



Harris County
Department of
Education

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDING AUGUST 31, 2022



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ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF
HARRIS COUNTY DEPARTMENT OF EDUCATION

For the Fiscal Year Ended August 31, 2022

James Colbert, Jr.
County School Superintendent

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

Marcia Leiva, MBA
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

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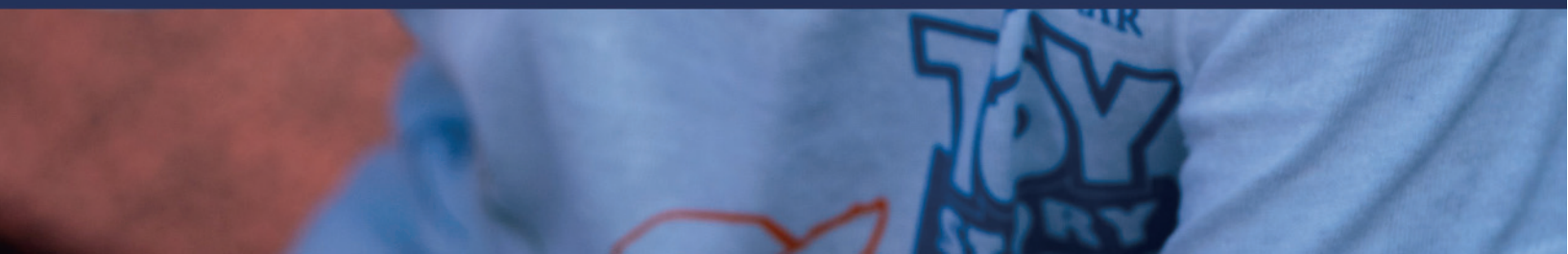
HARRIS COUNTY DEPARTMENT OF EDUCATION

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Introductory Section



January 18, 2023

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, 2022 (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, 2022. 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.

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

Organizational Philosophy

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

Primary Services

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

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

- Academic and Behavior Schools serve children, youth, and young adults ages 5-22 with severe emotional disturbances, mental retardation, pervasive developmental disorders, and other health impairments. The Department serviced 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 16,296 and 12,475 students during fiscal year 2022 and 2021, respectively. This represents a 31% increase due to an increment in the demand for services. The Department projects to serve over 15,000 students for FY 2023.

- The Teaching & Learning Center provides teaching and learning services to educators, administrators, support personnel, students, parents and the community. The Department delivered services to 4,117 and 5,779 educators during fiscal years 2022 and 2021, respectively. This is a 29% decrease due to the change reorganization of the division. The new Center for Educator Success Division projects to service over 4,000 educators in FY 2023.
- 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 2022 and 2021, the Department serviced 1,830 and 2,032 members, respectively. The Department expects to serve over 2,100 members in FY 2023.
- 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 2,481 and 2,389 members in 2022 and 2021, respectively. This is an increase of 4% due to additional demand for services. The Department expects to serve 2,400 members in FY 2023.
- 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 71,598 students in 2022 and 32,924 students in 2021 in facilities which safety audits were performed. This increase of 117% is due to increased demand for safety audits. For FY 2023 the Department expects to audit facilities in which over 70,000 students attend school.

Local Economy

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

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

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

Long-Term Financial Planning

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

Capital Projects Funding

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

The Department issued maintenance tax notes in May 2009 and qualified zone academy bonds (QZAB) on 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. In FY 2022, the new building projects are still in progress and are expected to be completed in FY 23, and the renovation to the Irvington Building in FY 2024. There were no new bonds issued in fiscal year 2022.

Major Initiatives

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

1. The department received approval to build a new Compton Head Start Center in previous years, and it is expected that the project will be completed in FY 2023.
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 are expected to be completed in FY 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 from the General Fund balance totaling \$1,294,586 as follows:

Debt Service Transfer for future payments- CIP	\$189,586
IT Servers and Equipment	355,000
Ed Foundation teacher and grant program	600,000
Compensated Absences _ Retirement Benefit	150,000
Total fund balance capital expenditure appropriations	<u>\$1,294,586</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, 2021. This is the nineteen 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 nineteenth 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, 2012. 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.

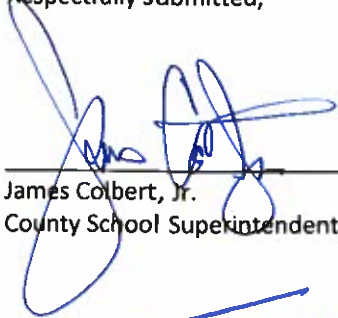
In addition, Harris County Department of Education also received the GFOA *Award for Outstanding Achievement in Popular Annual Financial Reporting* for its Popular Annual Financial Report for the fiscal year ended August 31, 2021, (PAFR), for the fifteenth consecutive year. The *Award for Outstanding Achievement in Popular Annual Financial Reporting* is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. To receive an *Award for Outstanding Achievement in Popular Annual Financial Reporting* a governmental unit must publish a Popular Annual Financial Report whose contents conform to program standards of creativity, presentation, understand-ability, and reader appeal.

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

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

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

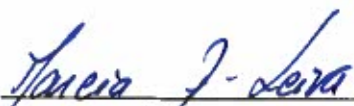
Respectfully submitted,



James Colbert, Jr.
County School Superintendent



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



Marcia Leiva, MBA
Chief Accounting Officer

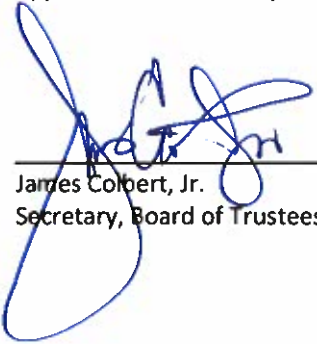
CERTIFICATE OF BOARD

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, 2022, at a meeting of the Board of Trustees on the 18th day of January 2023.



James Colbert, Jr.
Secretary, Board of Trustees



Richard Cantu
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, 2021.

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, 2021

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, 2021

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.



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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, 2021.

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



A handwritten signature in black ink, reading 'William A. Sutter'.

William A. Sutter
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director

**HARRIS COUNTY DEPARTMENT OF EDUCATION
PRINCIPAL OFFICIALS
FOR THE YEAR ENDED AUGUST 31, 2022**

County Board of School Trustees

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

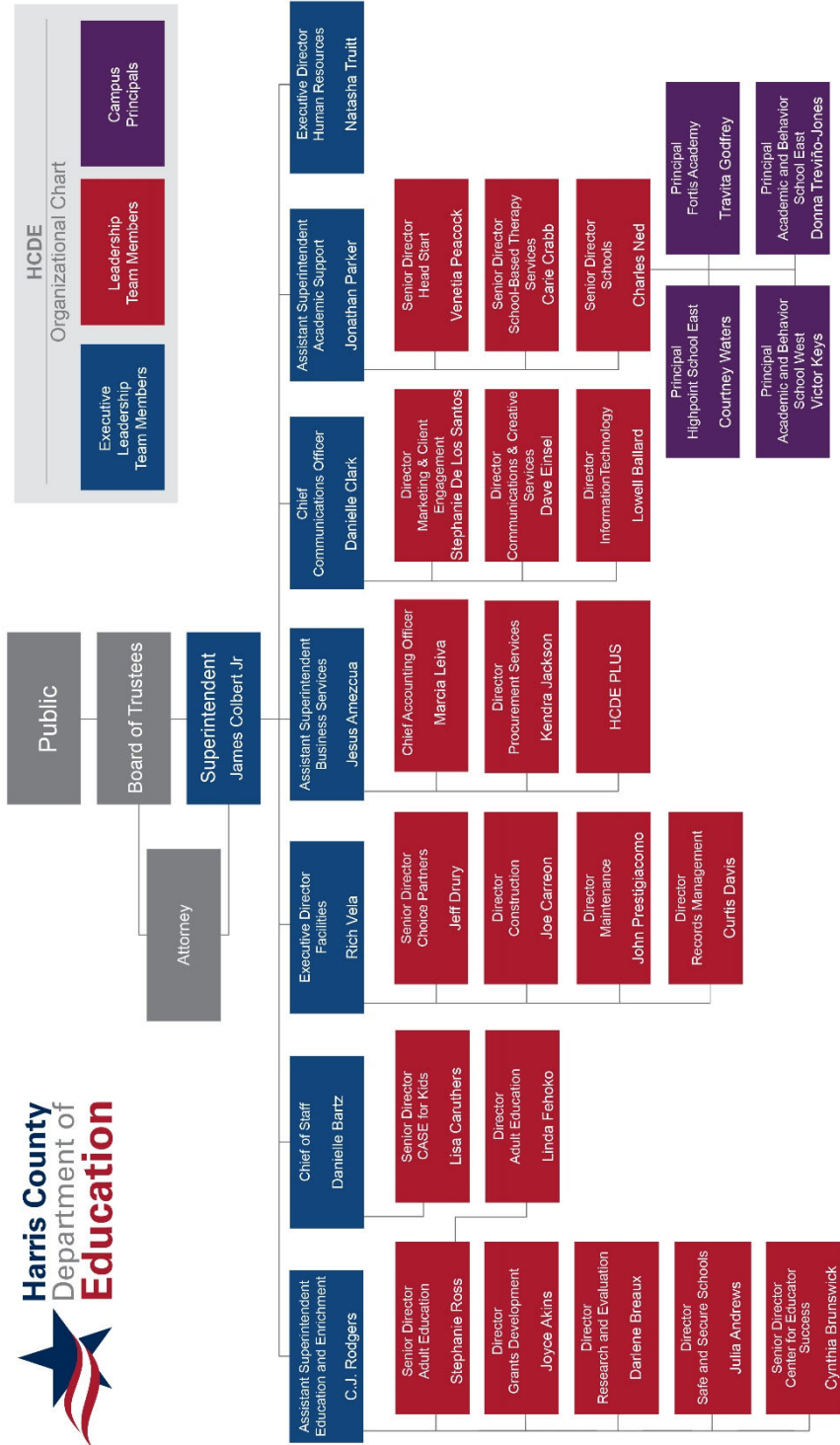
Executive Leadership Team

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, 2022

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 8.29.2022





Financial Section

INDEPENDENT AUDITOR'S REPORT

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

Report on the 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, 2022, 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, 2022, 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.

To the Board of Trustees
Harris County Department of Education

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, 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 18, 2023 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.



Houston, Texas
January 18, 2023



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, 2022. 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 \$35,457,248 .
- The Department's net position increased by \$2,384,414 . The primary cause of this increase is due to an increase in charges for services, property taxes and grants in the governmental activities and the business-type activities and a decrease in expenses in both the governmental activities.
- As of August 31, 2022, the Department's governmental funds reported combined ending fund balances of \$61,992,580, a decrease of \$18,342,505. 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 \$17,534,563 or 34.2 percent of the General Fund's total expenditures for this fiscal year.
- The Department's total bonded debt by 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 69 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 \$35,457,248 at August 31, 2022.

Harris County Department of Education Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 77,301,626	\$ 88,519,400	\$ 1,541,775	\$ 1,554,965	\$ 78,843,401	\$ 90,074,365
Capital assets	82,235,498	57,522,382	-	-	82,235,498	57,522,382
Total Assets	159,537,124	146,041,782	1,541,775	1,554,965	161,078,899	147,596,747
Deferred loss on refunding	25,267	49,264	-	-	25,267	49,264
Deferred outflows - pension/OPEB	14,459,223	16,389,314	-	-	14,459,223	16,389,314
Total Deferred Outflows of Resources	14,484,490	16,438,578	-	-	14,484,490	16,438,578
Current liabilities	12,896,820	5,719,190	41,775	54,965	12,938,595	5,774,155
Long term liabilities	97,311,016	104,959,588	-	-	97,311,016	104,959,588
Total Liabilities	110,207,836	110,678,778	41,775	54,965	110,249,611	110,733,743
Deferred inflows - pension/OPEB	29,856,530	22,328,748	-	-	29,856,530	22,328,748
Total Deferred Inflows of Resources	29,856,530	22,328,748	-	-	29,856,530	22,328,748
Net Position:						
Net investment in capital assets	57,974,197	54,464,903	-	-	57,974,197	54,464,903
Unrestricted	(24,016,949)	(24,992,069)	1,500,000	1,500,000	(22,516,949)	(23,492,069)
Total Net Position	\$ 33,957,248	\$ 29,472,834	\$ 1,500,000	\$ 1,500,000	\$ 35,457,248	\$ 30,972,834

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

Net investment in capital assets of \$57,974,197 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 \$22,516,949. The deficit reported as unrestricted is related to the net pension and OPEB liabilities (\$9.7 million and \$23.3 million) respectively.

The net position of the Department increased by \$2,384,414 for the year ended August 31, 2022. Detail of the change in the Department's net position follows:

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Program Revenues						
Charges for services	\$ 20,761,046	\$ 21,006,818	\$ 7,580,665	\$ 6,924,045	\$ 28,341,711	\$ 27,930,863
Operating grants	24,480,552	27,289,087	-	-	24,480,552	27,289,087
General Revenues						
Property taxes	25,366,674	25,178,251	-	-	25,366,674	25,178,251
Grants and contributions not restricted	4,389,700	2,703,108	-	-	4,389,700	2,703,108
Investment Earnings	168,995	26,124	-	-	168,995	26,124
Miscellaneous	4,632,893	6,167,249	-	-	4,632,893	6,167,249
Total Revenues	79,799,860	82,370,637	7,580,665	6,924,045	87,380,525	89,294,682
Expenses						
Adult Education Program	3,812,902	4,127,033	-	-	3,812,902	4,127,033
Assistant Superintendents	587,468	603,726	-	-	587,468	603,726
Board of Trustees	196,616	163,700	-	-	196,616	163,700
Business Support Services	1,734,433	1,998,215	-	-	1,734,433	1,998,215
Center for After School, Summer & Expanded Learning	7,107,362	7,729,357	-	-	7,107,362	7,729,357
Center for Safe & Secure Schools	614,339	759,146	-	-	614,339	759,146
Center for Grant Development	481,837	592,331	-	-	481,837	592,331
Choice Partners Cooperatives	-	-	2,552,015	2,095,107	2,552,015	2,095,107
Client Engagement	510,192	462,459	-	-	510,192	462,459
Communications	858,665	962,407	-	-	858,665	962,407
Department Wide	9,612,407	8,725,092	-	-	9,612,407	8,725,092
Digital Learning	109,724	288,756	-	-	109,724	288,756
Education Certification & Professional Advancement	594,197	677,435	-	-	594,197	677,435
Education Foundation	508,374	210,543	-	-	508,374	210,543
Facility Support Services	1,921,454	3,032,471	-	-	1,921,454	3,032,471
Head Start Program	18,495,199	20,185,050	-	-	18,495,199	20,185,050
Human Resources	1,093,657	1,107,767	-	-	1,093,657	1,107,767
Interest and Fees-Long-Term Debt	1,420,804	1,792,569	-	-	1,420,804	1,792,569
Purchasing Support Services	609,380	573,016	-	-	609,380	573,016
Records Management Services	1,948,569	1,960,988	-	-	1,948,569	1,960,988
Research & Evaluation Institution	504,843	635,864	-	-	504,843	635,864
Retirement Leave Benefits	269,275	333,844	-	-	269,275	333,844
Scholastic Arts & Writing Program	125,409	119,673	-	-	125,409	119,673
School Based Therapy Services	10,329,423	11,457,283	-	-	10,329,423	11,457,283
Chief of Staff	246,409	284,899	-	-	246,409	284,899
Special Schools & Services	13,116,099	13,817,704	-	-	13,116,099	13,817,704
Superintendent's Office	602,274	623,314	-	-	602,274	623,314
Technology Support Services	4,113,372	3,982,140	-	-	4,113,372	3,982,140
The Teaching & Learning Center	919,413	916,601	-	-	919,413	916,601
Total Expenses	82,444,096	88,123,383	2,552,015	2,095,107	84,996,111	90,218,490
Increase (decrease) in net position before and transfers	(2,644,236)	(5,752,746)	5,028,650	4,828,938	2,384,414	(923,808)
Transfers	5,028,650	4,828,938	(5,028,650)	(4,828,938)	-	-
Increase (decrease) in net position	2,384,414	(923,808)	-	-	2,384,414	(923,808)
Beginning Net Position	29,472,834	30,396,642	1,500,000	1,500,000	30,972,834	31,896,642
Prior period adjustment	2,100,000	-	-	-	2,100,000	-
Ending Net Position	\$ 33,957,248	\$ 29,472,834	\$ 1,500,000	\$ 1,500,000	\$ 35,457,248	\$ 30,972,834

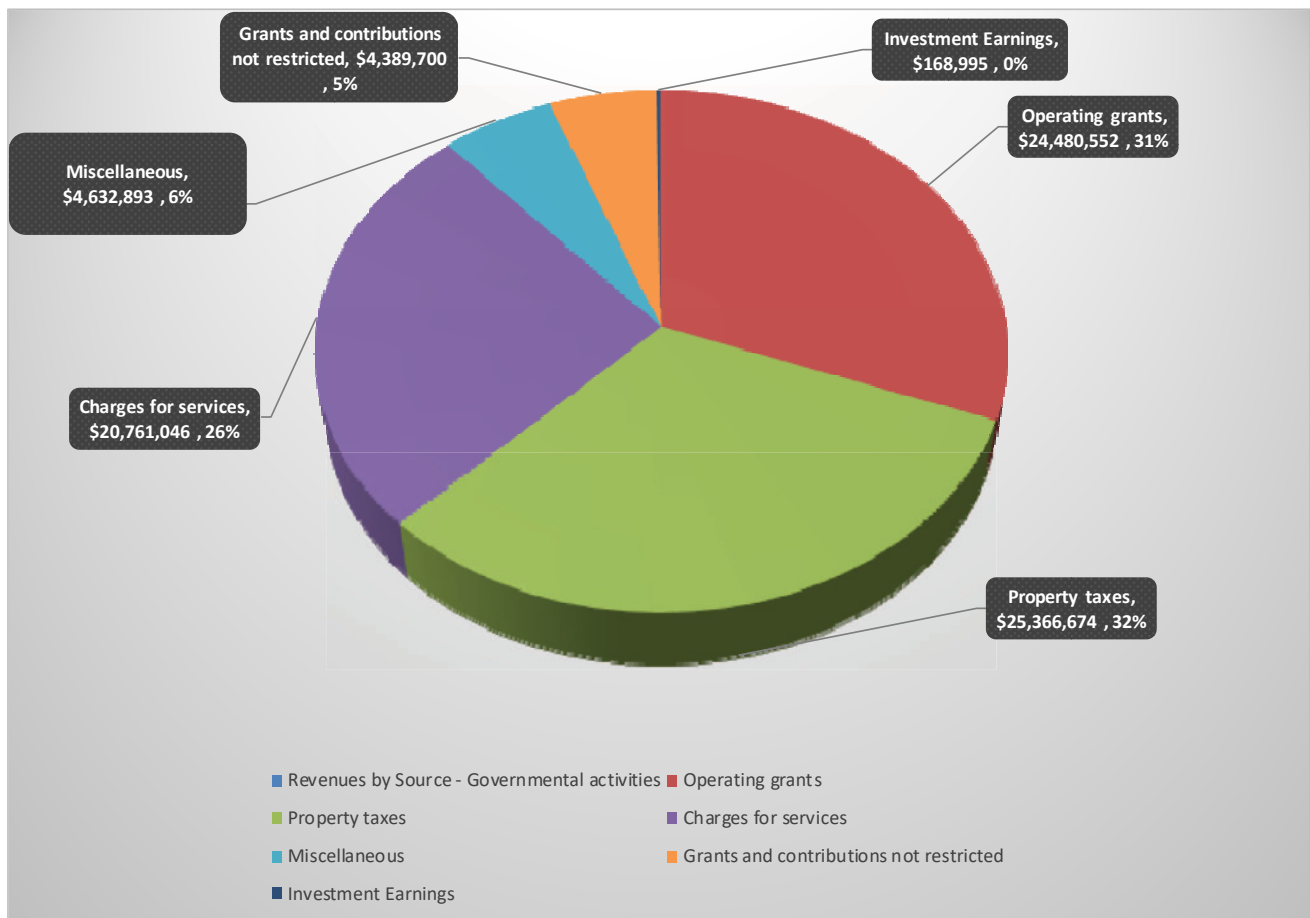
HARRIS COUNTY DEPARTMENT OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (continued)

Fiscal year 2022 brought about many uncertainties. Property taxes increased slightly (0.7 percent) due to an increase in the property values even though the tax rate decreased. Grants decreased overall (10.3 percent) due to additional funds primarily related to COVID-19 that had been carried over but are ending over the fiscal years. Charges for services and investment earnings decreased slightly also related to COVID-19 which caused a decrease in trainings offered and a decrease in the market for a period.

