-
Debt Service:					
Principal Payments	3,018,598	3,613,061	2,756,428	2,706,429	2,886,429
Interest & Fees	1,252,159	1,651,492	1,243,827	211,182	263,067
Bond Issuance Costs & Fees	-	-	650,328	-	-
Capital Outlay:					
Facilities acquisition and construction	22,750,551	-	-	-	-
Total Expenditures	\$ 125,669,693	\$ 106,205,501	\$ 89,444,277	\$ 90,213,971	\$ 82,995,395
Debt service as a percentage of non-capital expenditures	4.47%	5.94%	4.57%	3.61%	3.98%

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

	2018	2017	2016	2015	2014
Adult Education Program	\$ 4,926,751	\$ 3,897,009	\$4,068,869	\$3,932,144	\$4,150,520
Assistant Superintendents' Offices	550,282	534,595	533,135	514,795	465,329
Board of Trustees	128,396	138,343	131,482	205,738	194,851
Business Support Services	1,733,238	1,711,576	1,783,858	1,660,485	1,654,106
Center for After School, Summer & Expanded Learning	7,415,860	7,320,521	7,344,632	8,491,605	6,932,759
Center for Safe & Secure Schools	458,510	647,093	473,676	625,609	747,801
Center for School Gov & Fiscal Accountability	-	-	-	70,604	129,596
Center for Grant Development	558,169	550,918	540,539	513,827	504,065
Choice Partners Cooperatives (1) (2)	-	-	-	1,731,034	1,592,628
Communications & Client Engagement	1,248,256	1,215,481	1,324,033	1,152,090	1,063,174
Department Wide	6,051,002	6,862,145	5,867,987	5,540,253	5,489,076
Digital Learning	406,107	1,345,415	1,662,289	1,375,220	1,607,457
Early Childhood Intervention	-	-	-	2,116,246	4,871,057
Education Certification & Professional Advancement	616,559	673,466	625,469	507,114	511,485
Education Foundation	-	9,812	199,603	201,041	200,754
Facility Support Services	1,332,808	730,324	449,188	1,288,233	451,170
Head Start Program	18,963,042	17,455,113	16,439,375	16,396,415	13,604,585
Human Resources	998,178	986,813	935,877	935,662	924,157
Preschool Initiative	-	-	-	-	36,600
Principal Certification	-	-	-	-	-
Purchasing Support Services (1)	488,359	487,590	472,964	397,278	427,646
Printing & Visual Communication	-	-	-	-	-
Quality Zone Academy Bonds (QZAB)	-	-	6,281	-	110,972
Records Management Services	1,826,139	1,557,380	1,519,616	1,652,481	1,527,654
Research & Evaluation Institute	590,450	575,247	512,665	456,317	492,641
Retirement Leave Benefits	124,832	358,964	322,795	288,606	410,154
Scholastic Arts & Writing Program	99,932	101,187	102,115	87,516	72,286
School Based Therapy Services	10,317,233	9,701,864	9,292,131	8,558,847	7,931,371
Chief of Staff	239,431	289,057	187,574	131,149	-
Special Schools & Services	12,610,677	11,657,915	10,452,501	10,791,044	10,623,818
Superintendent's Office	443,456	445,967	382,543	429,179	505,248
Technology Support Services	2,860,974	3,028,436	3,686,311	4,302,817	4,192,273
Texas LEARNS	-	-	-	-	421,492
The Teaching & Learning Center	1,235,105	1,229,426	1,058,193	1,181,660	1,223,398
PFC Capital Projects	-	-	-	-	-
Debt Service:					
Principal Payments	2,826,429	2,781,429	2,106,429	2,131,429	1,916,429
Interest & Fees	318,163	352,303	301,771	307,049	651,734
Bond Issuance Costs & Fees	-	234,162	-	171,523	220,000
Capital Outlay:					
Facilities acquisition and construction	-	-	-	-	-
Total Expenditures	\$ 79,368,338	\$ 76,879,551	\$ 72,783,901	\$ 78,145,010	\$ 75,858,286
Debt service as a percentage of non-capital expenditures	4.07%	4.17%	3.37%	3.23%	3.46%

