



Harris County  
Department of  
Education

2018

2019

POPULAR

ANNUAL

FINANCIAL

REPORT

For the fiscal year ended August 31, 2019

# TABLE OF CONTENTS

3	MESSAGE FROM YOUR SUPERINTENDENT	20	BUSINESS INDICATORS
4	MESSAGE FROM YOUR BUSINESS OFFICER	23	FINANCIAL STRENGTH AND EFFICIENCY INDICATORS
5	ABOUT HARRIS COUNTY/HOUSTON, TEXAS	24	GENERAL FUND - TAX REVENUE
6	MISSION, GOALS, AND GOVERNANCE	26	REVENUE SOURCES
7	ADMINISTRATIVE OFFICIALS	27	EXPENDITURES
8	ABOUT THE DEPARTMENT	28	GRANTS
10	PROPERTY VALUES AND TAXES	29	DEBT
12	NUMBER OF DISTRICTS/ENTITIES SERVED	30	CAPITAL PROJECTS
13	ECONOMIC IMPACT TO ISDS	32	GOVERNMENT FINANCE OFFICERS ASSOCIATION AWARD FOR OUTSTANDING ACHIEVEMENT IN POPULAR FINANCIAL REPORTING
15	PROGRAMS AND SERVICES		

# 2018-2019 POPULAR ANNUAL FINANCIAL REPORT

## A MESSAGE FROM YOUR SUPERINTENDENT



James Colbert Jr.  
SUPERINTENDENT

Our mission at the Harris County Department of Education (HCDE or the Department) is to advance excellence in the delivery of education in Harris County, Texas in partnership with the educational community. The Department is a vibrant organization which excels in many venues. Specifically, our enterprise activities and grant awards have increased, and we have likewise increased services to our member districts while reducing the tax burden to our taxpayers for the fourth year in a row. We have been able to leverage federal, state, and local dollars. Our Choice Cooperative Program has reached new heights and continues to provide contract offerings that are legal, effective and valuable to the cooperative members.

In fiscal year 2018-2019, the Department received over \$33.8 million in grants, and \$23 million in local tax effort. We leveraged our local tax and provided over \$126.9 million as an economic benefit to our member districts at a \$5.51 to 1 ratio. The minimal tax (and recently lowered tax rate) levied by the Department allows us to provide valuable resources and supplementation to our local districts. We are thankful to our patrons for their financial support and seek continued support and involvement. We welcome the opportunity to showcase our best practices and programs.

We invite you to visit our campuses, the Department, and/or our Westview location to experience first-hand our focus and commitment to excellence. We motivate our staff every day to make a difference in every student's life, and to tweak the service delivery process to that same end. We have designed our processes to meet our mission to further educational opportunities in Harris County and continue to offer services outside our county to other clients in order to leverage our resources even more and reduce the cost impact to our taxpayers and clients.

Finally, in this era of increased accountability, we strive to be the most transparent and efficient of governmental agencies. We believe that education is the tool for prosperity and success for individuals, the state, and the nation.

Always in education

A handwritten signature in black ink that reads "James Colbert". The signature is fluid and cursive, with a large, sweeping initial "J".

James Colbert Jr.  
County School Superintendent

# 2018-2019 POPULAR ANNUAL FINANCIAL REPORT

## A MESSAGE FROM YOUR BUSINESS OFFICER



### Jesus J. Amezcua ASSISTANT SUPERINTENDENT-BUSINESS SERVICES

We are pleased to present the HCDE Popular Annual Financial Report (PAFR) for the fiscal year ending August 31, 2019. This report is designed to make the financial operations of the Department easy to understand for our citizens and other readers. We have also included information about our program and service delivery to the learners and taxpayers of Harris County.

Our staff is committed to provide quality financial information that is transparent and readily available to the public. We have created a transparency page at <http://www.hcde-texas.org/docs/221-HCDEFinancialTransparency.pdf> to further highlight our fiscal results and successes. For the past nine years, the Department participates in the transparency program, and for fiscal year 2018-2019, it has received three Star Awards from the Texas Comptroller's Office.

The PAFR summarizes the financial activities and operating results of the Department and was gathered from the financial information reported in our FY2018-19 Comprehensive Annual Financial Report (CAFR). The CAFR is a more comprehensive document that is prepared in conformance with generally accepted accounting principles (GAAP) and audited by Whitney Penn, P.C., who expressed an "unmodified" (the highest) opinion, meaning that—in their opinion—the financial statements present fairly, in all material respects, the respective financial position of the governmental activities of the Department.

The PAFR is unaudited and presented on a GAAP basis. While the underlying accounting methods are similar to the CAFR, the PAFR simplifies reporting by not including all segregated funds, required presentations, and full disclosure of all material financial and non-financial events in the notes to the basic financial statements. Citizens desiring to review the CAFR may obtain a copy from the Business Support Services Division at (713) 696-8249, or may view it on the HCDE website at [www.hcde-texas.org](http://www.hcde-texas.org).

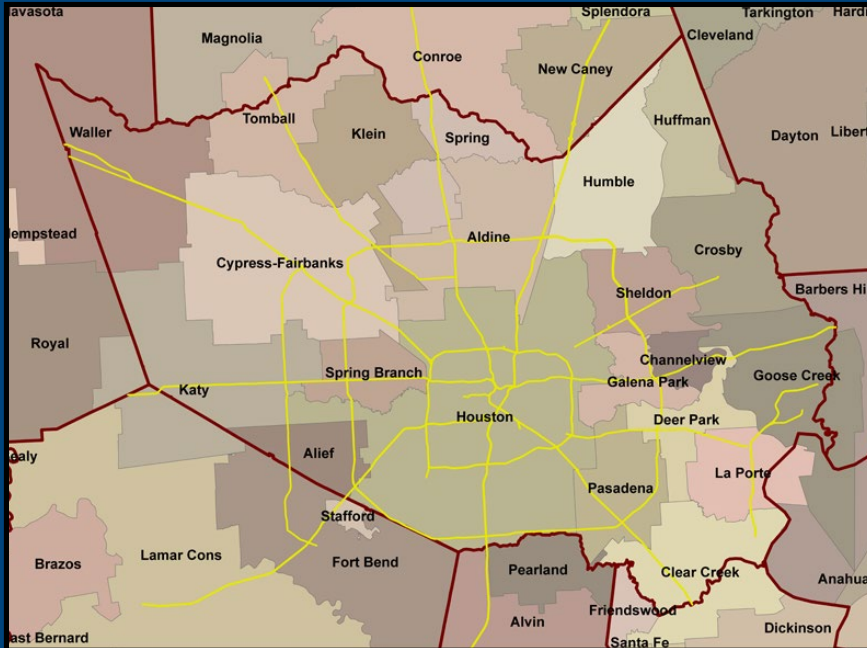
Respectfully,

A handwritten signature in black ink, appearing to read 'J. Amezcua', written in a cursive style.

Jesus J. Amezcua, Ph.D., CPA, RTSBA

# 2018-2019 POPULAR ANNUAL FINANCIAL REPORT ABOUT HARRIS COUNTY/HOUSTON, TEXAS

## MAP OF 25 HARRIS COUNTY SCHOOL DISTRICTS



- ALDINE
- ALIEF
- CHANNELVIEW
- CLEAR CREEK
- CROSBY
- CYPRESS-FAIRBANKS
- DAYTON
- DEER PARK
- GALENA PARK
- GOOSE CREEK
- HOUSTON
- HUFFMAN
- HUMBLE
- KATY
- KLEIN
- LA PORTE
- NEW CANEY
- PASADENA
- PEARLAND
- SHELDON
- SPRING
- SPRING BRANCH
- STAFFORD
- TOMBALL
- WALLER

HCDE is located in Harris County in the upper Gulf Coast region of Texas, approximately 50 miles from the Gulf of Mexico. Harris County, with 4.65 million people, is the largest county in Texas and remains the third most populous in the United States. Ranked as one of the top ten fastest-growing counties in the nation, Harris County is exceptionally diverse.

Harris County and the Houston metropolitan area are among leaders in business development nationwide. Houston is a leader in aerospace technology, industrial engineering, and medical research, while a diversified profile fuels the local economy. The county's major hospitals, many concentrated just south of downtown Houston in the Texas Medical Center, offer world-class facilities for general and specialized medical needs.

Houston is the fourth largest city in the nation, and, has added more jobs than any other metropolitan area in the country since 2000. Ninety percent of new jobs are in non-energy dependent sectors, allowing profitable diversity to the overall Houston economy. These economic indicators positively affect the Department's tax base.

In fiscal year 2019, there were 25 public school districts, as well as charter, private, and parochial schools, located either entirely or partially within Harris County. The county is also home to many colleges, universities, institutes, and technical schools.

# 2018-2019 POPULAR ANNUAL FINANCIAL REPORT

## MISSION, GOALS, GOVERNANCE

### Our Mission

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; and
- Recruit and maintain a high-quality professional staff

### Organizational Authority and Governance

Harris County Department of Education (HCDE or the Department), a political subdivision of the state of Texas, is located in Houston. The Harris County Board of Education (the Board), elected by the voters of Harris County, has governance over all activities and operations of the Department. The Board consists of seven members who serve overlapping, six-year terms.