Expenses decreased in total by 6.4 percent. The decrease correlates with the decrease in grants as well as a negative pension and OPEB expense in the current year.

Revenues for the governmental activities are generated primarily from two sources. The first source is comprised of two groups, Operating Grants and Contributions (\$24,480,552) and Grants and Contributions Not Restricted to Specific Program (\$4,389,700) totaling \$28,870,252 , represent 33.0 percent of total revenues. Charges for services from governmental activities(\$20,761,046) and (\$7,580,665) from business-type activities represent 32.4 percent of total revenues. The remaining percent is generated from property taxes (29.0 percent), head start non-federal share and miscellaneous revenues and investment earnings.

Revenues by Source – Governmental Activities
 Total \$79,799,860



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 2022 total \$7,580,665 . The increase is related to the increase in procurement services during 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 (\$18,495,199) which represents 21.8 percent of total expenses. The special schools and services (\$13,116,099) represents 15.4 percent and school based therapy (\$10,329,423) represents 12.2 percent. Department Wide expenses (\$9,612,407) represents 11.3 percent and the center for after-school (\$7,107,362) represents 8.4 percent. The remaining individual functional categories of expenses are each less than 5 percent of total expenses. Expenses decreased for governmental activities with the primary cause being the negative pension expense in fiscal year 2022 and a decrease in special revenue fund expenses from COVID-19 grants completed and received in fiscal year 2021. Business-type activities expenses increased due to the additional 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 \$61,992,580, in comparison with the prior year of \$80,335,085. The net decrease of the combined fund balances was comprised of a fund balance decrease in the PFC Capital Projects Fund of \$17,045,596 and a decrease of \$1,132,044 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, \$17,422,147 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 \$332,212, restricted fund balance of \$34,705,560, committed fund balance of \$2,014,976 and assigned fund balance of \$7,517,685. Please refer to Exhibit B-1.

The general fund is the main operating fund of Harris County Department of Education. At the end of the current fiscal year, unassigned fund balance of the general fund was \$17,534,563, while total fund balance was \$25,919,064. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 34.2 percent of total general fund expenditures, while total fund balance represents 50.6 percent of that same amount.

The fund balance in the general fund decreased \$164,865 during the current fiscal year primarily due to an increase in expenditures related to salaries and positions filled that were previously vacant.

The fund balance for the PFC Capital Project Funds decreased by \$17,045,596 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 \$312,000. 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 fees for services from various divisions were below the revenue budget by \$2.0 million due to less services needed from school districts. Tax revenues were \$995 thousand less than budgeted due to collections and protested values. Donations and investment revenues were \$62 thousand less than budgeted due to COVID-19 impact on economy and interest rates. The state revenues exceeded budget by approximately \$535 thousand mainly due to receiving more than anticipated on behalf of the TRS Active Care funding. The grant related revenues exceeded the anticipated budget by approximately \$278 thousand due to additional indirect costs from grants.

Over the course of the year the Department revised its budget at each regularly scheduled HCDE Board of Trustees meeting. There was \$1,799,367 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:

- \$1,055,321 for Department Wide
- \$392,455 for Therapy Services

There was a \$ 6,453,752 difference between the final amended budget and actual expenditures. The significant differences are summarized below:

- \$2,120,209 Special Schools and Services under budget
- \$1,736,484 School Based Therapy Services under budget

Capital Assets and Long-Term Liabilities

Capital Assets- At the end of fiscal year 2022, Harris County Department of Education had \$82,235,498 (net of accumulated depreciation of \$35,841,821) 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 \$24,713,116 is due to construction in progress and the right-to-use assets due to the implementation of GASB No.87.

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

	Governmental Activities	
	2022	2021
Land	\$ 3,392,942	\$ 2,539,276
Buildings and Improvements	51,057,622	52,547,410
Furniture and Equipment	2,033,840	2,115,410
Construction in Progress	16,647,497	320,286
Right-to-use asset	9,103,597	-
Total	\$ 82,235,498	\$ 57,522,382

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.

Long-Term Liabilities - At fiscal year-end, the Harris County Department of Education's outstanding debt balance was \$51,464,163 consisting of \$31,970,000 lease revenue bonds, \$451,429 of Qualified Zone Academy Bonds, \$13,865,000 in maintenance tax notes and \$5,177,734 in issuance premiums and \$7,228,876 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 \$5,607,204 include \$5,535,213 for compensated absences and \$71,991 for workers compensation.

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

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

	Governmental Activities	
	2022	2021
Bonds and Notes Payable	\$ 51,464,163	\$ 54,857,899
Leases payable	7,228,876	-
Other Long-Term Liabilities	5,607,204	5,507,719
Net Pension Liability (Department Share)	9,704,199	20,739,553
Net OPEB Liability (Department Share)	23,306,574	23,854,417
Total	\$ 97,311,016	\$ 104,959,588

During the year ended August 31, 2022, the Department's total long-term liabilities had a net decrease of \$7,648,572 due to a decrease in the net pension liability of \$11,035,354, a decrease in bonds and notes payable of \$3,393,736 which was offset with an increase in leases payable due to the implementation of GASB No. 87 in the amount of \$7,228,876.

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 \$68 Billion to \$584 billion for tax year 2022 (FY 2022-2023)
- Property taxes represent 44 percent of the fiscal year 2022-2023 total estimated general fund revenues
- The unemployment rate for Harris County was 4.5 percent on August 31, 2022, while the nationwide rate averaged 3.7 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, 2022, was 7.1% higher than 2021 at 5.3% nationwide.
- The department remains successful at applying and administering federal, state and local grants. Additional grants have been received from Health and Human Services for COVID 19 expenditures, capital projects, and city and county grants for after school programs.

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

- Estimated revenues from current tax revenues are \$27,380,681, an increase of 3.2 percent from previous fiscal year 2022 budget of \$26,528,250 based on an increase in property values assessed by the Harris County Appraisal District.
- Fiscal Year 2023 general fund expenditures are budgeted at \$63,223,226, an increase of 1.3 percent from the amended fiscal year 2022 budget of \$62,390,032. The increase is due to the maintaining the compensation plan and continuing the Tools for Teachers and Grants Programs for the Education Foundation.

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

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, 2022

Exhibit A-1

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 67,225,428	\$ -	\$ 67,225,428
Property taxes receivable (net)	1,054,334	-	1,054,334
Due from other governments	6,512,454	-	6,512,454
Internal balances	116,494	(116,494)	-
Other receivables	1,555,675	1,658,269	3,213,944
Inventories	182,456	-	182,456
Prepaid items	654,785	-	654,785
Capital Assets:			
Land	3,392,942	-	3,392,942
Construction in Progress	16,647,497	-	16,647,497
Buildings and improvements, net	51,057,622	-	51,057,622
Furniture and equipment, net	2,033,840	-	2,033,840
Right-to-use assets - buildings, net	9,103,597	-	9,103,597
Total Assets	159,537,124	1,541,775	161,078,899
Deferred Outflows of Resources			
Deferred outflows on bond refunding	25,267	-	25,267
Deferred outflow related to OPEB	4,776,744	-	4,776,744
Deferred outflow related to pension	9,682,479	-	9,682,479
Total Deferred Outflows of Resources	14,484,490	-	14,484,490
Liabilities			
Accounts payable	8,205,513	21,715	8,227,228
Payroll deductions payable	1,177,358	-	1,177,358
Accrued wages payable	157,366	-	157,366
Accrued interest payable	72,625	-	72,625
Due to Other Governments	43,940	15,560	59,500
Unearned revenues	3,240,018	4,500	3,244,518
Long-term Liabilities			
Due within one year	4,046,362	-	4,046,362
Due in more than one year	60,253,881	-	60,253,881
Net OPEB Liability (Department's Share)	23,306,574	-	23,306,574
Net Pension Liability (Department's Share)	9,704,199	-	9,704,199
Total Liabilities	110,207,836	41,775	110,249,611
Deferred Inflows of Resources			
Deferred inflow related to OPEB	19,208,206	-	19,208,206
Deferred inflow related to pension	10,648,324	-	10,648,324
Total Deferred inflows of resources	29,856,530	-	29,856,530
Net Position			
Net investment in capital assets	57,974,197	-	57,974,197
Unrestricted	(24,016,949)	1,500,000	(22,516,949)
Total Net Position	\$ 33,957,248	\$ 1,500,000	\$ 35,457,248



HARRIS COUNTY DEPARTMENT OF EDUCATION

STATEMENT OF ACTIVITIES

For the Year Ended August 31, 2022

Exhibit A-2

	Net (Expense) Revenues and Changes in Net Position					
	Expenses	Program Revenues		Primary Government		
		Charges for Services	Operating Grants & Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government						
Governmental Activities:						
Adult Education Program	\$ 3,812,902	\$ -	\$ 3,960,401	\$ 147,499	\$ -	\$ 147,499
Assistant Superintendents	587,468	-	-	(587,468)	-	(587,468)
Board of Trustees	196,616	-	-	(196,616)	-	(196,616)
Business Support Services Center for After School, Summer & Expanded Learning	1,734,433	164,415	-	(1,570,018)	-	(1,570,018)
Center for Safe & Secure Schools	7,107,362	112,650	4,024,132	(2,970,580)	-	(2,970,580)
Center for Grant Development	614,339	276,774	91,750	(245,815)	-	(245,815)
Client Engagement	481,837	120	-	(481,717)	-	(481,717)
Communications	510,192	-	-	(510,192)	-	(510,192)
Department Wide	858,665	-	-	(858,665)	-	(858,665)
Digital Learning	9,612,407	207,672	-	(9,404,735)	-	(9,404,735)
Education Certification & Professional Advancement	109,724	-	-	(109,724)	-	(109,724)
Education Foundation	594,197	111,998	17,000	(465,199)	-	(465,199)
Facility Support Services	508,374	-	-	(508,374)	-	(508,374)
Head Start Program	1,921,454	-	-	(1,921,454)	-	(1,921,454)
Human Resources	18,495,199	-	16,370,177	(2,125,022)	-	(2,125,022)
Interest and Fees-Long-Term Debt	1,093,657	-	-	(1,093,657)	-	(1,093,657)
Purchasing Support Services	1,420,804	-	-	(1,420,804)	-	(1,420,804)
Records Management Services	609,380	-	-	(609,380)	-	(609,380)
Research & Evaluation Institution	1,948,569	1,890,422	-	(58,147)	-	(58,147)
Retirement Leave Benefits	504,843	79,500	-	(425,343)	-	(425,343)
Scholastic Arts & Writing Program	269,275	-	-	(269,275)	-	(269,275)
School Based Therapy Services	125,409	-	-	(125,409)	-	(125,409)
Chief of Staff	10,329,423	9,359,728	-	(969,695)	-	(969,695)
Special Schools & Services	246,409	-	-	(246,409)	-	(246,409)
Superintendent's Office	13,116,099	7,850,166	-	(5,265,933)	-	(5,265,933)
Technology Support Services	602,274	-	-	(602,274)	-	(602,274)
The Teaching & Learning Center	4,113,372	-	-	(4,113,372)	-	(4,113,372)
Total Governmental Activities	<u>82,444,096</u>	<u>20,761,046</u>	<u>24,480,552</u>	<u>(37,202,498)</u>	<u>-</u>	<u>(37,202,498)</u>
Business-Type Activities:						
Choice Partners Cooperative	2,552,015	7,580,665	-	-	5,028,650	5,028,650
Total Business-Type Activities	<u>2,552,015</u>	<u>7,580,665</u>	<u>-</u>	<u>-</u>	<u>5,028,650</u>	<u>5,028,650</u>
Total Primary Government	<u>\$ 84,996,111</u>	<u>\$ 28,341,711</u>	<u>\$ 24,480,552</u>	<u>(37,202,498)</u>	<u>5,028,650</u>	<u>(32,173,848)</u>
General Revenues:						
Property Taxes, Levied for General Purposes				25,366,674	-	25,366,674
Grants and Contributions Not Restricted to Specific Program				4,389,700	-	4,389,700
Investment Earnings				168,995	-	168,995
Miscellaneous				4,632,893	-	4,632,893
Transfers				5,028,650	(5,028,650)	-
Total General Revenues				<u>39,586,912</u>	<u>(5,028,650)</u>	<u>34,558,262</u>
Change in Net Position				2,384,414	-	2,384,414
Net Position-Beginning				29,472,834	1,500,000	30,972,834
Prior Period Adjustment				2,100,000	-	2,100,000
Net Position-Ending				<u>\$ 33,957,248</u>	<u>\$ 1,500,000</u>	<u>\$ 35,457,248</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
August 31, 2022

Exhibit B-1
Page 1 of 2

	<u>General Fund</u>	<u>Head Start Program</u>	<u>Capital Projects Fund</u>
Assets			
Cash and cash equivalents	\$ 22,052,216	\$ -	\$ 39,282,471
Property taxes receivable	1,075,851	-	-
Allowance for uncollectible taxes	(21,517)	-	-
Due from other governments	294,687	1,363,242	-
Due from other funds	3,956,796	-	-
Other receivables	1,955,675	-	-
Allowance for uncollectible receivables	(400,000)	-	-
Inventories	182,456	-	-
Prepaid Items	37,340	46,297	-
Total Assets	<u>\$ 29,133,504</u>	<u>\$ 1,409,539</u>	<u>\$ 39,282,471</u>
Liabilities, Deferred Inflows of Resources and Fund Balance			
Liabilities:			
Accounts payable	\$ 843,751	\$ 92,883	\$ 4,576,911
Payroll Deductions Payable	1,177,358	-	-
Accrued wages payable	79,039	1,205	-
Due to other funds	-	1,315,451	-
Due to other governments	43,940	-	-
Unearned revenues-other	16,018	-	-
Total Liabilities	<u>2,160,106</u>	<u>1,409,539</u>	<u>4,576,911</u>
Deferred Inflows of Resources			
Unavailable revenue-property taxes	1,054,334	-	-
Total Deferred Inflows of Resources	<u>1,054,334</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Nonspendable:			
Inventory	182,456	-	-
Prepaid Items	37,340	-	-
Restricted:			
PFC Construction Projects	-	-	34,705,560
Committed:			
Capital Projects	1,314,976	-	-
Retirement Employee Leave	500,000	-	-
Unemployment Liability	200,000	-	-
Assigned:			
Building & Vehicle Replacement Acquisition	1,700,000	-	-
Asset Replacement & Acquisition	1,943,300	-	-
QZAB Payment	451,429	-	-
PFC Lease Payment	2,055,000	-	-
Debt Service	-	-	-
Unassigned	17,534,563	-	-
Total Fund Balances	<u>25,919,064</u>	<u>-</u>	<u>34,705,560</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 29,133,504</u>	<u>\$ 1,409,539</u>	<u>\$ 39,282,471</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
August 31, 2022

Exhibit B-1
Page 2 of 2

	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets		
Cash and cash equivalents	\$ 4,227,783	\$ 65,562,470
Property taxes receivable	-	1,075,851
Allowance for uncollectible taxes	-	(21,517)
Due from other governments	4,854,525	6,512,454
Due from other funds	-	3,956,796
Other receivables	-	1,955,675
Allowance for uncollectible receivables	-	(400,000)
Inventories	-	182,456
Prepaid Items	112,416	196,053
Total Assets	<u><u>\$ 9,194,724</u></u>	<u><u>\$ 79,020,238</u></u>
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities:		
Accounts payable	\$ 2,476,639	\$ 7,990,184
Payroll Deductions Payable	-	1,177,358
Accrued wages payable	57,847	138,091
Due to other funds	2,068,282	3,383,733
Due to other governments	-	43,940
Unearned revenues-other	3,224,000	3,240,018
Total Liabilities	<u><u>7,826,768</u></u>	<u><u>15,973,324</u></u>
Deferred Inflows of Resources		
Unavailable revenue-property taxes	-	1,054,334
Total Deferred Inflows of Resources	<u><u>-</u></u>	<u><u>1,054,334</u></u>
Fund Balances:		
Nonspendable:		
Inventory	-	182,456
Prepaid Items	112,416	149,756
Restricted:		
PFC Construction Projects	-	34,705,560
Committed:		
Capital Projects	-	1,314,976
Retirement Employee Leave	-	500,000
Unemployment Liability	-	200,000
Assigned:		
Building & Vehicle Replacement Acquisition	-	1,700,000
Asset Replacement & Acquisition	-	1,943,300
QZAB Payment	-	451,429
PFC Lease Payment	-	2,055,000
Debt Service	1,367,956	1,367,956
Unassigned	(112,416)	17,422,147
Total Fund Balances	<u><u>1,367,956</u></u>	<u><u>61,992,580</u></u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 9,194,724</u></u>	<u><u>\$ 79,020,238</u></u>



HARRIS COUNTY DEPARTMENT OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
August 31, 2022

Exhibit B-2

Total Fund Balances-Governmental Funds (Exhibit B-1) \$ 61,992,580

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 \$118,077,319 exceeds the related accumulated depreciation and amortization of \$35,841,821. 82,235,498

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. 1,054,334

Deferred Outflows and Inflows of Resources related to the Pension Standards of \$9,682,479 and \$10,648,324 respectively (965,845)

Deferred Outflows and Inflows of Resources related to the OPEB Standards of \$4,776,744 and \$19,208,206 respectively (14,431,462)

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	\$ (46,286,429)	
	(7,228,876)	
Accrued Interest on Bonds and Notes Payable	(72,625)	
Premium on Bonds	(5,177,734)	
Net Pension Liability	(9,704,199)	
Net OPEB Liability	(23,306,574)	
Compensated Absences	<u>(5,535,213)</u>	
		(97,311,650)

The deferred loss on refunding is not reported in the fund financial statement but is a deferred outflow of resources and increases the Department's net position 25,267

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 1,358,526

Total Net Position-Governmental Activities (Exhibit A-1) \$ 33,957,248

HARRIS COUNTY DEPARTMENT OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
For the Year Ended August 31, 2022

Exhibit B-3
Page 1 of 2

	General Fund	Head Start Program	Capital Projects Fund
Revenues			
Local and Intermediate Sources	\$ 46,196,473	\$ -	\$ 174,481
State Programs	3,549,744	-	-
Federal Programs	2,089,412	12,011,228	-
Total Revenues	51,835,629	12,011,228	174,481
Expenditures			
Current:			
Adult Education Program	187,358	-	-
Assistant Superintendents	628,506	-	-
Board of Trustees	203,356	-	-
Business Support Services	1,877,350	-	-
Center for After-School, Summer & Expanded Learning	715,778	-	-
Center for Safe & Secure Schools	547,363	-	-
Center for Grant Development	535,226	-	-
Client Engagement	557,474	-	-
Communications	951,547	-	-
Department Wide	8,279,091	-	180,542
Digital Education & Innovation	116,550	-	-
Education Certification & Professional Advancement	603,556	-	-
Education Foundation	508,374	-	-
Facility Support Services	164,603	-	18,256,386
Head Start Program	1,181	11,715,554	-
Human Resources	1,175,005	-	17,540
Purchasing Support Services	674,840	-	-
Records Management Services	1,969,477	-	-
Research & Evaluation Institute	542,606	-	-
Retirement Leave Benefits	269,275	-	-
Scholastic Arts & Writing Program	133,968	-	-
School Based Therapy Services	11,463,589	-	-
Chief of Staff	276,167	-	-
Special Schools & Services	12,356,212	-	70,323
Superintendent's Office	655,534	-	-
Special Schools Administration	945,139	-	-
Technology Support Services	3,906,227	-	-
The Teaching & Learning Center	985,886	-	-
Debt Service:			
Principal on Long-Term Debt	-	471,633	-
Interest on Long-Term Debt	-	2,376	-
Total Expenditures	51,231,238	12,189,563	18,524,791
Excess (Deficiency) of Revenues Over (Under) Expenditures	604,391	(178,335)	(18,350,310)
Other Financing Sources (Uses)			
Transfers In	5,028,650	178,335	2,106,000
Transfers Out	(5,797,906)	-	(801,286)
Total Other Financing Sources (Uses)	(769,256)	178,335	1,304,714
Net Change in Fund Balances	(164,865)	-	(17,045,596)
Fund Balances-Beginning	26,083,929	-	51,751,156
Fund Balances-Ending	\$ 25,919,064	\$ -	\$ 34,705,560