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 Ended August 31	Net Tax Levy for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Net Tax Levy		Amount	Percent of Total Tax Collections to Net Tax Levy
2023	\$ 28,238,131	\$ 27,728,801	98.20%	\$ -	\$ 27,728,801	98.20%
2022	25,583,859	25,198,781	98.49%	232,671	25,431,452	99.40%
2021	25,252,221	24,822,724	98.30%	318,732	25,141,456	99.56%
2020	23,937,452	23,455,450	97.99%	407,977	23,863,427	99.69%
2019	23,187,623	22,764,706	98.18%	369,841	23,134,547	99.77%
2018	22,230,715	21,937,173	98.68%	243,648	22,180,821	99.78%
2017	21,678,010	21,412,201	98.77%	224,281	21,636,482	99.81%
2016	21,040,325	20,736,926	98.56%	257,874	20,994,800	99.78%
2015	20,933,936	20,660,459	98.69%	231,588	20,892,047	99.80%
2014	20,064,263	19,805,270	98.71%	231,132	20,036,402	99.86%

Source: Harris County Central 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

Taxing Authority	2023	2022	2021	2020	2019
Department Direct Rate:					
HCDE ^(a)	\$0.004900	\$0.004990	\$0.004993	\$0.005000	\$0.005190
Overlapping Rates Jurisdictions:					
Harris County (HC)	0.3501	0.3370	0.3912	0.4071	0.4186
HC Flood Control District	0.0311	0.0306	0.0314	0.0279	0.0288
Port of Houston Authority	0.0057	0.0080	0.0099	0.0107	0.0116
HC Hospital District	0.1431	0.1483	0.1667	0.1659	0.1711
Cities:					
Baytown	0.7200	0.7500	0.7952	0.8020	0.8220
Bellaire	0.4370	0.4473	0.4473	0.4473	0.4313
Deer Park	0.7200	0.7200	0.7200	0.7200	0.7200
Houston	0.5192	0.5336	0.5618	0.5679	0.5883
LaPorte	0.7100	0.7100	0.7100	0.7100	0.7100
League City	0.3950	0.5284	0.5150	0.5486	0.5638
Missouri City	0.5708	0.5738	0.5980	0.6300	0.6300
Pasadena	0.4555	0.4976	0.5337	0.5703	0.6154
Pearland	0.6554	0.7200	0.7200	0.7412	0.7092
Seabrook	0.4578	0.4765	0.5436	0.5520	0.5520
South Houston	0.5527	0.6334	0.6981	0.6999	0.6505
Webster	0.3339	0.3648	0.3736	0.3620	0.3479
West University Place	0.2608	0.2774	0.2941	0.3092	0.3168
Taxing Authority	2023	2022	2021	2020	2019
School Districts and Junior Colleges:					
Aldine	1.0363	1.2744	1.2744	1.3471	1.4359
Alief	0.9867	1.2048	1.2048	1.2441	1.3300
Clear Creek	0.9746	1.1146	1.2659	1.3100	1.4000
Cypress-Fairbanks	1.0811	1.2948	1.3556	1.3700	1.4400
Deer Park	1.1213	1.2822	1.3496	1.4151	1.5387
Galena Park	1.1319	1.3542	1.4581	1.4717	1.5733
Goose Creek	1.0825	1.2817	1.3411	1.3543	1.4319
Houston	0.8683	1.0372	1.1331	1.1367	1.2067
Humble	1.1075	1.2929	1.3841	1.4184	1.5200
Katy	1.1194	1.3048	1.3888	1.4431	1.5166
Klein	1.0316	1.2300	1.3373	1.3600	1.4300
LaPorte	0.9739	1.2565	1.2697	1.2800	1.3800
North Forest	N/A	N/A	N/A	N/A	N/A
Lone Star College *	0.1076	0.1078	0.1078	0.1078	0.1078
Pasadena	1.1382	1.3353	1.3830	1.3784	1.4800
Pearland	1.1373	1.3027	1.3185	1.3956	1.4156
San Jacinto Jr. College	0.1462	0.1556	0.1694	0.1782	0.1793
Sheldon	1.2575	1.4550	1.5016	1.4484	1.4700
Spring	1.1092	1.2546	1.3843	1.4300	1.5100
Spring Branch	1.0789	1.2688	1.3073	1.3210	1.3945
Tomball	1.0652	1.2300	1.2900	1.2900	1.3400