The Department is a primary governmental unit and is not included in any other governmental "reporting entity." The Harris County Department of Education Public Facility Corporation (PFC) has been included as a blended component unit in the financial statements of the Department. The PFC, a legally separate entity, is reported as a capital projects fund that is part of the Department's operations, and its purpose is to finance the Department's construction and building acquisition needs. The Education Foundation of Harris County (EFHC) is included as a discretely-presented component in the financial statements of the Department. The EFHC, a non-profit entity, was set up to raise money to support the Department. A financial statement may be obtained from the office of the EFHC. No other organizations meet the criteria specified by GASB 39 to be included as a component unit within the reporting entity.

## 2018-2019 BOARD OF TRUSTEES



**Josh Flynn**  
PRESIDENT



**George Moore**  
VICE PRESIDENT



**Richard Cantu**  
TRUSTEE



**Eric Dick**  
TRUSTEE



**Danyahel Norris**  
TRUSTEE



**Don Sumners**  
TRUSTEE



**Michael Wolfe**  
TRUSTEE

# 2018-2019 POPULAR ANNUAL FINANCIAL REPORT

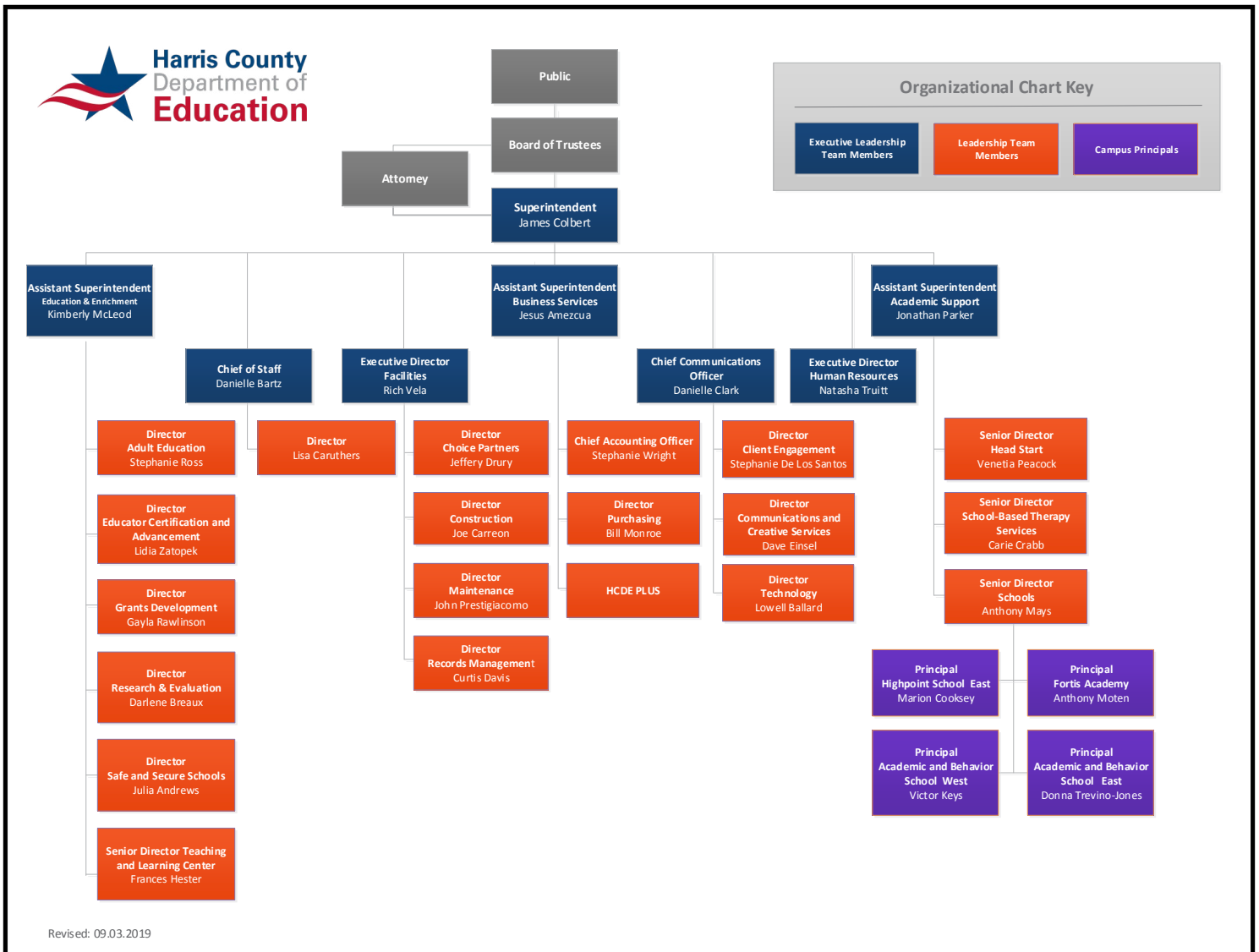
## ADMINISTRATIVE OFFICIALS

**JAMES COLBERT, JR.**  
County School Superintendent

**JESUS J. AMEZCUA, Ph.D., CPA, RTSBA**  
Assistant Superintendent for Business Services

**JONATHAN PARKER**  
Assistant Superintendent for Academic Support Services

**KIMBERLY McLEOD, Ed.D.**  
Assistant Superintendent for Education and Enrichment



# 2018-2019 POPULAR ANNUAL FINANCIAL REPORT

## ABOUT THE DEPARTMENT

### PROFILE OF THE DEPARTMENT

HCDE is an entity separate and distinct from county agencies of Harris County, Texas. The Department's primary service area, geographically, covers 1,788 square miles. The Department offers services to 25 rural, suburban, and urban school districts, located either entirely or partially within Harris County, to neighboring school districts and governmental agencies in surrounding counties, as well as to schools, education service centers, and other governmental agencies statewide.

### PROGRAMS AND SERVICES

**Adult Education** | Offers classes to educationally-disadvantaged adults beyond compulsory school age in the Houston/Harris County metropolitan area. **Call 713-692-6216.**

**Educator Certification and Professional Advancement** | Trains and supports degreed professionals to become teachers and administrators. Candidates attend teacher training and teach in a public school with the guidance of an assigned teacher/mentor. **Call 713-696-0775.**

**Business Services** | Through the School Finance Council, HCDE's Business Services division serves school district business managers and CFOs. HCDE's School Finance Council provides training and pertinent information relative to school finance and business operations. **Call 713-696-8249.**



**Center for Safe and Secure Schools** | Advances safe and secure environments in schools, including emergency operations plan assistance. **Call 713-696-3142.**

**Choice Partners Cooperative** | Provides best-value, shared-services solutions, direct facilities consulting, and legal, competitively-bid contracts to schools, institutions of higher education, municipalities, counties, and other governmental and nonprofit organizations. No member fee; sign an interlocal contract to join. **Call 1-877-696-2122.**

**Center for After-School, Summer and Expanded Learning** | Mobilizes the community to work together to ensure that every child in Harris County has access to an after-school program. **Call 713-696-1331.**

**Head Start/Early Head Start Area I** | Empowers preschool children, ages six weeks through five years, and their families, with school readiness skills. Head Start is a federally-funded program for low-income families, administered locally by HCDE. **Call 713-672-9343.**



**Teaching and Learning Center** | Provides professional development and instructional support to administrators, teachers, support personnel, students, parents, and the community. **Call 713-696-8200.**



# 2018-2019 POPULAR ANNUAL FINANCIAL REPORT

## ABOUT THE DEPARTMENT

### PROGRAMS AND SERVICES

**Records Management** | Provides low-cost, high-tech solutions to store records for governmental entities. Develops records control schedules and provides training, consulting, electronic imaging, microfilming, and commercial record center services. **Call 713-694-9022.**

**Research and Evaluation:** Provides quality, scientific-based evaluation services that meet the needs of HCDE, school districts, and other community groups. **Call 713-696-8291.**

**Resource Development/Texas Center for Grants Development:** Supports efforts to locate and obtain funds which forward new programs, program enhancement, and expansion needs. **Call 713-696-8293.**

**HCDE Schools:** Assists area school districts by providing special and alternative schools. HCDE's Schools division meets the needs of students with disabilities as well as those who have been expelled and/or are adjudicated youth. **Call 713-696-8218.**



**School-Based Therapy Services:** Provides assessment, intervention, consultation, training, and direct service to children with disabilities and to their families. **Call 713-696-8232.**



#### How is HCDE funded?

HCDE generates approximately 71% of its funding to serve children and adult students through grants and by charging reasonable fees for the services it provides. Approximately 29% of HCDE's funding is generated from a local property tax rate that may never exceed ONE cent. The average homeowner in Harris County pays an estimated \$8.30 per year to HCDE based on a \$200,000 home, with homestead exemption, and an adopted tax rate of 0.005190 per \$100 valuation.

#### Do school districts pay the full cost of services provided by HCDE?

HCDE has a below-market fee structure that reduces cost to districts. The current two-thirds of the 1-cent property tax rate collected by HCDE creates the organizational infrastructure of management and accountability that allows the services that HCDE provides to be developed.

#### Does HCDE have services that can be accessed by out-of-county entities?

Service to out-of-county entities generate additional revenue that HCDE uses to support services to Harris County students, teachers, and districts at no cost to Harris County taxpayers. This is another way in which HCDE maximizes its resources for taxpayers.

# 2018-2019 POPULAR ANNUAL FINANCIAL REPORT

## TAX RATES AND VALUES

### ABOUT PROPERTY TAXES

The Department's tax year runs concurrently with the calendar year, January 1 through December 31. Property taxes are levied by October 1 in conformity with Subtitle E., Texas Property Tax Code, on the appraised value listed as of the prior January 1, for all real and business personal property located within Harris County Department of Education's taxing jurisdiction of Harris County, Texas. Taxes are due upon receipt of the tax bill in October. On February 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Taxes become delinquent if not paid before February 1. On July 1, additional penalties and interest are imposed on unpaid taxes.



