

FISCAL YEAR



Harris County  
Department of  
**Education**

2021

2022

BOARD

BUDGET

BOOK

SECOND  
WORKSHOP  
July 21st, 2021





## **Superintendent's Proposed Annual Budget**

For Fiscal Year  
September 1, 2021 through August 31, 2022

**Prepared by  
Business Services Division**

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**6300 Irvington Blvd.,  
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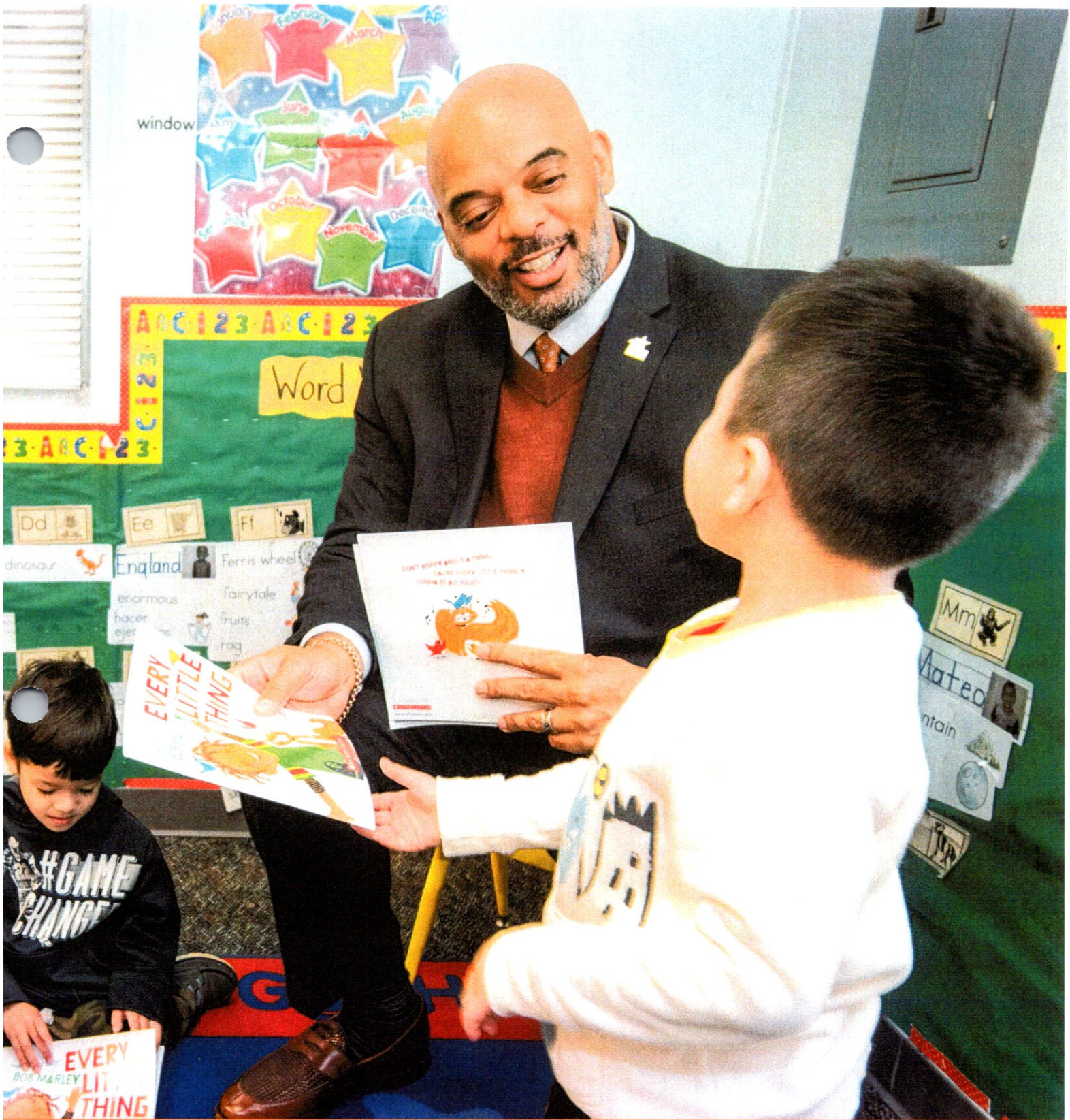
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## I.- PROPOSED BUDGET





July 21<sup>st</sup>, 2021

Members of the Board of Trustees  
Harris County Department of Education

6300 Irvington Boulevard  
Houston, Texas 77022

Dear Trustees:

We are pleased to present the Harris County Department of Education's (the Department or "HCDE") Annual Budget for fiscal year 2021-2022. This budget presents the Department's financial and operations plan.

### Introduction

In accordance with State requirements, we are presenting our projected budget to the Board of Trustees and to the Harris County community. We encourage you and our citizens to engage in positive dialogue in fine tuning our budget proposal. Given the limited resources, our staff has developed a financial plan for the 2021-2022 General Fund, Debt Service Fund, Enterprise Fund, Capital Projects Fund, and Internal Service Fund Budgets. The development, review, and consideration of the 2021-2022 budget were completed with a detailed review of every revenue and expenditure item within the context of the Department's mission, goals, and financial policies. This document provides information on each of the fund budgets. In addition, we also provide information about our projected grants, which are accounted as Special Revenue Funds.

The primary purpose of this document is to provide timely and useful information concerning the past, current, and projected financial status of the Department, to facilitate financial decisions that support the educational goals of the Department. This budget's focus is the improvement of HCDE divisions with the fiscal resources available to the Department. This budget addresses the essential needs of the Department by directing resources to those areas that will assist our staff in carrying out the mission of HCDE.

With this budget, we are continuing to use our performance-based budgeting model. Our conservative process focuses on evaluating programs and initiatives for efficiencies while considering current resources. Moreover, two variables are then reviewed during our SWOT Analysis Review (Strengths, Weaknesses, Opportunities & Threats Analysis), which includes (1) to determine the fee structure for our clients and the (2) level of taxation based on the property values projected to be received from the Harris County Appraisal District.

**James Colbert, Jr.**  
County Superintendent

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## **Budget Process and Significant Changes**

### **Legal Requirements in Preparing the Budget**


The Texas Education Code requires that a local education agency prepare a budget of anticipated expenditures and revenues on or before August 20<sup>th</sup>. The Board is required to adopt a budget before August 31<sup>st</sup>. The budget must be itemized in detail according to classification (object) and purpose of expenditure (function) and be prepared according to General Accepted Accounting Principles.

The budget must be legally adopted before the adoption of the tax rate. The president of the Board of Trustees must call a public meeting of the Board of Trustees giving ten days public notice in a newspaper for the adoption of the budget. Any taxpayer within the Department's taxing authority, may be present and participate in the meeting. The budget must be adopted by the Board of Trustees, inclusive of budget amendments no later than August 31<sup>st</sup>.

### **Budget Development Process**

The budget development process comprises three stages: planning, preparation, and evaluation. The first phase, planning, involves defining the mission, goals, and objectives of campuses, divisions, and the Department. This initial phase took place from September 2020 and lasted until the middle of January 2021.

Once these plans and programs have been established, the preparation phase of budgeting begins by allocating resources to support them. This phase took place the second quarter 2021 with several training sessions. Every division started assigning resources and gathering the data.




Evaluation is the last step of the Department's budget cycle, in which information is compiled and analyzed to assess the performance of each individual division and campus, as well as the Department as a whole. During April and May, the data was analyzed, organized, and summarized in the Board Budget Committee Workbook. After several meetings, evaluations, and adjustments, the Administration prepared a Board Budget Book that was presented to the Board Budget Committee during three hearings that will take place on June 15<sup>th</sup>, and July 14<sup>th</sup>, 2021.

The Human Resources Department played an important role assisting the Business Support Services in the budget process as they developed salary budgets utilizing established staffing guidelines. On July 21<sup>th</sup>, the Board of Trustees will be presented with a final proposal for adoption and to be implemented on September 1<sup>st</sup>, 2021.

### **Amending the Budget**

A budget is an estimate of planned expenditures and expected revenues. Many changes can take place between estimating for the proposed budget in March and April and the start of the new fiscal year in September. Program and operational changes will mean budget changes. These changes to the budget are made in the form of budget amendments. Any increase or decrease in the budget expenditures requires board approval. Changes to revenues also require budget adjustments before the end of the year. All other changes are submitted by divisions and campuses to the Business Support Services for review and processing.

### **COVID19 Impact**



On March 9, 2020, the Department was scheduled to go on Spring Break, and it was preparing to develop the budget projections for the next year, and the news of a widespread pandemic hit the Nation. The President of the United States declared an Emergency Disaster situation across the US, and in Texas, the Governor implemented a stay home mandate for the state. The Department staff did not return from the spring break, and everyone was asked to go on emergency leave pending guidance from the federal, state, and local authorities. Soon thereafter, the staff was asked to work from home and be available for



- a. Administration and Conference Center HVAC replacement for \$477,000.
  - b. Conference Center change in partitions for \$264,000, and
  - c. Replacement of Computers and IT Equipment for \$380,000.
10. A Star Re-Imagined Initiative was aimed at implementing pilot programs that will enhance the footprint of HCDE by rethinking the way we do things. For FY22 \$320,087 will be used across 10 divisions and 15 requests.
11. Planned one-time expenditures from the General Fund balance totaling \$3,201,303 as follows:
 

Debt Service Transfer for future payments- CIP Plan	\$610,216
Capital Improvement Plan - Buildings	741,000
Capital Improvement Plan - Equipment	380,000
Star Re-Imagined Program	320,087
Head Start Transfer	600,000
Education Foundation	400,000
Retirement benefit	150,000
Total fund balance capital expenditure appropriations	<u>\$3,201,303</u>
12. The budget is predicated on adopting a tax rate that will bring in more revenue to address revenue loss and implementation of new initiatives such as the campaign awareness and costs associated with talent recruitment and compensation plan starting at \$15 per hour. The estimated tax rate of \$.0049930 is proposed, and this is the same rate used last year and is expected to be below the voter-approval tax rate ("VAR"). Public hearings and notices will be required to adopt the tax rate. This rate is key to the funding of the operations plan for the current year.

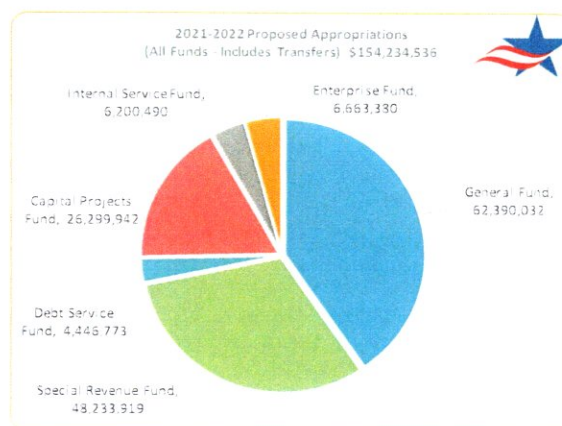
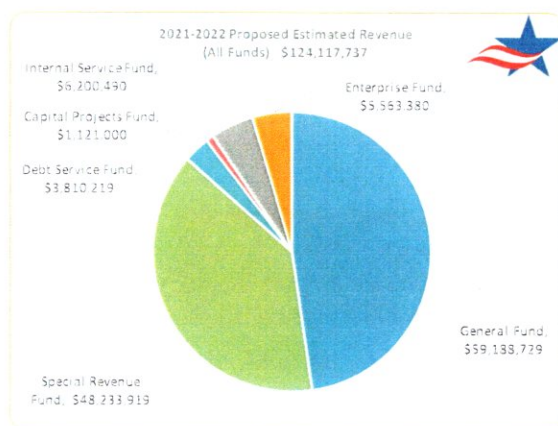
## Summary of Proposed Budgets

The Department utilizes Governmental, Proprietary, and Fiduciary fund types. The Department's Governmental fund types are comprised of General Funds, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds. The Proprietary Fund types include the Internal Service Fund and the Enterprise Fund. The Enterprise Fund includes the Choice Partners. The Fiduciary fund types include Agency Funds. It is important to note that the Department approves the annual budgets for the General Fund, Internal Service Fund, Debt Service Fund and Capital Project Funds. Agency (Custodial) Funds and Special Revenue Funds adopt project-length budgets which do not correspond to the Department's fiscal year end. As the notice of grant awards are received, these are presented for Board approval.