^(a) HCDE has only Maintenance and Operating rates.

* Formerly North Harris Montgomery Community College

Source: Harris County Central 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

Taxing Authority	2018	2017	2016	2015	2014
Department Direct Rate:					
HCDE ^(a)	\$0.005195	\$0.005200	\$0.005422	\$0.00600	\$0.00636
Overlapping Rates Jurisdictions:					
Harris County (HC)	0.4180	0.4166	0.4192	0.4173	0.4146
HC Flood Control District	0.0283	0.0283	0.0273	0.0273	0.0283
Port of Houston Authority	0.0116	0.0133	0.0134	0.0153	0.0171
HC Hospital District	0.1711	0.1718	0.1700	0.1700	0.1700
Cities:					
Baytown	0.8220	0.8220	0.8220	0.8220	0.8220
Bellaire	0.4159	0.3874	0.3805	0.3936	0.3999
Deer Park	0.7200	0.7200	0.7144	0.7200	0.7200
Houston	0.5842	0.5864	0.6011	0.6310	0.6387
LaPorte	0.7100	0.7100	0.7100	0.7100	0.7100
League City	0.5650	0.5700	0.5735	0.5970	0.5970
Missouri City	0.6000	0.5601	0.5447	0.5650	0.5738
Pasadena	0.5754	0.5754	0.5754	0.5769	0.5915
Pearland	0.6851	0.6812	0.7053	0.7121	0.7051
Seabrook	0.5749	0.5652	0.6126	0.6400	0.6651
South Houston	0.6433	0.6322	0.6995	0.6445	0.6699
Webster	0.3173	0.2845	0.2345	0.2487	0.2696
West University Place	0.3168	0.3168	0.3318	0.3617	0.3741
Taxing Authority	2018	2017	2016	2015	2014
School Districts and Junior Colleges:					
Aldine	1.3734	1.3234	1.2859	1.2858	1.3058
Alief	1.3300	1.3050	1.2800	1.2800	1.2900
Clear Creek	1.4000	1.4000	1.4000	1.4000	1.4000
Cypress-Fairbanks	1.4400	1.4400	1.4400	1.4400	1.4500
Deer Park	1.5567	1.5567	1.5567	1.5567	1.5567
Galena Park	1.5633	1.5633	1.5134	1.5134	1.5134
Goose Creek	1.4319	1.4319	1.4319	1.4319	1.3868
Houston	1.2067	1.2067	1.1967	1.1967	1.1867
Humble	1.5200	1.5200	1.5200	1.5200	1.5200
Katy	1.5166	1.5166	1.5166	1.5266	1.5266
Klein	1.4300	1.4300	1.4100	1.3900	1.4300
LaPorte	1.3800	1.4200	1.4500	1.4500	1.3300
North Forest	N/A	N/A	N/A	N/A	N/A
Lone Star College *	0.1078	0.1078	0.1079	0.1081	0.1160
Pasadena	1.4800	1.3500	1.3500	1.3500	1.3500
Pearland	1.4156	1.4156	1.4156	1.4157	1.4157
San Jacinto Jr. College	0.1833	0.1824	0.1758	0.1856	0.1856
Sheldon	1.4700	1.4100	1.4100	1.4300	1.4300
Spring	1.5100	1.4700	1.4700	1.5100	1.5700
Spring Branch	1.3945	1.3945	1.3945	1.3945	1.3945
Tomball	1.3400	1.3400	1.3400	1.3600	1.3600

^(a) HCDE has only Maintenance and Operating rates.