Appraised values are established by the Harris County Appraisal District of Harris County, Texas. The Department's property tax rate is established in accordance with state law. The Department's County Board of Education (the Board) sets the equalization tax rate. Currently, the Department does not have a debt service rate. Billing and collection of tax levies are performed by the Harris County Tax Assessor-Collector's Office. Tax revenues received are used in financing the Department's general government expenditures, in accordance with applicable law.

### TAX RATES AND VALUES

The Department's tax rate for the 2018 tax year was \$.00519 per \$100 assessed property valuation. The assessed property valuation for the same period was \$445 billion, resulting in an adjusted tax levy of \$23.2 million. The assessed valuation increased 2.6 percent, from \$434 billion in tax year 2017 to \$445 billion in tax year 2018.

The 'current tax' collection rate for fiscal year 2018-19 was 98.18 percent, a decrease of .50 percent from the fiscal year 2017-18 'current tax' collection rate of 98.68 percent. In the tax year 2018, the average (homeowner) taxpayer paid \$8.30 per year based on a \$200,000 home with homestead exemption and an adopted tax rate of 0.005190 per \$100 valuation.

Tax values are assessed as of January of each calendar year. The tax assessments for tax year 2019 will be collected in fiscal year 2019-2020.

Consistent with statutory requirements, equalization tax funds are expended to equalize educational opportunities and advance public free schools in Harris County. HCDE follows the Texas Comptroller's Truth in Taxation - A Guide to Setting Tax Rates for Taxing Units Other than Schools.

# 2018-2019 POPULAR ANNUAL FINANCIAL REPORT

## PROPERTY VALUES AND TAXES

### ABOUT PROPERTY TAXES

FISCAL YEAR	TAX YEAR	TAX RATE PER \$100	ACTIVITY-ALL TAX YEARS			ASSESSED- APPRAISED VALUES	UNCOLLECTED AT 8/31/2019
			CURRENT TAX LEVY	AMOUNT COLLECTED	PERCENT COLLECTED		
2019	2018	0.005190	\$23,187,623	\$22,764,706	98.18%	\$445,338,264,373	\$279,731
2018	2017	0.005195	\$22,230,714	\$21,937,173	98.68%	\$434,078,173,795	110,299
2017	2016	0.005200	\$21,678,009	\$21,412,201	98.77%	\$416,884,796,154	66,997
2016	2015	0.005422	21,040,325	20,736,926	98.56%	\$388,054,684,618	61,685
2015	2014	0.005999	20,933,936	20,660,459	98.69%	\$348,957,092,849	53,830
2014	2013	0.006358	20,064,263	19,805,270	98.71%	\$315,575,070,777	36,907
2013	2012	0.006617	19,167,433	18,882,728	98.51%	\$289,669,533,021	35,676
2012	2011	0.006581	18,141,665	17,894,045	98.64%	\$275,667,298,681	35,215
2011	2010	0.006581	17,889,672	17,625,587	98.52%	\$271,838,192,122	34,607
2010 & PRIOR	2009 & PRIOR	VARIOUS	VARIOUS	VARIOUS	VARIOUS	VARIOUS	102,094
						<b>TOTALS:</b>	<b>\$817,041</b>

### PRINCIPAL TAXPAYERS IN HARRIS COUNTY, TEXAS FOR TAX YEAR 2018

RANK	TAXPAYERS	TAXABLE VALUE <sup>(a)</sup>	PERCENT OF TOTAL ASSESSED VALUE <sup>(b)</sup>
1	Exxon Mobil Corporation	\$4,228,841	0.94%
2	Chevron Phillips Chemical Company LP	\$3,866,104	0.86%
3	Centerpoint Energy, Inc.	\$3,678,076	0.82%
4	Equistar Chemicals LP (d)	\$1,748,051	0.39%
5	Shell Oil Company	\$1,962,848	0.44%
6	Palmetto Transoceanic LLC	\$1,202,472	0.27%
7	Enterprise	\$1,201,955	0.27%
8	Valero Energy Corporation	\$1,035,551	0.23%
9	National Oilwell Inc	\$954,122	0.21%
10	Wal Mart	\$930,843	0.21%
	<b>TOTAL:</b>	<b>\$20,808,863</b>	<b>4.64%</b>

(a) Taxable value equals appraised value less exemptions

(b) Total assessed value: \$445.3 (expressed in billions)

Source: Harris County (Texas) Appraisal District

# 2018-2019 POPULAR ANNUAL FINANCIAL REPORT

## NUMBER OF DISTRICTS/ENTITIES SERVED

**TABLE ONE: Number of Districts, Schools, and Other Organizations served by HCDE Divisions 2018-19**

DIVISIONS	HARRIS COUNTY ISDS	OUT OF COUNTY ISDS AND ESCS	IN COUNTY CHARTER SCHOOLS	OUT OF COUNTY CHARTER SCHOOLS	OTHER EDUCATIONAL ENTITIES	PRIVATE NON-PROFITS	GOVERNMENT ENTITIES	OTHER ENTITIES/ UNAFFILIATED
Overall Agency	19	25	601	58	35	523	564	347
Adult Education	12	2	0	0	1	0	0	0
Business Services	19	15	6	0	1	3	6	2
CASE for Kids	15	3	6	0	23	102	8	41
Center for Grants Development (CGD)	25	42	29	1	124	317	57	281
Center for Safe and Secure Schools (CSSS)	23	8	3	0	6	2	9	2
Choice Partners	25	572	32	31	243	139	497	21
Digital Education & Innovation	3	0	0	0	0	0	0	0
Educator Certification & Advancement (ECA)	20	21	9	1	15	3	3	8
Head Start	9	0	0	0	0	0	0	0
Records Management	19	10	13	2	6	1	19	0
Research & Evaluation Institute (REI)	13	2	6	0	5	2	3	1
School-Based Therapy Services	15	17	3	0	1	0	0	0
Schools: AB East	15	10	1	0	0	0	0	0
Schools: AB West	8	6	3	0	0	0	2	0
Schools: Highpoint	10	1	1	0	0	0	0	0
Schools: Fortis Academy	7	0	0	0	0	0	0	0
Teaching and Learning Center	25	31	5	0	8	3	8	1

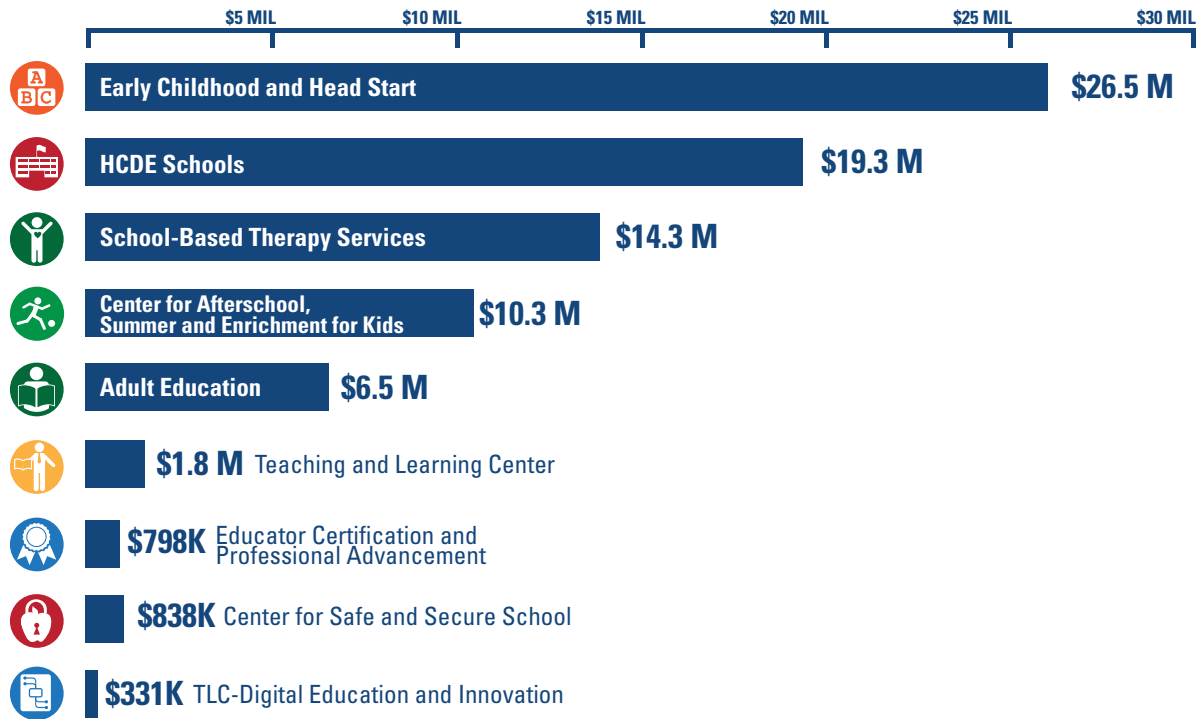
During 2018-2019, 17 external serving divisions of Harris County Department of Education (HCDE) served a total of 2,524 different entities, ranging from 3 up to 1,560 per division. Of the total entities, 157 or 6.2% were faith-based. Divisions also served a total of 105,895 students directly; 47,931 students indirectly; 47,855 teachers and educators; and 8,961 support clients, which combined results in an overall total of 210,642 individuals served. Additionally, the Facilities division prepared room set-up for 86,950 visitors to the main building located at 6300 Irvington Boulevard. Choice Partners serves multiple users per entity: For purposes of this report, we cite the number as one to depict one group of users per organization.