The following table presents a comparison of the estimated revenues, appropriations, other financing sources and uses, and beginning and ending fund balance of all governmental funds for fiscal year 2021-2022:

	Governmental				Proprietary		
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Internal Service Fund	Enterprise Fund	Total
Estimated Revenues (In flows)	\$ 59,188,729	\$ 48,233,919	\$ 3,810,219	\$ 1,121,000	\$ 6,200,490	\$ 5,563,380	\$ 124,117,737
Appropriations (Out flows)	56,940,944	48,233,919	4,446,773	26,299,942	6,200,490	2,608,968	144,731,036
Transfers Out	5,449,088	-	-	-	-	4,054,412	9,503,500
Total Appropriations and Other Uses (Out flows)	62,390,032	48,233,919	4,446,773	26,299,942	6,200,490	6,663,380	154,234,536
Appropriations (Out flows) from Fund Balance:	(3,201,303)	-	(636,554)	(25,178,942)	-	(1,100,000)	(30,116,799)
Projected Fund Balance Beg.	21,121,494	-	2,168,871	52,118,592	1,344,067	1,500,000	78,253,024
Projected Fund Balance End.	\$ 17,920,191	\$ -	\$ 1,532,317	\$ 26,939,650	\$ 1,344,067	\$ 400,000	\$ 48,136,225



The Department's Proprietary Funds are the Internal Service Fund and the Enterprise Fund. The Internal Service Fund consists of two funds: The Worker's Compensation Fund and the Facilities Support Charges. For the Worker's Compensation Fund, the Department participated in a partially self-funded pool, originally approved by the Board in the fiscal year 2005. Since 2016-2017, the Department moved to a fully funded program. Claims administration, loss control, and consultant services will be provided for by worker's compensation insurance company and a third-party administrator will handle the run-off claims from the previous self-insurance plan.



## Enterprise Fund – Choice Partners

The Enterprise Fund consist of the Choice Partners Fund which offers quality, legal, procurement and contract solutions to meet the purchasing needs of school districts and other governmental entities. The following table presents a comparison of the proposed fiscal year 2021-2022 revenues and expenditures for Choice Partners Fund with a comparison to fiscal year 2020-2021.

	Adopted Budget 2020-2021	Amended Budget 2020-2021	Proposed Budget 2021-2022
Operating Revenues (*)	\$ 5,728,380	\$ 5,728,380	\$ 5,563,380
Operating Expenses	2,801,140	2,801,140	2,608,968
Transfers Out	2,927,240	2,927,240	4,054,412
Total Operating Expenses and Other Uses	5,728,380	5,728,380	6,663,380
Projected Balance Beginning	1,500,000	1,500,000	1,500,000
Projected Balance Ending	\$ 1,500,000	\$ 1,500,000	\$ 400,000

(\*) Adopted and Amended Budget fiscal year 2020-2021 adjusted for additional \$500,000 Projected Revenue.

## Balanced Budget

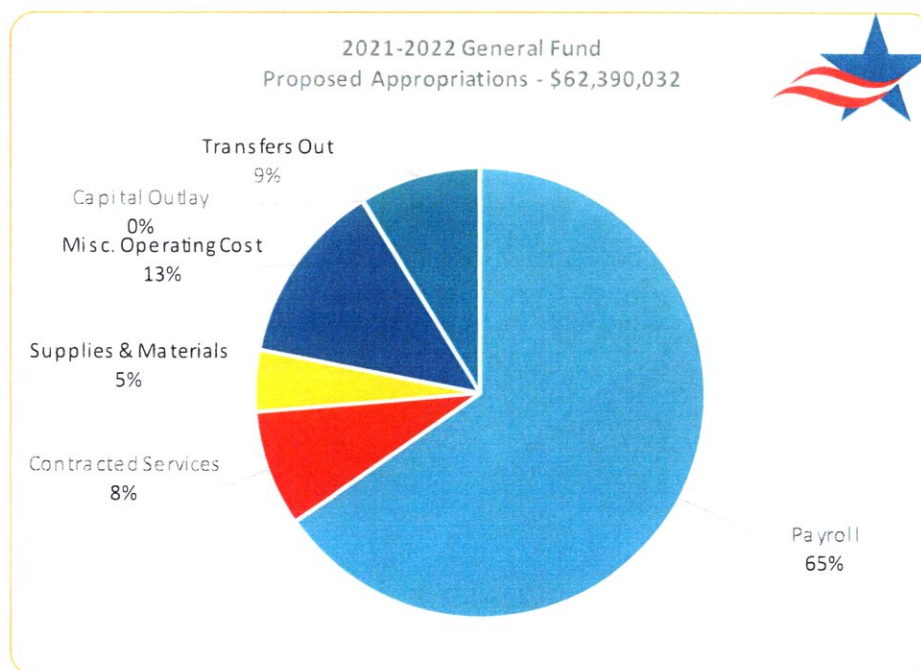
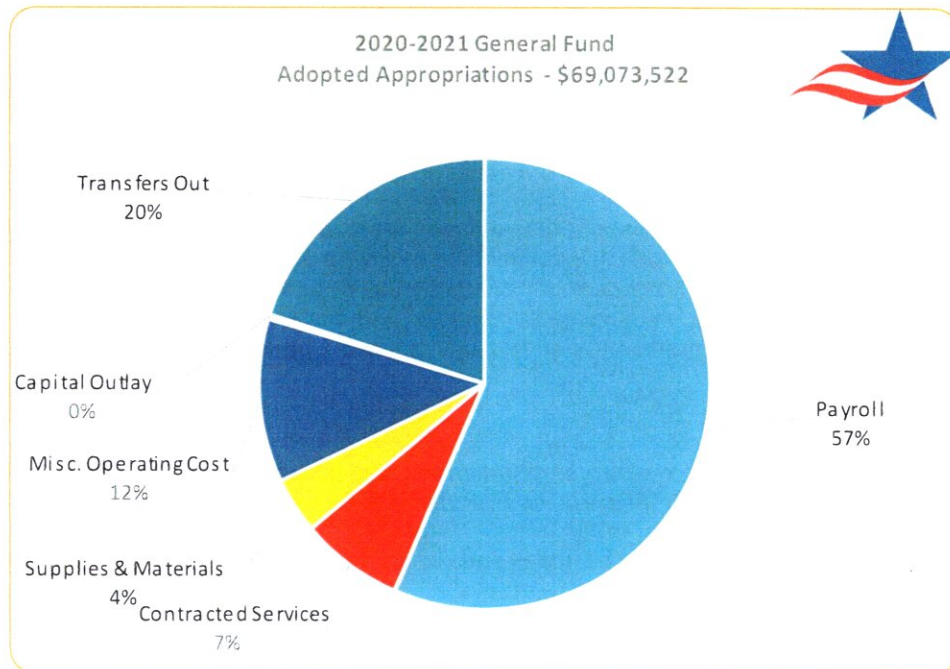
Per CE Local Policy, the operating budget requires a balanced budget. This means that for each fund, expenditures are not to exceed revenues plus projected one-time use fund balances. If the fund balance is used, this cost must be a one-time cost and not recurring (i.e., capital expenditures). The Department is projecting a balanced budget for fiscal year 2021-2022. Expenditures plus other financing uses total \$62,390,032. Revenues equal \$59,188,729. One-time costs total \$3,201,303, from which technology equipment totals \$380,000, Education Foundation program for \$400,000, construction projects total \$741,000, debt service payment from General Fund for \$610,216, Head Start transfer for \$600,000, Star Re-Imagined Campaign for \$320,087, and retirement benefits from Fund Balance for \$150,000. We believe that the budget represents a fiscally responsible and conservative approach to the needs of the Department within the available funds. The chart below shows a historical summary and forecast of the General Fund.

## General Operating Fund Summary (Trend)

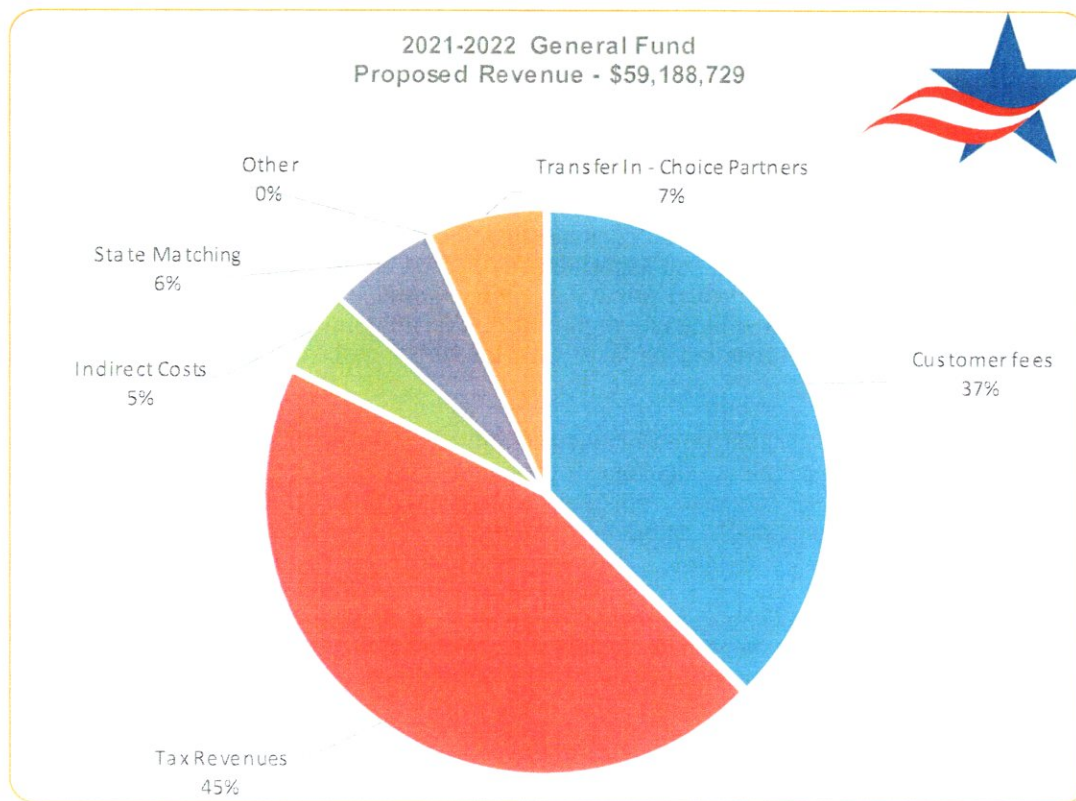
	2016-2017 Actual	2017-2018 Actual	2018-2019 Actual	2019-2020 Actual	2020-2021 Amended	2021-2022 Proposed	2022-2023 Forecast	2023-2024 Forecast	2024-2025 Forecast	2025-2026 Forecast	2026-2027 Forecast
Beginning Fund Balance	\$30,920,246	\$28,122,494	\$29,412,173	\$32,614,360	\$32,835,461	\$21,121,494	\$17,920,191	\$16,234,785	\$15,448,293	\$15,340,120	\$15,941,916
Estimated Revenue	49,028,062	51,262,202	56,240,706	54,663,765	57,623,191	59,188,729	59,921,904	61,719,561	63,571,148	65,478,282	67,343,792
Appropriations	43,146,296	44,202,144	47,209,422	48,169,777	55,478,565	56,940,944	57,506,523	58,656,653	59,829,786	61,026,382	62,246,910
Total Other Uses	(8,679,518)	(5,770,379)	(5,829,098)	(6,272,887)	(13,858,593)	(5,449,088)	(4,100,787)	(3,849,399)	(3,849,535)	(3,850,103)	(3,849,687)
Net Change in Fund Balance	(2,797,752)	1,289,679	3,202,186	221,101	(11,713,967)	(3,201,303)	(1,685,406)	(786,492)	(108,174)	601,797	1,247,195
Ending Fund Balance	\$28,122,494	\$29,412,173	\$32,614,360	\$32,835,461	\$21,121,494	\$17,920,191	\$16,234,785	\$15,448,293	\$15,340,120	\$15,941,916	\$17,189,111

For fiscal year 2023 to 2027 forecasted figures the trend includes 3% growth increase in Revenues and 2% at expenditures. A more detailed projection can be found at the Financial Section.

In the following charts, please find the comparison of the appropriation for the previous year budget and the current year budget.