* Formerly North Harris Montgomery Community College

Source: Harris County Central 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 Ended Aug. 31	Real Property Value		Personal Property Value		Less: Exemptions	Adjusted Assessed Value	HCDE Tax Rates
	Residential	Commercial	Residential	Commercial			
2023	\$ 410,467,169	\$ 194,418,288	\$ 720,151	\$ 146,109,150	\$ 177,389,936	\$ 574,324,822	0.004900
2022	270,473,315	191,149,654	137,629,943	69,822,459	157,486,500	511,588,871	0.004990
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

Source: Harris County Central Appraisal District

HARRIS COUNTY DEPARTMENT OF EDUCATION
Table 10
PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(Amounts in Thousands)
(Unaudited)

Taxpayers	2023			2014		
	2022 Taxable Value ^(a)	Rank	Percentage of Total 2021 Taxable Value ^(b)	2013 Taxable Value ^(a)	Rank	Percentage of Total 2012 Taxable Value ^(c)
Centerpoint Energy, Inc.	\$ 4,699,899	1	0.82%	\$ 2,780,024	2	0.88%
Exxon Mobil Corporation	4,275,297	2	0.74%	3,224,580	1	1.02%
Chevron Phillips Chemical CO LP	3,381,826	3	0.59%	2,156,757	4	0.68%
Lyondell Chemical (d)	2,218,475	4	0.39%	784,716	10	0.25%
Equistar Chemicals LP (d)	2,077,443	5	0.36%	1,256,492	5	0.40%
Shell Oil Company	1,308,087	6	0.23%	2,372,359	3	0.00%
Enterprise	1,244,697	7	0.22%	-	-	0.00%
Palmetto Transoceanic LLC	1,112,329	8	0.19%	-	-	0.00%
Wal Mart	996,726	9	0.17%	875,506	9	0.00%
Phillips 66 Company	983,405	10	0.17%	-	-	0.00%
Hines Interests Ltd. Partnership	-	-	0.00%	917,216	8	0.29%
Crescent Real State	-	-	0.00%	-	-	0.00%
National Oilwell	-	-	0.00%	1,054,591	7	0.33%
Hewlett Packard	-	-	0.00%	1,217,931	6	0.39%
Total	\$ 22,298,184		3.88%	\$ 16,640,172		5.27%

Source: Harris County Central Appraisal District and HCDE 2013 ACFR

- (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 2021
- (c) Based on total taxable value as of August 2012
- (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

Fiscal Year Ended Aug. 31	Gross Bonded Debt (1)	Lease Liability	Less Restricted For Debt Service (2)	Net Bonded Debt
2023	\$ 48,705,432	\$ 9,204,012	\$ -	\$ 57,909,444
2022	51,464,163	7,228,876	-	58,693,039
2021	54,857,899	-	-	54,857,899
2020	10,612,282	-	-	10,612,282
2019	13,310,713	-	-	13,310,713
2018	16,197,142	-	-	16,197,142
2017	19,053,624	-	-	19,053,624
2016	14,844,750	-	-	14,844,750
2015	16,959,914	-	-	16,959,914
2014	19,828,750	-	-	19,828,750

Notes:

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

(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

Fiscal Year Ended Aug. 31	Ratio of Net Bonded Debt to Assessed Values	Personal Income^(c) (amounts in thousands) (4)	Percent of Personal Income	Population(5)	Debt per Capita
2023	0.0101%	n/a	n/a	4,780,913	\$12.11
2022	0.0101%	n/a	n/a	4,728,030	\$12.41
2021	0.0108%	n/a	n/a	4,731,145	\$11.60
2020	0.0108%	285,160,839	0.0192%	4,767,540	\$11.51
2019	0.0021%	282,809,166	0.0038%	4,713,325	\$2.25
2018	0.0028%	265,351,328	0.0050%	4,652,980	\$2.86
2017	0.0036%	247,482,118	0.0065%	4,589,928	\$3.53
2016	0.0044%	240,752,454	0.0079%	4,538,028	\$4.20
2015	0.0036%	252,694,912	0.0059%	4,441,370	\$3.34
2014	0.0044%	230,462,963	0.0074%	4,336,853	\$3.91