HARRIS COUNTY DEPARTMENT OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
For the Year Ended August 31, 2022

	Nonmajor Governmental Funds	Total Governmental Funds
Revenues		
Local and Intermediate Sources	\$ 4,589,210	\$ 50,960,164
State Programs	-	3,549,744
Federal Programs	14,223,798	28,324,438
Total Revenues	<u>18,813,008</u>	<u>82,834,346</u>
Expenditures		
Current:		
Adult Education Program	3,960,401	4,147,759
Assistant Superintendents	21,537	650,043
Board of Trustees	-	203,356
Business Support Services	-	1,877,350
Center for After-School, Summer & Expanded Learning	6,718,068	7,433,846
Center for Safe & Secure Schools	112,502	659,865
Center for Grant Development	-	535,226
Client Engagement	-	557,474
Communications	-	951,547
Department Wide	-	8,459,633
Digital Education & Innovation	-	116,550
Education Certification & Professional Advancement	39,400	642,956
Education Foundation	-	508,374
Facility Support Services	-	18,420,989
Head Start Program	8,506,587	20,223,322
Human Resources	-	1,192,545
Purchasing Support Services	-	674,840
Records Management Services	-	1,969,477
Research & Evaluation Institute	16,232	558,838
Retirement Leave Benefits	-	269,275
Scholastic Arts & Writing Program	-	133,968
School Based Therapy Services	22,505	11,486,094
Chief of Staff	-	276,167
Special Schools & Services	35,041	12,461,576
Superintendent's Office	20,000	675,534
Texas Virtual Schools Network	-	945,139
Technology Support Services	-	3,906,227
The Teaching & Learning Center	17,092	1,002,978
Debt Service:		
Principal on Long-Term Debt	3,141,428	3,613,061
Interest on Long-Term Debt	1,649,116	1,651,492
Total Expenditures	<u>24,259,909</u>	<u>106,205,501</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,446,901)</u>	<u>(23,371,155)</u>
Other Financing Sources (Uses)		
Transfers In	4,314,857	11,627,842
Transfers Out	-	(6,599,192)
Total Other Financing Sources (Uses)	<u>4,314,857</u>	<u>5,028,650</u>
Net Change in Fund Balances	(1,132,044)	(18,342,505)
Fund Balances-Beginning	<u>2,500,000</u>	<u>80,335,085</u>
Fund Balances-Ending	<u>\$ 1,367,956</u>	<u>\$ 61,992,580</u>

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, 2022

Exhibit B-4

Total Net Change in Fund Balances-Governmental Funds (Exhibit B-3): \$ (18,342,505)

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 \$17,618,593 exceeds depreciation/amortization of \$2,692,816 in the period	14,925,777
Net loss on disposal of assets is not recorded in the fund financial statements but is included in the government-wide statements	(13,171)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	3,141,428
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.	471,633
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	(1,370)
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:	
Amortization of Bond Premium	252,308
Amortization of deferred charge on refunding	(23,997)
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.	(122,558)
An internal service fund is used by the Department to charge the costs of workers' compensation benefits to the individual funds. The net revenue (expense) of the internal service fund was reported in the government-wide statements.	(28,455)
Change in pension amounts	561,300
OPEB expense for the current year	<u>1,564,024</u>
Change in Net Position of Governmental Activities (Exhibit A-2):	<u><u>\$ 2,384,414</u></u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
August 31, 2022

Exhibit B-5

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Choice Partners</u>	<u>Internal Service Funds</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ -	\$ 1,662,958
Due from Vendors	1,658,269	-
Prepaid Items	-	458,732
Total Assets	<u>1,658,269</u>	<u>2,121,690</u>
Liabilities		
Current Liabilities:		
Accounts payable	21,715	215,329
Accrued wages payable	-	19,275
Claims Payable - due within one year	-	71,991
Due to other governments	15,560	-
Due to other funds	116,494	456,569
Unearned Revenues	4,500	-
Total Liabilities	<u>158,269</u>	<u>763,164</u>
Net Position		
Unrestricted	<u>1,500,000</u>	<u>1,358,526</u>
Total Net Position	<u>\$ 1,500,000</u>	<u>\$ 1,358,526</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
For the Year Ended August 31, 2022

Exhibit B-6

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Choice Partners</u>	<u>Internal Service Funds</u>
Operating Revenues		
Charges for Services	\$ 7,580,665	\$ 6,060,005
Total Operating Revenues	<u>7,580,665</u>	<u>6,060,005</u>
Operating Expenses		
Payroll Costs	1,591,965	2,961,059
Professional Services	382,626	1,582,298
Supplies and Materials	52,606	472,545
Administrative	247,084	1,072,558
Facility Support Charges	68,369	-
Travel and Meeting Costs	137,456	-
Advertising and Notices	71,909	-
Total Operating Expenses	<u>2,552,015</u>	<u>6,088,460</u>
Operating Income (Loss)	5,028,650	(28,455)
Transfer Out	<u>(5,028,650)</u>	<u>-</u>
Change in net position	-	(28,455)
Total Net Position-Beginning	<u>1,500,000</u>	<u>1,386,981</u>
Total Net Position-Ending	<u>\$ 1,500,000</u>	<u>\$ 1,358,526</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended August 31, 2022

Exhibit B-7

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Choice Partners</u>	<u>Internal Service Funds</u>
Cash Flows from Operating Activities		
Receipts from customers	\$ 7,121,627	\$ -
Receipts from operating activities with other funds	-	6,516,574
Payments to employees	(1,591,965)	(2,957,680)
Payments to suppliers	(972,744)	(2,687,691)
Payments for workers' compensation claims	-	(474,934)
Net cash provided by (used by) operating activities	<u>4,556,918</u>	<u>396,269</u>
Cash Flows for Noncapital Financing Activities		
Transfer to General Fund	(4,912,156)	-
Net Cash Flows provided by (used for) Noncapital Financing Activities	<u>(4,912,156)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(355,238)	396,269
Cash and cash equivalents at beginning of year	<u>355,238</u>	<u>1,266,689</u>
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ 1,662,958</u>
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:		
Operating income (loss)	5,028,650	(28,455)
Changes in Assets and Liabilities		
Decrease (increase) in prepaid items	4,996	(59,293)
Decrease (increase) in accounts receivable	(463,538)	-
Increase (decrease) in accounts payable	(24,194)	47,142
Increase (decrease) in accrued wages payable	-	3,379
Increase (decrease) in interfund payables	-	456,569
Increase (decrease) in claims payable	-	(23,073)
Increase (decrease) in due to others	6,504	-
Increase (decrease) in unearned revenues	4,500	-
Net cash provided (used) by operating activities	<u>\$ 4,556,918</u>	<u>\$ 396,269</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
August 31, 2022

Exhibit B-8

	<u>Custodial Fund</u>
Assets	
Cash and cash equivalents	\$ 44,614
Total Assets	<u>\$ 44,614</u>
Net position	<u>\$ 44,614</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
August 31, 2022

Exhibit B-9

	<u>Custodial Fund</u>
Additions	
Contributions	\$ 5,290
Total additions	<u>\$ 5,290</u>
Deductions	
Payments	\$ 2,030
Total deductions	<u>\$ 2,030</u>
Change in fiduciary net position	3,260
Beginning net position	<u>41,354</u>
Ending net position	<u><u>\$ 44,614</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 actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

The Proprietary Fund Types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

The custodial funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included.

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

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, 2022. 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 2021 (fiscal year 2022) was \$0.004990 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)

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, and construction in progress, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Department as assets with an initial, individual cost greater than \$5,000 and an estimated useful life greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

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

Land and construction in progress are not depreciated.

5. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds, using the straight-line method of amortization. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as period costs.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether withheld from the actual debt proceeds received or not, are reported as fund expenditures.

Note 1 - Summary of Significant Accounting Policies (continued)

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

6. Compensated Absences

a. Accrued Sick and Personal Leave

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

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

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

b. Vacation

Full-time employees who are normally scheduled, and actually work, forty hours per week in a 12-month position shall receive paid vacation each calendar year beginning January 1 and ending December 31. Employees are eligible to take vacation at any time after January 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.

7. Pensions

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

8. Other Post-Employment Benefits

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

Note 1 - Summary of Significant Accounting Policies (continued)

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

9. Fund Balances and Net Position

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

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

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

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

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

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

Non-spendable Fund Balance

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

Spendable Fund Balances

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (continued)

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

9. Fund Balances and Net Position (continued)

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

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

10. Deferred Outflows and Inflows of Resources

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

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

Note 1 - Summary of Significant Accounting Policies (continued)

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

10. Deferred Outflows and Inflows of Resources (continued)

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

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

11. Use of Estimates

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

12. Implementation of New Standards

GASB Statement No. 87 Leases, was issued in June 2017 and was effective for periods beginning after June 15, 2021. This Statement established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District has incorporated such leases into its capital assets and long-term liabilities on both the face of the financial statements and the note disclosures. A restatement to beginning net position was not necessary as the lease liabilities and right-to-use assets offset each other completely as of the beginning 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)

12. Implementation of New Standards (continued)

GASB Statement No. 89 Accounting for Interest Cost Incurred before the end of a Construction Period, was issued in June 2018 and was effective for periods beginning after December 15, 2020. This Statement requires that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost was incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement should be handled prospectively. The District has evaluated the effects of this standard and has determined that this Statement does not impact the financial statements.

GASB Statement No. 93 Replacement of Interbank Offered Rates was issued in June 2020 and had various effective dates. The Statement establishes accounting and financial reporting requirements related to the replacement of the interbank offered rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. During the current fiscal year paragraphs 13 and 14 were effective and pertained to lease modifications. The District has evaluated the effects of this standard and has determined that this Statement does not impact the financial statements.

No. 97 Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32 was issued in June 2020. This Statement provides guidance regarding the financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans. The Statement will also enhance (1) information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. Paragraphs 4 and 5 of the Statement were effective immediately whereas the remaining requirements of this Statement are effective for periods beginning after June 15, 2021. The District has determined that this Statement 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 2022, 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, 2022, the carrying amount of the Department's deposits was \$1,841,597 and the bank balance was \$3,396,450. The Department's entire bank balance on August 31, 2022, was not exposed to custodial credit risk because it was fully insured and collateralized with securities held by the Department's agent in the Department's name.

Custodial credit risk-investments

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

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

Note 3 - Deposits and Investments (continued)

Custodial credit risk-investments (continued)

As of August 31, 2022, the Department held the following deposits (cash) and investments:

Cash and Cash Equivalents	Fair Value/Amortized Cost	Weighted Average Maturity (Days)	Percentage of Portfolio	S&P Credit Quality Rating
Governmental Activities				
Cash and Deposits	\$ 1,796,983		2.67%	N/A
Public Funds Investment Pools:				
TexSTAR	6,225,349	5	9.25%	AAAm
Lone Star	21,930,960	20	32.60%	AAAm
TexPool	28,037,265	7	41.68%	AAAm
Texas Class	9,234,872	4	13.73%	AAAm
Total Public Funds Investment Pools:	65,428,446			
Total Governmental Activities	\$ 67,225,429			
Fiduciary Funds	44,614		0.07%	N/A
Total Cash and Cash Equivalents	\$ 67,270,043		100.00%	

Portfolio Weighted Average Maturity

9

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	\$ 1,075,851	\$ -	\$ -	\$ -	\$ 1,075,851
Due from other governments:					
Federal	294,687	1,363,242	4,854,525	-	6,512,454
Other receivables	<u>1,955,675</u>	<u>-</u>	<u>-</u>	<u>1,871,008</u>	<u>3,826,683</u>
Gross Receivables	3,326,213	1,363,242	4,854,525	1,871,008	11,414,988
Less: Allowance for uncollectible taxes	(21,517)	-	-	-	(21,517)
Less: Allowance for uncollectible receivables	<u>(400,000)</u>	<u>-</u>	<u>-</u>	<u>(212,739)</u>	<u>(612,739)</u>
	<u>\$ 2,904,696</u>	<u>\$ 1,363,242</u>	<u>\$ 4,854,525</u>	<u>\$ 1,658,269</u>	<u>\$ 10,780,732</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, 2022, 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)	\$ 1,054,334	\$ -
Grant Revenues Received but not Expended	-	3,224,000
Other	<u>-</u>	<u>16,018</u>
Total Deferred Inflows of Resources/Unearned Revenue for Governmental Funds	<u>\$ 1,054,334</u>	<u>\$ 3,240,018</u>

Note 5 - Interfund Receivables, Payables, and Transfers

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from payroll and other regularly occurring charges that are paid by the general fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more non-major governmental funds. The composition of interfund balances at August 31, 2022, consisted of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Funds:		
General Fund	\$ 3,956,796	\$ -
Head Start Program - Special Revenue Fund	-	1,315,451
Choice Partners	-	116,494
Non-Major Funds - Internal Service	-	456,569
Non-Major Funds	-	2,068,282
Total Governmental Funds	<u>\$ 3,956,796</u>	<u>\$ 3,956,796</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, 2022:

\$ 3,513,571	From the General Fund to the Non-Major Funds to fund the local match and routine debt service payments
178,335	From the General Fund to Head Start
2,106,000	From the General Fund to Capital Projects Fund
801,286	From the Capital Projects Fund to the Debt Service Fund
<u>5,028,650</u>	From the Enterprise fund to the General Fund to support HCDE programs
<u>\$ 11,627,842</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, 2022, are as follows:

	Beginning Balance, as restated	Additions	Transfers, Adjustments and Deletions	Ending Balance
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land-General Fund -GF	\$ 1,181,933	\$ 838,666	\$ 15,000	\$ 2,035,599
Land-Public Facility Corporation -PFC	1,357,343	-	-	1,357,343
Construction in Progress	320,286	16,342,211	(15,000)	16,647,497
Total Capital Assets, not being Depreciated	2,859,562	17,180,877	-	20,040,439
Capital Assets being Depreciated:				
Buildings and Improvements-GF	32,374,217	53,654	-	32,427,871
Buildings and Improvements-PFC	41,993,435	-	-	41,993,435
Furniture and Equipment-GF	13,597,406	384,062	(166,403)	13,815,065
Right-to-use Asset - Buildings	9,800,509	-	-	9,800,509
Total Capital assets, being Depreciated	97,765,567	437,716	(166,403)	98,036,880
Less Accumulated Depreciation for:				
Building and Improvements-GF	(11,833,844)	(751,830)	-	(12,585,674)
Building and Improvements-PFC	(9,986,398)	(791,612)	-	(10,778,010)
Furniture and Equipment-GF	(11,481,996)	(452,462)	153,233	(11,781,225)
Right-to-use Asset - Buildings	-	(696,912)	-	(696,912)
Total Accumulated Depreciation	(33,302,238)	(2,692,816)	153,233	(35,841,821)
Total Capital assets, being Depreciated, net	64,463,329	(2,255,100)	(13,170)	62,195,059
Total Governmental Activities				
Capital Assets, net	\$ 67,322,891	\$ 14,925,777	\$ (13,170)	\$ 82,235,498

Construction Commitments

The Department has active construction projects as of August 31, 2022 are shown below:

Project	In Progress
Humble Early HS Expansion Project	\$ 37,318
Barrett Station Early HS Expansion	48,976
Head Start-Coolwood Center	172,390
Irvington Renovation	578,828
Highpoint East Improvements	1,190,496
ABS East New Replacement School	8,611,969
Adult Education Center Renovation	6,007,520
	<u>\$ 16,647,497</u>

Note 6 - Capital Assets (continued)

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

Governmental Activities

Superintendent's Office	\$ 508
Facilities Acquisition and Construction	752,089
Technology Support Services	194,006
Digital Learning	5,387
Department Wide	45,644
Special Schools and Services	770,618
Adult Education Program	36,902
Head Start Program	810,562
Center for After-School, Summer and Expanded Learning	7,196
Records Management Services	69,904
Total Depreciation/Amortization Expense	<u><u>\$ 2,692,816</u></u>

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, as restated</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	\$ 34,660,000	\$ -	\$ (2,690,000)	\$ 31,970,000	\$ 2,055,000
Qualified Zone Academy Bonds	902,857	-	(451,428)	451,429	451,429
Maintenance Tax Notes	13,865,000	-	-	13,865,000	-
Plus:					
Issuance Premiums	5,430,042	-	(252,308)	5,177,734	-
Lease liability	7,700,509	-	(471,633)	7,228,876	481,475
Total Bonds and Notes Payable, net	62,558,408	-	(3,865,369)	58,693,039	2,987,904
Workers' Compensation	95,064	-	(23,073)	71,991	71,991
Compensated Absences	5,412,655	122,558	-	5,535,213	986,467
Net OPEB Liability (Department's Share)	23,854,417	-	(547,843)	23,306,574	-
Net Pension Liability (Department's Share)	20,739,553	-	(11,035,354)	9,704,199	-
Total Long-term Liabilities	<u><u>\$ 112,660,097</u></u>	<u><u>\$ 122,558</u></u>	<u><u>\$ (15,471,639)</u></u>	<u><u>\$ 97,311,016</u></u>	<u><u>\$ 4,046,362</u></u>

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, 2022, is summarized as follows:

<u>Series</u>	<u>Bond Type</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Amount Outstanding</u>
2014	Lease Revenue Refunding	\$ 9,635,000	2.40%	2/15/2023	\$ 2,645,000	\$ -	\$ (1,310,000)	\$ 1,335,000
2015	Lease Revenue Refunding	4,255,000	4.13-5.75%	2/15/2023	670,000	-	(670,000)	-
2016	Lease Revenue Bond	7,000,000	1.68%	2/15/2026	3,630,000	-	(710,000)	2,920,000
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	902,857	-	(451,428)	451,429
2020	Maintenance Tax Notes	13,865,000	3.00-5.00%	2/15/2040	13,865,000	-	-	13,865,000
Totals					49,427,857	-	(3,141,428)	46,286,429
	Plus: Issuance Premiums				5,430,042	-	(252,308)	5,177,734
Totals					<u>\$ 54,857,899</u>	<u>\$ -</u>	<u>\$ (3,393,736)</u>	<u>\$ 51,464,163</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, 2022 to maturity.

Years Ending August 31	Lease Revenue Bonds (PFC Long-term Debt)			Qualified Zone Academy Bonds & Maintenance Tax Notes		
	Principal	Interest	Total Requirements	Principal	Interest	Total Requirements
2023	\$ 2,055,000	\$ 1,082,541	\$ 3,137,541	\$ 451,429	\$ 508,800	\$ 960,229
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
2028-2032	4,875,000	3,759,463	8,634,463	4,365,000	1,864,700	6,229,700
2033-2037	5,795,000	2,753,113	8,548,113	5,350,000	925,950	6,275,950
2038-2042	8,095,000	1,859,506	9,954,506	3,430,000	156,300	3,586,300
2043-2045	5,815,000	355,100	6,170,100	-	-	-
Totals:	\$ 31,970,000	\$ 13,658,426	\$ 45,628,426	\$ 14,316,429	\$ 5,472,950	\$ 19,789,379

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

Years Ending August 31	Principal	Interest	Total Requirements
2023	\$ 2,506,429	\$ 1,591,341	\$ 4,097,770
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
2028-2032	9,240,000	5,624,163	14,864,163
2033-2037	11,145,000	3,679,063	14,824,063
2038-2042	11,525,000	2,015,806	13,540,806
2043-2045	5,815,000	355,100	6,170,100
Totals	\$ 46,286,429	\$ 19,131,376	\$ 65,417,805

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, 2022 to maturity

Years Ending August 31	Principal	Interest	Total Requirements
2023	\$ 481,475	\$ 28,033	\$ 509,508
2024	483,403	26,105	509,508
2025	485,342	24,166	509,508
2026	487,286	22,222	509,508
2027	481,734	20,274	502,008
2028-2032	2,384,717	72,823	2,457,540
2033-2037	1,877,112	27,613	1,904,725
2038-2040	547,807	2,470	550,277
Totals	\$ 7,228,876	\$ 223,706	\$ 7,452,582

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, 2022 follows:

Fund	Amount
Medicaid Administrative Claiming Program	\$ 10,814
Indirect Costs:	
STOP School Violence	(1,622)
Texas Estuarine Resource Network Program	3,362
Adult Education Basic Grants to States - Regular	182,462
Adult Education Basic Grants to States	
- English Literacy & Civics Education	23,393
Employer Engagement	380
21st Century Community Learning Centers	20,515
Head Start Disaster Recovery	6,536
Head Start & Early Head Start	1,741,058
Early Head Start - Covid 19 Funds	11,845
Head Start - American Relief Funds	90,669
	\$ 2,089,412

Note 9 - Shared Service Arrangements

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

A. After School Partnership Program - During fiscal year 2022, 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:

B.