## ECONOMIC IMPACT TO ISDs

### HCDE Services Provided to All Harris County School Districts 2018 - 2019



#### Direct Support



#### Support Services to Districts

- Records Management: **\$3.2 M**
- Choice Partners Cooperative: **\$41.8 M**

Choice Partners provides contract procurement and management services, saving Harris County school districts time and money when they access legal, competitively bid contracts already awarded by HCDE's governing board.

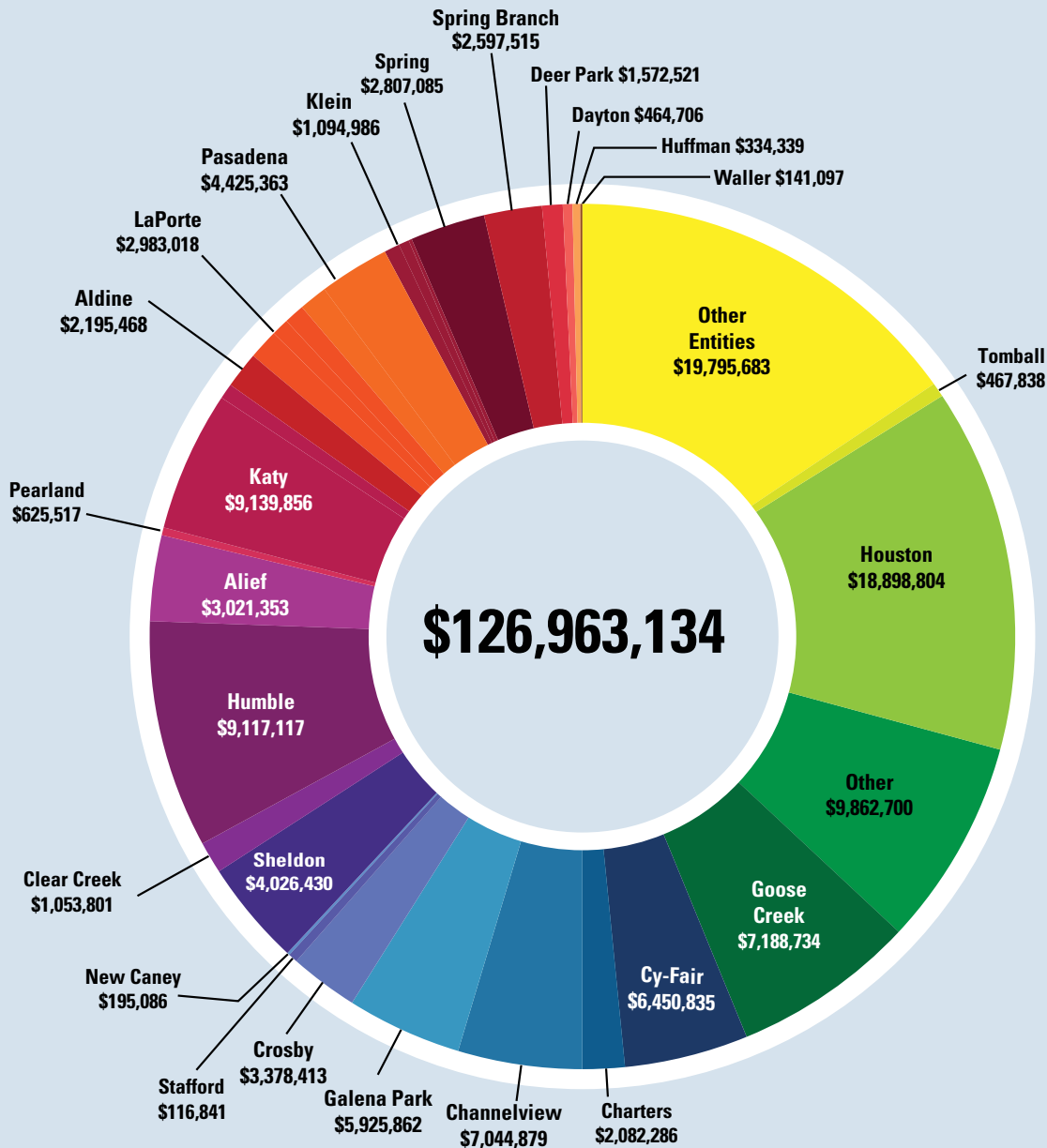
**153,826**  
STUDENTS SERVED

**56,816**  
TEACHERS AND EDUCATORS SERVED

Dollar amounts represent unaudited financial data for the 2018/19 fiscal year. Due to the delivery of services between fiscal years, numbers do not total.

# 2018-2019 POPULAR ANNUAL FINANCIAL REPORT

## ECONOMIC IMPACT TO ISDs



All HCDE Services are highlighted in HCDE's Popular Annual Financial Report (PAFR) and Service Catalog. Note: Other entities include cities, counties, MUDs, not for profit entities, the state, colleges and universities, and other governmental entities.

*\*Note: Other entities include municipalities, county governments, not-for-profit organizations, and institutions of faith.*

HCDE maximizes tax resources to provide an economic impact to ISDs at a ratio of \$5.51 to \$1. Absent HCDE's investment of resources, Harris County school districts would be required to generate more than \$129 M to replace the services at an average local tax rate of 1 to 34 cents on their maintenance and operation rate. (ISDs may not have the ability to increase their rate due to statutory limitations.)

# 2018-2019 POPULAR ANNUAL FINANCIAL REPORT

## PROGRAMS AND SERVICES

**CENTER FOR AFTER-SCHOOL, SUMMER AND EXPANDED LEARNING | 12,351 STUDENTS SERVED IN FY 2018-2019**  
**713.696.1331**

HCDE's CASE program provides quality after-school programming in 42 after-school sites across greater Harris County, serving over 17,000 students in elementary grades through high school.

### ***Did you know?***

Over the past 10 years, CASE has raised over \$86 million from funding sources including the Texas Education Agency (TEA), Texas Workforce Commission (TWC), Houston Endowment, and the Education Foundation of Harris County. Most of these dollars are then passed on to community partners who operate the programs in our neighborhood schools.

- CASE has been providing quality after-school programming to the youth of Harris County since 1999.
- CASE's mission is to strengthen, support, and sustain quality after-school programming for all children.



**ADULT EDUCATION | 10,295 STUDENTS SERVED IN FY 2018-2019**  
**713.696.6216**

HCDE's Adult Education division provides exceptional adult education services to all adults desiring to improve their basic skills in order to obtain a job or advance a career. Obtaining such skills usually leads to the students' active participation in their communities as well as the ability to help educate their children.

### ***Adult Education services include but are not limited to:***

- Preparation for the Texas High School Equivalency Exams
- Adult Basic Education (Grade equivalent 1-8)
- Adult Secondary Education (Grade Equivalent 9-12)
- Workforce development programs and opportunities



### ***English as a Second Language (ESL) is another essential program offering and is delivered in the following sections:***

- Levels 1-6 (Beginning Literacy ESL to Advanced ESL)
- English Language Civics
- Citizenship
- Workplace ESL

### ***Did you know?***

- HCDE provides Adult Education services in 15 school districts: Alief, Channelview, Cleveland, Cy-Fair, Deer Park, Galena Park, Goose Creek, Houston, Katy, Klein, Liberty, Pasadena, Sheldon, Spring Branch, and Dayton.
- HCDE's Adult Education division operates two learning centers, one in Houston and the other in Baytown.
- We teach over 600 classes a year and we employ 260 employees (mostly part-time staff) to provide these services.
- Plus, we offer services in 51 other sites around Harris County in schools, churches, and in other community-based venues.

# 2018-2019 POPULAR ANNUAL FINANCIAL REPORT

## PROGRAMS AND SERVICES

**HCDE SCHOOLS | 816 STUDENTS SERVED IN FY 2018-2019**  
**713.696.8218**

HCDE Schools currently serve 25 school districts in Harris and surrounding counties. The four campuses provide highly-specialized programs for students from ages 5-22. Our campuses provide alternative pathways for student success.

The two Academic and Behavior (AB) schools serve special education students placed by the Admission, Review and Dismissal (ARD) committees from their home districts. The students have been identified with intellectual or developmental disabilities or are labeled Emotionally Disturbed. Each classroom is staffed with a highly qualified, certified teacher and an educational aide who work with up to six students. Small class sizes offer students individualized or small group instruction to develop their academic and social skills to their full potential.

A Highpoint school serves students who have been placed by their home districts for violations of the district's Student Code of Conduct or Chapter 37 of the Texas Education Code. The Highpoint school serve students in grades six through twelve. Each classroom is staffed with a highly qualified, certified teacher who works with up to 15 students in each class. Academics, credit recovery, and social skills are the emphasis in the curriculum provided to the Highpoint students.

The Highpoint campus provide students the opportunity, through alternative pathways, to return to their home campuses and districts to be successful. With dedicated staff, caring environments, structured programming, and a strong transition program, our students are able to successfully re-integrate into their home districts.

The Department created the Fortis Academy, which serves students with substance abuse problems and those seeking recovery assistance. A development plan was prepared to identify the program need, feasibility and financing. Information on recovery schools was collected for the study.



### ***Did you know?***

- Our curriculum is aligned with the Texas Essential Knowledge and Skills (TEKS).
- High school students are able to recover or accelerate the acquisition of credits to graduate.
- A strong social skills program teaches self-discipline, decision-making skills, and personal responsibility for students to own and solve their own problems.
- A transition program, with targeted goals, provides support for the student, parents, and home campus staff upon the student's return to ensure success at the home campus.