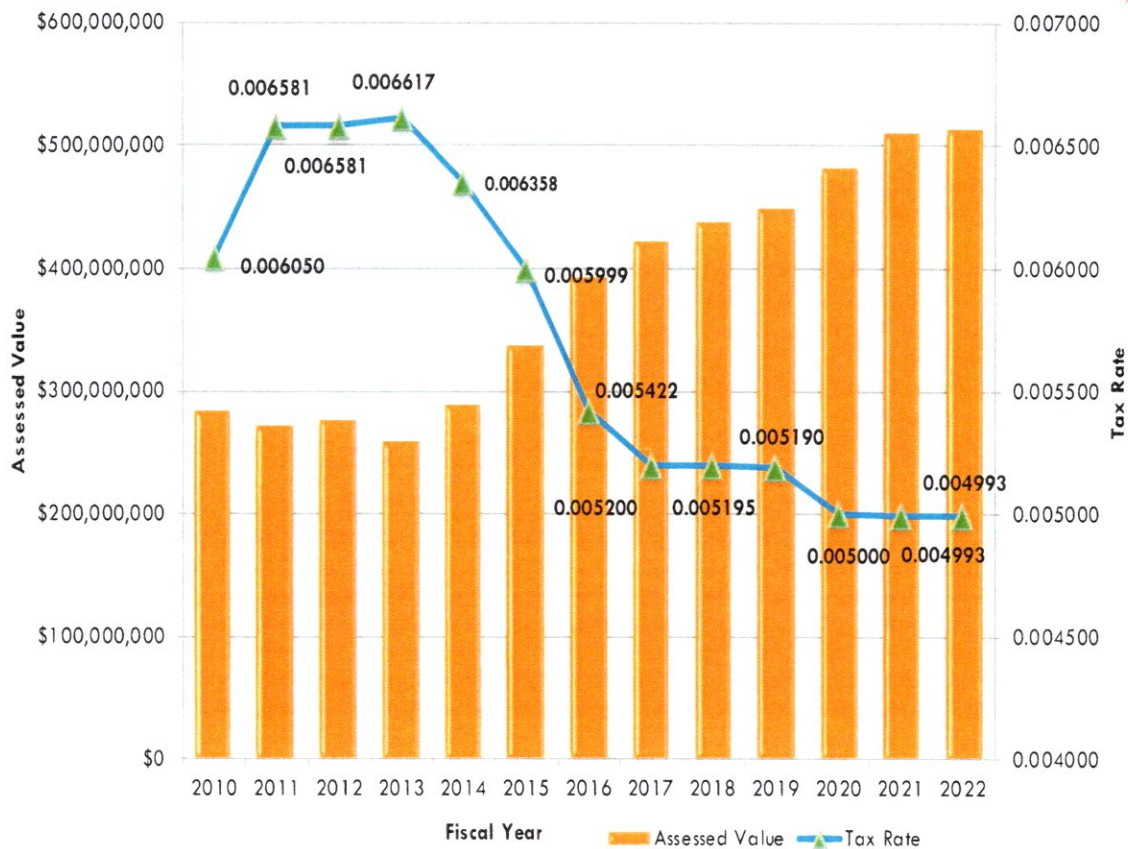


The Department estimates total General Operating Fund revenues of \$59,188,729 for the 2021-2022 fiscal year. Customer fees are projected to be \$22,145,627 or 37% of the estimated revenues. Tax revenues are projected to be \$26,528,250 or 45% of the estimated revenues. The remaining 18% of the revenues are indirect costs at \$2,790,440; state funding \$3,620,000, transfer in from Choice Partners Fund of \$4,054,412 and other revenues at \$50,000.

The recommended budget includes an increase in revenues of 3% from the amended fiscal year 2020-2021 budget for the General Fund.

Object Code	Adopted Budget 2020-2021	Amended Budget 2020-2021	Proposed Budget 2021-2022	Percent Change
Customer Fees	\$ 23,601,005	\$ 23,601,006	\$ 22,145,627	-6.2%
Tax revenues	25,188,000	25,326,432	26,528,250	5%
Indirect costs	2,598,513	2,598,513	2,790,440	7%
State funding	3,000,000	3,000,000	3,620,000	21%
Other	170,000	170,000	50,000	-71%
Transfer In-Choice Partners	2,927,240	2,927,240	4,054,412	39%
<b>Total Revenues</b>	<b>\$ 57,484,758</b>	<b>\$ 57,623,191</b>	<b>\$ 59,188,729</b>	<b>3%</b>

## HCDE Property Values and Tax Rates



In the chart above, the tax rate has been reducing as the property values for the Harris County have increased. As the population in the Harris County has grown, new areas have been developed with new construction and new businesses.

### Other Tax Revenues

The Department does not have any other local taxes or collections. Harris County Department of Education does not receive sales tax, franchise taxes or any other taxes. It does charge fees for services for various activities. The following are general fee charges by the various divisions.

### Fees for services

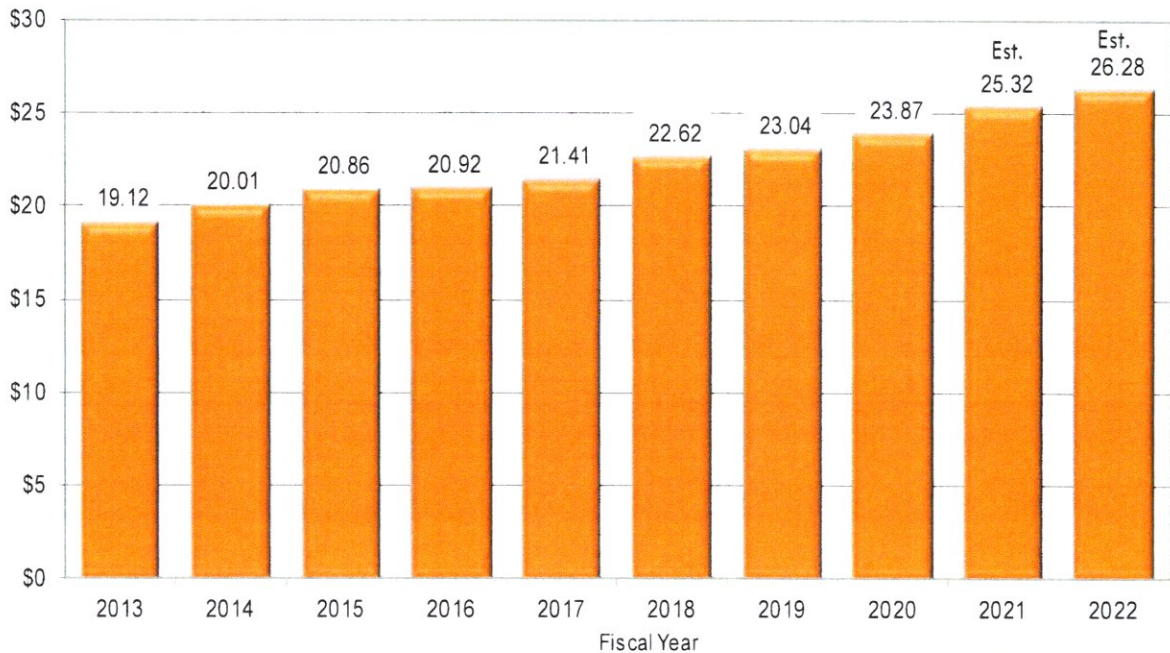
**School based therapy services** are provided to school districts which contract with HCDE to provide occupational therapists. The rates based are based whether the district is within the county boundaries or outside of the boundaries. The fees range from \$380 to \$532 per day. The sustainability of this model has been identified as locally supported activity which is assisted by property taxes. There was no increase in fees compared to last year's fees.



The following chart presents the tax revenues collected in the last ten years.



**Tax Revenues Collected (in Millions)**



#### **Other 2021-2022 HCDE Budget Highlights**

##### **Salary Increase –**

The proposed budget includes a \$15 an hour minimum compensation plan and a 2% for all employees for General Fund, Facilities and Enterprise employees. HCDE plans to recruit, hire, and retain high quality staff to be able to provide the best services available in the marketplace. The new beginning teacher salary will be \$62,800 which is expected to be at the highest level for the region. Grant employees are only included in the increase if the grant can absorb the cost. For the Head Start Program, a \$300,000 additional transfer from General Fund will be required for FY 22 to implement the \$15 minimum compensation plan.

##### **Other Payroll Highlights –**

Additionally, included in the budget are 7.5 new positions which included 1.5 therapists for the School Based Therapy Division, 2 Instructional Coaches for Head Start and 4 FTE for Adult Education.

##### **Workers Compensation Insurance –**

The amount of \$400,000 was budgeted for fiscal year 2021-2022. There are sufficient funds in the reserve account for uncertainties and to cover any runoff claims.

##### **Transfers Out –**

The amount of transfers out decreased by \$8,409,505 from fiscal year 2020-2021, for a total of \$5,449,088. This includes the Head Start transfer for \$600,000, the CASE transfer for \$550,787, Lease (QZAB) fund transfer for \$451,429, the capital projects for \$1,121,000, the Debt Service transfer for \$2,405,785, and the Star Re-Imagined one-time transfer for \$320,087.

leverage local tax dollars. The ability to remain competitive in the market relies on maintaining a knowledgeable and expert work force, safe and secured facilities, 21<sup>st</sup> century technology, and relevant program and services that client districts and governmental entities need and seek from HCDE.

The future financial situation of HCDE would be the result of the collective Department effort to become a major player in three areas: **(1) Therapy Services:** HCDE's objective is to become the best source of therapy services for the schools in Harris County by offering competitive rates and top of the line services; **(2) Special Schools:** HCDE provides excellent services in schools designed to provide education to students with special needs. HCDE looks forward to expanding its clientele to new schools in other areas of the Harris County, such is the case of the Fortis Academy; **(3) Choice Partners:** HCDE provides benefit to school districts in Harris County and other clients by complying with the procurement requirements and vendors in all service areas. Out of every transaction, the vendors that supply Choice Partners members pay a commission as revenue for Choice. After Choice expenses are covered, the remaining excess is transferred to the General Fund to fund HCDE programs that benefit our community and students.

One of HCDE main goals is recruiting, hiring, and retaining high quality staff. Regarding personnel staffing trends, HCDE maintains the minimum level of staff required to provide good quality services. The HCDE advantage is that can utilize tax revenues to provide quality services.

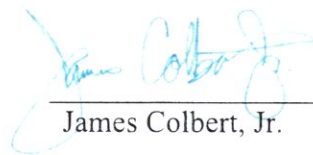
### Acknowledgements

In fiscal year 2020-2021, the Business Office earned the Distinguished Budget Presentation Award for Budgeting from ASBO, and the Distinguished Budget Presentation Award from GFOA. This was the twelfth submission for ASBO and the thirteenth submission for GFOA for HCDE in its history. All budget managers also were instrumental in providing timely information to the Business Office.

### Final Comments

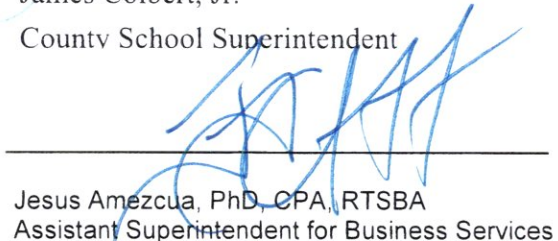
The preparation of the Department's budget is a coordination of many efforts from divisions, Research & Evaluation, Human Resources, Technology and Business Support Services. We are excited about the performance-based budgeting and look forward to FY 2021-2022. We thank the Budget Team that coordinated the wealth of information before you and we look forward to your input and feedback on our financial and operations plan.

Respectfully,



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James Colbert, Jr.  
County School Superintendent



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Jesus Amezcua, PhD, CPA, RTSBA  
Assistant Superintendent for Business Services





	Governmental				Proprietary		Total
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Internal Service Fund	Enterprise Fund	
Estimated Revenues (In flows)	\$ 59,188,729	\$ 48,233,919	\$ 3,810,219	\$ 1,121,000	\$ 6,200,490	\$ 5,563,380	\$ 124,117,737
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Projected Fund Balance Beg.	21,121,494	-	2,168,871	52,118,592	1,344,067	1,500,000	78,253,024
Projected Fund Balance End.	\$ 17,920,191	\$ -	\$ 1,532,317	\$ 26,939,650	\$ 1,344,067	\$ 400,000	\$ 48,136,225

## BUDGET ADMINISTRATION & FINANCIAL POLICIES

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### Legal Requirement for Budgets

Legal requirements for school district budgets are formulated by the state, the Texas Education Agency ("TEA"), and the local district. In addition to these requirements, individual school districts also may have their own legal requirements for budget preparation. Additional legal requirements also may be imposed by state and federal grants; however, this section deals only with state legal mandates, TEA legal requirements and local district requirements for basic budget development and submission.