<u>Members</u>	<u>Expenditures</u>
<i>Fiscal Agent -</i>	
HCDE	\$ 1,838,556
<i>Pass-Through Expenditures -</i>	
School Districts:	
Houston ISD- 7 Campus	224,097
Pasadena ISD- 1 Campus	27,050
Alief ISD	188,836
The Rhodes Schools	26,201
Charter Schools:	
Academy for Accelerated Learning	54,058
Total Pass-through Expenditures	<u>520,242</u>
Local contributions	<u>(520,242)</u>
Grand Total Expenditures	<u><u>\$ 1,838,556</u></u>

C. 21st Century Community Learning Centers - During fiscal year 2022, the Department was the fiscal agent for 18-member independent school districts and 3 charter school (21 campuses total) in a SSA whose U.S. Department of Education funding is passed through the Texas Education Agency. The following table shows the members participation in the program:

<u>Members</u>	<u>Expenditures</u>
<i>Fiscal Agent -</i>	
HCDE	\$ 1,321,061
<i>Pass-Through Expenditures -</i>	
School Districts:	
Alief ISD- 1 Campuses	62,000
AAMA- 1 Campus	145,621
Baker Ripley Charter Promise Community School	137,485
Clear Creek ISD- 1 Campus	31,000
Galena Park ISD- 4 Campuses	464,703
Houston ISD- 1 Campus	38,057
Humble ISD- 1 Campus	49,791
Raul Yzaguirre	118,160
Sheldon ISD- 4 Campuses	387,837
Southwest Schools- 2 Campus	113,456
Total Pass-Through Expenditures	<u>1,548,110</u>
Grand Total Expenditures	<u><u>\$ 2,869,171</u></u>

Note 10 - Department-Wide Budget

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

	<u>Final Budget</u>	<u>Actual</u>
State mandated programs (TRS on behalf, etc.)	\$ 3,250,000	\$ 3,019,944
Professional services	2,565,116	2,009,714
General Supplies	65,375	87,761
Facility support charges	3,093,638	2,984,762
Miscellaneous operating	231,865	176,910
Personnel attrition	(791,934)	
Total	<u>\$ 8,414,060</u>	<u>\$ 8,279,091</u>

Note 11 - Risk Management

- A. Health Insurance** - During the year ending August 31, 2022, employees of the Harris County Department of Education were covered by a health insurance plan (the Plan). The Department contributed \$386 or \$397, depending on plan, per month for health insurance options which include Active Care 1-HD/ Employee Only, Active Care 1/ Employee-only or all other Active Care Plans; and employees, at their option, authorize payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The contract between HCDE and the licensed insurer is renewable; terms of coverage and premium cost are included in the contractual provisions.
- B. Property, Casualty, and Liability Insurance** - The Department is exposed to various risks of loss related to torts: theft, damage and destruction of property; errors and omissions; and natural disasters for which the Department carries commercial insurance and participates in a risk pool. Settled claims have not exceeded insurance coverage in any of the previous three fiscal years. There has not been any significant reduction in insurance coverage from that of the previous year.
- C. Workers' Compensation** - Prior to September 1, 2016, HCDE participated in a partially self-funded pool, originally approved by the Board in fiscal year 2005. Claims administration, loss control, and consultant services are provided for by a third-party administrator for unpaid claims from the self-insurance plan. Claims Administrative Services Inc. (CAS) will continue to service any open claims or any claims filed before September 1, 2016. The Department established an internal service fund, Workers' Compensation Fund, to account for the plan. The pool obtained stop loss insurance which limits annual claims paid liability to \$1,000,000 for any individual claim before the stop loss coverage begins, and an aggregate fiscal year limit of \$5,000,000. Since September 1, 2016, the Department participated in a fully-insured worker's compensation program with Texas Mutual.

	<u>Year Ended 8/31/2021</u>	<u>Year Ended 8/31/2022</u>
Unpaid claims, beginning of fiscal year	\$ 115,747	\$ 95,064
Claims payments	(20,683)	(23,073)
Unpaid claims, end of fiscal year	<u>\$ 95,064</u>	<u>\$ 71,991</u>

Note 12 - Defined Benefit Pension Plan

Plan Description

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

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

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/TRS%20Documents/acfr-2021.pdf>, 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	
	2022	2021
Member	8.00%	7.70%
Non-Employer Contributing Entity (NECE) - State	7.75%	7.50%
Employers (Department)	7.75%	7.50%

	Fiscal Year
	(2022)
	TRS
	Contributions
Department	\$ 1,805,791
Member (Employee)	3,577,961
Non-employer (State) Contributing Entity	2,418,889

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

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

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

- All public schools, charter schools, and regional educational service centers must contribute 1.5 percent of the member's salary beginning in fiscal year 2020, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Note 12 - Defined Benefit Pension Plan (continued)

Actuarial Assumptions

The total pension liability in the August 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Component	Result
Valuation Date	August 31, 2020, rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.25%
Long-term Expected Rate	7.25%
Municipal Bond Rate as of August 2020	1.95% - 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	2120
Inflation	2.30%
Salary Increases	3.05% to 9.05% 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, 2020. For a full description of these assumptions please see the actuarial valuation report dated November 9, 2020.

Discount Rate

A single discount rate of 7.25 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent. The projection of flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Note 12 - Defined Benefit Pension Plan (continued)

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, 2021 are summarized below:

Asset Class ¹	Target Allocation ²	Long-Term Expected Geometric Real Rate of Return ³	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	3.60%	0.94%
Non-U.S. Developed	13.00%	4.40%	0.83%
Emerging Markets	9.00%	4.60%	0.74%
Private Equity	14.00%	6.30%	1.36%
Stable Value			
Government Bonds	16.00%	-0.20%	0.01%
Absolute Return (Including Credit Sensitive Investments)	0.00%	1.10%	0.00%
Stable Value Hedge Funds	5.00%	2.20%	0.12%
Real Return			
Real Estate	15.00%	4.50%	1.00%
Energy, Natural Resources and Infrastructure	6.00%	4.70%	0.35%
Commodities	0.00%	1.70%	0.00%
Risk Parity			
Risk Parity	8.00%	2.80%	0.28%
Leverage			
Cash	2.00%	-0.70%	-0.01%
Asset Allocation Leverage	-6.00%	-0.50%	0.03%
Inflation Expectation			2.20%
Volatility Drag ³			-0.95%
Expected Return	100.00%		6.90%

¹ Absolute Return includes Credit Sensitive Investments.

² Target allocations are based on the fiscal year 2021 policy model.

³ Capital Market Assumptions come from Aon Hewitt as of August 31, 2021.

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 (7.25%) in measuring the Net Pension Liability.

	<u>1% Decrease in Discount Rate (6.25%)</u>	<u>Decrease Rate (7.25%)</u>	<u>1% Increase in Discount Rate (8.25%)</u>
Department's proportionate share of the net pension liability:	\$ 21,205,215	\$ 9,704,199	\$ 373,384

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, 2022, the Department reported a liability of 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	\$ 9,704,199
State's proportionate share that is associated with the Department	<u>13,749,945</u>
Total	<u><u>\$ 23,454,144</u></u>

The net pension liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 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, 2020 through August 31, 2021.

At August 31, 2021, the Department's proportion of the collective net pension liability was 0.0381% which was a decrease of 0.0006% from its proportion measured as of August 31, 2020.

For the year ended August 31, 2021, the Department recognized pension expense of \$1,240,848. The Department also recognized an additional on-behalf revenue and expense of \$54,971 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, 2022, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 16,240	\$ (683,183)
Changes of assumption	3,430,245	(1,495,293)
Net difference between projected and actual earnings on pension plan investments	-	(8,136,845)
Changes in proportion and differences between District contributions and proportionate share of contributions	4,430,203	(333,003)
District contributions subsequent to the measurement date	1,805,791	-
Total	<u>\$ 9,682,479</u>	<u>\$ (10,648,324)</u>

Deferred outflows of resources resulting from Department contributions subsequent to the measurement date in the amount of \$1,805,791 will be recognized as a reduction of the net pension liability in the year ended August 31, 2023. 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:

<u>Year Ending August 31:</u>	<u>Pension Expense Amount</u>
2023	\$ (209,473)
2024	(243,118)
2025	(955,332)
2026	(1,505,839)
2027	174,875
Thereafter	<u>(32,749)</u>
	<u>\$ (2,771,636)</u>

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/TRS%20Documents/acfr-2021.pdf>, 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	
	2022	2021
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 (2022)	
	TRS Contributions	
Employer (Department) contributions	\$	493,874
Member (Employee) contributions		290,705
Non-employer (State) on behalf - contributions		583,544

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, 2020. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2021. The actuarial valuation was determined using the following actuarial assumptions:

Component	Result
Valuation Date	August 31, 2020, rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	1.95% as of August 31, 2021
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 8.50 percent for Medicare retirees and 7.10 percent for non-Medicare retirees. There was an initial prescription drug trend rate of 8.50 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 12 years.
Election Rates	Normal Retirement: 65 percent participation rate prior to age 65 and 40 percent participation rate after age 65. Pre-65 retirees: 25 percent are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017. 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, 2020 TRS pension actuarial valuation that was rolled forward to August 31, 2021: (a) Rates of Mortality, (b) Rates of Retirement, (c) Rates of Termination, (d) Rates of Disability, (e) General Inflation, and (f) Wage Inflation.

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. 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 mortality projection scale MP-2018.

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

Discount Rate

A single discount rate of 1.95% 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 (1.95%) in measuring the Net OPEB Liability.

	<u>Discount Rate</u>		
	<u>1% Decrease (0.95%)</u>	<u>Current Rate (1.95%)</u>	<u>1% Increase (2.95%)</u>
District's proportional share of the net OPEB liability	\$ 28,113,099	\$ 23,306,574	\$ 19,523,683

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

At August 31, 2022, the Department reported a liability of \$23,306,574 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	\$ 23,306,574
State's proportionate share that is associated with the District	<u>31,225,616</u>
Total	<u>\$ 54,532,190</u>

The Net OPEB Liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 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, 2020 through August 31, 2021.

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, 2021, the Department’s proportion of the collective Net OPEB Liability was 0.0604% which was a decrease of 0.0024% from its proportion measured as of August 31, 2020.

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	\$ 18,877,553	\$ 23,306,574	\$ 29,249,221

Changes Since the Prior Actuarial Valuation

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

- The discount rate changed from 2.33% as of August 31, 2020 to 1.95% as of August 31, 2021. This change increased 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, 2022, the Department recognized negative OPEB expense of \$1,070,049 . The Department also recognized negative on-behalf expense and revenue of \$1,152,464 for support provided by the State.

At August 31, 2022, 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	\$ 1,003,458	\$ (11,282,012)
Changes in actuarial assumptions	2,581,477	(4,928,909)
Net difference between projected and actual earnings on OPEB plan investments	25,304	-
Changes in proportion and differences between District contributions and proportionate share of contributions	672,631	(2,997,285)
District contributions subsequent to the measurement date	493,874	-
Total	\$ 4,776,744	\$ (19,208,206)

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

Changes Since the Prior Actuarial Valuation (continued)

The \$493,874 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, 2023. 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>Amount</u>
2023	\$ (2,747,480)
2024	(2,748,051)
2025	(2,747,894)
2026	(2,134,410)
2027	(1,303,846)
Thereafter	<u>(3,243,655)</u>
	<u>\$ (14,925,336)</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, 2022, August 31, 2021 and August 31, 2020, the subsidy payments received by TRS-Care on behalf of the District were \$182,247, \$196,046, and \$185,871, 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, 2022.

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, 2022.

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 2022, inventory within the Foreign Trade Zone totaled \$718.6 million. The Department received tax equivalency payments of \$51,361 from Exxon Mobil Inc., Magellen Terminals, Sigma Tube, Houston Refining LLP, Dixie Cullen, Nobel Drilling, Cosentino, Mitsubishi and Toshiba.

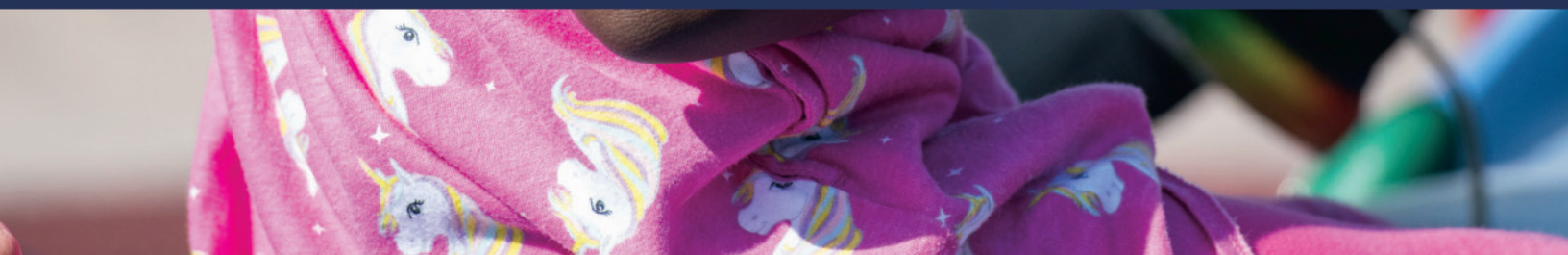
Note 17 – Prior Period Adjustment

The implementation of GASB No. 87 resulted in a prior period adjustment for existing right-to-use assets that contained pre-payments in the contract on execution. The lease liability was less than the right-to-use asset due to the prepayment.

	Governmental Activities
Beginning Net Position	\$ 29,472,834
Restatement due to:	
Implementation of GASB No. 87 (Right-to-Use Assets prepayment)	2,100,000
Beginning Net Position - As Restated	<u>\$ 31,572,834</u>



Required Supplementary Information



HARRIS COUNTY DEPARTMENT OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES, ORIGINAL BUDGET, AMENDED FINAL (GAAP BASIS)
AND ACTUAL - GENERAL FUND
For the Year Ended August 31, 2022

Exhibit C-1

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Revenues				
Local and Intermediate Sources	\$ 48,723,877	\$ 48,411,877	\$ 46,196,473	\$ (2,215,404)
State Programs	3,620,000	3,620,000	3,549,744	(70,256)
Federal Programs	2,790,440	2,790,440	2,089,412	(701,028)
Total Revenues	55,134,317	54,822,317	51,835,629	(2,986,688)
Expenditures				
Current:				
Adult Education Program	180,103	188,403	187,358	1,045
Assistant Superintendents	628,451	644,448	628,506	15,942
Board of Trustees	198,715	230,723	203,356	27,367
Business Support Services	2,065,005	2,112,144	1,877,350	234,794
Center for After-School, Summer & Expanded Learning	754,660	811,124	715,778	95,346
Center for Safe & Secure Schools	621,588	611,734	547,363	64,371
Center for Grant Development	613,717	624,913	535,226	89,687
Client Engagement	542,038	629,453	557,474	71,979
Communications	1,213,821	1,128,999	951,547	177,452
Department Wide	9,234,467	8,414,060	8,279,091	134,969
Digital Education & Innovation	273,642	276,923	116,550	160,373
Education Certification & Professional Advancement	749,102	836,541	603,556	232,985
Education Foundation	412,000	513,300	508,374	4,926
Facility Support Services	221,975	223,156	164,603	58,553
Head Start Program	8,000	8,000	1,181	6,819
Human Resources	1,091,941	1,178,606	1,175,005	3,601
Purchasing Support Services	673,486	733,452	674,840	58,612
Records Management Services	2,080,744	2,065,076	1,969,477	95,599
Research & Evaluation Institute	647,180	649,704	542,606	107,098
Retirement Leave Benefits	150,000	300,000	269,275	30,725
Scholastic Arts & Writing Program	178,581	181,233	133,968	47,265
School Based Therapy Services	12,807,618	13,200,073	11,463,589	1,736,484
Chief of Staff	282,167	288,086	276,167	11,919
Special Schools & Services	14,326,404	14,476,421	12,356,212	2,120,209
Superintendent's Office	631,740	690,838	655,534	35,304
Special Schools Administration	912,462	1,030,016	945,139	84,877
Technology Support Services	4,132,101	4,322,533	3,906,227	416,306
The Teaching & Learning Center	1,309,236	1,315,031	985,886	329,145
Principal Certification	-	-	-	-
Total Expenditures	56,940,944	57,684,990	51,231,238	6,453,752
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	(1,806,627)	(2,862,673)	604,391	3,467,064
Other Financing Sources (Uses)				
Transfers In	4,054,412	4,364,271	5,028,650	664,379
Transfers Out	(5,449,088)	(6,504,409)	(5,797,906)	706,503
Total Other Financing Sources (Uses)	(1,394,676)	(2,140,138)	(769,256)	1,370,882
Net Change in Fund Balances	(3,201,303)	(5,002,811)	(164,865)	4,837,946
Fund Balances-Beginning	26,083,929	26,083,929	26,083,929	-
Fund Balances-Ending	\$ 22,882,626	\$ 21,081,118	\$ 25,919,064	\$ 4,837,946

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, decreased \$2,141.

There was a \$ 6,453,752 difference between the final amended budget and actual expenditures. The significant differences are summarized below:

- \$2,120,209 Special Schools and Services under budget
- \$1,736,484 School Based Therapy Services under budget

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 Eight Measurement Years Ended August 31

Exhibit C-3

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Department's proportion of the net pension liability	0.0381%	0.0387%	0.0248%	0.0238%
Department's proportionate share of the net pension liability	\$ 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	<u>23,454,144</u>	<u>29,548,731</u>	<u>28,729,606</u>	<u>31,109,264</u>
Total	<u>\$ 33,158,343</u>	<u>\$ 50,288,284</u>	<u>\$ 41,644,339</u>	<u>\$ 44,203,058</u>
Department's covered payroll (for Measurement Year)	\$ 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	21.8%	48.1%	30.9%	33.0%
Plan's fiduciary net position as a percentage of the total pension liability	88.79%	75.54%	75.24%	73.74%
Plan's net pension liability as a percentage of covered payroll	51.08%	110.36%	114.93%	126.11%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Department's proportion of the net pension liability	0.0243%	0.0233%	0.0234%	0.0277%
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	<u>18,522,260</u>	<u>22,088,591</u>	<u>21,177,189</u>	<u>18,967,699</u>
Total	<u>\$ 26,285,104</u>	<u>\$ 30,882,872</u>	<u>\$ 29,437,607</u>	<u>\$ 26,183,192</u>
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
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DEPARTMENT'S PENSION RETIREMENT CONTRIBUTIONS

Exhibit C-4

Teachers Retirement System of Texas
Last Nine Fiscal Years Ended August 31

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

Changes of Assumptions

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

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

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

HARRIS COUNTY DEPARTMENT OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION

Exhibit C-6

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

Teacher Retirement System of Texas
Last Five Measurement Years Ended August 31

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Department's proportion of the net OPEB liability	0.0604%	0.0628%	0.0618%	0.0646%
Department's proportionate share of the net OPEB liability	\$ 23,306,574	\$ 23,854,417	\$ 31,296,144	\$ 32,234,768
State's proportionate share of the net OPEB liability associated with the Department	<u>31,225,616</u>	<u>32,054,618</u>	<u>41,585,578</u>	<u>26,283,149</u>
Total	<u><u>\$ 54,532,190</u></u>	<u><u>\$ 55,909,035</u></u>	<u><u>\$ 72,881,722</u></u>	<u><u>\$ 58,517,917</u></u>
Department's covered payroll (for Measurement Year)	\$ 44,522,188	\$ 43,144,177	\$ 41,843,653	\$ 39,733,893
Department's proportionate share of the net OPEB liability as a percentage of its covered payroll	52.3%	55.3%	74.8%	81.1%
Plan's fiduciary net position as a percentage of the total OPEB liability	6.18%	4.99%	2.66%	1.57%
Plan's net OPEB liability as a percentage of covered payroll	100.13%	101.46%	135.21%	146.64%
	<u>2017</u>			
Department's proportion of the net OPEB liability	0.0647%			
Department's proportionate share of the net OPEB liability	\$ 28,124,225			
State's proportionate share of the net OPEB liability associated with the Department	<u>23,468,900</u>			
Total	<u><u>\$ 51,593,125</u></u>			
Department's covered payroll (for Measurement Year)	\$ 38,995,847			
Department's proportionate share of the net OPEB liability as a percentage of its covered payroll	72.1%			
Plan's fiduciary net position as a percentage of the total OPEB liability	0.91%			
Plan's net OPEB liability as a percentage of covered payroll	132.55%			