# 2018-2019 POPULAR ANNUAL FINANCIAL REPORT

## PROGRAMS AND SERVICES

### SCHOOL-BASED THERAPY SERVICES | 7,739 STUDENTS SERVED IN FY 2018-2019 713.696.8232

Our School-Based Therapy Services division has a staff of over 150 occupational therapists, occupational therapist assistants, physical therapists, physical therapist assistants and music therapists who serve school-aged children who are challenged by autism, intellectual disabilities, orthopedic impairments, learning disabilities, attention deficit disorder, and/or auditory or visual impairments.



Our staff also provide training to parents, volunteers, educators, and community healthcare professionals. We partner with colleges and universities to assist in creating a new generation of specialists to serve children with disabilities. We provided training and assistance to 6,915 teachers/educators in 2018-2019.

Our services include evaluation, intervention, problem-solving, and training. We also offer management consulting, program evaluation and staff development/training to our school districts and charter schools.

### *Did you know?*

- Division therapists provided 19,041 days of service to students in and around Harris County who needed occupational therapy, physical therapy, and/or music therapy.
- Our services are paid for primarily through contracts from districts and programs on a fee-for service basis.
- Our staff travel to schools, homes, jobsites, or wherever students are receiving their education.

### **Our School-Based Therapy staff:**

- Problem-solves to remove barriers so that children with disabilities can achieve and participate alongside their peers;
- Fosters social/emotional health through play-based activities and curriculum;
- Assists with transition planning and helps students acquire the skill set needed to succeed after graduation;
- Supports teachers by helping them understand how a student's disability affects their participation and success in the classroom; and
- Works with students and trains teachers to help students improve their mobility, self-help, behavior, attention, and other skills needed to be successful at school.

### CENTER FOR SAFE AND SECURE SCHOOLS 713.696.2127

Our Center for Safe and Secure Schools division offers a wide array of services to ensure that students in Harris County are as safe as can be. The division works with districts and campuses by providing safety audits, emergency operations plan assistance, training on a broad spectrum of topics related to school safety and security, as well as certification assistance.



# 2018-2019 POPULAR ANNUAL FINANCIAL REPORT

## PROGRAMS AND SERVICES

### HEAD START | 1,604 STUDENTS SERVED IN FY 2018-2019 713.694.6300

Head Start is a federally-funded program for preschool children from low-income families, and HCDE operates 15 Head Start locations. Children who attend Head Start participate in a variety of educational activities. They also receive free vision, hearing, nutrition, and developmental screenings; eat healthy meals and snacks; and enjoy age-appropriate play, both indoors and outdoors in wholesome settings.

Head Start helps all children succeed. Services are offered to meet the special needs of children with disabilities. Children in Head Start are between the ages of three and five years.



### *Did you know?*

- Our Head Start division provides services to children and families in at least 43 zip codes in east Harris County.

### TEACHING AND LEARNING CENTER | 99,142 STUDENTS SERVED IN FY 2018-2019 713.696.8200

The Teaching and Learning Center (TLC) simply improves student achievement by assisting teachers, principals, and support personnel with their professional development needs. Our TLC staff advances teaching and learning through customized curriculum development, course implementation and alignment assistance, as well as through a wide array of other proven programs, services, and techniques that help students achieve.

#### **We offer support to schools in the following core areas:**

- English/Language Arts
- Mathematics
- Science
- Social Studies

#### **Other areas include:**

- Elementary Art
- Behavior Management
- Bilingual/ESL
- Digital Learning
- Early Childhood
- Gifted and Talented
- The Scholastic Art and Writing Awards



# 2018-2019 POPULAR ANNUAL FINANCIAL REPORT

## PROGRAMS AND SERVICES

### COOPERATIVE PROGRAMS

Choice Partners Cooperative offers quality, legal procurement and contract solutions to meet government purchasing requirements.

***Choice Partners includes:***

- Facilities planning and facility contracts to meet needs for remediation, renovation, and remodeling;
- Supplies and service contracts, including a comprehensive school supply catalog;
- Food contracts for bread, dairy, grocery, produce, and cleaning products and equipment;
- Technology products, cloud services, software, consulting and resources for today's electronic demands; and
- Energy contractors that help governmental entities exercise power over energy costs



Visit [www.choicepartners.org](http://www.choicepartners.org)

# 2018-2019 POPULAR ANNUAL FINANCIAL REPORT

## INDICATORS OF SUCCESSFUL BUSINESS OPERATIONS

**FY 2018-2019 was a successful year for HCDE.**

### **Key Financial Indicators:**

- 98.18% current tax collection rate
- Administered over \$31.7M in local, state, and federal grants including indirect cost
- Provided \$127M in economic benefits through cooperatives, grants, and fees for services, including professional development
- “Unmodified” opinion expressed by the independent auditors—which is the best kind of auditors’ opinion
- No “Findings” or “Questioned Costs” in the annual financial report
- Maintained a credit rating of “AAA” from Standard & Poor’s and “AAA” from Moody’s

### **AWARDS AND RECOGNITION FOR EXCELLENCE IN FINANCIAL REPORTING:**

Harris County Department of Education’s Comprehensive Annual Financial Report (CAFR) for the fiscal year ended August 31, 2018, was awarded the **Certificate of Achievement for Excellence in Financial Reporting** by the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.



In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our CAFR continues to conform to the Certificate of Achievement program requirements and we are submitting our CAFR for the current year to the GFOA.

The Government Finance Officers Association of the United States and Canada (GFOA) has issued an **Award for Outstanding Achievement in Popular Annual Financial Reporting** to Harris County Department of Education for its Popular Annual Financial Report for the fiscal year ended August 31, 2018. 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. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting a government unit must publish a Popular Annual Financial Report whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

Harris County Department of Education has also received the **Meritorious Budget Award** from the Association of School Business Officials International (ASBO) of the United States and Canada (GFOA) for the fiscal year 2018-19 budget document based on the highest quality that reflects the guidelines established by the national Advisory Council on State and Local Budgeting and GFOA’s best practices on budgeting.

# 2018-2019 POPULAR ANNUAL FINANCIAL REPORT

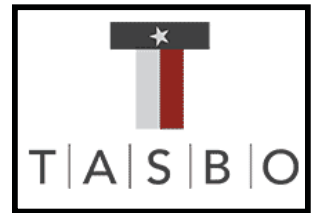
## INDICATORS OF SUCCESSFUL BUSINESS OPERATIONS

The **Distinguished Budget Preparation Award** is valid for a period of one year only. We believe our current budget presentation report continues to conform to the Distinguished Budget Presentation Award requirements, and we have submitted our fiscal year 2018-19 Budget Presentation to GFOA.



The **Texas Comptroller's Transparency Star Program Award** recognizes local governments across Texas that are striving to meet a high standard for online financial transparency by opening their books to the public, by providing clear, consistent pictures of spending, and by sharing information in a user-friendly format that helps taxpayers understand how their tax dollars are spent. HCDE has received the Platinum Member Leadership Circle award for six consecutive years. In FY 2019, the Department continued participating in the Texas Comptroller's Office Transparency Star's Program, and it has earned three stars for Traditional Finances, Contracts and Procurement and Debt obligations.

The HCDE Purchasing Division received the **Texas Association of School Business Officials (TASBO) Recognized Award of Merit for Purchasing Operations** provided to school districts and Education Service Centers statewide that are committed to following professional standards in the acquisition of goods and services. This is HCDE's ninth consecutive year receiving this award.



In FY 2019, the Department received another award for purchasing policies and practices from the National Purchasing Institute. This award was graded by a panel who reviewed the internal purchasing procedures.

Government Treasurers' Organization of Texas has awarded the **Certificate of Distinction** on its Investment Policy Certification Program to HCDE.



# 2018-2019 POPULAR ANNUAL FINANCIAL REPORT

## INDICATORS OF SUCCESSFUL BUSINESS OPERATIONS

### FY 2018-2019 REVENUE SOURCES

#### *HCDE accounts are organized on the basis of funds including:*

- The General Fund accounts for all revenues and expenditures not reported in another fund;
- The Special Revenue Funds account for specific revenue sources that are limited to being used for a particular purpose;
- The Debt Service Fund accounts for the payment of debt;
- The Capital Projects Fund (tracks the accumulation and use of resources for acquiring, constructing, and rehabilitating capital assets such as buildings);
- The Choice Partners Enterprise Fund - accounts for revenues and expenses dealing with the purchasing cooperative program; and
- The Internal Service Funds - accounts for revenues and expenses related to services provided to organizations inside the Department on a cost reimbursement basis. The Department's internal service funds include Workers' Compensation and Facility Charges.

#### LOCAL SOURCES

Local sources of revenue generated \$50,859,137, or 64 percent of total revenues. Local revenue sources include charges for services, property taxes, local grants, and miscellaneous revenues.

Charges for services are a significant source of revenue for the Department, and in fiscal year 2019, these constituted 27 percent of total revenues. Property taxes (what you, as a citizen, pay for supporting education in Harris County) accounted for 29 percent of total revenues. Other sources, including local grants and miscellaneous income, represented 8 percent of total revenues.

#### STATE SOURCES

State sources of revenue totaled \$3,289,156, or 4 percent, of total revenues. State revenues decreased this year by \$1,459,320 or 31 percent, over last year, mainly due to a decrease in state funded grants.