Notes:

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

(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		
2023	\$ 3,728,903	\$ -	\$ 3,728,903	\$ 125,669,693	2.97%
2022	4,790,544	-	4,790,544	106,205,501	4.51%
2021	4,000,255	-	4,000,255	89,444,277	4.46%
2020	2,917,611	-	2,917,611	90,213,971	3.23%
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%

Source: HCDE records.

HARRIS COUNTY DEPARTMENT OF EDUCATION
ESTIMATED COUNTY-WIDE DIRECT AND OVERLAPPING BONDED DEBT
August 31, 2023
(Unaudited)

Table 13

	Percentage Applicable to Name of Government	Net Debt (Thousands)
<u>OVERLAPPING</u>		
County-Wide Jurisdictions:		
Harris County (2/28/22) (a)	100.00%	\$ 1,747,392
Harris County Flood Control District (2/28/22)	100.00%	1,256,090
Port of Houston Authority (2/28/22)	100.00%	469,434
Total County-Wide Direct Debt		\$ 3,472,916
Cities:		
Houston (06/30/2022)	100.00%	\$ 3,612,745
Other cities (a)	Various	776,970
Sub-Total Cities		4,389,715
School Districts and Junior Colleges: (b)	Various	18,510,524
Utility Districts (c)	100.00%	
Total Overlapping Debt:		\$ 26,373,155
Total Direct HCDE (e)		\$ 48,705
Total Direct and Overlapping Debt (Estimated \$7,022 Per Capita) (e)		\$ 26,421,860

- (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)	\$ 29,915,000
Maintenance Notes	13,865,000
Issuance Premiums	4,925,432
Total Direct HCDE Debt	\$ 48,705,432

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

Calendar Year	Population ^(a)	Unemployment Rate ^(a)	Personal Income ^(a)	Per Capita Income
2023	4,780,913	4.20%	\$ 325,438,872,000	\$ 68,070
2022	4,728,030	6.50%	311,430,719,000	65,869
2021	4,731,145	6.10%	291,723,832,000	60,183
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

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, 2023

(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
Table 16
PRINCIPAL EMPLOYEES
CURRENT YEAR AND TEN YEARS AGO
(Amounts in thousands)
(Unaudited)

Employer	2023			2014		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Wal-Mart Stores Inc.	37,000	1	1.2631%			
Memorial Hermann Healthcare	24,108	2	0.8230%	19,500	1	0.6963%
HEB	23,732	3	0.8101%			
UT MD Anderson Cancer Center	21,086	4	0.7198%	15,000	3	0.5356%
McDonald's Corp.	20,918	5	0.7141%			
Amazon	16,000	6	0.5462%			
Houston Methodist	20,000	7	0.6827%	9,991	8	0.3568%
HCA Houston HealthCare	15,065	8	0.5143%			
Kroger Co	16,000	9	0.5462%	12,000	6	0.4285%
United Airlines	14,941	10	0.5100%	16,000	2	0.5713%
Shell Oil Company	-		-	13,000	5	0.4642%
Exxon Mobil Corp	-		-	13,191	4	0.4710%
National Oilwell Varco	-		-	10,000	7	0.3571%
UT Medical Branch Galveston	-		-	9,318	9	0.3327%
Baylor College of Medicine	-		-	9,232	10	0.3297%
Totals	208,850		7.1294%	127,232		4.5432%

Notes: Above employment numbers were obtained from the Greater Houston Partnership