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

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

Exhibit C-7

Teachers Retirement System of Texas
Last Nine Fiscal Years Ended August 31

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

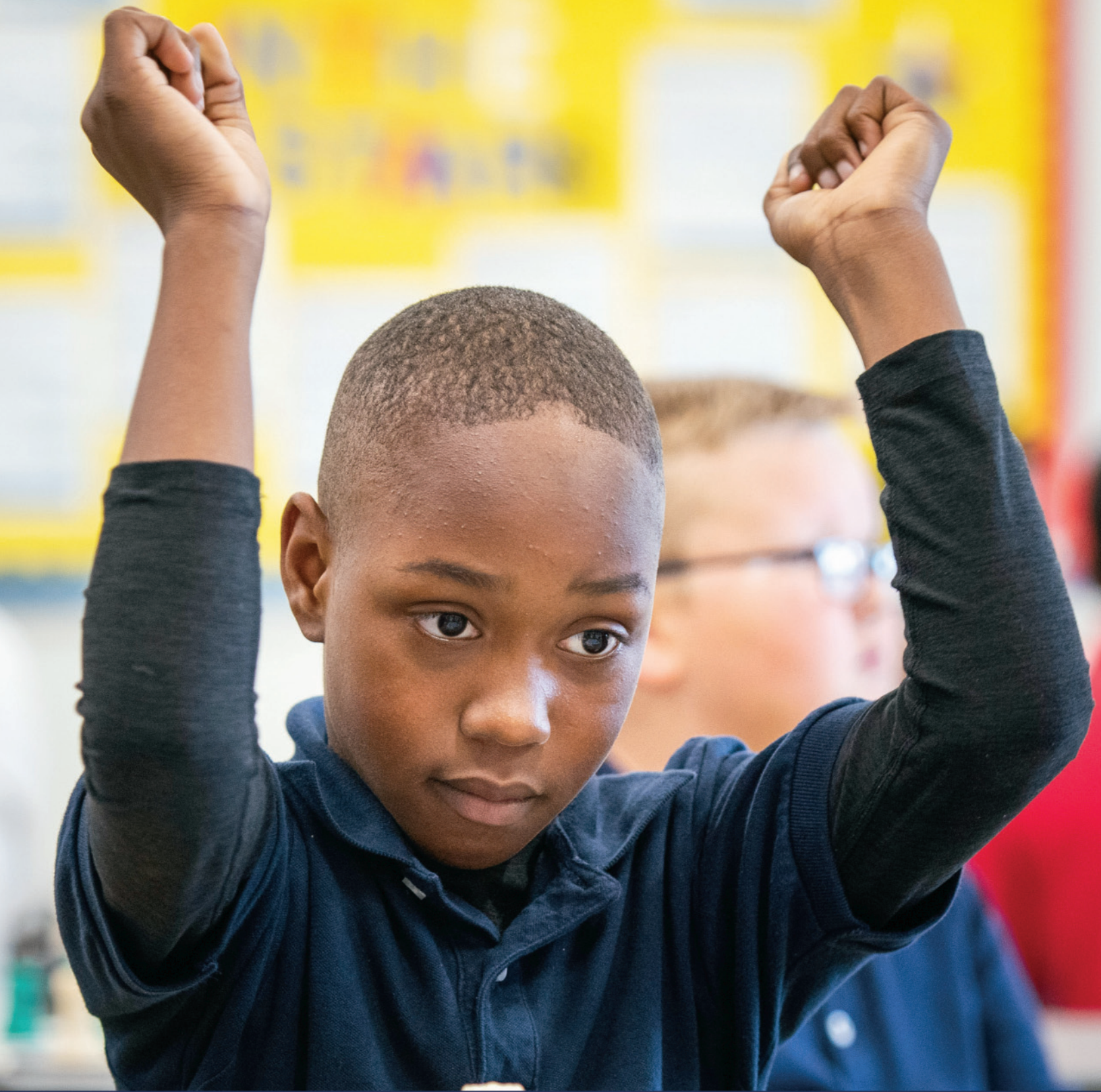
Changes of Assumptions

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

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

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

Measurement Year 2021: The discount rate changed from 2.33% as of August 31, 2020 to 1.95% as of August 31, 2021.



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

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

- TCEQ/Audubond

DEBT SERVICE FUND

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

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
August 31, 2022

Exhibit D-1
Page 1 of 6

	<u>Special Revenue Funds</u>					
	<u>Head Start - Training and Tech Assist</u>	<u>Head Start - Disaster Assistance</u>	<u>Educators and Families</u>	<u>Head Start - Innovation/Imp rovement</u>	<u>Stop School Violence Grant</u>	<u>Head Start CARES Relief Fund</u>
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,304,003
Due from other governments	15,506	-	14,000	22,225	6,196	-
Prepaid Items	980	-	-	-	-	-
Total Assets	<u>\$ 16,486</u>	<u>\$ -</u>	<u>\$ 14,000</u>	<u>\$ 22,225</u>	<u>\$ 6,196</u>	<u>\$ 1,304,003</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ 9,404	\$ -	\$ 25,795
Accrued wages payable	-	-	-	-	-	-
Due to other funds	16,486	-	14,000	12,821	6,196	-
Unearned Revenues	-	-	-	-	-	1,278,208
Total Liabilities	<u>16,486</u>	<u>-</u>	<u>14,000</u>	<u>22,225</u>	<u>6,196</u>	<u>1,304,003</u>
Fund Balances:						
Nonspendable						
Prepaid	980	-	-	-	-	-
Assigned:						
Debt Service	-	-	-	-	-	-
Unassigned	(980)	-	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 16,486</u>	<u>\$ -</u>	<u>\$ 14,000</u>	<u>\$ 22,225</u>	<u>\$ 6,196</u>	<u>\$ 1,304,003</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
August 31, 2022

	<u>Special Revenue Funds</u>					
	<u>TECQ/Audubon</u>	<u>Early Head Start/Child Care Partnership</u>	<u>Early Head Start Operations</u>	<u>Early Head Start/Child Care Partnership</u>	<u>HS - Coolwood Land Acquisition</u>	
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	9,958	-	395,086	22,896	-	543,949
Prepaid Items	-	-	12,003	33	-	-
Total Assets	<u>\$ 9,958</u>	<u>\$ -</u>	<u>\$ 407,089</u>	<u>\$ 22,929</u>	<u>\$ -</u>	<u>\$ 543,949</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 106,014	\$ 14,698	\$ -	\$ 27,023
Accrued wages payable	-	-	-	-	-	51,619
Due to other funds	9,958	-	301,075	8,231	-	465,307
Unearned Revenues	-	-	-	-	-	-
Total Liabilities	<u>9,958</u>	<u>-</u>	<u>407,089</u>	<u>22,929</u>	<u>-</u>	<u>543,949</u>
Fund Balances:						
Nonspendable						
Prepaid	-	-	12,003	33	-	-
Assigned:						
Debt Service	-	-	-	-	-	-
Unassigned	-	-	(12,003)	(33)	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 9,958</u>	<u>\$ -</u>	<u>\$ 407,089</u>	<u>\$ 22,929</u>	<u>\$ -</u>	<u>\$ 543,949</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
August 31, 2022

	Special Revenue Funds					
	Adult Basic Education EL and Civics	Employer Engagement	21st Century Cycle 11	21st Century Cycle 10	Federal CASE After School Partnership	Head Start Disaster Recovery
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 822,693	\$ -
Due from other governments	-	4,750	430,869	902,335	695,000	8,865
Prepaid Items	-	-	-	-	-	-
Total Assets	\$ -	\$ 4,750	\$ 430,869	\$ 902,335	\$ 1,517,693	\$ 8,865
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 247,094	\$ 737,807	\$ 373,272	\$ -
Accrued wages payable	-	-	5,558	-	658	-
Due to other funds	-	4,750	178,217	164,528	-	8,865
Unearned Revenues	-	-	-	-	1,143,763	-
Total Liabilities	-	4,750	430,869	902,335	1,517,693	8,865
Fund Balances:						
Nonspendable						
Prepaid	-	-	-	-	-	-
Assigned:						
Debt Service	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	-	-	-	-	-	-
Total Liabilities and Fund Balances	\$ -	\$ 4,750	\$ 430,869	\$ 902,335	\$ 1,517,693	\$ 8,865

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
August 31, 2022

Exhibit D-1
Page 4 of 6

	Special Revenue Funds					
	Head Start Disaster Relief	EPP Grant	Every Hour Counts	Houston Endowment Grant	JAMS Grant Year 1	CASE - City of Houston
Assets						
Cash and cash equivalents	\$ -	\$ 27,600	\$ 25,000	\$ 113,155	\$ -	\$ 1,200
Due from other governments	316,597	-	-	198,000	5,000	-
Prepaid Items	99,400	-	-	-	-	-
Total Assets	\$ 415,997	\$ 27,600	\$ 25,000	\$ 311,155	\$ 5,000	\$ 1,200
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 10,380	\$ -	\$ -	\$ -	\$ -	\$ 1,200
Accrued wages payable	-	-	-	-	-	-
Due to other funds	405,617	-	-	-	5,000	-
Unearned Revenues	-	27,600	25,000	311,155	-	-
Total Liabilities	415,997	27,600	25,000	311,155	5,000	1,200
Fund Balances:						
Nonspendable						
Prepaid	99,400	-	-	-	-	-
Assigned:						
Debt Service	-	-	-	-	-	-
Unassigned	(99,400)	-	-	-	-	-
Total Fund Balances	-	-	-	-	-	-
Total Liabilities and Fund Balances	\$ 415,997	\$ 27,600	\$ 25,000	\$ 311,155	\$ 5,000	\$ 1,200

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
August 31, 2022

Exhibit D-1
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	Special Revenue Funds					
	County Connection Program	Early Head Start In-Kind	Head Start In- Kind	Stop School Violence - In- kind	Head Start Hogg Grant	Hogg Found
Assets						
Cash and cash equivalents	\$ -	\$ 998	\$ 37,362	\$ -	\$ 15,990	\$ -
Due from other governments	1,263,293	-	-	-	-	-
Prepaid Items	-	-	-	-	-	-
Total Assets	<u>\$ 1,263,293</u>	<u>\$ 998</u>	<u>\$ 37,362</u>	<u>\$ -</u>	<u>\$ 15,990</u>	<u>\$ -</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 796,050	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued wages payable	12	-	-	-	-	-
Due to other funds	467,231	-	-	-	-	-
Unearned Revenues	-	998	37,362	-	15,990	-
Total Liabilities	<u>1,263,293</u>	<u>998</u>	<u>37,362</u>	<u>-</u>	<u>15,990</u>	<u>-</u>
Fund Balances:						
Nonspendable						
Prepaid	-	-	-	-	-	-
Assigned:						
Debt Service	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 1,263,293</u>	<u>\$ 998</u>	<u>\$ 37,362</u>	<u>\$ -</u>	<u>\$ 15,990</u>	<u>\$ -</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
August 31, 2022

Exhibit D-1
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	<u>Local Americorps Fees</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	\$ 127,902	\$ 383,924	\$ 2,859,827	\$ 1,367,956	\$ 4,227,783
Due from other governments	-	-	4,854,525	-	4,854,525
Prepaid Items	-	-	112,416	-	112,416
Total Assets	<u>\$ 127,902</u>	<u>\$ 383,924</u>	<u>\$ 7,826,768</u>	<u>\$ 1,367,956</u>	<u>\$ 9,194,724</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 127,902	\$ -	\$ 2,476,639	\$ -	\$ 2,476,639
Accrued wages payable	-	-	57,847	-	57,847
Due to other funds	-	-	2,068,282	-	2,068,282
Unearned Revenues	-	383,924	3,224,000	-	3,224,000
Total Liabilities	<u>127,902</u>	<u>383,924</u>	<u>7,826,768</u>	<u>-</u>	<u>7,826,768</u>
Fund Balances:					
Nonspendable					
Prepaid	-	-	112,416	-	112,416
Assigned:					
Debt Service	-	-	-	1,367,956	1,367,956
Unassigned	-	-	(112,416)	-	(112,416)
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,367,956</u>	<u>1,367,956</u>
Total Liabilities and Fund Balances	<u>\$ 127,902</u>	<u>\$ 383,924</u>	<u>\$ 7,826,768</u>	<u>\$ 1,367,956</u>	<u>\$ 9,194,724</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, 2022

	Special Revenue Funds					
	Head Start - Training and Tech Assist	Head Start - Disaster Assistance	Educators and Families	Head Start - Innovation/Impr ovement	Stop School Violence Grant	Head Start CARES Relief Fund
Revenues						
Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Programs	130,431	3,424	17,000	364,357	75,736	27,556
Total Revenues	<u>130,431</u>	<u>3,424</u>	<u>17,000</u>	<u>364,357</u>	<u>75,736</u>	<u>27,556</u>
Expenditures						
Current:						
Adult Education Program	-	-	-	-	-	-
Assistant Superintendents	-	-	-	-	-	-
Center for After-School, Summer & Expanded Learning	-	-	-	-	-	-
Center for Safe & Secure Schools Education Certification & Professional Advancement	-	-	17,000	-	75,736	-
Head Start Program	130,431	3,424	-	364,357	-	27,556
Research & Evaluation Institute	-	-	-	-	-	-
School Based Therapy Services	-	-	-	-	-	-
Special Schools & Services	-	-	-	-	-	-
Superintendent's Office	-	-	-	-	-	-
The Teaching & Learning Center	-	-	-	-	-	-
Debt Service:						
Principal on Long-Term Debt	-	-	-	-	-	-
Interest on Long-Term Debt	-	-	-	-	-	-
Total Expenditures	<u>130,431</u>	<u>3,424</u>	<u>17,000</u>	<u>364,357</u>	<u>75,736</u>	<u>27,556</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<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>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	-	-	-
Fund Balances-Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances-Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2022

	Special Revenue Funds					
	TECQ/Audubon	Early Head Start/Child Care Partnership	Early Head Start Operations	Early Head Start/Child Care Partnership	HS - Coolwood Land Acquisition	Federal Adult Basic Education (ABE) Regular
Revenues						
Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Programs	17,092	(600)	2,950,158	43,896	210,125	3,618,022
Total Revenues	<u>17,092</u>	<u>(600)</u>	<u>2,950,158</u>	<u>43,896</u>	<u>210,125</u>	<u>3,618,022</u>
Expenditures						
Current:						
Adult Education Program	-	-	-	-	-	3,618,022
Assistant Superintendents	-	-	-	-	-	-
Center for After-School, Summer & Expanded Learning	-	-	-	-	-	-
Center for Safe & Secure Schools	-	-	-	-	-	-
Education Certification & Professional Advancement	-	-	-	-	-	-
Head Start Program	-	(600)	2,950,158	43,896	210,125	-
Research & Evaluation Institute	-	-	-	-	-	-
School Based Therapy Services	-	-	-	-	-	-
Special Schools & Services	-	-	-	-	-	-
Superintendent's Office	-	-	-	-	-	-
The Teaching & Learning Center	17,092	-	-	-	-	-
Debt Service:						
Principal on Long-Term Debt	-	-	-	-	-	-
Interest on Long-Term Debt	-	-	-	-	-	-
Total Expenditures	<u>17,092</u>	<u>(600)</u>	<u>2,950,158</u>	<u>43,896</u>	<u>210,125</u>	<u>3,618,022</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<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>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	-	-	-
Fund Balances-Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances-Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2022

	Special Revenue Funds					
	Adult Basic Education EL and Civics	Employer Engagement	21st Century Cycle 11	21st Century Cycle 10	Federal CASE After School Partnership	Head Start Disaster Recovery
Revenues						
Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Programs	337,629	4,750	1,406,131	1,442,525	1,318,314	225,417
Total Revenues	337,629	4,750	1,406,131	1,442,525	1,318,314	225,417
Expenditures						
Current:						
Adult Education Program	337,629	4,750	-	-	-	-
Assistant Superintendents	-	-	-	-	-	-
Center for After-School, Summer & Expanded Learning	-	-	1,406,131	1,442,525	1,838,556	-
Center for Safe & Secure Schools	-	-	-	-	-	-
Education Certification & Professional Advancement	-	-	-	-	-	-
Head Start Program	-	-	-	-	-	225,417
Research & Evaluation Institute	-	-	-	-	-	-
School Based Therapy Services	-	-	-	-	-	-
Special Schools & Services	-	-	-	-	-	-
Superintendent's Office	-	-	-	-	-	-
The Teaching & Learning Center	-	-	-	-	-	-
Debt Service:						
Principal on Long-Term Debt	-	-	-	-	-	-
Interest on Long-Term Debt	-	-	-	-	-	-
Total Expenditures	337,629	4,750	1,406,131	1,442,525	1,838,556	225,417
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	(520,242)	-
Other Financing Sources (Uses)						
Transfers In	-	-	-	-	520,242	-
Total Other Financing Sources (Uses)	-	-	-	-	520,242	-
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, 2022

Exhibit D-2
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	Special Revenue Funds					
	Head Start Disaster Relief	EPP Grant	Every Hour Counts	Houston Endowment Grant	JAMS Grant Year 1	CASE - City of Houston
Revenues						
Local and Intermediate Sources	\$ -	\$ 22,400	\$ -	\$ 60,109	\$ 24,223	\$ 668,759
Federal Programs	768,542	-	-	-	-	-
Total Revenues	<u>768,542</u>	<u>22,400</u>	<u>-</u>	<u>60,109</u>	<u>24,223</u>	<u>668,759</u>
Expenditures						
Current:						
Adult Education Program	-	-	-	-	-	-
Assistant Superintendents	-	-	-	-	-	-
Center for After-School, Summer & Expanded Learning	-	-	-	60,109	-	668,759
Center for Safe & Secure Schools	-	-	-	-	24,223	-
Education Certification & Professional Advancement	-	22,400	-	-	-	-
Head Start Program	768,542	-	-	-	-	-
Research & Evaluation Institute	-	-	-	-	-	-
School Based Therapy Services	-	-	-	-	-	-
Special Schools & Services	-	-	-	-	-	-
Superintendent's Office	-	-	-	-	-	-
The Teaching & Learning Center	-	-	-	-	-	-
Debt Service:						
Principal on Long-Term Debt	-	-	-	-	-	-
Interest on Long-Term Debt	-	-	-	-	-	-
Total Expenditures	<u>768,542</u>	<u>22,400</u>	<u>-</u>	<u>60,109</u>	<u>24,223</u>	<u>668,759</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<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>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	-	-	-
Fund Balances-Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances-Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2022

	Special Revenue Funds					
	County Connection Program	Early Head Start In-Kind	Head Start In-Kind	Stop School Violence - In-kind	Head Start Hogg Grant	Hogg Found
Revenues						
Local and Intermediate Sources	\$ 8,364	\$ 179,856	\$ 3,585,329	\$ 12,543	\$ -	\$ 7,273
Federal Programs	1,263,293	-	-	-	-	-
Total Revenues	1,271,657	179,856	3,585,329	12,543	-	7,273
Expenditures						
Current:						
Adult Education Program	-	-	-	-	-	-
Assistant Superintendents	-	-	-	-	-	-
Center for After-School, Summer & Expanded Learning	1,271,657	-	-	-	-	-
Center for Safe & Secure Schools	-	-	-	12,543	-	-
Education Certification & Professional Advancement	-	-	-	-	-	-
Head Start Program	-	179,856	3,585,329	-	-	7,273
Research & Evaluation Institute	-	-	-	-	-	-
School Based Therapy Services	-	-	-	-	-	-
Special Schools & Services	-	-	-	-	-	-
Superintendent's Office	-	-	-	-	-	-
The Teaching & Learning Center	-	-	-	-	-	-
Debt Service:						
Principal on Long-Term Debt	-	-	-	-	-	-
Interest on Long-Term Debt	-	-	-	-	-	-
Total Expenditures	1,271,657	179,856	3,585,329	12,543	-	7,273
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, 2022