#### FEDERAL SOURCES

Revenues from federal sources constituted \$25,623,352, or 32 percent, of total revenues. These federal sources include grants for the Adult Education, Center for After-School, Summer and Extended Learning, and Head Start programs, and various non-major governmental funds. Federal revenues showed an increase of \$728,321, or 3 percent, from last year, mainly due to additional federal funding.

#### OTHER GOVERNMENTAL SOURCES

The \$3.2M difference between total revenues of \$79M on page 26 and total expenditures of \$83M on page 27, will decrease the Department's fund balance.

# 2018-2019 POPULAR ANNUAL FINANCIAL REPORT

## HCDE FINANCIAL STRENGTH AND EFFICIENCY INDICATORS

AS OF AUGUST 31, 2019

Financial Strength Ratio GF Fund Balance to Total Governmental Expenditures		Debt to Income Ratio What is the ability of HCDE to cover its debt payments?	
Unassigned Fund Balance:	<b>\$20,930,182</b>	Annual Principal and Interest Payments on Long Term Debt and Capital Leases:	<b>\$3,149,496</b>
Total governmental Expenditures:	<b>\$79,771,645</b>	G/F Revenue Less Facility Charges:	<b>\$47,285,410</b>
Goal:	> 30% of G/F Exp.	Goal:	<25% of annual revenue
Benchmark:	10% to 29%	Benchmark:	25% to 49%
Critical:	Under 10%	Danger:	Over > 50%
<b>26%</b>		<b>6.7%</b>	

G/F-General Fund

Unassigned Fund Balance – Funds not yet restricted, committed or assigned

Total Department Expenditures include G/Funds, Special Revenue Funds, and Other Governmental Funds

## HCDE EFFICIENCY INDICATORS

Tax Revenue to Total Revenue Ratio How efficient is HCDE at leveraging local taxes?		Fee for Service Revenue Ratio How are revenues spread across All Funds?	
Total Tax Revenue:	<b>\$23,051,892</b>	Total Fee for Service Revenues (GF) and Choice Partners	<b>\$21,053,073</b>
Total Revenue:	<b>\$88,161,319</b>	Total Revenues	<b>\$88,161,319</b>
Goal:	< 20% of revenue	Goal:	> 30% of annual revenue
Benchmark:	20% to 33%	Benchmark:	10% to 29%
Danger:	More than 33%	Danger:	Under 10%
<b>26%</b>		<b>24%</b>	

Rounded

HCDE is a model for maximizing dollars by using non-duplicative infrastructure to attract administrative grants while maintaining a strong financial position as evidenced by strong bond ratings and reserves as well as transparent operations.

# 2018-2019 POPULAR ANNUAL FINANCIAL REPORT

## GENERAL FUND - TAX REVENUE

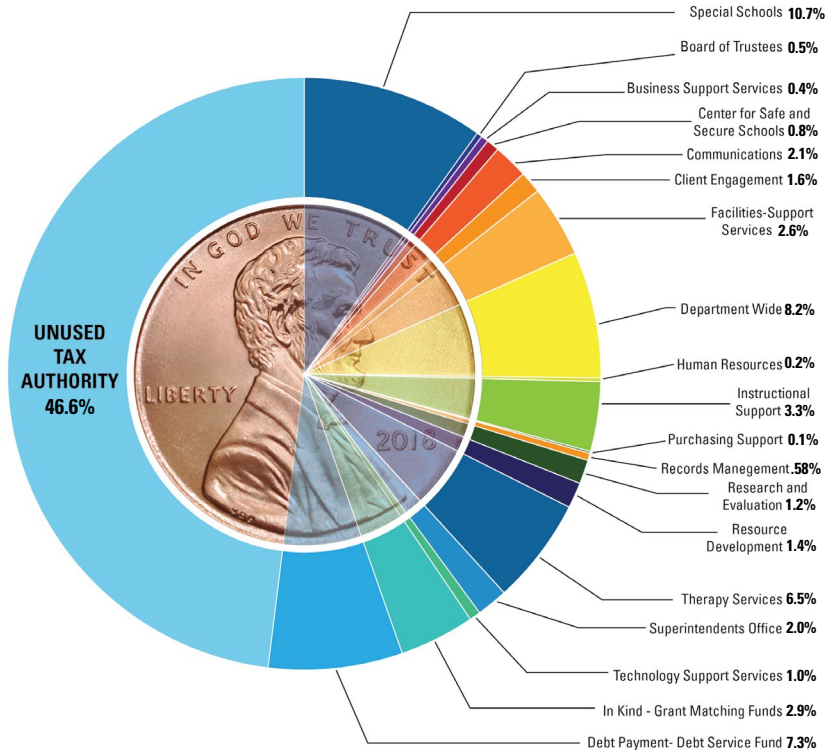
### HCDE PROPERTY TAX USE - BY DIVISION

For the year ended  
August 31, 2019  
**\$23,028,165**

**Note:** Divisions generate fees and other revenues to offset program costs. The tax allocation for each division on this chart is for the property tax distributed to each division based on need in order to deliver the services to the school districts. In addition, grant funded programs also require administrative support from technology, facilities, business, and human resources in order to implement their mission.

### HCDE Property Tax Use - By Division For the year ended August 31, 2019 **\$23,028,165**

Without indirect cost subsidy allocation



HCDE Division	Amount	HCDE Division	Amount
AB East	945,303	Human Resources	106,128
AB West	516,763	The Teaching & Learning Center	499,839
Adult Education Program (Matching Funds)	16,572	Purchasing Support Services	54,775
Education Certification	432,271	Records Management Services	250,377
Assistant Superintendent - Academic Support	312,193	Research & Evaluation	536,298
Assistant Superintendent - Education & Enrichment	313,290	Resource Development	612,990
Board of Trustees	195,823	Retirement Leave Benefits	130,249
Business Support Services	175,444	Scholastic Arts Program	122,621
Center for Safe & Secure Schools (CSSS)	356,557	Special Education-Therapy Services	2,640,955
Digital Education/Digital Learning	58,824	Special Schools Administration	624,982
Communications	907,090	Superintendent's Office	565,700
Client Engagement	700,137	Technology Support Services	355,761
CASE After School Program (In Kind)	667,359	Technology Administration	19,246
Department Wide	3,403,745	Transfers out (pass through monies for programs):	
Chief of Staff	296,380	In Kind-Matching Funds-CASE Afterschool Program Fund	550,787
Reserved Fund Balance for Future Projects & Debt		PFC Debt Payment-Debt Service Fund	2,458,367
Facility - Construction Services	1,080,423	QZAB Debt Payment-Debt Service Fund	690,255
Head Start	4,558	Fortis Academy	1,182,648
Highpoint East	1,199,021	<b>TOTAL ALL DIVISIONS</b>	<b>23,028,165</b>

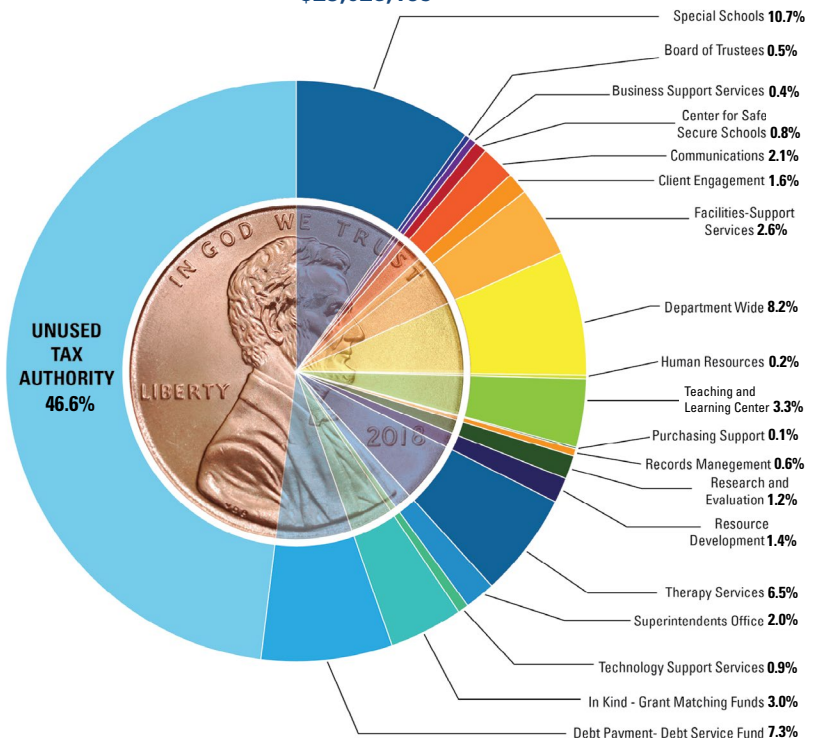


# 2018-2019 POPULAR ANNUAL FINANCIAL REPORT

## GENERAL FUND - TAX REVENUE

The property taxes distributed to the Business Services, Human Resources, Purchasing and Technology departments (\$4.6 million) were allocated to the other divisions as an indirect cost subsidy based on the percentage of total general fund expenditures.