HCDE follows the legal budget requirements for school districts in accordance with the education code and the tax adoption requirements for counties in accordance with the Government code. HCDE policies can be located at <http://pol.tasb.org/Home/Index/578>.

### Statement of Texas Law

Sections 44.002 through 44.006 of the Texas Education Code establish the legal basis for budget development in school districts. The following six items summarize the legal requirements from the code:

1. The superintendent is the budget officer for the district and prepares or causes the budget to be prepared.
2. The district budget must be prepared by a date set by the state board of education, currently August 20<sup>th</sup>.
3. The president of the board of trustees must call a public meeting of the board of trustees, giving ten days public notice in a newspaper, for the adoption of the district budget. Any taxpayer in the district may be present and participate in the meeting.
4. No funds may be expended in any manner other than as provided for in the adopted budget. The board does have the authority to amend the budget or adopt a supplementary emergency budget to cover unforeseen expenditures.
5. The budget must be prepared in accordance with GAAP (generally accepted accounting principles) and state guidelines.
6. The budget must be legally adopted before the adoption of the tax rate.

### Texas Education Agency (TEA) Legal Requirements

TEA has developed additional requirements for school district budget preparation as follows:

1. The budget must be adopted by the board of trustees, inclusive of amendments, no later than August 31<sup>st</sup>.
2. Minutes from district board meetings will be used by TEA to record adoption of and amendments to the budget.
3. Budgets for the General Fund, the Food Service Fund (whether accounted for in the General Fund, a Special Revenue Fund or Enterprise Fund) and the Debt Service Fund must be included in the official district budget (legal or fiscal year basis). These budgets must be prepared and approved at least at the fund and function levels to comply with the state's legal level of control mandates.

### Tax Authority

HCDE received its tax authority in 1935 with a statute creating an equalization tax not to exceed of \$0.01. HCDE follows Property Tax Code Chapter 26 for the tax setting process. HCDE follows the Texas Comptroller's Truth in Taxation - A Guide for Setting Tax Rates for Taxing Units Other than Schools.

### Code of Ethics

All Business Services and Purchasing Division employees are required to read and sign the HCDE Code of Ethics for Business Support Services and Purchasing Division Employees on an annual basis. The management of the Business Support Services and Purchasing Division is dedicated to making ethical and lawful choices by providing a structured code of ethics for its personnel to follow. Business Support Services and Purchasing Division employees shall model and promote ethical behavior to all HCDE employees through their behavior.

### Risk Awareness

Risk awareness is an organization wide process to address internal control and risk-based standards in an audit



- cost and not reoccurring costs.)
2. Restrict any surplus funds towards unassigned fund balance.

### ***Funds from Operations***

Funds from operations should provide adequate funds to support its:

1. Special schools and alternative schools
2. Instructional programs
3. Capital programs
4. Debt service programs

### ***Revenue***

Revenue levels shall be evaluated with staff recommendations yearly, in consideration of:

1. Student growth assumptions
2. The projected level of expenditures
3. Facility and construction requirements
4. Current business conditions (local economy)
5. Economic projections (state economy, legislative issues, etc.)
6. Bond ratings

### ***General Operating Fund Expenditures***

General Fund expenditures shall maintain the following priorities of obligation:

1. Payments of all legal and reasonable expenditures relating to maintenance and operations of the HCDE operating fund.
2. Payments to meet all debt service requirements of outstanding bond indebtedness including the interest and sinking fund.
3. Payments to special revenue funds that require a matching for federal or state grants, including the CASE fund, the Head Start fund and others.
4. All net surpluses after payment of items 1 to 3 above may be used to fund necessary capital equipment purchases, facility expansion, and renovation. All remaining funds will go toward maintaining a budgeted ending cash balance (unassigned fund balance) which equates to at least two months of operating costs. This amount would be determined by first adding budgeted operations and maintenance costs plus debt service requirements. This total would be divided by 12 and then multiplied by two to calculate the two months operating costs requirements.

### ***Long Term Financing***

In the absence of surplus funds in item 4 above, the HCDE will utilize long term financing for capital projects and equipment funded through the maintenance and operations tax rate. Available mechanisms include the following:

1. Public Property Finance Contractual Obligations (PPFCO)
2. Time Warrants
3. Delinquent Tax Notes
4. Any other legal mechanism
5. Public Facilities Corporation (PFC)

### ***Short Term Financing***

HCDE will strive to minimize its short-term financing by maintaining a two-month unassigned fund balance.

Based on cash flow projections, the Assistant Superintendent for Business may recommend to the Board to utilize short term financing to satisfy the cash flow requirements of the HCDE. Available mechanisms include the following:

1. Tax anticipation notes
2. Tax warrants
3. Delinquent tax notes

### ***Reporting –Department and Public Facilities Corporation (PFC)***

HCDE will prepare reports of financial operations as follows:

1. A monthly operating and financial report, requiring review by the Audit Committee and/or the Board as the Board deems necessary.

### ***Diversity***

The investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity, or specific issuer. It does not apply to U.S. Treasury securities and money market mutual funds.

### ***Monitoring Market Prices***

The investment officer shall monitor the investment portfolio and shall keep the Board informed of significant declines in the market value of HCDE's investment portfolio. Information sources may include financial / investment publications and electronic media, available software for tracking investments, depository banks, commercial or investment banks, financial advisors, and representatives / advisors of investment pools or money market funds. Monitoring shall be done monthly, or more often as economic conditions warrant by using appropriate reports, indices, or benchmarks for the type of investment.

### ***Funds / Strategies***

Investments of the following fund categories shall be consistent with this policy and in accordance with the strategy defined below.

- Operating Funds – Investment strategies for operating funds (including any co-mingled pools containing operating funds) shall have as their primary objective's safety, investment liquidity, and maturity sufficient to meet anticipated cash flow requirements.
- Agency Funds – Investment strategies for agency funds shall have as their objective's safety, investment liquidity, and maturity sufficient to meet anticipated cash flow requirements.
- Debt Service Funds – Investment strategies for debt service funds shall have as their objective sufficient investment liquidity to timely meet debt service payment obligations in accordance with provisions in the bond documents. Maturities longer than one year are authorized provided legal limits are not exceeded.
- Capital Projects – Investment strategies for capital project funds shall have as their objective sufficient investment liquidity to timely meet capital project obligations. Maturities longer than one year are authorized provided legal limits are not exceeded.

### ***Safekeeping and Custody***

HCDE shall retain clearly marked receipts providing proof of HCDE's ownership. HCDE may delegate, however, to an investment pool the authority to hold legal title as custodian of investments purchased with HCDE funds by the investment pool.

### ***Brokers / Dealers***

Prior to handling investments on behalf of HCDE, brokers / dealers must submit required written documents in accordance with Law. Representatives of brokers / dealers shall be registered with the Texas State Securities Board and must have membership in the Securities Investor Protection Corporation (SIPC) and be in good standing with the Financial Industry Regulatory Authority (FINRA).

### ***Soliciting Bids for CD's***

To get the best return on its investments, HCDE may solicit bids for certificates of deposit in writing, by telephone, or electronically, or by a combination of these methods.

### ***Internal Controls***

A system of internal controls shall be established and documented in writing and must include specific procedures designating who has authority to withdraw funds. Also, they shall be designed to protect against losses of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of HCDE. Controls deemed most important shall include:

1. Separation of transaction authority from accounting and recordkeeping and electronic transfer of funds.
2. Avoidance of collusion.
3. Custodial safekeeping.
4. Clear delegation of authority.
5. Written confirmation of telephone transactions.
6. Documentation of dealer questionnaires, quotations and bids, evaluations, transactions, and rationale.



prepare the request for proposals and/or specifications for items to be purchased. All proposals shall be submitted in sealed envelopes, plainly marked with the name of the proposer and the time of opening.

Proposals received after the specified time shall not be considered. Proposals shall be opened at the time specified, and all proposers shall be invited to attend the proposal opening. Proposals may be withdrawn prior to the scheduled time of opening. Changes in the content of a proposal, and in prices, may be negotiated after proposals are opened. HCDE may reject any and / or all proposals.

#### ***Responsibility for Debts***

The Board shall assume responsibility for debts incurred in the name of the Department so long as those debts are for purchases made in accordance with adopted Board policy and current administrative procedures regarding purchases and expenditures. The Board shall not be responsible for debts incurred by unauthorized persons or organizations not directly under Board control or who were acting outside their Departmental authority. Full responsibility for payment of unauthorized purchases shall be assumed by persons making such purchases.

#### ***Purchase Commitments***

Purchase commitments shall be made by the Superintendent or the Superintendent's designee on properly drawn and issued Departmental documents.

#### ***Conflict of Interest rules***

HCDE has developed conflict of interest rules for all its employees in the past. Effective with new federal EDGAR rules under 2 CFR Section 200 and Chapter 176 of the Texas Local Government Code, conflict of interests' guidelines is in effect which impact employees who plan, recommend, select, and implement grants and contracts.

HCDE (i.e., Districts) is required to comply with House Bill 1295, which amended the Texas Government Code by adding Section 2252.908, Disclosure of Interested Parties. Section 2252.908 prohibits HCDE from entering a contract resulting from this RFP with a business entity unless the business entity submits a Disclosure of Interested Parties (Form 1295) to the HCDE at the **time business entity submits the signed contract**. The Texas Ethics Commission has adopted rules requiring the business entity to file Form 1295 electronically with the Texas Ethics Commission.

#### **EDGAR Conflict of Interest Requirements**

It should be noted that in accordance with EDGAR requirements as amended on Dec 26, 2014 under 2 CFR Part 200, the requirements include the following: No employee, officer, or agent may participate in the selection, award, or administration of a contract if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of HCDE may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, HCDE has set a de minimis amount of less than \$50 per year for items that are unsolicited and of minimal and promotional items. Violations of this standard by an employee will be reported to the Superintendent's Office and addressed through our personnel policies. Violations of this standard by an officer or the Superintendent shall be addressed to the **Board President and addressed through the board policies**.

#### **State of Texas Conflict of Interest requirements**

In addition, Chapter 176 of the Local government Code, a local government officer shall file a **conflict of interest disclosure** with respect to a vendor if: (1) the vendor enters a contract with the local government entity or the local governmental entity is considering entering a contract with the vendor **AND**, (2) the vendor has **(A)** an employment or other business relationship with the local government officer or a family member of the officer that results in the officer or family receiving taxable income, other than investment income, that exceeds **\$2,500** during the 12-month preceding the date that the officer becomes aware that: (i) A contract between the local governmental entity and vendor has been executed by (ii) The local governmental entity is considering entering

required documentation is not included with the amendment form. Budget transfers are approved Online and require budget manager approval. Budget transfers over \$25,000 require Assistant Superintendent for Business' approval

### **Budget Transfers & Amendments Signature Authority**

Administration is authorized to move funds between line items. If the overall budget amount for revenue or expenditures increases or decreases, then Board approval is required. For Special Revenue Funds, intra-function budget transfers are approved subject to the approval by the granting agency. A summary of all transfers is presented to the Board of Trustees. Inter-Departmental transfers and any increase or decrease or operating appropriations must be approved by the Board of Trustees and the Superintendent. All divisions are required to operate within their budgetary constraints. The operating budgets are amended prior to expenditure, and the accounting system provides a strong budgetary control over expenditures.

### **Capital Expenditures Policies**

Capital Expenditures are funds committed for improving facilities or for the construction of new facilities. Capital expenditures also include costs of maintenance and operations on facilities and are financed through various funds depending on available funding. The Budget Process includes a review of capital expenditures to be undertaken with General Funds (if any) or the need for additional bonds.

### **New Purchases**

Capital assets are identified as any item having a value of \$5,000 or more and have an expected useful life of more than one year. Items should be considered individually and not in groups when using these criteria. The only exceptions are computers and printers. These items are charged to object code 663X (new purchase).