Exhibit D-2
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	Special Revenue Funds			Debt Service Fund	Nonmajor Governmental Funds (See Exhibit B-1)
	Local Americorps Fees	Education Foundation Local Grants	Total Special Revenue Funds		
Revenues					
Local and Intermediate Sources	\$ -	\$ 20,354	\$ 4,589,210	\$ -	\$ 4,589,210
Federal Programs	-	-	14,223,798	-	14,223,798
Total Revenues	<u>-</u>	<u>20,354</u>	<u>18,813,008</u>	<u>-</u>	<u>18,813,008</u>
Expenditures					
Current:					
Adult Education Program	-	-	3,960,401	-	3,960,401
Assistant Superintendents	21,537	-	21,537	-	21,537
Center for After-School, Summer & Expanded Learning	20,800	9,531	6,718,068	-	6,718,068
Center for Safe & Secure Schools Education Certification & Professional Advancement	-	-	112,502	-	112,502
Head Start Program	-	10,823	39,400	-	39,400
Research & Evaluation Institute	-	-	8,506,587	-	8,506,587
School Based Therapy Services	16,232	-	16,232	-	16,232
Special Schools & Services	22,505	-	22,505	-	22,505
Special Schools Administration	35,041	-	35,041	-	35,041
The Teaching & Learning Center	20,000	-	20,000	-	20,000
Debt Service:					
Principal on Long-Term Debt	-	-	-	3,141,428	3,141,428
Interest on Long-Term Debt	-	-	-	1,649,116	1,649,116
Total Expenditures	<u>136,115</u>	<u>20,354</u>	<u>19,469,365</u>	<u>4,790,544</u>	<u>24,259,909</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(136,115)</u>	<u>-</u>	<u>(656,357)</u>	<u>(4,790,544)</u>	<u>(5,446,901)</u>
Other Financing Sources (Uses)					
Transfers In	136,115	-	656,357	3,658,500	4,314,857
Total Other Financing Sources (Uses)	<u>136,115</u>	<u>-</u>	<u>656,357</u>	<u>3,658,500</u>	<u>4,314,857</u>
Net Change in Fund Balances	-	-	-	(1,132,044)	(1,132,044)
Fund Balances-Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,500,000</u>	<u>2,500,000</u>
Fund Balances-Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,367,956</u>	<u>\$ 1,367,956</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
For the Year Ended August 31, 2022

Exhibit D-3

	Workers' Compensation Fund	Facility Charges Fund	Total Internal Service Funds (see Exhibit B-5)
Assets			
Current Assets:			
Cash and cash equivalents	\$ 1,430,517	\$ 232,441	\$ 1,662,958
Prepaid items	456,569	2,163	458,732
Total Assets	1,887,086	234,604	2,121,690
Liabilities			
Current Liabilities:			
Accounts payable	-	215,329	215,329
Accrued wages payable	-	19,275	19,275
Due to other funds	456,569	-	456,569
Claims payable - due within one year	71,991	-	71,991
Total Liabilities	528,560	234,604	763,164
Net Position			
Unrestricted	1,358,526	-	1,358,526
Total Net Position	\$ 1,358,526	\$ -	\$ 1,358,526

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, 2022

Exhibit D-4

	Workers' Compensation Fund	Facility Charges Fund	Total Internal Service Funds (see Exhibit B-6)
Operating Revenues			
Charges for Services	\$ 362,048	\$ 5,697,957	\$ 6,060,005
Total Operating Revenues	<u>362,048</u>	<u>5,697,957</u>	<u>6,060,005</u>
Operating Expenses			
Payroll Costs	-	2,961,059	2,961,059
Professional Services	-	1,582,298	1,582,298
Supplies and Materials	-	472,545	472,545
Miscellaneous Operating Expenses	390,503	682,055	1,072,558
Total Operating Expenses	<u>390,503</u>	<u>5,697,957</u>	<u>6,088,460</u>
Change in Net Position	<u>(28,455)</u>	-	<u>(28,455)</u>
Total Net Position-Beginning	<u>1,386,981</u>	-	<u>1,386,981</u>
Total Net Position-Ending	<u>\$ 1,358,526</u>	<u>\$ -</u>	<u>\$ 1,358,526</u>

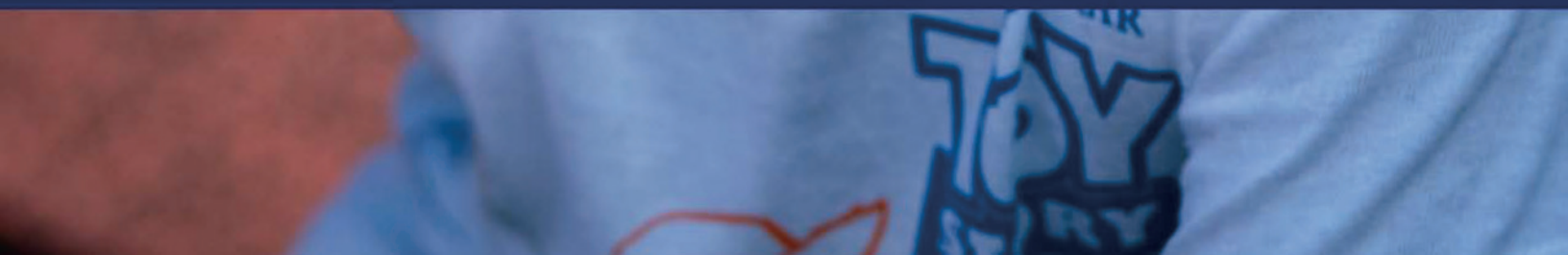
HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended August 31, 2022

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	\$ 818,617	\$ 5,697,957	\$ 6,516,574
Payments to employees	-	(2,957,680)	(2,957,680)
Payments to suppliers	-	(2,687,691)	(2,687,691)
Payments for workers' compensation claims	(474,934)	-	(474,934)
Net cash provided by (used in) operating activities	343,683	52,586	396,269
Net increase (decrease) in cash and cash equivalents	343,683	52,586	396,269
Cash and cash equivalents at beginning of year	1,086,834	179,855	1,266,689
Cash and cash equivalents at end of year	\$ 1,430,517	\$ 232,441	\$ 1,662,958
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income (loss)	\$ (28,455)	\$ -	\$ (28,455)
Changes in Assets and Liabilities:			
Decrease (increase) in prepaid items	(61,358)	2,065	(59,293)
Increase (decrease) in accounts payable	-	47,142	47,142
Increase (decrease) in accrued wages payable	-	3,379	3,379
Increase (decrease) in due to/from other funds	456,569	-	456,569
Increase (decrease) in claims payable	(23,073)	-	(23,073)
Net cash provided by (used in) operating activities	\$ 343,683	\$ 52,586	\$ 396,269



Other Supplementary Information



HARRIS COUNTY DEPARTMENT OF EDUCATION

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

For the Year Ended August 31, 2022

Exhibit E-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Debt Service:				
Principal on Long-Term Debt	\$ 2,801,429	\$ 2,801,429	\$ 3,141,428	\$ (339,999)
Interest on Long-Term Debt	1,645,344	1,645,344	1,649,116	(3,772)
Total Expenditures	<u>4,446,773</u>	<u>4,446,773</u>	<u>4,790,544</u>	<u>(343,771)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,446,773)</u>	<u>(4,446,773)</u>	<u>(4,790,544)</u>	<u>343,771</u>
Other Financing Sources (Uses)				
Transfers In	<u>2,857,214</u>	<u>2,857,214</u>	<u>3,658,500</u>	<u>(801,286)</u>
Total Other Financing Sources (Uses)	<u>2,857,214</u>	<u>2,857,214</u>	<u>3,658,500</u>	<u>(801,286)</u>
Net Change in Fund Balances	<u>(1,589,559)</u>	<u>(1,589,559)</u>	<u>(1,132,044)</u>	<u>(457,515)</u>
Fund Balances-Beginning	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,500,000</u>	<u>-</u>
Fund Balances-Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,367,956</u>	<u>\$ (457,515)</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended August 31, 2022

Exhibit E-2

Years Ending August 31	Tax Rate		Assessed Value	Beginning Balance	Current Year Levy	Collecions & Adjustments	Ending Balance
	Maintenance	Debt Service					
2013 & Prior	Various	-	Various	\$ 141,558	\$ -	\$ 31,432	\$ 110,126
2014	0.006358	-	315,575,070,777	30,863	-	1,647	29,216
2015	0.005999	-	348,957,092,849	45,504	-	2,166	43,338
2016	0.005422	-	388,054,684,618	50,234	-	2,865	47,369
2017	0.005200	-	416,884,796,154	48,500	-	4,337	44,163
2018	0.005195	-	434,078,173,795	63,719	-	9,624	54,095
2019	0.005190	-	445,338,264,373	77,173	-	15,984	61,189
2020	0.005000	-	477,646,161,016	190,203	-	75,037	115,166
2021	0.004993	-	501,765,295,099	429,497	-	243,388	186,109
2022	0.004990	-	508,722,385,930	-	25,675,202	25,290,124	385,078
				<u>\$ 1,077,251</u>	<u>\$ 25,675,202</u>	<u>\$ 25,676,604</u>	<u>\$ 1,075,849</u>



Statistical Section

HARRIS COUNTY DEPARTMENT OF EDUCATION

STATISTICAL SECTION (Unaudited)

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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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Governmental Activities:					
Net investment in capital assets	\$ 57,974,197	\$ 54,464,903	\$ 47,221,390	\$ 47,908,866	\$ 43,712,723
Restricted	-	-	-	-	-
Unrestricted	<u>(24,016,949)</u>	<u>(24,992,069)</u>	<u>(16,824,748)</u>	<u>(18,737,419)</u>	<u>(20,722,390)</u>
Total Governmental Activities	<u>\$ 33,957,248</u>	<u>\$ 29,472,834</u>	<u>\$ 30,396,642</u>	<u>\$ 29,171,447</u>	<u>\$ 22,990,333</u>
Business-Type Activities:					
Unrestricted	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,000,000</u>	<u>\$ 500,000</u>
Total Business-Type Activities	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,000,000</u>	<u>\$ 500,000</u>
Total:					
Net investment in capital assets	\$ 57,974,197	\$ 54,464,903	\$ 47,221,390	\$ 47,908,866	\$ 43,712,723
Restricted	-	-	-	-	-
Unrestricted	<u>(22,516,949)</u>	<u>(23,492,069)</u>	<u>(15,324,748)</u>	<u>(17,737,419)</u>	<u>(20,222,390)</u>
Total Net Position	<u>\$ 35,457,248</u>	<u>\$ 30,972,834</u>	<u>\$ 31,896,642</u>	<u>\$ 30,171,447</u>	<u>\$ 23,490,333</u>

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

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

Source: HCDE records

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

Table 1
Page 2 of 2

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Governmental Activities:					
Net investment in					
capital assets	\$ 32,428,990	\$ 34,145,710	\$ 32,677,342	\$ 29,291,742	\$ 28,309,727
Restricted	-	31,983	31,881	1,028,015	1,138,752
Unrestricted	<u>26,188,720</u>	<u>20,804,496</u>	<u>17,622,666</u>	<u>24,172,444</u>	<u>22,243,309</u>
Total Governmental Activities	<u>\$ 58,617,710</u>	<u>\$ 54,982,189</u>	<u>\$ 50,331,889</u>	<u>\$ 54,492,201</u>	<u>\$ 51,691,788</u>
Business-Type Activities:					
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -
Total Business-Type Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total:					
Net investment in					
capital assets	\$ 32,428,990	\$ 34,145,710	\$ 32,677,342	\$ 29,291,742	\$ 28,309,727
Restricted	-	31,983	31,881	1,028,015	1,138,752
Unrestricted	<u>26,188,720</u>	<u>20,804,496</u>	<u>17,622,666</u>	<u>24,172,444</u>	<u>22,243,309</u>
Total Net Position	<u>\$ 58,617,710</u>	<u>\$ 54,982,189</u>	<u>\$ 50,331,889</u>	<u>\$ 54,492,201</u>	<u>\$ 51,691,788</u>

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

	2022	2021	2020	2019	2018
Expenses:					
Governmental Activities:					
Adult Education Program	\$ 3,812,902	\$ 4,127,033	\$ 4,638,902	\$ 4,569,273	\$ 1,036,132
Assistant Superintendents' Offices	587,468	603,726	555,259	576,780	550,282
Board of Trustees	196,616	163,700	164,109	177,757	128,396
Business Support Services	1,734,433	1,998,215	1,985,847	1,745,357	1,763,138
Center for After-School, Summer & Expanded Learning	7,107,362	7,729,357	6,516,679	7,090,805	5,934,605
Center for Safe and Secure Schools	614,339	759,146	793,170	1,050,107	86,464
Center for School Governance & Fiscal Accountability	-	-	-	-	-
Center for Grant Development	481,837	592,331	583,366	567,705	568,024
Choice Partners Cooperatives	-	-	-	-	-
Client Engagement	510,192	462,459	434,571	644,546	491,644
Communications	858,665	962,407	832,260	837,090	774,921
Department Wide	9,612,407	8,725,092	10,549,704	6,717,410	6,111,173
Digital Learning	109,724	288,756	423,384	271,230	441,316
Early Childhood Intervention	-	-	-	-	-
Education Certification & Professional Advancement	594,197	677,435	665,549	597,579	627,407
Education Foundation	508,374	210,543	500,626	-	-
Facility Support Services	1,921,454	3,032,471	1,566,862	1,038,146	937,572
Head Start Program	18,495,199	20,185,050	20,007,652	20,782,352	7,146,626
Human Resources	1,093,657	1,107,767	1,097,516	1,053,283	1,023,212
Interest and Fees on Long-Term Debt	1,420,804	1,792,569	230,424	274,948	330,095
PFC Capital Projects	-	-	-	-	-
Preschool Initiative	-	-	-	-	-
Purchasing Support Services	609,380	573,016	581,023	566,986	494,421
Quality Zone Academy Bonds	-	-	-	-	-
Records Management Services	1,948,569	1,960,988	1,900,490	2,005,229	1,921,547
Research and Evaluation Institute	504,843	635,864	612,972	569,157	597,668
Retirement Leave Benefits	269,275	333,844	231,057	118,233	124,832
Scholastic Arts and Writing Program	125,409	119,673	142,239	139,108	99,932
School Based Therapy Services	10,329,423	11,457,283	11,360,389	10,709,672	10,328,779
Chief of Staff	246,409	284,899	273,876	268,564	239,431
Special Schools & Services	13,116,099	13,817,704	12,875,176	12,743,363	11,535,687
Superintendent's Office	602,274	623,314	564,677	523,018	443,456
Technology Support Services	4,113,372	3,982,140	4,090,248	4,098,566	3,381,097
Texas LEARNS	-	-	-	-	-
The Teaching & Learning Center	919,413	916,601	1,144,261	1,351,221	1,262,855
Total Governmental Activities Expenses	82,444,096	88,123,383	85,322,288	81,087,485	58,380,712
Business-Type Activities:					
Choice Partners Cooperatives	2,552,015	2,095,107	1,962,256	2,083,863	1,844,392
Transfer out	5,028,650	4,828,938	3,490,423	5,805,811	2,803,104
Total Business-Type Activities Expenses	7,580,665	6,924,045	5,452,679	7,889,674	4,647,496
Total Expenses	90,024,761	95,047,428	90,774,967	88,977,159	63,028,208

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

Table 2
Page 2 of 4

	2017	2016	2015	2014	2013
Expenses:					
Governmental Activities:					
Adult Education Program	\$ 3,873,917	\$ 4,050,032	\$ 3,895,904	\$ 4,187,795	\$ 4,651,034
Assistant Superintendents' Offices	539,630	537,885	517,072	465,054	457,916
Board of Trustees	138,256	131,506	205,134	194,415	157,546
Business Support Services	1,720,319	1,790,657	1,674,204	1,652,498	1,600,940
Center for After-School, Summer & Expanded Learning	7,289,977	7,315,643	8,468,498	6,932,436	8,165,637
Center for Safe and Secure Schools	655,108	491,085	623,098	758,633	418,556
Center for School Governance & Fiscal Accountability	-	-	70,430	129,537	177,036
Center for Grant Development	555,688	544,990	519,875	503,314	548,899
Choice Partners Cooperatives	-	-	1,727,275	1,596,110	1,579,708
Client Engagement	374,313	451,521	456,323	410,006	403,880
Communications	858,041	884,274	709,750	652,250	651,610
Department Wide	7,089,535	6,808,688	5,421,099	5,380,665	5,350,114
Digital Learning	1,391,612	368,131	1,450,677	1,668,330	1,997,071
Early Childhood Intervention	-	-	2,112,772	4,871,933	5,132,950
Education Certification & Professional Advancement	678,461	630,272	506,930	510,939	301,540
Education Foundation	9,559	199,417	200,398	200,535	199,404
Facility Support Services	1,112,896	772,981	981,239	767,703	1,282,812
Head Start Program	17,304,932	16,103,236	15,401,901	13,758,980	14,224,031
Human Resources	994,097	943,149	945,021	922,955	871,057
Interest and Fees on Long-Term Debt	602,708	310,720	480,219	799,380	787,589
PFC Capital Projects	-	-	-	-	26,845
Preschool Initiative	-	-	-	36,600	-
Purchasing Support Services	494,804	477,229	402,651	427,478	394,331
Quality Zone Academy Bonds	-	6,281	-	-	311,727
Records Management Services	1,627,074	1,656,361	1,777,447	1,685,191	1,665,781
Research and Evaluation Institute	579,394	515,936	460,493	492,210	466,180
Retirement Leave Benefits	358,964	322,795	288,606	410,154	219,305
Scholastic Arts and Writing Program	101,618	102,702	88,126	72,185	71,667
School Based Therapy Services	9,790,720	9,375,763	8,686,191	7,932,355	7,702,266
Chief of Staff	291,630	189,323	130,936	-	6,253
Special Schools & Services	11,091,019	10,865,891	11,270,451	11,018,200	10,086,230
Superintendent's Office	448,785	385,255	432,322	504,922	369,316
Technology Support Services	3,446,066	5,052,094	4,115,775	3,961,667	3,737,958
Texas LEARNS	-	-	-	421,089	6,853,142
The Teaching & Learning Center	1,240,775	1,068,452	1,185,444	1,221,872	961,954
Total Governmental Activities Expenses	74,659,898	72,352,269	75,206,261	74,547,391	81,832,285
Business-Type Activities:					
Choice Partners Cooperatives	1,783,195	1,879,446	-	-	-
Transfer out	2,588,083	2,547,458	-	-	-
Total Business-Type Activities Expenses	4,371,278	4,426,904	-	-	-
Total Expenses	79,031,176	76,779,173	75,206,261	74,547,391	81,832,285

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

Table 2
Page 3 of 4

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Program Revenues:					
Governmental Activities:					
Charges for services:					
Adult Education Program	\$ -	\$ 14,436	\$ -	\$ -	\$ -
Business Support Services	164,415	132,721	245,754	55,098	4,590
Center for After-School, Summer & Expanded Learning	112,650	74,810	83,560	94,748	89,994
Center for Safe and Secure Schools	276,774	271,773	273,972	229,396	187,729
Center for School Governance & Fiscal Accountability	-	-	-	-	-
Center for Grant Development	120	1,455	1,515	2,495	865
Choice Facility Partners (1)	-	-	-	-	-
Client Engagement	-	-	-	-	-
Department Wide	207,672	411,395	35,711	43,979	28,480
Digital Learning	-	-	-	12,085	25,755
Early Childhood Intervention	-	-	-	-	-
Education Certification & Professional Advancement	111,998	226,387	113,982	204,520	228,979
Head Start Program	-	-	140	20	250
Human Resources	-	-	-	-	-
Purchasing Support Services	-	-	-	-	-
Records Management Services	1,890,422	1,781,590	1,868,784	1,687,681	1,894,771
Research and Evaluation Institute	79,500	149,500	91,499	80,786	79,249
Scholastic Arts and Writing Program	-	-	-	-	-
School Based Therapy Services	9,359,728	9,368,648	8,892,942	8,981,971	8,888,790
Special Schools & Services	7,850,166	8,001,312	9,022,523	8,880,541	8,327,481
Technology Support Services	-	-	-	1,200	9,850
The Teaching & Learning Center	707,601	572,791	828,920	1,236,917	731,899
Total Charges for Services	20,761,046	21,006,818	21,459,302	21,511,437	20,498,682
Operating grants and contributions	24,480,552	27,289,087	25,663,841	26,730,731	18,289,999
General Revenues					
Property taxes, levied for general purposes	25,366,674	25,178,251	23,870,492	23,040,994	22,494,557
Grants and contributions not restricted to specific program	4,389,700	2,703,105	5,610,709	3,901,877	2,439,712
Investment earnings	168,995	26,124	434,601	993,098	554,708
Miscellaneous income	4,632,893	6,167,249	6,018,115	5,284,651	4,988,233
Transfers	5,028,650	4,828,938	3,490,423	5,805,811	2,803,104
Total Governmental Activities Revenues	84,828,510	87,199,572	86,547,483	87,268,599	72,068,995
Business-Type Activities:					
Charges for services:					
Choice Partners Cooperative	7,580,665	6,924,045	5,952,679	8,389,674	5,147,496
Total Revenues-Business Type Activities	7,580,665	6,924,045	5,952,679	8,389,674	5,147,496
Total Revenues	92,409,175	94,123,617	92,500,162	95,658,273	77,216,491
Change in Net Position					
Total Primary Government	\$ 2,384,414	\$ (923,811)	\$ 1,725,195	\$ 6,681,114	\$ 14,188,283