**HCDE Property Tax Use - By Division**  
For the year ended August 31, 2019  
**\$23,028,165**



HCDE Division	Amount	HCDE Division	Amount
AB East	945,303	Human Resources	106,128
AB West	516,763	The Teaching & Learning Center	499,839
Adult Education (Matching Funds)	16,572	Purchasing Support Services	54,775
Education Certification	432,271	Records Management Services	250,377
Assistant Superintendent - Academic Support	312,193	Research & Evaluation	536,298
Assistant Superintendent - Education & Enrichment	312,290	Resource Development	612,990
Board of Trustees	195,823	Retirement Leave Benefits	130,249
Business Support Services	175,444	Scholastic Arts Program	122,621
Center for Safe & Secure Schools (CSSS)	356,557	Special Education- Therapy Services	2,640,955
Digital Education/Digital Learning	58,824	Special Schools Administration	624,982
Communications	907,090	Superintendent's Office	565,700
Client Engagement	700,137	Technology Support Services	355,761
CASE After School Program (In Kind)	667,359	Technology Administration	19,246
Department Wide	3,403,745	Transfers out (pass through monies for programs):	
Chief of Staff	296,380	In Kind- Matching Funds- CASE After School Program Fund	550,787
Facility Expenditures	48,992	PFC Debt Payment- Debt Service Fund	2,458,367
Facility - Construction Services	1,080,423	OZAB Debt payment - Debt Service Fund	690,255
Highpoint East	1,199,021	Fortis Academy	1,182,648

**TOTAL ALL DIVISIONS \$23,028,165**

# 2018-2019 POPULAR ANNUAL FINANCIAL REPORT

## GENERAL FUND - TAX REVENUE

	FY 2018-19	FY 2017-18	FY 2016-17
<b>LOCAL SOURCES</b>			
Charges for Services	\$21,349,570	\$20,383,705	\$20,044,178
Property Taxes, Levied for General Purposes	23,051,885	22,514,793	21,751,923
Local Grants	5,288,251	4,766,262	5,454,945
Miscellaneous	1,169,431	892,026	170,480
<b>Total Local Sources:</b>	<b>50,859,137</b>	<b>48,556,786</b>	<b>47,421,526</b>
<b>STATE SOURCES</b>			
Grants-Restricted to Specific Program	780,488	2,352,287	2,260,853
TRS On-Behalf Payments	2,508,668	2,396,189	2,290,135
<b>Total State Sources:</b>	<b>3,289,156</b>	<b>4,748,476</b>	<b>4,550,988</b>
<b>FEDERAL SOURCES</b>			
Grants-Restricted to Specific Program	25,623,352	24,895,031	23,363,226
<b>TOTAL GOVERNMENTAL REVENUES:</b>	<b>\$79,771,645</b>	<b>\$78,200,293</b>	<b>\$75,335,740</b>

\*Governmental Funds include the General Fund, Special Revenues Funds, Capital Projects Fund and Debt Service Fund.

The revenues for FY2018-19 as compared to FY 2017-18 increased by \$1,571,352 or 2% mainly due to increase in fees for services resulting from increase in demand and increase in property tax collections derived from property value growth.

<b>MAJOR FUNDS</b>					
	GENERAL	HEAD START PROGRAM	PFC CAPITAL PROJECTS FUNDS	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>					
Local Sources	\$45,328,028	\$3,082	\$239,776	\$5,288,251	\$50,859,137
State Program Revenues	3,289,156	-	-	0	3,289,156
Federal Program Revenues	1,817,722	12,460,209	-	11,345,421	25,623,352
<b>TOTAL REVENUES</b>	<b>\$50,434,906</b>	<b>\$12,463,291</b>	<b>\$239,776</b>	<b>\$16,633,672</b>	<b>\$79,771,645</b>

<b>PROPRIETARY FUNDS</b>				
	CHOICE PARTNERS	WORKERS COMPENSATION	FACILITY CHARGES	TOTAL PROPRIETARY FUNDS
Revenues-Local Sources	\$8,389,674	\$252,083	\$5,106,152	\$13,747,909

# 2018-2019 POPULAR ANNUAL FINANCIAL REPORT

## FY 2018-2019 EXPENDITURES

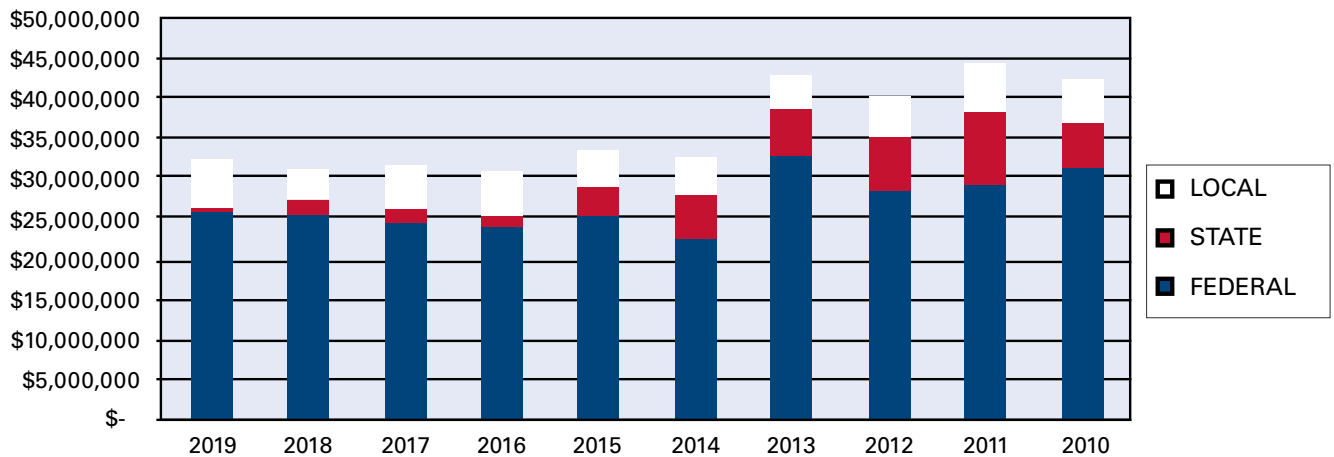
GOVERNMENTAL EXPENDITURES	FY 2018-19		FY 2017-18		FY 2016-17	
Adult Education Program	\$4,242,673	5.11%	\$4,926,751	5.94%	\$3,897,009	4.91%
Assistant Superintendents' Offices	567,780	0.68%	550,282	0.66%	534,595	0.67%
Board of Trustees	177,757	0.21%	128,396	0.15%	138,343	0.17%
Business Support Services	1,726,357	2.08%	1,733,238	2.09%	1,711,576	2.16%
Center for After-School, Summer and Expanded Learning	6,932,667	8.35%	7,415,860	8.94%	7,320,521	9.22%
Center for Safe & Secure Schools	617,861	0.74%	458,510	0.55%	647,093	0.82%
Center for Texas Grant Development (Resource Development)	558,705	0.67%	558,169	0.67%	550,918	0.69%
Communications & Client Engagement	1,458,957	1.76%	1,248,256	1.50%	1,215,481	1.53%
Department Wide	6,727,446	8.11%	6,051,002	7.29%	6,862,146	8.65%
Digital Learning	244,380	0.29%	406,107	0.49%	1,345,415	1.70%
Education Certification & Professional Advancement	588,579	0.71%	616,559	0.74%	673,465	0.85%
Education Foundation	-	0.00%	-	0.00%	9,812	0.01%
Facilities Support Services	1,025,227	1.24%	1,332,808	1.61%	730,324	0.92%
Head Start Program	19,314,914	23.27%	18,963,042	22.85%	17,455,114	21.99%
Human Resources	1,044,283	1.26%	998,178	1.20%	986,813	1.24%
Purchasing Support Services	538,986	0.65%	488,359	0.59%	487,590	0.61%
Records Management Services	1,917,340	2.31%	1,826,139	2.20%	1,557,380	1.96%
Research & Evaluation	560,157	0.67%	590,450	0.71%	575,247	0.72%
Retirement Leave Benefits	118,233	0.14%	124,832	0.15%	358,964	0.45%
Scholastic Arts & Writing Program	139,108	0.17%	99,932	0.12%	101,187	0.13%
School Based Therapy Services	10,550,740	12.71%	10,317,233	12.43%	9,701,864	12.22%
Chief of Staff	269,039	0.32%	239,431	0.29%	289,057	0.36%
Special Schools Program	14,996,466	18.07%	12,610,677	15.19%	11,657,915	14.69%
Superintendent's Office	513,510	0.62%	443,456	0.53%	445,967	0.56%
Technology Support Services	3,690,024	4.45%	2,860,974	3.45%	3,028,436	3.82%
The Teaching & Learning Center	1,324,710	1.60%	1,235,105	1.49%	1,229,426	1.55%
Debt Service:						
Principal on Long-Term Debt	2,886,429	3.48%	2,826,429	3.41%	2,781,428	3.50%
Interest on Long-Term Debt	263,067	0.32%	318,163	0.38%	352,303	0.44%
Bond Issuance Costs	-	0.00%	-	0.00%	234,162	0.30%
<b>Totals:</b>	<b>\$82,995,395</b>	<b>100.00%</b>	<b>\$79,368,338</b>	<b>95.63%</b>	<b>\$76,879,551</b>	<b>96.86%</b>

*The expenditures for FY 2018-19 as compared to FY 2017-18 increased by \$3,627,057 or 5% mainly due to additional funding in the Head Start and the Adult Education grants.*

# 2018-2019 POPULAR ANNUAL FINANCIAL REPORT

## FY 2018-2019 GRANTS

Grants are resources that are limited to being used for specific purposes by the grantor. During fiscal year 2018-19, HCDE received \$31,692,091 in revenues from local, state, and federal grants. This represents a one percent decrease of \$1,033,880 over fiscal year 2017-18. Below is a chart presenting the last ten years in grants for the Department.