Assets having a value of \$1,000 or more, but less than \$5,000-unit cost, should use object codes 6393 (new purchase). **For sensitive items use code 6399-0006 less than \$1,000.** Items, such as desks, file cabinets, etc., under \$1,000 should be charged to general supply object code 6399. For software purchases and purchase of computer software including site license, application, and anything associated with software the code 6397 is used.

The funds utilized for capital expenditures include the following:

- **PFC Fund** – capital expenditures are funded through this fund when a new bond is issued and committed for capital expenditures
- **Local Construction Fund** – capital expenditures are funded on a pay as you go basis and funded from excess General Funds. These projects and capital expenditures are appropriated annually.
- **Facilities Fund** – capital expenditures are funded on a pay as you go basis and funded from facilities charges allocated to all divisions. These projects and capital expenditures are appropriate annually.



The following table shows the interaction necessary between individuals and groups at different levels of the Department to produce the annual budget:

<b>PARTICIPANTS</b>	<b>ROLES &amp; RESPONSIBILITIES</b>	<b>LEVEL</b>
<b>Division / Budget Directors</b>	✓ Coordinates preparation of division level program budgets, performance measures and objectives	Division
<b>HCDE Budget Committee</b>	✓ Reviews for appropriateness division-level budgets and reviews/prioritizes allocated requests submitted by division directors. ✓ Discusses budget recommendations for superintendent review	Division
<b>Superintendent</b>	✓ Communicates budget process guidelines to division / budget directors and HCDE budget committee. ✓ Serves as lead member of HCDE Budget Committee to review division budget requests and to analyze budget components	Department
<b>Assistant Superintendent for Business</b>	✓ Serves as chair of HCDE Budget Committee ✓ Serves as Department Budget Officer ✓ Communicates budget calendar. ✓ Reviews fund balance estimates ✓ Conducts final review of proposed budget to Board Budget Committee	Department
<b>Chief Accounting Officer</b>	✓ Reviews proposed budget drafts after superintendent and HCDE Budget Committee review	Department
<b>Budget Analyst</b>	✓ Provides requested forecasts and analyses to Assistant Superintendent for Business, HCDE Budget Committee, and Superintendent ✓ Compiles division budgets into proposed Department budget ✓ Communicates any revisions to appropriate divisions. ✓ Develops and communicates budget calendar. ✓ Develops division revenue estimates. ✓ Develops fund balance estimates. ✓ Updates proposed budget drafts after superintendent and HCDE Budget Committee review	Department
<b>Assistant Superintendents</b>	✓ Serves as member of HCDE Budget Committee ✓ Reviews and approves all division budgets under their immediate supervision prior to submission to Assistant Superintendent for Business	Department
<b>Executive Director of Human Resources</b>	✓ Compiles and reviews personnel staffing needs submitted by budget directors and any necessary revisions. ✓ Serves as member of HCDE Budget Committee to ascertain personnel use changes and requirements	Division Department
<b>Executive Director of Facilities</b>	✓ Develops schedules of facilities and facility and vehicle maintenance for budget planning. ✓ Serves as member of HCDE Budget Committee to ascertain facility support responsibilities	Division Department
<b>Chief Communication Officer</b>	✓ Serves as member of HCDE Budget Committee to ascertain communications and technology support responsibilities	Department
<b>Board Budget Committee</b>	✓ Reviews / prioritizes / revises proposed budget submitted by Superintendent and Assistant Superintendent for Business ✓ Recommends a final version of the proposed budget for adoption by the full Board of Trustees	Board
<b>Board of Trustees</b>	✓ Conducts public hearings for budget presentation. ✓ Adopts official budget and tax rate	Board

## BUDGET DEVELOPMENT PROCESS

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The annual Budget Development Process and the annual Planning Process are overlapping and augment one another, although the focus of each is different. The Budget Development Process is comprised of three major phases: planning, implementation, and evaluation.

The budgetary process begins with sound planning. Planning defines the goals and objectives and develops strategies to attain those goals and objectives. Once these plans have been established, budgetary resource allocations are made to support them. Budgetary resource allocation is the implementation phase of budgeting. The allocations cannot be made, however, until plans have been established.

Finally, the budget is evaluated for its effectiveness in attaining goals and objectives. Evaluation typically involves an examination of how funds were expended, what outcomes resulted from the expenditure of funds, and to what degree these outcomes achieved the objectives stated during the planning phase. This evaluation phase is important in determining the following year's budgetary allocations. Budget preparation is not a one-time exercise to determine how funds are allocated rather, it is part of a continuous cycle of planning and evaluation to achieve Department goals.

The development of division annual budgets should be part of ongoing planning processes and those levels. Beyond the budgetary requirements for federal and state programs, the HCDE board and the Superintendent largely will determine the budget preparation process and related budget responsibilities.

### PLANNING PHASE

The first phase of the Budget Development Process is planning. Planning involves defining the mission, goals and objectives of divisions and the Department. Importance is placed upon sound budget planning for the following reasons:

- In implementing the type, quantity, and quality of divisional services, the budget becomes the limiting force.
- Providing quality education and services is very important to the public interest.
- The scope and diversity of the Department's operations make comprehensive planning necessary for good decision-making.

Since strategies to attain the goals and objectives need to be developed before starting the actual budget calculation process, it is important that each division prepare statements in the "Goals and Objectives" and "Performance Evaluation" forms as the initial exercise in planning the annual division budget. This exercise comprises developing narrative and quantitative statements. These statements must be consistent with the HCDE Accountability System. This information will be used to analyze and justify the Department's programs and operational request, as well as to ensure that individual division goals and objectives are consistent with the Department's overall mission and goals. Line-item budgeting remains the primary fiscal tool; thus, completion of the "Goals and Objectives" and "Performance Evaluation" forms is an important step in summarizing and evaluating each division and its budget.

Listed below are standardized definitions to be used in the development of these statements and completion of the appropriate forms. It is recommended that strict adherence to these definition parameters be kept to insure consistency throughout the Department:

- *Division Function:* A statement of specific overall mission.
- *Division Goals:* "Broad" statements of desired results; ultimate accomplishments; overall end results.
- *Division Objectives:* "Specific" statements of desired program accomplishments; usually measurable; shows progress toward a goal; desired results of activities. Clearly stated measurable objectives should represent a concise summary of the principal work activities in which progress can be monitored and evaluated periodically throughout the fiscal year. Objectives should be stated in common "action-oriented phrases such as "to maintain," "to increase," "to reduce," "to facilitate," "to continue," etc. These are the same as the Accountability Objectives.
- *Performance Measures:* Specific quantitative and qualitative measures of work performed by division must be included in this section. Quantitative measures are defined as observable and in narrative format. These are the measures that Research & Evaluation analyze for the Accountability system.



evaluation of sources and uses of resources. With the assistance of the accounting system, directors are able to execute and control the activities that have been authorized by the budget and evaluate performance based upon comparisons between budgeted and actual operations.

The link between planning and budget preparation in educational entities gives budgets a unique role in these organizations. Budgets in the public arena are often considered the ultimate policy document since they are the financial plan used to achieve its goals and objectives reflecting:

- Public choices about what goods and services will and will not be produced.
- The Department's priorities among the wide range of activities in which they are involved.
- How a public entity has acquired and used its resources.

The budget, itself, then becomes intrinsically a political document reflecting administrators' accountability for fiduciary responsibility to citizens.

The annual operating budget or financial plan is proposed by the Superintendent and enacted by the Board of Trustees after public discussion.

Directors, principals, and other staff of the Department under the direction of the Superintendent, developed the budget. Budget Preparation Training will be held February 26<sup>th</sup> with Division managers and two budget entry training on March 3<sup>rd</sup> and 4<sup>th</sup>, 2021. The budget deadline set for divisions will be April 2<sup>nd</sup>, 2021, and the Business Services Division will compile the budget requests. During the month of May, various budget meetings will be scheduled with the Superintendent, the Executive Team and Division Directors.

The Superintendent's Budget Review Team reviewed various budget options for personnel and financing. This entails maintaining competitive salaries and benefits for our employees, providing adequate funding for services, providing for construction and repairs to facilities, and other miscellaneous projects.

Budget workshops will be held on June 30<sup>th</sup> and July 14<sup>th</sup> to review the preliminary budget estimates. The citizens of Harris County and Department employees will be invited to attend the budget workshops. On July 21<sup>st</sup>, the Board of Trustees will probably approve the final budget which will be implemented on September 1<sup>st</sup>, 2021.

## **EVALUATION PHASE**

Evaluation is the last step of the Department's budget cycle. Information is compiled and analyzed to assess the performance of each individual division and campus, as well as the Department as a whole. This information is a fundamental part of the planning phase for the following budget year.

In the educational context, budgeting is a valuable tool in both planning and evaluation processes. Budgeting provides a vehicle for translating educational goals and programs into financial resource plans. Thus, operational planning (to attain divisional goals) should determine budgetary allocations. This link between operations and financial planning is critical to effective budgeting. In addition, such a budgeting practice may enhance the evaluation of budgetary and educational performance since resource allocations are closely associated with instructional plans.





## II.- REVENUES





**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**Revenue Analysis - Customer Fees by Division**  
**For the Fiscal Year Ended August 31, 2022**

CUSTOMER FEES	FY21						
	FY2022 Requested Budget	FY2021 Adopted Budget	Increase / Decrease between original budgets	Amended Budget	Actual to 2/29/21	Amount over/under	% Realized
Business Services	\$ 80,000	\$ 620,000	\$ (540,000)	\$ 620,000	\$ 45,471	\$ (574,529)	7%
Center for Grant Development	1,250	1,250	-	1,250	655	(595)	100%
Center for Safe & Secure Schools	300,650	223,200	77,450	223,200	141,542	(81,659)	63%
CASE Local	85,000	105,000	(20,000)	105,000	30,000	(75,000)	29%
Educator Certification and Prof Adv	386,036	300,045	85,991	300,045	206,625	(93,421)	69%
Facilities-Choice Facility Partners			-	-		-	0%
Records Management Services	1,800,575	1,800,500	75	1,710,500	566,914	(1,143,586)	33%
Research & Evaluation	79,500	149,500	(70,000)	149,500	109,750	(39,750)	73%
School Based Therapy Services	10,396,110	10,170,332	225,778	10,170,332	4,745,601	(5,424,731)	47%
Special Schools:							
AB-East	3,685,621	3,699,730	(14,109)	3,699,730	3,517,464	(182,266)	95%
AB-West	2,821,329	3,222,318	(400,989)	3,222,318	2,200,622	(1,021,697)	68%
Highpoint-East	1,841,146	2,012,977	(171,831)	2,012,977	1,505,452	(507,525)	75%
Fortis Academy	187,500	256,250	(68,750)	256,250	168,750	(87,500)	66%
Special Schools Administration	1,000	-	1,000	-	-	-	-
Technology Support Services	-	3,003	(3,003)	3,003	-	(3,003)	0%
Teaching and Learning Center:							
Digital Education and Innovation	135,000	236,000	(101,000)	236,000	78,844	(157,156)	33%
Math	80,000	168,000	(88,000)	168,000	6,942	(161,058)	4%
Science	-	97,000	(97,000)	97,000	1,850	(95,150)	2%
Bilingual Education	-	77,000	(77,000)	77,000	13,045	(63,955)	17%
English Language Arts	80,000	104,500	(24,500)	104,500	28,835	(75,666)	28%
Social Studies	-	22,000	(22,000)	22,000	1,400	(20,600)	6%
EC Winter Conference	65,000	85,000	(20,000)	85,000	35,401	(49,599)	42%
Scholastic Arts & Writing Program	10,000	-	10,000	-	10,289	10,289	0%
Special Education	-	77,000	(77,000)	77,000	12,699	(64,301)	16%
Speaker Series	55,910	170,400	(114,490)	170,400	8,480	(161,920)	5%
Prof Development	54,000	-	54,000	-	3,500	3,500	0%
<b>Total Customer Fees :</b>	<b>\$ 22,145,627</b>	<b>\$ 23,601,005</b>	<b>\$ (1,455,378)</b>	<b>\$ 23,511,005</b>	<b>\$ 13,440,129</b>	<b>\$ (10,070,876)</b>	<b>57%</b>

Note (1): Monthly financial reports are provided and YTD actuals are updated and presented to the Board of Trustees.