(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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Program Revenues:					
Governmental Activities:					
Charges for services:					
Adult Education Program	\$ -	\$ -	\$ -	\$ -	\$ -
Business Support Services	58,597	284,473	169,052	285,093	308,464
Center for After-School, Summer & Expanded Learning	9,506	11,800	29,015	27,142	16,884
Center for Safe and Secure Schools	502,661	117,350	120,735	436,410	141,767
Center for School Governance & Fiscal Accountability	-	-	-	29,805	-
Center for Grant Development	840	2,275	2,495	2,800	32,537
Choice Facility Partners (1)	-	-	3,201,052	2,896,693	3,242,503
Client Engagement	-	-	1,400	-	2,800
Department Wide	20,215	12,963	13,824	13,003	11,284
Digital Learning	41,745	61,015	83,160	90,200	69,568
Early Childhood Intervention	-	-	108,208	324,614	324,614
Education Certification & Professional Advancement	206,289	252,270	255,109	196,902	115,317
Head Start Program	-	-	-	-	-
Human Resources	-	-	-	1,795	2,800
Purchasing Support Services	-	5,559	3,563	-	-
Records Management Services	1,563,165	1,569,386	1,558,589	1,435,793	1,382,845
Research and Evaluation Institute	2,002	48,644	39,823	60,451	55,150
Scholastic Arts and Writing Program	-	40,449	26,155	19,135	15,130
School Based Therapy Services	8,552,308	8,633,429	8,151,129	7,706,746	7,477,282
Special Schools & Services	8,433,065	7,439,987	7,849,458	8,373,138	7,903,760
Technology Support Services	17,440	61,296	227,846	418,406	255,096
The Teaching & Learning Center	734,437	773,405	945,650	888,464	851,549
Total Charges for Services	<u>20,142,270</u>	<u>19,314,301</u>	<u>22,786,263</u>	<u>23,206,590</u>	<u>22,209,350</u>
Operating grants and contributions	23,509,189	23,307,323	25,840,048	24,888,778	35,391,753
General Revenues					
Property taxes, levied for general purposes	21,723,798	21,059,842	21,041,087	20,184,898	19,353,694
Grants and contributions not restricted to specific program	4,804,746	5,560,503	5,077,413	4,679,915	4,909,527
Investment earnings	170,480	60,751	13,331	8,133	23,938
Miscellaneous income	5,356,853	5,152,391	4,462,989	4,379,490	4,652,180
Transfers	2,588,083	2,547,458	-	-	-
Total Governmental Activities Revenues	<u>78,295,419</u>	<u>77,002,569</u>	<u>79,221,131</u>	<u>77,347,804</u>	<u>86,540,442</u>
Business-Type Activities:					
Charges for services:					
Choice Partners Cooperative	4,371,278	4,426,904	-	-	-
Total Revenues-Business Type Activities	<u>4,371,278</u>	<u>4,426,904</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>82,666,697</u>	<u>81,429,473</u>	<u>79,221,131</u>	<u>77,347,804</u>	<u>86,540,442</u>
Change in Net Position					
Total Primary Government	<u>\$ 3,635,521</u>	<u>\$ 4,650,300</u>	<u>\$ 4,014,870</u>	<u>\$ 2,800,413</u>	<u>\$ 4,708,157</u>

(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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
General Fund:					
Nonspendable	\$ 219,796	\$ 266,062	\$ 177,243	\$ 169,805	\$ 128,037
Restricted	-	-	-	-	-
Committed	2,014,976	2,014,976	2,014,976	2,014,976	2,014,976
Assigned	6,149,729	6,770,790	13,540,000	9,499,397	9,499,397
Unassigned	17,534,563	17,032,101	17,103,242	20,930,182	17,769,755
Total General Fund	<u>\$ 25,919,064</u>	<u>\$ 26,083,929</u>	<u>\$ 32,835,461</u>	<u>\$ 32,614,360</u>	<u>\$ 29,412,165</u>
All Other Governmental Funds:					
Nonspendable	\$ 112,416	\$ 238,934	\$ 9,898	\$ -	\$ -
Restricted, reported in:					
PFC Capital Projects Fund	34,705,560	51,751,156	2,939,650	10,600,127	11,219,387
Assigned, reported in:					
Debt Service Fund	1,367,956	2,500,000	-	-	-
Unassigned	(112,416)	(238,934)	(9,898)	-	-
Total All Other Governmental Funds	<u>\$ 36,073,516</u>	<u>\$ 54,251,156</u>	<u>\$ 2,939,650</u>	<u>\$ 10,600,127</u>	<u>\$ 11,219,387</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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Fund:					
Nonspendable	\$ 163,555	\$ 159,613	\$ 163,462	\$ 148,912	\$ 146,919
Restricted	-	-	6,281	6,281	117,019
Committed	1,575,000	6,200,000	6,721,446	3,150,000	1,408,000
Assigned	9,363,629	7,538,285	5,185,416	8,394,445	9,394,231
Unassigned	<u>17,020,303</u>	<u>17,022,340</u>	<u>15,826,627</u>	<u>14,901,561</u>	<u>13,748,845</u>
Total General Fund	<u>\$ 28,122,487</u>	<u>\$ 30,920,238</u>	<u>\$ 27,903,232</u>	<u>\$ 26,601,199</u>	<u>\$ 24,815,014</u>
All Other Governmental Funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted, reported in:					
PFC Capital Projects Fund	10,874,006	31,983	31,881	1,021,734	1,021,733
Assigned, reported in:					
Debt Service Fund	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u>\$ 10,874,006</u>	<u>\$ 31,983</u>	<u>\$ 31,881</u>	<u>\$ 1,021,734</u>	<u>\$ 1,021,733</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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019*</u>	<u>2018*</u>
Total Revenues	\$ 82,834,346	\$ 82,021,081	\$ 79,284,172	\$ 79,771,645	\$ 78,200,293
Total Expenditures	<u>106,205,501</u>	<u>89,444,277</u>	<u>89,444,277</u>	<u>90,213,971</u>	<u>82,995,395</u>
Excess (deficiency) of revenues over(under) expenditures:	<u>(23,371,155)</u>	<u>(7,423,196)</u>	<u>(10,160,105)</u>	<u>(10,442,326)</u>	<u>(4,795,102)</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	-	3,405,317	-	-	-
Transfers in	11,627,842	18,739,249	9,763,310	11,635,782	8,573,483
Transfers out	<u>(6,599,192)</u>	<u>(13,948,194)</u>	<u>(6,272,887)</u>	<u>(5,829,097)</u>	<u>(57,703,789)</u>
Total Other Financing Sources (Uses)	<u>5,028,650</u>	<u>51,983,170</u>	<u>3,490,423</u>	<u>5,806,685</u>	<u>(49,130,306)</u>
Net change in fund balances	<u>\$ (18,342,505)</u>	<u>\$ 44,559,974</u>	<u>\$ (6,669,682)</u>	<u>\$ (4,635,641)</u>	<u>\$ (53,925,408)</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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total Revenues	\$ 75,335,740	\$ 73,253,550	\$ 79,276,809	\$ 77,424,337	\$ 86,561,843
Total Expenditures	<u>79,368,338</u>	<u>76,879,551</u>	<u>72,783,901</u>	<u>78,145,010</u>	<u>75,858,286</u>
Excess (deficiency) of revenues over(under) expenditures:	<u>(4,032,598)</u>	<u>(3,626,001)</u>	<u>6,492,908</u>	<u>(720,673)</u>	<u>10,703,557</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	11,267,601	5,799,651	4,752,664	4,401,099	3,684,601
Transfers out	<u>(8,679,518)</u>	<u>(3,252,192)</u>	<u>(4,752,664)</u>	<u>(4,401,099)</u>	<u>(3,684,601)</u>
Total Other Financing Sources (Uses)	<u>9,588,083</u>	<u>2,547,459</u>	<u>(819,619)</u>	<u>220,135</u>	<u>100</u>
Net change in fund balances	<u>\$ 5,555,485</u>	<u>\$ (1,078,542)</u>	<u>\$ 5,673,289</u>	<u>\$ (500,538)</u>	<u>\$ 10,703,657</u>

Source: HCDE records.

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

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

Table 5
Page 1 of 2

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Local Sources:					
Charges for services	\$ 20,489,236	\$ 20,500,078	\$ 21,358,795	\$ 21,511,437	\$ 20,383,705
Property taxes, levied for general purposes	25,368,044	25,086,237	23,707,501	23,051,892	22,514,793
Local grants	4,589,937	3,575,107	4,761,166	5,272,056	4,766,262
Miscellaneous income	512,947	3,187,030	951,905	1,023,752	892,026
Total Local Sources	<u>50,960,164</u>	<u>52,348,452</u>	<u>50,779,367</u>	<u>50,859,137</u>	<u>48,556,786</u>
State Sources:					
State aid grants	529,800	529,800	548,616	780,488	2,352,287
On-behalf payments	3,019,944	2,815,070	3,036,198	2,508,668	2,396,189
Total State Sources	<u>3,549,744</u>	<u>3,344,870</u>	<u>3,584,814</u>	<u>3,289,156</u>	<u>4,748,476</u>
Federal Sources:	<u>28,324,438</u>	<u>26,327,759</u>	<u>24,919,991</u>	<u>25,623,352</u>	<u>24,895,031</u>
Total Revenues	<u>\$ 82,834,346</u>	<u>\$ 82,021,081</u>	<u>\$ 79,284,172</u>	<u>\$ 79,771,645</u>	<u>\$ 78,200,293</u>

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

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

Table 5
Page 2 of 2

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Local Sources:					
Charges for services	\$ 20,043,478	\$ 19,213,400	\$ 22,543,051	\$ 22,774,848	\$ 21,794,986
Property taxes, levied for general purposes	21,751,923	21,141,146	21,107,977	20,261,566	19,375,195
Local grants	5,355,621	5,086,589	5,049,186	4,653,717	4,417,941
Miscellaneous income	<u>270,504</u>	<u>164,439</u>	<u>267,098</u>	<u>466,073</u>	<u>672,441</u>
Total Local Sources	<u>47,421,526</u>	<u>45,605,574</u>	<u>48,967,312</u>	<u>48,156,204</u>	<u>46,260,563</u>
State Sources:					
State aid grants	2,260,853	2,810,044	3,182,302	4,710,852	5,713,001
On-behalf payments	<u>2,290,135</u>	<u>2,215,370</u>	<u>2,099,190</u>	<u>2,009,295</u>	<u>1,732,483</u>
Total State Sources	<u>4,550,988</u>	<u>5,025,414</u>	<u>5,281,492</u>	<u>6,720,147</u>	<u>7,445,484</u>
Federal Sources:	<u>23,363,226</u>	<u>22,622,562</u>	<u>25,028,005</u>	<u>22,547,986</u>	<u>32,855,796</u>
Total Revenues	<u>\$ 75,335,740</u>	<u>\$ 73,253,550</u>	<u>\$ 79,276,809</u>	<u>\$ 77,424,337</u>	<u>\$ 86,561,843</u>

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

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

Table 6
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	2022	2021	2020	2019	2018
Adult Education Program	\$ 4,147,759	\$ 3,968,609	\$ 4,429,807	\$ 4,242,673	\$ 4,926,751
Assistant Superintendents' Offices	650,043	595,537	550,259	567,780	550,282
Board of Trustees	203,356	162,520	164,109	177,757	128,396
Business Support Services	1,877,350	1,977,239	1,976,847	1,726,357	1,733,238
Center for After School, Summer & Expanded Learning	7,433,846	7,619,554	6,431,634	6,932,667	7,415,860
Center for Safe & Secure Schools	659,865	747,630	782,170	617,861	458,510
Center for School Gov & Fiscal Accountability	-	-	-	-	-
Center for Grant Development	535,226	584,083	578,366	558,705	558,169
Choice Partners Cooperatives (1) (2)	-	-	-	-	-
Communications & Client Engagement	1,509,021	1,404,604	1,256,174	1,458,957	1,248,256
Department Wide	8,459,633	8,666,966	7,137,853	6,727,446	6,051,002
Digital Learning	1,061,689	290,827	450,124	244,380	406,107
Early Childhood Intervention	-	-	-	-	-
Education Certification & Professional Advancement	642,956	677,435	660,549	588,579	616,559
Education Foundation	508,374	210,543	500,600	-	-
Facility Support Services	18,420,989	163,536	282,427	1,025,227	1,332,808
Head Start Program	20,223,322	20,492,126	19,245,331	19,314,914	18,963,042
Human Resources	1,192,545	1,094,473	1,092,516	1,044,283	998,178
Preschool Initiative	-	-	-	-	-
Principal Certification	-	2,780	-	-	-
Purchasing Support Services (1)	674,840	573,016	576,023	538,986	488,359
Quality Zone Academy Bonds (QZAB)	-	-	-	-	-
Records Management Services	1,969,477	1,889,657	1,818,947	1,917,340	1,826,139
Research & Evaluation Institute	558,838	627,825	607,972	560,157	590,450
Retirement Leave Benefits	269,275	333,844	231,057	118,233	124,832
Scholastic Arts & Writing Program	133,968	118,381	142,239	139,108	99,932
School Based Therapy Services	11,486,094	11,332,185	11,135,002	10,550,740	10,317,233
Chief of Staff	276,167	280,940	273,876	269,039	239,431
Special Schools & Services	12,461,576	12,876,450	19,870,365	14,996,466	12,610,677
Superintendent's Office	675,534	622,806	559,169	513,510	443,456
Technology Support Services	3,906,227	3,742,971	3,561,381	3,690,024	2,860,974
Texas LEARNS	-	-	-	-	-
The Teaching & Learning Center	1,002,978	899,159	1,142,292	1,324,710	1,235,105
PFC Capital Projects	-	2,837,998	1,839,271	-	-
Debt Service:					
Principal Payments	3,613,061	2,756,428	2,706,429	2,886,429	2,826,429
Interest & Fees	1,651,492	1,243,827	211,182	263,067	318,163
Bond Issuance Costs & Fees	-	650,328	-	-	-
Total Expenditures	\$ 106,205,501	\$ 89,444,277	\$ 90,213,971	\$ 82,995,395	\$ 79,368,338
Debt service as a percentage of non-capital expenditures	5.94%	4.57%	3.61%	3.98%	4.07%

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

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

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

Source: HCDE records.

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

Table 6
Page 2 of 2

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Adult Education Program	\$ 3,897,009	\$ 4,068,869	\$3,932,144	\$4,150,520	\$4,619,062
Assistant Superintendents' Offices	534,595	533,135	514,795	465,329	458,711
Board of Trustees	138,343	131,482	205,738	194,851	158,756
Business Support Services	1,711,576	1,783,858	1,660,485	1,654,106	1,605,591
Center for After School, Summer & Expanded Learning	7,320,521	7,344,632	8,491,605	6,932,759	8,171,013
Center for Safe & Secure Schools	647,093	473,676	625,609	747,801	409,064
Center for School Gov & Fiscal Accountability	-	-	70,604	129,596	177,207
Center for Grant Development	550,918	540,539	513,827	504,065	551,069
Choice Partners Cooperatives (1) (2)	-	-	1,731,034	1,592,628	1,579,519
Communications & Client Engagement	1,215,481	1,324,033	1,152,090	1,063,174	1,057,789
Department Wide	6,862,145	5,867,987	5,540,253	5,489,076	5,509,651
Digital Learning	1,345,415	1,662,289	1,375,220	1,607,457	2,057,974
Early Childhood Intervention	-	-	2,116,246	4,871,057	5,130,418
Education Certification & Professional Advancement	673,466	625,469	507,114	511,485	301,613
Education Foundation	9,812	199,603	201,041	200,754	200,035
Facility Support Services	730,324	449,188	1,288,233	451,170	552,735
Head Start Program	17,455,113	16,439,375	16,396,415	13,604,585	14,495,379
Human Resources	986,813	935,877	935,662	924,157	874,293
Preschool Initiative	-	-	-	36,600	-
Principal Certification	-	-	-	-	-
Purchasing Support Services (1)	487,590	472,964	397,278	427,646	394,816
Quality Zone Academy Bonds (QZAB)	-	6,281	-	110,972	311,727
Records Management Services	1,557,380	1,519,616	1,652,481	1,527,654	1,516,613
Research & Evaluation Institute	575,247	512,665	456,317	492,641	467,427
Retirement Leave Benefits	358,964	322,795	288,606	410,154	219,305
Scholastic Arts & Writing Program	101,187	102,115	87,516	72,286	71,961
School Based Therapy Services	9,701,864	9,292,131	8,558,847	7,931,371	7,703,718
Chief of Staff	289,057	187,574	131,149	-	6,265
Special Schools & Services	11,657,915	10,452,501	10,791,044	10,623,818	9,977,362
Superintendent's Office	445,967	382,543	429,179	505,248	370,259
Technology Support Services	3,028,436	3,686,311	4,302,817	4,192,273	4,145,077
Texas LEARNS	-	-	-	421,492	6,857,589
The Teaching & Learning Center	1,229,426	1,058,193	1,181,660	1,223,398	965,705
PFC Capital Projects	-	-	-	-	26,845
Debt Service:					
Principal Payments	2,781,429	2,106,429	2,131,429	1,916,429	1,811,428
Interest & Fees	352,303	301,771	307,049	651,734	841,469
Bond Issuance Costs & Fees	234,162	-	171,523	220,000	-
Total Expenditures	<u>\$ 76,879,551</u>	<u>\$ 72,783,901</u>	<u>\$ 78,145,010</u>	<u>\$ 75,858,286</u>	<u>\$ 83,597,445</u>
Debt service as a percentage of non-capital expenditures	4.17%	3.37%	3.23%	3.46%	3.24%

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
2022	\$ 25,583,859	\$ 25,198,781	98.49%	\$ -	25,198,781	98.49%
2021	25,252,221	24,822,724	98.30%	314,331	25,137,055	99.54%
2020	23,937,452	23,455,450	97.99%	420,813	23,876,263	99.74%
2019	23,187,623	22,764,706	98.18%	368,822	23,133,528	99.77%
2018	22,230,715	21,937,173	98.68%	249,379	22,186,552	99.80%
2017	21,678,010	21,412,201	98.77%	218,440	21,630,641	99.78%
2016	21,040,325	20,736,926	98.56%	260,061	20,996,987	99.79%
2015	20,933,936	20,660,459	98.69%	244,261	20,904,720	99.86%
2014	20,064,263	19,805,270	98.71%	148,867	19,954,137	99.45%
2013	19,167,433	18,882,728	98.51%	252,211	19,134,939	99.83%