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

	2023	2022	2021	2020	2019
Adult Education	115.0	81.1	72.0	73.3	73.3
Assistant Superintendents' Offices	6.0	6.0	6.0	6.0	6.0
Alternative Certification	5.5	5.5	5.0	5.5	5.5
Business Support Services	18.0	17.0	15.0	17.0	16.5
Board of Trustees	1.0	1.0	1.0	1.0	1.0
Center for After School, Summer and Expanded Learning	51.5	51.5	24.0	26.0	20.0
Center for Safe & Secure Schools	7.0	4.0	5.0	5.0	3.0
Center for School Governance & Fiscal Accountability	-	-	-	-	-
Choice Partners Cooperative	19.0	19.5	19.0	19.5	18.4
Client Engagement	6.0	4.5	5.0	3.9	6.0
Communications	10.0	10.0	9.0	9.6	8.6
Digital Learning & Instructional Technology	-	-	-	-	-
Facility Support Services	47.0	49.0	49.0	51.0	51.5
Head Start Program	292.0	311.5	242.0	293.0	288.0
Human Resources	10.0	10.0	10.0	10.0	10.0
Purchasing Support	8.0	7.0	7.0	6.0	6.0
Records Management Services	15.0	15.0	14.0	15.0	14.0
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	152.0	146.4	157.0	143.9	141.9
Special Schools Program	180.0	176.0	155.0	174.0	168.0
Superintendent's Office	2.0	2.0	2.0	2.0	2.0
Digital Learning and Innovation	1.8	1.8	1.8	1.8	2
Technology Support Services	24.0	-	23.0	24.0	21.0
Texas Virtual School Network	-	-	-	-	-
The Teaching and Learning Center	10.8	10.8	7.0	10.8	10.5
Total:	994.6	942.6	841.8	911.3	886.2

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

	2018	2017	2016	2015	2014
Adult Education	73.3	75.3	75.3	78.7	104.2
Assistant Superintendents' Offices	6.0	5.0	4.0	3.5	3.5
Alternative Certification	5.5	5.5	5.5	4.0	4.0
Business Support Services	16.5	16.5	16.5	15.5	15.5
Board of Trustees	1.0	0.5	0.5	0.5	0.5
Center for After School, Summer and Expanded Learning	21.0	22.2	22.2	13.0	13.0
Center for Safe & Secure Schools	4.0	3.0	3.0	3.5	3.5
Center for School Governance & Fiscal Accountability	-	-	-	0.5	1
Choice Partners Cooperative	18.4	15.4	15.4	15.0	16.0
Client Engagement	6.0	4.6	4.6	4.0	4.0
Communications	8.6	9.0	9.0	6.0	6.0
Digital Learning & Instructional Technology	-	-	-	1.0	1.0
Facility Support Services	51.5	51.5	51.5	51.5	51.5
Head Start Program	288.0	285.0	285.0	258.5	235.3
Human Resources	10.0	10.0	10.0	9.5	10.0
Purchasing Support	6.0	6.0	6.0	6.0	6.0
Records Management Services	14.0	13.0	13.0	12.0	12.0
Research & Evaluation	7.0	7.0	7.0	6.0	6.0
Resource Development	6.0	6.0	6.0	6.0	6.0
School Based Therapy Services	141.9	138.3	138.3	206.0	196.4
Special Schools Program	168.0	158.3	155.0	157.0	145.0
Superintendent's Office	2.0	1.5	2.5	2.0	2.0
Digital Learning and Innovation	2	2	-	3	3
Technology Support Services	21.0	21.0	22.0	24.0	25.0
Texas Virtual School Network	-	15.0	15.0	18.0	17.0
The Teaching and Learning Center	10.5	11.8	12.5	9.8	9.8
Total:	888.2	883.4	879.8	914.5	896.2

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

Programs	Services Provided
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
	Therapy services and grant programs
COMPONENT UNIT:	
Education Foundation of Harris County	Fund-raising and grants

Source: HCDE records.