## **SPECIAL REVENUE FUNDS**

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Special Revenue Funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal financial assistance often is accounted for in a Special Revenue Fund. In most Special Revenue Funds, unused balances are recorded as deferred revenue and carried forward to the succeeding fiscal year, provided the amount carried forward is within the limits established by the grantor. In some cases, the unused balances are returned to the grantor at the close of specified project periods. The District budgets for Special Revenue Funds and uses project accounting for them in order to maintain integrity for the various sources of funds. These funds utilize the modified accrual basis of accounting and budgeting.

### **SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for specific revenue sources which are legally restricted to expenditures for specific purposes. Listed by program:

#### **Adult Basic Education (ABE) 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:

- Federal ABE Regular
- Federal English Literacy & Civics Education

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

- 21st Century Community Learning Centers (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 program.
- 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 – Houston endowment
  - County Connection Program
  - Houston Endowment

#### **Center for Safe and Secure Schools ("CSSS")**

Federal grant by the US Department of Justice, a three-layered approach to prevent violence, directed to enable adult training in active shooter scenarios, threat assessment, the Alert, Lockdown, Inform, Counter, Evacuate (ALICE) programs, and Youth Mental Health First Aid.

JAMS foundation grant where CSSS will develop training for teachers, counselors, school personnel and students in conflict-resolution, and support implementation of these practices.

#### **Educator Certification and Professional Advancement**

Alternative certification for teachers or principals, preparing aspiring degreed professionals to become teachers or principals.



Harris County Department of Education  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Funds**  
**For The Fiscal Year Ended August 31, 2022**

	Governmental Funds				Proprietary Funds		
	General Funds	Special Revenue Funds	Debt Service Funds	Capital Projects Fund	Internal Services Funds	Enterprise Funds	Total
<b>EST. REVENUES &amp; OTHER Sources</b>							
<b>Revenues</b>							
Customer Fees & Charges	\$ 22,145,627	\$ -	\$ -	\$ -	\$ -	\$ 5,563,380	\$ 27,709,007
Property Tax Rev-Current	26,213,250	-	-	-	-	-	26,213,250
Property Tax Rev-Delinquent & P&I	315,000	-	-	-	-	-	315,000
Investment Earnings-HCDE	50,000	-	-	-	-	-	50,000
Other Local Revenues	-	-	953,005	-	-	-	953,005
Local Grants	-	7,282,155	-	-	-	-	7,282,155
<b>Total Local Revenues:</b>	<b>48,723,877</b>	<b>7,282,155</b>	<b>953,005</b>	<b>-</b>	<b>-</b>	<b>5,563,380</b>	<b>62,522,417</b>
Facility Support Services	-	-	-	-	5,800,490	-	5,800,490
Workers Compensation	-	-	-	-	400,000	-	400,000
<b>Total Inter-Departmental Revenues:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,200,490</b>	<b>-</b>	<b>6,200,490</b>
State TEA Supplemental Compensation	370,000	-	-	-	-	-	370,000
State TRS On Behalf Payments	3,250,000	-	-	-	-	-	3,250,000
<b>Total State Revenues:</b>	<b>3,620,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,620,000</b>
Federal Grants	-	39,480,890	-	-	-	-	39,480,890
Indirect Cost - Federal Grants	2,790,440	-	-	-	-	-	2,790,440
<b>Total Federal Revenues:</b>	<b>2,790,440</b>	<b>39,480,890</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,271,330</b>
<b>Total Revenues:</b>	<b>55,134,317</b>	<b>46,763,045</b>	<b>953,005</b>	<b>-</b>	<b>6,200,490</b>	<b>5,563,380</b>	<b>114,614,237</b>
<b>Other Financing Sources</b>							
<b>Transfers In-</b>							
Fund 711 - Choice Partners	4,054,412	-	-	-	-	-	4,054,412
Fund 697- Capital Projects	-	-	-	1,121,000	-	-	1,121,000
Fund 288 - CASE After School Partnership	-	550,787	-	-	-	-	550,787
Fund 205 - Head Start	-	600,000	-	-	-	-	600,000
Fund 498 - Star Re-Imagine	-	320,087	-	-	-	-	320,087
Fund 599 - Debt Service Payment (PFC)	-	-	2,405,785	-	-	-	2,405,785
Fund 599 - Debt Service Payment (QZAB)	-	-	451,429	-	-	-	451,429
<b>Total Transfers In</b>	<b>4,054,412</b>	<b>1,470,874</b>	<b>2,857,214</b>	<b>1,121,000</b>	<b>-</b>	<b>-</b>	<b>9,503,500</b>
Bond Issuance-Fund 697 Capital Project	-	-	-	-	-	-	-
<b>Total Other Sources:</b>	<b>4,054,412</b>	<b>1,470,874</b>	<b>2,857,214</b>	<b>1,121,000</b>	<b>-</b>	<b>-</b>	<b>9,503,500</b>
<b>Total Revenues &amp; Other Sources:</b>	<b>59,188,729</b>	<b>48,233,919</b>	<b>3,810,219</b>	<b>1,121,000</b>	<b>6,200,490</b>	<b>5,563,380</b>	<b>124,117,737</b>
<b>EXPENDITURES &amp; OTHER USES</b>							
<b>Expenditures</b>							
Board of Trustees	198,715	-	-	-	-	-	198,715
Superintendent's Office	631,740	-	-	-	-	-	631,740
<b>Assistant Supt Education &amp; Enrichment</b>	<b>300,467</b>	<b>20,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>320,467</b>
Center for Safe & Secure Schools	621,588	162,469	-	-	-	-	784,057
Educator Certification & Professional Advanc	749,102	20,000	-	-	-	-	769,102
Adult Ed. Local & (Funds 223, 230, 234, & 38	180,103	3,848,754	-	-	-	-	4,028,857
Center for Grant Services	613,717	-	-	-	-	-	613,717
Research & Evaluation	647,180	50,000	-	-	-	-	697,180
<b>The Teaching and Learning Center</b>							
TLC - Division Wide	338,882	30,000	-	-	-	-	368,882
TLC - Digital Education & Innovation	273,642	-	-	-	-	-	273,642
TLC - Math	221,867	-	-	-	-	-	221,867
TLC - Science	95,586	22,000	-	-	-	-	117,586
TLC - Bilingual Education	45,349	-	-	-	-	-	45,349
TLC - English Language Arts	195,038	-	-	-	-	-	195,038
TLC - Social Studies	49,522	-	-	-	-	-	49,522
TLC - EC Winter Conference	138,807	-	-	-	-	-	138,807
TLC - Scholastic Arts Program	178,581	-	-	-	-	-	178,581
TLC - Special Education	68,189	-	-	-	-	-	68,189
TLC - Speaker Series	155,996	-	-	-	-	-	155,996





### III.- TAX RATE





# Harris County Department of Education

## Comparative Analysis of Property Values

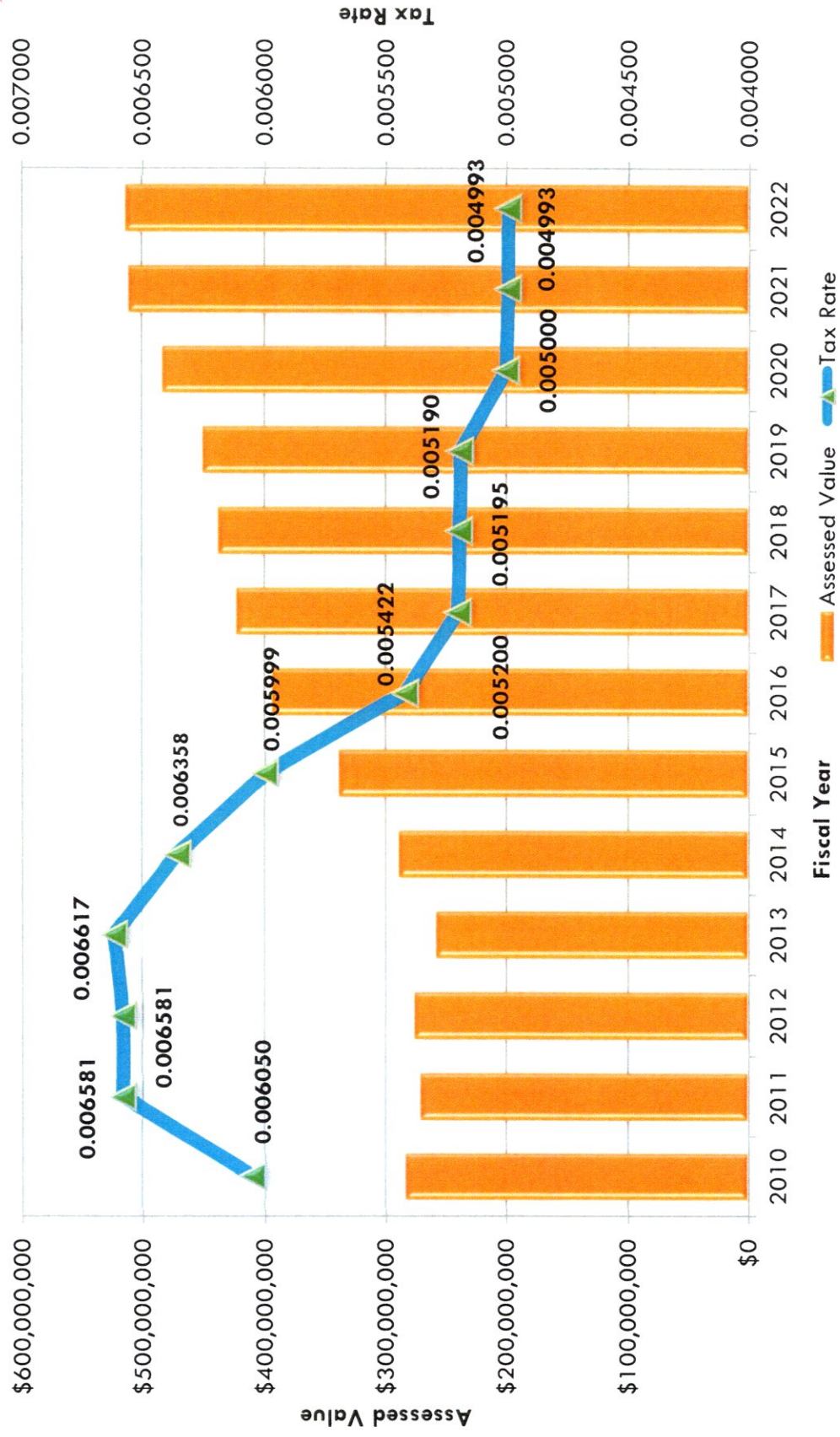
	Adopted ADOPTED TAX RATE	September ADOPTED TAX RATE	October ADOPTED TAX RATE	November ADOPTED TAX RATE	December ADOPTED TAX RATE	January ADOPTED TAX RATE	February ADOPTED TAX RATE	March ADOPTED TAX RATE	April ADOPTED TAX RATE	May ADOPTED TAX RATE
Proposed Collections Tax Year 2020	0.004993	0.004993	0.004993	0.004993	0.004993	0.004993	0.004993	0.004993	0.004993	0.004993
Certified Taxable Value per HCAD (\$000)	392,595,710,238	478,763,407,047	493,351,970,696	502,389,166,676	508,015,051,446	510,293,030,704	510,374,823,408	509,193,256,499	508,652,408,052	508,047,129,757
Values under protest or not certified (\$000)	118,420,401,768	32,944,809,656	18,728,498,019	9,646,625,044	3,886,282,211	1,443,715,996	1,106,284,706	905,859,734	750,084,086	601,426,290
	511,016,112,006	511,708,216,703	512,080,468,715	512,035,791,720	511,901,333,657	511,736,746,700	511,481,108,114	510,099,116,233	509,402,492,138	508,648,556,047
/ Rate per Taxable \$100	5,110,161,120	5,117,082,167	5,120,804,687	5,120,357,917	5,119,013,337	5,117,367,467	5,114,811,081	5,100,991,162	5,094,024,921	5,086,485,560
X Tax Rate	25,515,034	25,549,591	25,568,178	25,565,947	25,559,234	25,551,016	25,538,252	25,469,249	25,434,466	25,396,822
Estimated collection rate	98.07%	98.07%	98.07%	98.07%	98.07%	98.07%	98.07%	98.07%	98.07%	98.07%
X Estimated Collection Rate	25,023,000	25,056,890	25,075,119	25,072,931	25,066,347	25,059,287	25,045,770	24,978,097	24,943,986	24,907,068
+Delinquent Tax Collections	150,000	150,000	288,432	288,432	288,432	288,432	288,432	288,432	288,432	288,432
+Special Assessments	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
+ Penalty & Interest	-	-	-	-	-	-	-	-	-	-
Estimated Tax Available Operations:	\$ 25,188,000	\$ 25,221,890	\$ 25,378,551	\$ 25,376,363	\$ 25,369,779	\$ 25,361,719	\$ 25,349,202	\$ 25,281,529	\$ 25,247,418	\$ 25,210,500