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	2022	2021	2020	2019	2018
Department Direct Rate:					
HCDE ^(a)	\$0.004990	\$0.004993	\$0.005000	\$0.005190	\$0.005195
Overlapping Rates Jurisdictions:					
Harris County (HC)	0.3769	0.3912	0.4071	0.4186	0.4180
HC Flood Control District	0.0335	0.0314	0.0279	0.0288	0.0283
Port of Houston Authority	0.0087	0.0099	0.0107	0.0116	0.0116
HC Hospital District	0.1622	0.1667	0.1659	0.1711	0.1711
Cities:					
Baytown	0.7850	0.7952	0.8020	0.8220	0.8220
Bellaire	0.4473	0.4473	0.4473	0.4313	0.4159
Deer Park	0.7200	0.7200	0.7200	0.7200	0.7200
Houston	0.5508	0.5618	0.5679	0.5883	0.5842
LaPorte	0.7100	0.7100	0.7100	0.7100	0.7100
League City	0.4655	0.5150	0.5486	0.5638	0.5650
Missouri City	0.5780	0.5980	0.6300	0.6300	0.6000
Pasadena	0.5159	0.5337	0.5703	0.6154	0.5754
Pearland	0.7014	0.7200	0.7412	0.7092	0.6851
Seabrook	0.5244	0.5436	0.5520	0.5520	0.5749
South Houston	0.6900	0.6981	0.6999	0.6505	0.6433
Webster	0.3933	0.3736	0.3620	0.3479	0.3173
West University Place	0.2785	0.2941	0.3092	0.3168	0.3168
Taxing Authority	2022	2021	2020	2019	2018
School Districts and Junior Colleges:					
Aldine	1.2669	1.2744	1.3471	1.4359	1.3734
Alief	1.2048	1.2048	1.2441	1.3300	1.3300
Clear Creek	1.1797	1.2659	1.3100	1.4000	1.4000
Cypress-Fairbanks	1.3392	1.3556	1.3700	1.4400	1.4400
Deer Park	1.3496	1.3496	1.4151	1.5387	1.5567
Galena Park	1.4651	1.4581	1.4717	1.5733	1.5633
Goose Creek	1.3686	1.3411	1.3543	1.4319	1.4319
Houston	1.0944	1.1331	1.1367	1.2067	1.2067
Humble	1.3389	1.3841	1.4184	1.5200	1.5200
Katy	1.3517	1.3888	1.4431	1.5166	1.5166
Klein	1.3001	1.3373	1.3600	1.4300	1.4300
LaPorte	1.2565	1.2697	1.2800	1.3800	1.3800
North Forest	N/A	N/A	N/A	N/A	N/A
Lone Star College *	0.1078	0.1078	0.1078	0.1078	0.1078
Pasadena	1.3812	1.3830	1.3784	1.4800	1.4800
Pearland	1.3152	1.3185	1.3956	1.4156	1.4156
San Jacinto Jr. College	0.1680	0.1694	0.1782	0.1793	0.1833
Sheldon	1.4550	1.5016	1.4484	1.4700	1.4700
Spring	1.3128	1.3843	1.4300	1.5100	1.5100
Spring Branch	1.3043	1.3073	1.3210	1.3945	1.3945
Tomball	1.2500	1.2900	1.2900	1.3400	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	2017	2016	2015	2014	2013
Department Direct Rate:					
HCDE ^(a)	\$0.005200	\$0.005422	\$0.00600	\$0.00636	\$0.00661
Overlapping Rates Jurisdictions:					
Harris County (HC)	0.4166	0.4192	0.4173	0.4146	0.4002
HC Flood Control District	0.0283	0.0273	0.0273	0.0283	0.0280
Port of Houston Authority	0.0133	0.0134	0.0153	0.0171	0.1952
HC Hospital District	0.1718	0.1700	0.1700	0.1700	0.1821
Cities:					
Baytown	0.8220	0.8220	0.8220	0.8220	0.8220
Bellaire	0.3874	0.3805	0.3936	0.3999	0.3999
Deer Park	0.7200	0.7144	0.7200	0.7200	0.7200
Houston	0.5864	0.6011	0.6310	0.6387	0.6387
LaPorte	0.7100	0.7100	0.7100	0.7100	0.7100
League City	0.5700	0.5735	0.5970	0.5970	0.5970
Missouri City	0.5601	0.5447	0.5650	0.5738	0.5448
Pasadena	0.5754	0.5754	0.5769	0.5915	0.5915
Pearland	0.6812	0.7053	0.7121	0.7051	0.7051
Seabrook	0.5652	0.6126	0.6400	0.6651	0.6652
South Houston	0.6322	0.6995	0.6445	0.6699	0.7082
Webster	0.2845	0.2345	0.2487	0.2696	0.2852
West University Place	0.3168	0.3318	0.3617	0.3741	0.3741
Taxing Authority	2017	2016	2015	2014	2013
School Districts and Junior Colleges:					
Aldine	1.3234	1.2859	1.2858	1.3058	1.3283
Alief	1.3050	1.2800	1.2800	1.2900	1.3200
Clear Creek	1.4000	1.4000	1.4000	1.4000	1.3600
Cypress-Fairbanks	1.4400	1.4400	1.4400	1.4500	1.4500
Deer Park	1.5567	1.5567	1.5567	1.5567	1.5267
Galena Park	1.5633	1.5134	1.5134	1.5134	1.5134
Goose Creek	1.4319	1.4319	1.4319	1.3868	1.3321
Houston	1.2067	1.1967	1.1967	1.1867	1.1567
Humble	1.5200	1.5200	1.5200	1.5200	1.5200
Katy	1.5166	1.5166	1.5266	1.5266	1.5266
Klein	1.4300	1.4100	1.3900	1.4300	1.4400
LaPorte	1.4200	1.4500	1.4500	1.3300	1.3300
North Forest	N/A	N/A	N/A	N/A	1.4432
Lone Star College *	0.1078	0.1079	0.1081	0.1160	0.1198
Pasadena	1.3500	1.3500	1.3500	1.3500	1.3500
Pearland	1.4156	1.4156	1.4157	1.4157	1.4194
San Jacinto Jr. College	0.1824	0.1758	0.1856	0.1856	0.1856
Sheldon	1.4100	1.4100	1.4300	1.4300	1.4300
Spring	1.4700	1.4700	1.5100	1.5700	1.5700
Spring Branch	1.3945	1.3945	1.3945	1.3945	1.3945
Tomball	1.3400	1.3400	1.3600	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			
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
2013	136,475,054	93,503,889	45,197,018	43,387,355	28,893,782	289,669,533	0.006610

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	2022			2013		
	2021 Taxable Value ^(a)	Rank	Percentage of Total 2021 Taxable Value ^(b)	2012 Taxable Value ^(a)	Rank	Percentage of Total 2012 Taxable Value ^(c)
Centerpoint Energy, Inc.	\$ 4,164,243	1	0.81%	\$ 2,458,242	2	0.85%
Exxon Mobil Corporation	3,915,202	2	0.77%	3,049,210	1	1.05%
Chevron Phillips Chemical CO LP	3,272,176	3	0.64%	1,805,849	4	0.62%
Equistar Chemicals LP (d)	2,004,318	4	0.39%	1,032,141	9	0.36%
Shell Oil Company	1,634,341	5	0.32%	2,146,430	3	0.74%
Enterprise	1,198,256	6	0.23%			0.00%
Lyondell Chemical (d)	1,080,178	7	0.21%	825,232	10	0.28%
Palmetto Transoceanic LLC	1,012,329	8	0.20%			0.00%
Wal Mart	949,463	9	0.19%			0.00%
Phillips 66 Company	861,332	10	0.17%			0.00%
Hines Interests Ltd. Partnership				1,393,328	5	0.48%
Crescent Real State				1,222,765	6	0.42%
National Oilwell				1,202,593	7	0.42%
Hewlett Packard				1,128,140	8	0.39%
Total	<u>\$ 20,091,838</u>		<u>3.93%</u>	<u>\$ 16,263,930</u>		<u>5.61%</u>

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)	Less Restricted For Debt Service (2)	Net Bonded Debt	Taxable/Assessed Property Values ^(b) (amounts in thousands) (3)
2022	\$ 51,464,163	\$ -	\$ 51,464,163	\$ 511,588,871
2021	54,857,899	-	54,857,899	505,741,685
2020	10,612,282	-	10,612,282	477,646,161
2019	13,310,713	-	13,310,713	445,338,265
2018	16,197,142	-	16,197,142	434,078,174
2017	19,053,624	-	19,053,624	412,884,815
2016	14,844,750	-	14,844,750	388,054,686
2015	16,959,914	-	16,959,914	348,957,093
2014	19,828,750	-	19,828,750	315,575,071
2013	20,954,287	-	20,954,287	289,669,533

Notes:

- (1) Includes lease revenue bonds, QZAB bonds, and Maintenance Tax Notes
 - (2) HCDE does not have a debt service rate
 - (3) Source-Taxable Assessed Property Values: Harris County (Texas) Appraisal District
 - (4) Source-Personal Income: Bureau of Economic Analysis. This ratio is calculated using the value for the prior calendar year.
 - (5) Source-Population: Bureau of the Census. This ratio is calculated using the value for the prior calendar year.
- n/a - indicates the numbers are not yet available

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

Table 11
page 2 of 2

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
2022	0.0101%	n/a	n/a	4,728,030	\$10.88
2021	1.0800%	n/a	n/a	4,731,145	\$11.60
2020	0.0022%	285,160,839	0.0037%	4,767,540	\$2.23
2019	0.0030%	282,809,166	0.0047%	4,713,325	\$2.82
2018	0.0037%	265,351,328	0.0061%	4,652,980	\$3.48
2017	0.0046%	247,482,118	0.0077%	4,589,928	\$4.15
2016	0.0038%	240,752,454	0.0062%	4,538,028	\$3.27
2015	0.0049%	252,694,912	0.0067%	4,441,370	\$3.82
2014	0.0063%	230,462,963	0.0086%	4,336,853	\$4.57
2013	0.0072%	224,617,980	0.0093%	4,253,700	\$4.93

Notes:

- (1) Includes lease revenue bonds, QZAB bonds, and Maintenance Tax Notes
 - (2) HCDE does not have a debt service rate
 - (3) Source-Taxable Assessed Property Values: Harris County (Texas) Appraisal District
 - (4) Source-Personal Income: Bureau of Economic Analysis. This ratio is calculated using the value for the prior calendar year.
 - (5) Source-Population: Bureau of the Census. This ratio is calculated using the value for the prior calendar year.
- n/a - indicates the numbers are not yet available



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

Table 12

Year Ended August 31	Principal and Interest			Governmental Funds Expenditures	Ratio of Bonded Debt Expenditures to Governmental Funds Expenditures
	Bonds & Notes Payable Expenditures	Capital Acquisition Program	Total Debt Expenditures		
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%
2013	2,652,897	-	2,652,897	83,597,445	3.17%

Source: HCDE records.



Demographic & Economic Information

HARRIS COUNTY DEPARTMENT OF EDUCATION
ESTIMATED COUNTY-WIDE DIRECT AND OVERLAPPING BONDED DEBT
August 31, 2022
(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%	\$ 1,516,275
Harris County Flood Control District (2/28/22)	100.00%	990,153
Port of Houston Authority (2/28/22)	100.00%	469,434
Total County-Wide Direct Debt		\$ 2,975,862
Cities:		
Houston (06/30/2022)	100.00%	\$ 3,613,109
Other cities (a)	Various	743,764
Sub-Total Cities		4,356,873
School Districts and Junior Colleges: (b)	Various	19,893,783
Utility Districts (c)	100.00%	8,662,331
Total Overlapping Debt:		\$ 35,888,849
Total Direct HCDE (e)		\$ 51,464
Total Direct and Overlapping Debt (Estimated \$7,022 Per Capita) (e)		\$ 35,940,313

- (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)	\$ 31,970,000
QZAB	451,429
Maintenance Notes	13,865,000
Issuance Premiums	5,177,734
Total Direct HCDE Debt	\$ 51,464,163

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.

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
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
2013	4,253,700	6.00%	224,617,980,000	52,805

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, 2022

(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	2022			2013		
	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				13,000	4	0.4642%
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	<u>208,850</u>		<u>7.1294%</u>	<u>127,041</u>		<u>4.5363%</u>

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

	2022	2021	2020	2019	2018
Adult Education	81.1	72.0	73.3	73.3	73.3
Assistant Superintendents' Offices	6.0	6.0	6.0	6.0	6.0
Alternative Certification	5.5	5.0	5.5	5.5	5.5
Business Support Services	17.0	15.0	17.0	16.5	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	24.0	26.0	20.0	21.0
Center for Safe & Secure Schools	4.0	5.0	5.0	3.0	4.0
Center for School Governance & Fiscal Accountability	-	-	-	-	-
Choice Partners Cooperative	19.5	19.0	19.5	18.4	18.4
Client Engagement	4.5	5.0	3.9	6.0	6.0
Communications	10.0	9.0	9.6	8.6	8.6
Digital Learning & Instructional Technology	-	-	-	-	-
Facility Support Services	49.0	49.0	51.0	51.5	51.5
Head Start Program	311.5	242.0	293.0	288.0	288.0
Human Resources	10.0	10.0	10.0	10.0	10.0
Purchasing Support	7.0	7.0	6.0	6.0	6.0
Records Management Services	15.0	14.0	15.0	14.0	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	146.4	157.0	143.9	141.9	141.9
Special Schools Program	176.0	155.0	174.0	168.0	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	2.0	2
Technology Support Services	-	23.0	24.0	21.0	21.0
Texas LEARNS	-	-	-	-	-
Texas Virtual School Network	-	-	-	-	-
The Teaching and Learning Center	10.8	7.0	10.8	10.5	10.5
Total:	942.6	841.8	911.3	886.2	888.2

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Adult Education	75.3	75.3	78.7	104.2	77.0
Assistant Superintendents' Offices	5.0	4.0	3.5	3.5	3.5
Alternative Certification	5.5	5.5	4.0	4.0	2.5
Business Support Services	16.5	16.5	15.5	15.5	15.5
Board of Trustees	0.5	0.5	0.5	0.5	0.5
Center for After School, Summer and Expanded Learning	22.2	22.2	13.0	13.0	14.0
Center for Safe & Secure Schools	3.0	3.0	3.5	3.5	1.0
Center for School Governance & Fiscal Accountability	-	-	0.5	0.5	1
Choice Partners Cooperative	15.4	15.4	15.0	16.0	17.0
Client Engagement	4.6	4.6	4.0	4.0	3.0
Communications	9.0	9.0	6.0	6.0	6.0
Digital Learning & Instructional Technology	-	-	1.0	1.0	2.0
Facility Support Services	51.5	51.5	51.5	51.5	52.0
Head Start Program	285.0	285.0	258.5	235.3	242.0
Human Resources	10.0	10.0	9.5	10.0	11.0
Purchasing Support	6.0	6.0	6.0	6.0	6.0
Records Management Services	13.0	13.0	12.0	12.0	13.0
Research & Evaluation	7.0	7.0	6.0	6.0	6.0
Resource Development	6.0	6.0	6.0	6.0	7.0
School Based Therapy Services	138.3	138.3	206.0	196.4	211.0
Special Schools Program	158.3	155.0	157.0	145.0	142.0
Superintendent's Office	1.5	2.5	2.0	2.0	2.0
Digital Learning and Innovation	2	-	3.0	3	3
Technology Support Services	21.0	22.0	24.0	25.0	27.0
Texas LEARNS	-	-	-	-	15.0
Texas Virtual School Network	15.0	15.0	18.0	17.0	17.0
The Teaching and Learning Center	11.8	12.5	9.8	9.8	9.0
Total:	<u>883.1</u>	<u>879.7</u>	<u>914.5</u>	<u>896.7</u>	<u>905.5</u>

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

Source: HCDE records.

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

Table 18

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	72,000
2.	North Post Oak Building	North Houston, TX	1995	2006	340,000
3.	Conference Center and Parking Garage	North Houston, TX	2002	2002	15,000
4.	Caplin Warehouse	Northeast Houston, TX	1999	1999	17,000
5.	Melbourne Warehouse	North Houston, TX	2005	2005	2,400
6.	Science Building	North Houston, TX	2010	2010	2,430
(2) Schools:					
7.	Academic & Behavior Center (ABC)-East	Southeast Houston, TX	1980	1982	47,000
8.	ABC-West	Southwest Houston, TX	1980	1998	22,500
9.	High Point-East Campus	Northeast Houston, TX	1970	1995	45,000
10.	High Point-North Campus	Northwest Houston, TX	1997	1997	24,500
11.	ABC-West	Southwest Houston, TX	2020	2020	45,000
(4) Head Start Program:					
12.	Baytown	Baytown, TX	2019	2019	20,000
13.	Coolwood Center	East Houston, TX	1996	2021	1,858
14.	Barrett Station Center	Crosby, TX	2002	2002	2,660
15.	La Porte Center	La Porte, TX	1999	1999	5,760
16.	Pugh Center	Houston, Texas	2000	2000	2,600
17.	Humble Center	Humble, Texas	2015	2015	1,728
18.	Humble Center	Humble, Texas	2001	2001	2,294
(5) Other Services:					
19.	Printing and Visual Communications	North Houston, TX	2001	2001	15,000
20.	Crosstimbers Records Storage Facility	North Houston, TX	1980	1996	18,000

Notes:

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

Source: HCDE records.

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

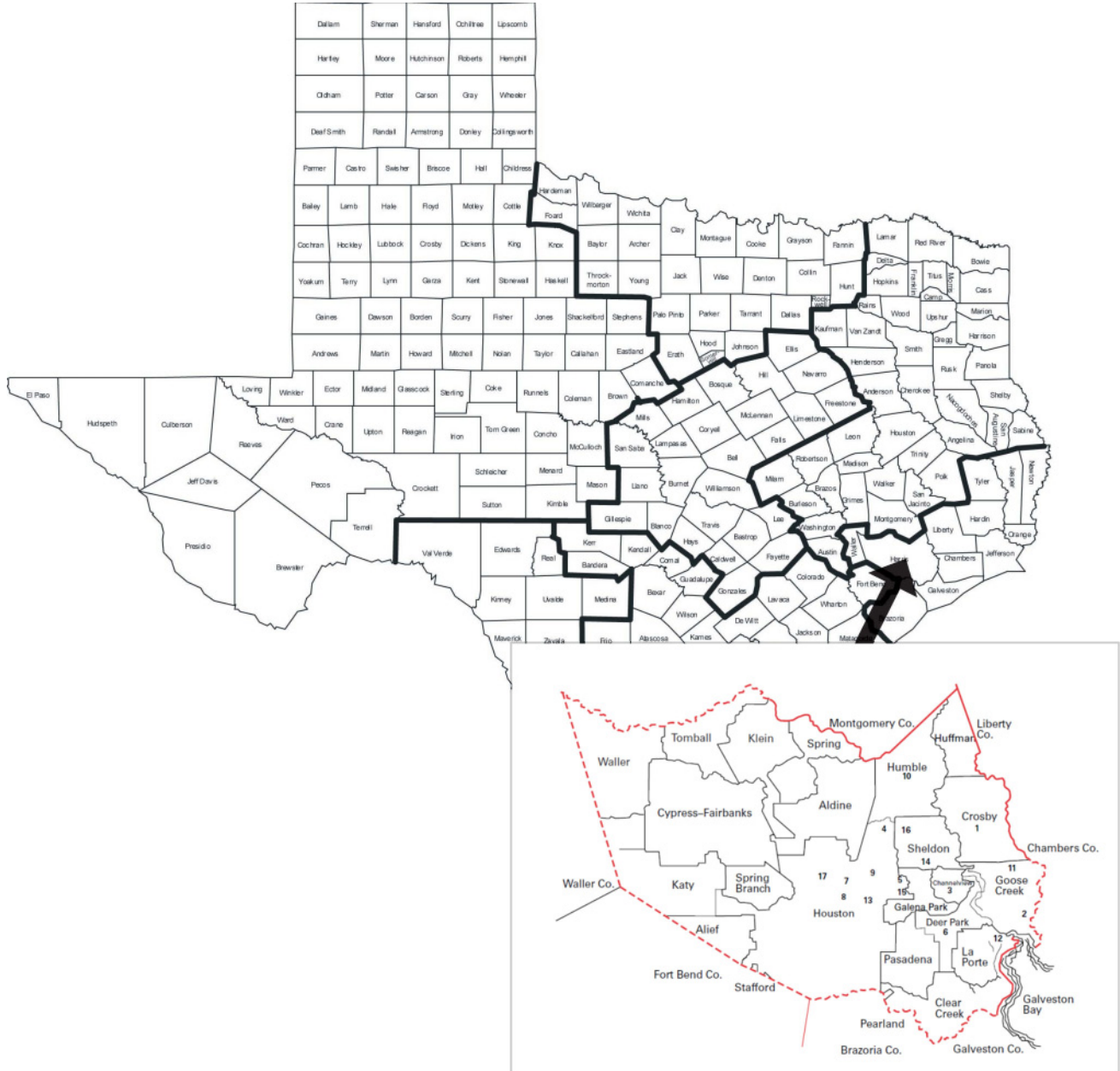
HCDE HEAD START LOCATIONS

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.

Harris County, Texas and 25 School Districts









Harris County Department of Education

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

6300 IRVINGTON BLVD. | HOUSTON, TX 77022 | 713-694-6300 | WWW.HCDE-TEXAS.ORG