	2019	2018	2017	2016	2015
<b>FEDERAL</b>	\$25,623,352	\$24,895,031	\$23,363,226	\$22,622,562	\$25,028,005
<b>STATE</b>	780,488	2,352,287	2,260,853	2,810,044	3,182,302
<b>LOCAL</b>	5,288,251	4,766,262	5,355,621	5,086,589	5,049,186
	<b>\$31,692,091</b>	<b>\$32,013,580</b>	<b>\$30,979,700</b>	<b>\$30,519,195</b>	<b>\$33,259,493</b>

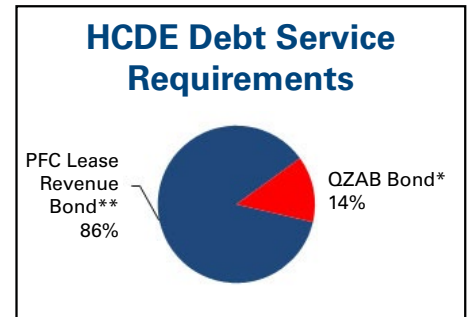
	2014	2013	2012	2011	2010
<b>FEDERAL</b>	\$22,547,986	\$32,855,796	\$28,329,457	\$30,146,813	\$31,919,181
<b>STATE</b>	4,710,852	5,713,001	6,841,825	7,253,451	5,034,166
<b>LOCAL</b>	4,653,717	4,417,941	4,966,634	6,693,136	5,124,748
	<b>\$31,912,555</b>	<b>\$42,986,738</b>	<b>\$40,137,916</b>	<b>\$44,093,400</b>	<b>\$42,078,095</b>

# 2018-2019 POPULAR ANNUAL FINANCIAL REPORT

## DEBT

Harris County Department of Education debt service requirements of bonds and notes are payable from future revenues consisting of school contracts. These bonds and notes were issued as three through 17-year bonds and notes, with varying amounts of principal maturing each year. The Department is in compliance with all significant limitations and restrictions. Effective interest rates on currently outstanding lease revenue bonds range from 2.4 to 5.75 percent. The QZABs have a zero interest rate. The Department has never defaulted on any principal or interest payments.

Years Ended August 31	Principal	Interest	Total Requirements
2020	2,255,000	211,182	2,466,182
2021	2,305,000	162,614	2,467,614
2022	2,350,000	113,032	2,463,032
2023	2,395,000	62,479	2,457,479
2024	720,000	30,912	750,912
2025-2029	1,480,000	24,864	1,504,864
<b>TOTALS</b>	<b>\$11,505,000</b>	<b>\$605,083</b>	<b>\$12,110,083</b>



Annual debt service requirements to maturity for lease revenue bonds, QZABs, and maintenance tax notes are as follows:

Debt principal at August 31, 2019 is comprised of the following individual issues:

<b>PFC**</b>	<b>\$11,505,000</b>
<b>QZAB</b>	<b>1,805,713</b>
<b>Total</b>	<b>\$13,310,713</b>

Series	Bond Type	Original Issue	Interest Rates	Maturity Dates	Beginning Balance	Additions	Reductions	Amount Outstanding
2014	LEASE REVENUE REFUNDING	9,635,000	2.40%	2/15/2023	6,280,000	-	(1,090,000)	5,190,000
2015	LEASE REVENUE REFUNDING	4,255,000	4.13-5.75%	2/15/2023	1,735,000	-	(435,000)	1,300,000
2016	LEASE REVENUE BOND	7,000,000	1.68%	2/15/2026	5,690,000	-	(675,000)	5,015,000
2009A	QZAB *	6,320,000	0.00%	8/31/2023	2,257,142	-	(451,429)	1,805,713
2009B	TAX NOTES	2,000,000	3.00-4.00%	2/15/2019	235,000	-	(235,000)	-
<b>Totals</b>					<b>16,197,142</b>	<b>-</b>	<b>(2,886,429)</b>	<b>13,310,713</b>
<b>Plus: Issuance amounts</b>					<b>20,356</b>	<b>-</b>	<b>(9,693)</b>	<b>10,663</b>
<b>Totals-Bonds Payable at Maturity Value</b>					<b>\$16,217,498</b>	<b>\$0</b>	<b>(\$2,896,122)</b>	<b>\$13,321,376</b>

\* QZAB = Qualified Zone Academy Bonds

\* \*PFC = Public Facility Corporation

# 2018-2019 POPULAR ANNUAL FINANCIAL REPORT

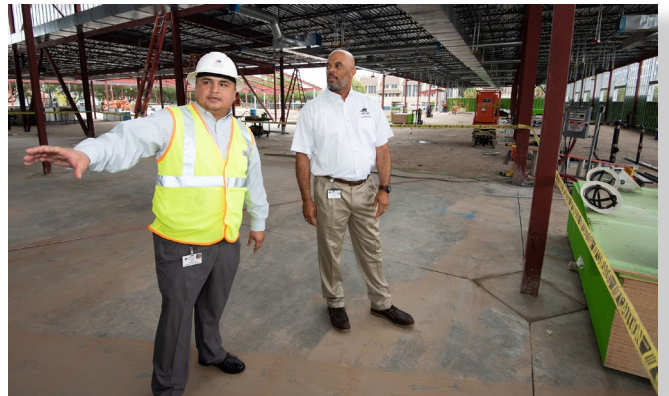
## CAPITAL PROJECTS

### CAPITAL PROJECTS FUND

The HCDE Capital Projects Fund account, on a project basis, for projects financed by the proceeds of bond issues, QZAB bonds, and maintenance tax notes, or for capital projects otherwise mandated to be accounted in this fund.

### LEASE REVENUE BONDS

In January 2006 the HCDE PFC issued lease revenue bonds-Series 2006A, 2006B, and 2006C. The bonds are earmarked for the purchase and renovation of a facility for administrative offices, meeting rooms, warehouse, records storage, and printing; and the construction of new ABC and High Point schools. Bond money will also be spent on furnishing and equipping the new facilities. In February 2014, a portion of the 2006A Bond was refunded with series 2014 Refunding. In January 2015, the remaining portion of the 2006A Bond and the 2006B Bond were refunded with series 2015 Refunding. In October 2016 the HCDE PFC issued lease revenue bonds-Series 2016. The bonds are earmarked to fund the acquisition of property and the construction, improvements and equipment for new ABS West campus.



### QUALIFIED ZONE ACADEMY BONDS (QZAB)

In May 2009 the HCDE PFC issued qualified zone academy bonds-Series 2009A. In 1997 The U. S. Congress enacted the Tax Payer Relief Act which authorized Qualified Zone Academy Bonds, allowing qualifying schools and communities to borrow at little or no interest cost. The bonds are earmarked for the energy renovation, furnishing, and equipping of HCDE schools.



Harris County  
Department of  
**Education**

#HCDEImpact  
[www.hcde-texas.org](http://www.hcde-texas.org)



**Head Start**  
1,604 Students



**School-Based  
Therapy Services**  
7,739 Students



**HCDE Schools**  
816 Students



**Afterschool Programs**  
12,351 Students



**Adult Education**  
10,295 Students

*Numbers above reflect FY2019*

## Serving special populations in Texas' largest county

- **Head Start:** Teachers in our Head Start centers in east and northeast Harris County prepare low-income or developmentally delayed pre-school age children for kindergarten.
- **School-Based Therapy Services:** Students needing special learning accommodations are helped by our occupational therapy, physical therapy and music therapy specialists, who serve nearly 8,000 students annually at their home campuses.
- **Specialized Schools:** Districts contract with us to provide specialized environments and a low student-to-teacher ratio to educate students with unique needs. Teachers at our Academic and Behavior schools educate students with intellectual and developmental disabilities. Our Highpoint schools offer a safe and highly structured learning environment to adjudicated or expelled youth in grades 6–12.
- **Afterschool Programs:** CASE for Kids (the Center for Afterschool, Summer and Enrichment for Kids) provides quality support for out-of-school time programs (before and after school, weekends and summer), including grant funding, training and materials.
- **Adult Education:** HCDE offers adult learners the opportunity to learn English, earn their GEDs, and train for the workforce. Our classes are located in schools, churches, businesses and community centers across Harris County.



Harris County Department of Education helps school districts in the state's largest county meet the needs of uniquely challenged learners, directly serving students at their schools or one of four HCDE-operated campuses across the county.

For five consecutive years, HCDE has reduced its tax rate below the effective tax rate and now collects less than one-half of one penny—approximately \$8.50 a year for the average homeowner. This provides operational efficiencies for the 25 area school districts in Harris County at a lower cost to taxpayers than it would cost if the districts provided the services separately.



Harris County  
Department of  
**Education**

6300 IRVINGTON BOULEVARD | HOUSTON, TEXAS 77022 | 713-694-6300  
[www.hcde-texas.org](http://www.hcde-texas.org)



Government Finance Officers Association

**Award for  
Outstanding  
Achievement in  
Popular Annual  
Financial Reporting**

Presented to

**Harris County Department of Education  
Texas**

For its Annual  
Financial Report  
for the Fiscal Year Ended

**August 31, 2018**

*Christopher P. Morrill*

Executive Director/CEO





The information contained in this Popular Annual Financial Report is presented in conformity with GAAP was compiled by the Business Services division and produced by the Communications and Creative Services division. Individuals wishing to review the full disclosure financial statements and obtain a copy should refer to Harris County Department of Education's Comprehensive Annual Financial Report (CAFR), which is available online at the HCDE website at [www.hcde-texas.org](http://www.hcde-texas.org).

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.