**Net Gain or Loss on values**      \$ -      \$ 33,890      \$ 156,660      \$ 188,363      \$ 181,779      \$ 173,719      \$ 161,202      \$ 93,529      \$ 59,418      \$ 22,500

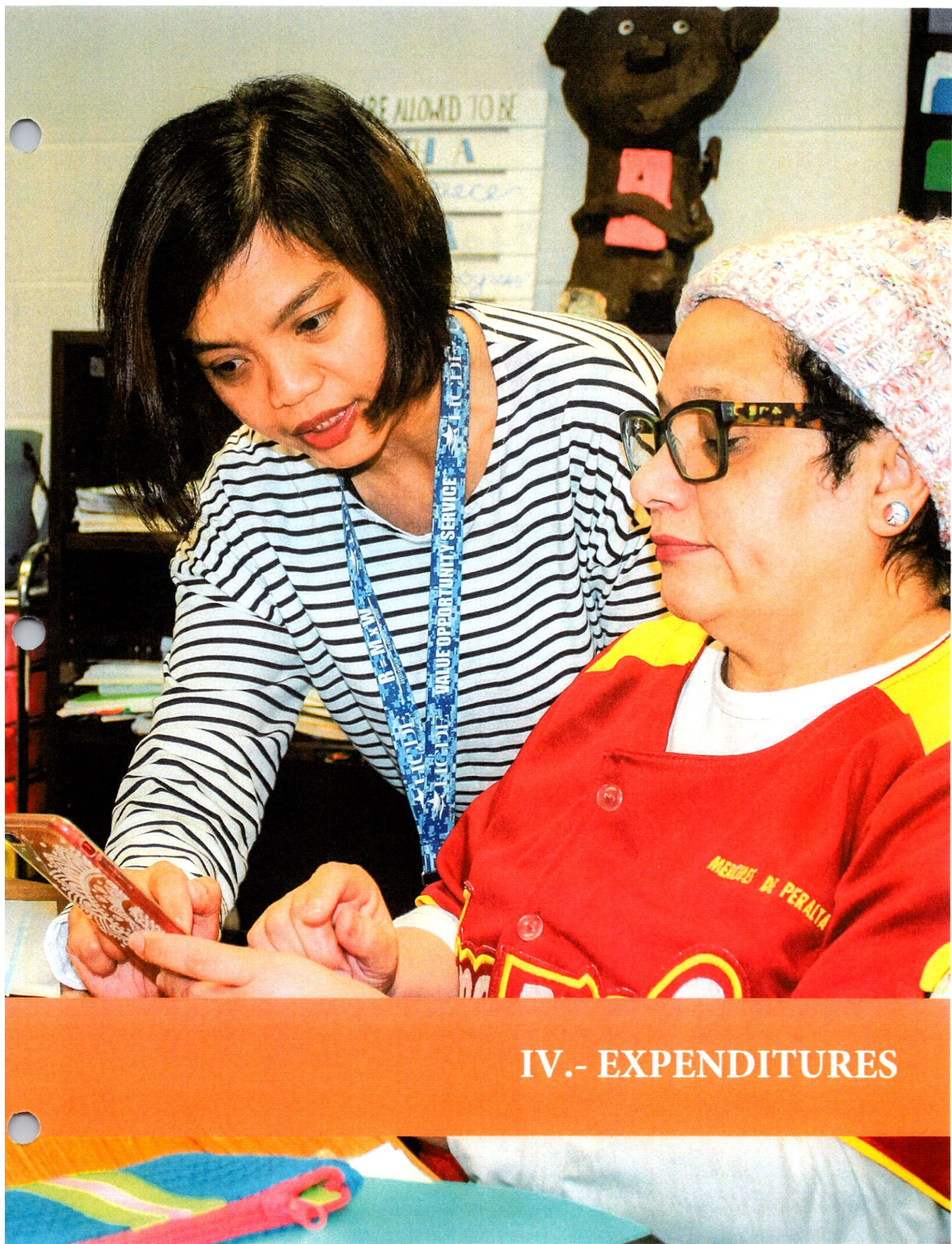




## HCDE Property Values and Tax Rates







#### IV.- EXPENDITURES



**Harris County Department of Education**  
**FY 2022 Proposed Budget Compared to FY21 Amended Budget**  
**Expenditures by Function**

<b>Funtion Code</b>	<b>Function Description</b>	<b>FY 2022 Proposed Budget</b>	<b>FY 2021 Amended Budget</b>	<b>Difference</b>
11	Instruction	\$ 14,237,931	\$ 14,300,084	(62,153)
13	Staff Development	2,781,519	2,897,157	(115,638)
21	Instructional Leadership	13,628,585	13,618,146	10,439
23	School Leadership	1,563,577	1,554,998	8,579
31	Guidance & Counseling	1,132,260	1,128,867	3,393
32	Social Work	-	-	-
33	Health Services	403,126	407,626	(4,500)
34	Student Transportation	57,093	57,093	-
35	Food Services	29,372	29,372	-
41	General Administration	15,307,190	17,458,499	(2,151,309)
51	Plant Maintenance	5,952,423	5,947,024	5,399
52	Security & Monitoring	506,775	500,083	6,692
53	Data Processing	3,906,356	3,936,476	(30,120)
61	Community Services	258,619	288,269	(29,650)
62	School District Admin Support Svcs	1,314,206	1,293,464	20,742
71	Debt Service	-	300,000	(300,000)
81	Acquisition & Construction	1,121,000	5,440,000	(4,319,000)
93	Payments to Mamber Districts	-	-	-
99	Other Government Charges	190,000	180,000	10,000
<b>Total Appropriations by Function:</b>		<b>\$ 62,390,032</b>	<b>\$ 69,337,158</b>	<b>(6,947,126)</b>

	Requested FY 2022 BUDGET	FY21 Amended at 2/28/21	Variance (1-2)	Adopted FY 2021 BUDGET	FY 2020 ACTUAL	FY2019 ACTUAL
030 Human Resources						
011 Assistant Supt -Academic Support	1,091,941	1,091,452	489	1,091,452	1,088,713	1,044,283
111 School Based Therapy Services	327,984	327,872	112	327,872	299,898	283,393
901 Head Start	12,807,618	12,733,654	73,964	12,733,654	11,119,164	10,550,740
	8,000	8,000	-	8,000	2,221	3,274
501 Special Schools & Services						
131 Special Schools Administration	912,462	912,272	190	912,272	772,162	575,035
132 AB School-East	4,908,867	4,864,948	43,919	4,864,948	3,792,210	3,970,909
800 AB School-West	4,658,585	4,659,415	9,170	4,659,415	3,471,228	3,510,548
970 Fortis Academy	1,347,961	1,415,911	(67,950)	1,407,399	1,109,482	1,149,797
098 Highpoint-East	3,400,991	3,402,446	(1,455)	3,402,446	3,121,637	2,919,182
098 Salary Project, & \$15 Minimum wage (\$1,532,858)	-	-	-	-	-	-
111 1.5 Positions School Based Therapy (\$133,254)	-	-	-	-	-	-
086 Facilities:						
954 Facilities-Construction Services	221,975	221,859	116	221,859	166,605	224,435
	2,080,744	2,059,390	21,354	2,021,782	1,818,946	1,917,340
<b>Total Appropriations - Divisions</b>	<b>56,940,944</b>	<b>55,478,565</b>	<b>1,462,379</b>	<b>55,214,929</b>	<b>48,169,776</b>	<b>47,209,425</b>
<b>Other Uses</b>						
098 Trans Out-DW - PFC payment Fund 599	2,857,214	5,717,613	(2,860,399)	5,717,613	2,466,182	2,458,368
098 Trans Out-DW - Lease QZAB Fund 599	-	451,429	(451,429)	451,429	451,431	690,254
098 Trans Out-DW - Star Re-Imagined	320,087	648,764	(328,677)	648,764	-	-
098 Trans Out-Capital Project	1,121,000	5,740,000	(4,619,000)	5,740,000	2,073,912	2,000,000
098 Trans Out-DW-CASE Fund 288	550,787	550,787	-	550,787	421,064	550,787
098 Trans Out-DW-Head Start Fund 205 (HS Equity)	600,000	750,000	(150,000)	750,000	860,298	129,688
<b>Total Other Uses:</b>	<b>5,449,088</b>	<b>13,858,593</b>	<b>(8,409,505)</b>	<b>13,858,593</b>	<b>6,272,887</b>	<b>5,829,097</b>
<b>Total Appropriations</b>	<b>62,390,032</b>	<b>69,337,158</b>	<b>(6,947,126)</b>	<b>69,073,522</b>	<b>54,442,663</b>	<b>53,038,522</b>
<b>Difference Revenues / Appropriations</b>	<b>(3,201,303)</b>	<b>(11,713,957)</b>	<b>8,512,654</b>	<b>(11,588,764)</b>	<b>221,101</b>	<b>3,202,195</b>
<b>One Time Costs:</b>						
695 Facilities-Local Construction Division	-	-	-	-	-	-
<b>Total incl. One Time Appropriations:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess/(Def) Estimated Revenues &amp; Other Resources Over/(Under)</b>						
<b>Appropriations &amp; Other Uses:</b>	<b>\$ (3,201,303)</b>	<b>\$ (11,713,957)</b>	<b>\$ 8,512,654</b>	<b>\$ (11,588,764)</b>	<b>\$ 221,101</b>	<b>\$ 3,202,195</b>

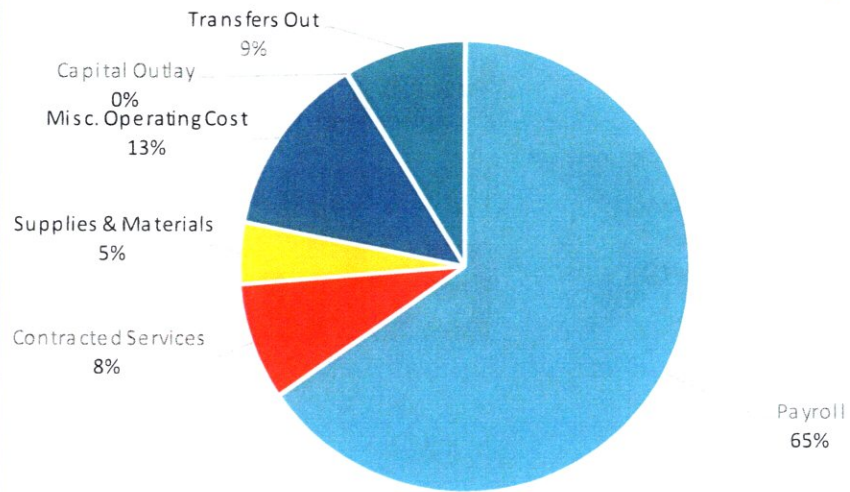
<b>New Proposed Projects:</b>	
<b>One Time Payments</b>	
090 Technology	380,000
498 Star Re-Imagined	320,087
099 Retirement Benefits from Fund Balance	150,000
920 Education Foundation	400,000
087 Upgrade to Buildings and Improvements	741,000
500 Debt Payment from Fund Balance	610,216
901 Head Start - Transfer Out	600,000
	<b>3,201,303</b>