Site #	Building/ Purpose	Location/ City	Year Built	Put Into Service	Square Footage
(1) Administration:					
1.	Ronald W. Reagan Building	North Houston, TX	1988	1988	69,534
2.	North Post Oak Building	North Houston, TX	1995	2006	372,600
3.	Conference Center and Parking Garage	North Houston, TX	2002	2002	20,994
4.	Caplin Warehouse	Northeast Houston, TX	1999	1999	154,000
5.	Melbourne Warehouse	North Houston, TX	2005	2005	16,500
6.	Science Building	North Houston, TX	2010	2010	5,000 2,000
(2) Schools:					
7.	Old Academic & Behavior Center (ABC)-East	Southeast Houston, TX	1980	1982	39,850
8.	Old ABC-West	Southwest Houston, TX	1980	1998	21,251
9.	High Point-Middle School	Northeast Houston, TX	2023	2023	21,212
10.	High Point-High School	Northeast Houston, TX	1970	1995	27,280
11.	Fortis Academy	Northwest Houston, TX	1997	1997	20,057
12.	New ABC-West	Southwest Houston, TX	2020	2020	47,970
13.	New ABS East	Southeast Houston, TX	2023	2023	43,000
14.	New Adult Ed Center	North Houston, TX	2023	2023	52,800
(4) Head Start Program:					
15.	Baytown	Baytown, TX	2019	2019	19,954
16.	Barret Station Head Start	Baytown, TX	2023	2023	2,660
17.	Barrett Station Center Early Head Start	Crosby, TX	2002	2002	4,680
18.	La Porte Center	La Porte, TX	1999	1999	7,516
19.	Pugh Center	Houston, Texas	2000	2000	3,300
20.	Humble Center Head Start	Humble, Texas	2015	2015	4,423
21.	Humble Center Early Head Start	Humble, Texas	2001	2001	4,611
(5) Other Services:					
19.	Printing and Visual Communications	North Houston, TX	2001	2001	16,500
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.

SERVICE AREA AND LOCATIONS-DESCRIPTION

(Unaudited)

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.