-
648,764
150,000
-
5,740,000
5,050,000
<b>11,588,764</b>

Budget Deficit after One Time Expenditures



2021-2022 General Fund  
Proposed Appropriations - \$62,390,032







V.- FUND BALANCE



## GENERAL FUND

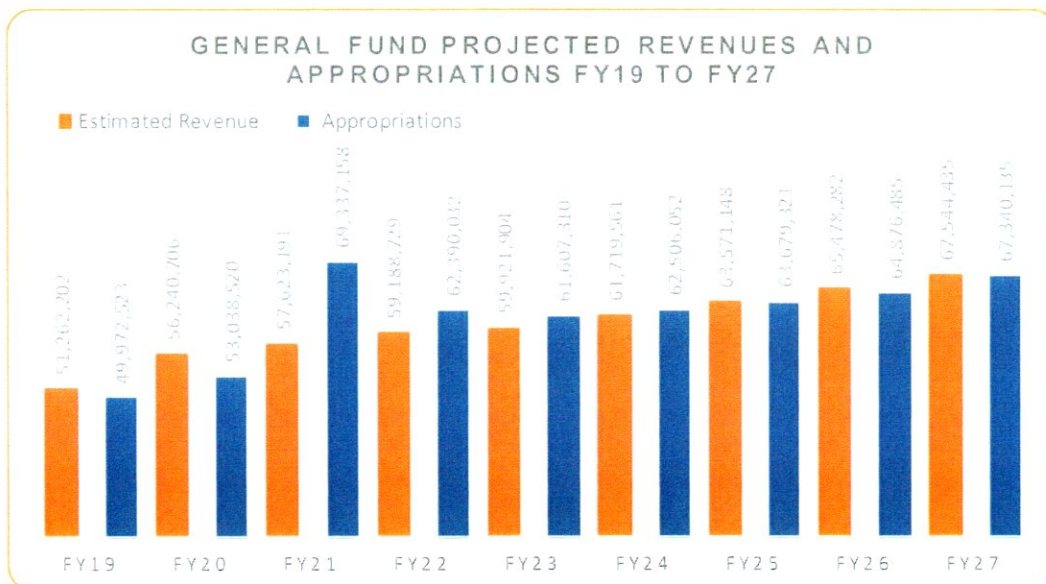
The General Fund is a governmental fund with budgetary control which is used to show transactions resulting from operations of on-going organizations and activities from a variety of revenue sources for which fund balance is controlled by and retained for the use of the local education agency. The General Fund utilizes the modified accrual basis of accounting.

The General Fund is the primary operating fund of the Department. The Department accounts for financial resources used for general operations in this fund. It is a budgeted fund, and any fund balances are considered resources available for current operations. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. The major revenue sources include: customer fees, property tax revenues, state matching and indirect costs from state and federal grants.

**General Operating Fund (199)** is the department's primary fund and is used to account for all financial transactions.

### Harris County Department of Education FY22 General Fund Proposed Budget Overview

	2016-2017 Actual	2017-2018 Actual	2018-2019 Actual	2019-2020 Actual	2020-2021 Amended	2021-2022 Proposed	2022-2023 Forecast	2023-2024 Forecast	2024-2025 Forecast	2025-2026 Forecast	2026-2027 Forecast	2027-2028 Forecast
Beginning Fund Balance	\$30,920,246	\$28,122,494	\$29,412,173	\$32,614,360	\$32,835,461	\$21,121,494	\$17,920,191	\$16,234,785	\$15,448,293	\$15,340,120	\$15,941,916	\$17,287,950
Estimated Revenue	49,028,062	51,262,202	56,240,706	54,663,765	57,623,191	59,188,729	59,921,904	61,719,561	63,571,148	65,478,282	67,442,631	67,544,435
Appropriations	43,146,296	44,202,144	47,209,422	48,169,777	55,478,565	56,940,944	57,506,523	58,656,653	59,829,786	61,026,382	62,246,910	63,491,848
Total Other Uses	(8,679,518)	(5,770,379)	(5,829,098)	(6,272,887)	(13,858,593)	(5,449,088)	(4,100,787)	(3,849,399)	(3,849,535)	(3,850,103)	(3,849,687)	(3,848,287)
Net Change in Fund Balance	(2,797,752)	1,289,679	3,202,186	221,101	(11,713,967)	(3,201,303)	(1,685,406)	(786,492)	(108,174)	601,797	1,346,034	204,300
Ending Fund Balance	\$28,122,494	\$29,412,173	\$32,614,360	\$32,835,461	\$21,121,494	\$17,920,191	\$16,234,785	\$15,448,293	\$15,340,120	\$15,941,916	\$17,287,950	\$17,492,250





# Estimated Fund Balance

\$17,920,191

FY 21-22

Projected

\$57,623,191 G/Fund  
/\$10,228,884  
= 17.75%

Or 2.13 Months



**Non-Spendable** \$177,243

shall mean that portion of the gross fund balance that is not expendable (such as inventories) or is legally earmarked for a specific use such as the self-funded reserves program.

**Restricted** \$0

includes amounts constrained to a specific purpose by the provider, such as grantor.

**Committed** \$2,014,976

shall mean that portion of the fund balance that is constrained to a specific purpose by the Board of Trustees.

**Assigned** \$5,499,088

shall mean that portion of the fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose by the Board of Trustees and/or the Superintendent.

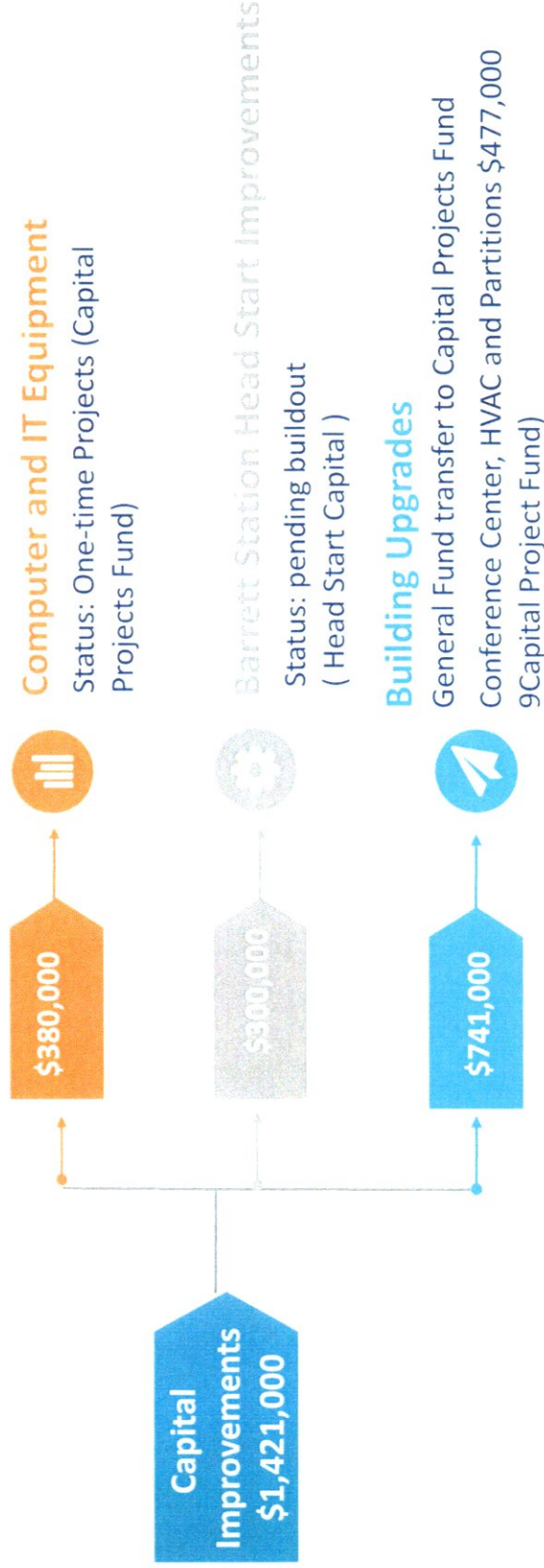
**Unassigned** \$10,229,884

includes amounts available for any legal purpose.



# Planned Use of Fund Balance for one-time expenditures for Capital Expenditures

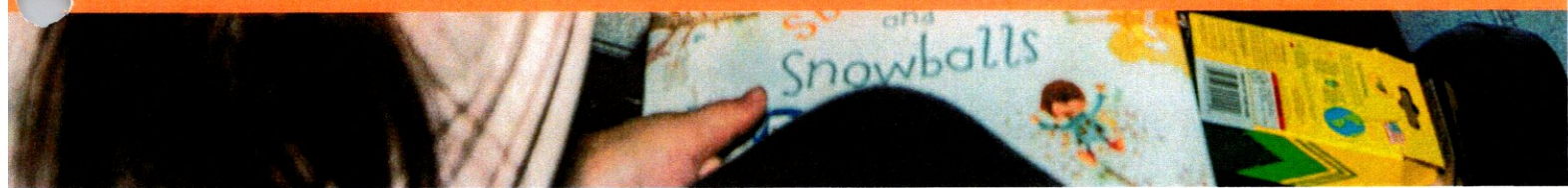
FY 21-22







## VI.- CAPITAL PROJECTS





# Capital Improvement Plan Phase 1

Design  
Development  
Phase

01

## Adult ED Center

Construction of a 60,000 sq. ft facility to provide adult ed classes and programs



02

## Irvington Remodel

Rehabilitation and remodeling of a 40,000 building.

Schematic  
Phase



03

Design  
Development  
Phase

## HP East Middle School

Construction of a 40,000 sq. ft facility to provide services to middle school students in Harris County.



04

## AB East School

Construction of a 40,000 sq. ft facility to provide instructional services to special ed students in Harris County.

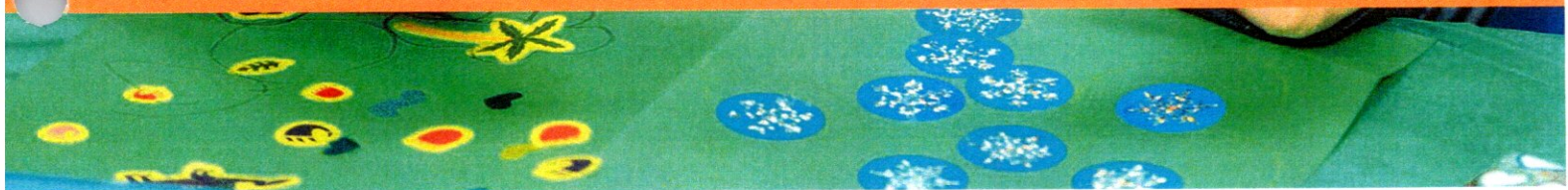


Procurement  
Phase





## VII.- DEBT SERVICE FUND







# Capital Improvement Plan Phase 2

\$15 Million

## Equine Center

\$4,000,000 to \$6,000,000 PFC  
Construction of a 10,000 sq. ft  
facility to provide equine  
programs

01

## Workforce Development

Acquisition and development  
of industry programs  
\$4,000,000 PFC

02

## Maintenance Projects

\$3,000,000 M-Note  
Roof Repairs and maintenance  
projects.

03

## Technology Projects

\$2,000,000 M-Note  
5 yr Infrastructure needs

04

Note: It will require a tax increase to finance new facilities and fund operating costs.

Harris County Department of Education

Combined Debt Service (Tax Supported Debt)

Date	Principal	Interest	Total Annual D/S
8/31/2021	\$ 451,428.57	\$ 358,986.66	\$ 810,415.23
8/31/2022	451,428.57	508,800.00	960,228.57
8/31/2023	451,428.57	508,800.00	960,228.57
8/31/2024	-	508,800.00	508,800.00
8/31/2025	-	508,800.00	508,800.00
8/31/2026	-	508,800.00	508,800.00
8/31/2027	720,000.00	490,800.00	1,210,800.00
8/31/2028	750,000.00	454,050.00	1,204,050.00
8/31/2029	830,000.00	414,550.00	1,244,550.00
8/31/2030	880,000.00	371,800.00	1,251,800.00
8/31/2031	930,000.00	331,200.00	1,261,200.00
8/31/2032	975,000.00	293,100.00	1,268,100.00
8/31/2033	1,020,000.00	253,200.00	1,273,200.00
8/31/2034	1,055,000.00	216,975.00	1,271,975.00
8/31/2035	1,085,000.00	184,875.00	1,269,875.00
8/31/2036	1,115,000.00	151,875.00	1,266,875.00
8/31/2037	1,115,000.00	119,025.00	1,194,025.00
8/31/2038	1,075,000.00	86,250.00	1,196,250.00
8/31/2039	1,075,000.00	52,425.00	1,197,425.00
8/31/2040	1,110,000.00	17,625.00	1,192,625.00
Total	<u>\$ 15,089,285.71</u>	<u>\$ 6,340,736.66</u>	<u>\$ 21,560,022.37</u>