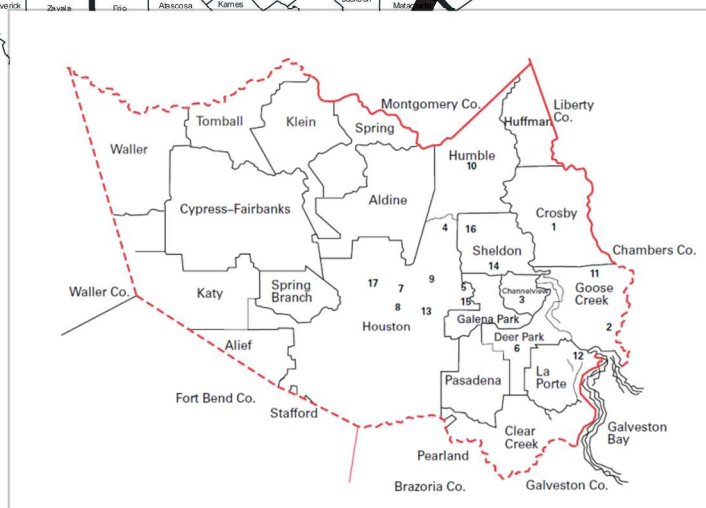
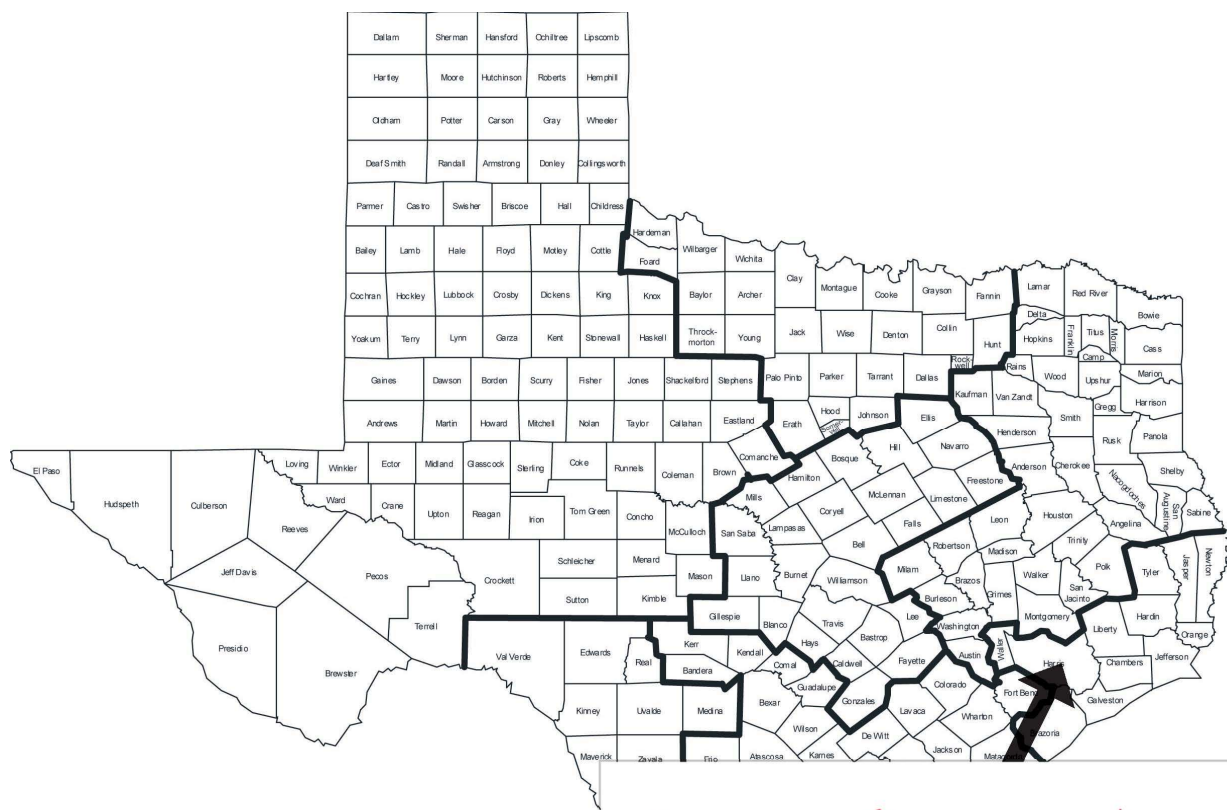
Campus	Year Opened	Area Served
ABC-East	FY 1982	Southeast Harris County
ABC-West	FY 2020	Southwest Harris County
Highpoint-East	FY 1995	Northeast Harris County
Fortis Academy	FY 2018	Northern Harris County

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.



It is the policy of the 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.

	HARRIS COUNTY DEPARTMENT OF EDUCATION
	6300 IRVINGTON BLVD., HOUSTON, TEXAS 77022





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.

The Harris County Department of Education (HCDE) is dedicated to providing high-quality, cost-effective educational services to school districts, educators, government and non-profit organizations in Harris County.

Through schools for students with profound special needs, Head Start early childhood education, school-based therapy services and afterschool programs, HCDE supports all area school districts in meeting the needs of uniquely challenged learners while saving them millions of dollars each year through shared services. The Department is an innovative leader of literacy and workforce development programming for adult learners across the county. HCDE also provides various other educational support services including professional development for educators, school safety programs, educator certification, records management, and a national purchasing cooperative.

HCDE impacts an average of 150,000 students and educators each year. Using fees for service, grants, and the purchasing cooperative, HCDE turns one dollar of property taxes into five dollars of services.

HCDE is separate and distinct from other agencies of Harris County. The Department's primary service area covers 1,788 square miles but also provides support to school districts, education service centers and other governmental agencies across Texas and the nation.

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