

Financial Highlights

As of September 30, 2020



Harris County
Department of
Education

HIGHLIGHTS of INTERIM FINANCIAL REPORT (unaudited)



September 30, 2020

BUDGET AMENDMENT REPORT for the October 21, 2020 Board Meeting

Click below for a 1-minute Briefing:

<https://www.showme.com/sh?h=4Jvzb04>

Prepared by: Business Support Services Division

Posted On our Website

<https://hcde-texas.org/transparency/monthly-reports/>

Linked from State Comptroller's website

<http://www.texastransparency.org/local/schools.php>



HARRIS COUNTY DEPARTMENT OF EDUCATION
INTERIM FINANCIAL REPORTS (Unaudited)
GENERAL FUNDS 100-199 BALANCE SHEET
 Fiscal year to date: September 30, 2020



**INTERIM FINANCIAL
 REPORT
 (unaudited)
 GENERAL FUND**

Balance Sheet as of September 30, 2020

| | <u>ACTUAL</u> |
|---|-----------------------------|
| <u>ASSETS</u> | |
| Cash and Temporary Investments | \$ 31,100,264 |
| Property Taxes-Delinquent at September 1, 2020 | 817,041 |
| Less: Allowances for Uncollectible Taxes | (16,341) |
| Due from Federal Agencies | 34,554 |
| Other Receivables | 893,436 |
| Inventories | 132,362 |
| Deferred Expenditures | - |
| Other Prepaid Items | 36,259 |
| TOTAL ASSETS: | <u>\$ 32,997,575</u> |
| <u>LIABILITIES</u> | |
| Accounts Payable | 80,597 |
| Bond Interest Payable | - |
| Due to Other Funds | 131,348 |
| Accrued Wages | - |
| Payroll Deductions | 1,306,326 |
| Due to Other Governments | 3,491 |
| Deferred Revenue | 810,151 |
| TOTAL LIABILITIES: | <u>\$ 2,331,913</u> |
| <u>FUND EQUITY</u> | |
| Unassigned Fund Balance | 9,827,704 |
| Non-Spendable Fund Balance | 169,805 |
| Restricted Fund Balance | - |
| Committed Fund Balance | 2,014,976 |
| Assigned Fund Balance | 9,499,397 |
| Excess(Deficiency) of Revenues & Other Resources Over(Under) Expenditures & Other Uses | (2,434,984) |
| TOTAL FUND EQUITY: | <u>\$ 19,076,898</u> |
| Fund Balance Appropriated Year-To-Date | 11,588,764 |
| TOTAL LIABILITIES, FUND EQUITY, AND FUND BALANCE APPROPRIATED TO DATE: | <u>\$ 32,997,575</u> |

INTERIM FINANCIAL REPORT (unaudited)

ASST. SUPERINTENDENT FOR BUSINESS SERVICES' MESSAGE

As of September 30, 2020

The **ESTIMATED** General Fund balance at 09/30/2020 is \$21,511,882 after current appropriations.

As year end adjustments are completed, a budget amendment will be submitted to the board for items assigned, restricted and committed that will roll forward into FY 2021.

| Description | Unaudited 9/1/2020 | Appropriated YTD | Estimated Balance at Month End | Estimated Balance at Month End |
|---------------------------|----------------------|------------------|--------------------------------|--------------------------------|
| Non-Spendable | \$ 169,805 | \$ - | \$ 169,805 | \$ 169,805 |
| Restricted | - | - | - | - |
| Committed | 2,014,976 | - | 2,014,976 | 2,014,976 |
| Assigned | 9,499,397 | - | 9,499,397 | 9,499,397 |
| Unassigned | 9,827,704 | - | 9,827,704 | 9,827,704 |
| Total Fund Balance | \$ 21,511,882 | \$ - | \$21,511,882 | \$ 21,511,882 |

Excess (Deficiency) of CURRENT Revenues and Other Resources (From 9/1/2019 to Date) **\$ (2,434,984)**

This Excess represents the cash flow received YTD resulting from the Difference in INFLOWS and OUTFLOWS

Fund Equity - Per Estimated Balance Sheet as of the end of the Month to Date **\$ 19,076,898**



INTERIM FINANCIAL REPORT (unaudited)

As of September 30, 2020

Financial Ratios

- *Level One - Indicator of financial strength*
- *Level Two - Indicator of efficient leverage*
- *Level Three - Indicators of efficiency*
- *Level Four - Indicator of revenue growth*

INTERIM FINANCIAL REPORT (unaudited)

As of September 30, 2020
Indicators of Financial Strength

| Percent of Fund Balance to G/F Expenditures Ratio What is the percent of rainy fund balance? (*)Unadjusted | Working Capital Ratio What is the cash flow availability for the organization? | | | | | | | | | | | | | | | | | | | | | | |
|--|---|--------------|-------|--|------------------------|--------------|--------|-------------------|------------|------------|---------|-----------|--|---|--|---|--|--------|---------------|-------------|----------------|----------|---------------|
| <table> <tr> <td>Unassigned Fund Balance</td> <td>\$ 9,827,704</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>Total G/F Expenditures</td> <td>\$ 3,035,838</td> </tr> <tr> <td>Goal :</td> <td>> 30% of G/F Exp.</td> </tr> <tr> <td>Benchmark:</td> <td>10% to 29%</td> </tr> <tr> <td>Danger:</td> <td>Under 10%</td> </tr> </table> | Unassigned Fund Balance | \$ 9,827,704 | <hr/> | | Total G/F Expenditures | \$ 3,035,838 | Goal : | > 30% of G/F Exp. | Benchmark: | 10% to 29% | Danger: | Under 10% | <table> <tr> <td colspan="2">Total Current Assets Less Total Current Liabilities</td> </tr> <tr> <td colspan="2">\$32,997,575 – \$2,331,913 = \$30,665,662</td> </tr> <tr> <td>Goal :</td> <td>>\$15,000,000</td> </tr> <tr> <td>Benchmark :</td> <td>\$10M to \$15M</td> </tr> <tr> <td>Danger :</td> <td>Under < \$10M</td> </tr> </table> | Total Current Assets Less Total Current Liabilities | | \$32,997,575 – \$2,331,913 = \$30,665,662 | | Goal : | >\$15,000,000 | Benchmark : | \$10M to \$15M | Danger : | Under < \$10M |
| Unassigned Fund Balance | \$ 9,827,704 | | | | | | | | | | | | | | | | | | | | | | |
| <hr/> | | | | | | | | | | | | | | | | | | | | | | | |
| Total G/F Expenditures | \$ 3,035,838 | | | | | | | | | | | | | | | | | | | | | | |
| Goal : | > 30% of G/F Exp. | | | | | | | | | | | | | | | | | | | | | | |
| Benchmark: | 10% to 29% | | | | | | | | | | | | | | | | | | | | | | |
| Danger: | Under 10% | | | | | | | | | | | | | | | | | | | | | | |
| Total Current Assets Less Total Current Liabilities | | | | | | | | | | | | | | | | | | | | | | | |
| \$32,997,575 – \$2,331,913 = \$30,665,662 | | | | | | | | | | | | | | | | | | | | | | | |
| Goal : | >\$15,000,000 | | | | | | | | | | | | | | | | | | | | | | |
| Benchmark : | \$10M to \$15M | | | | | | | | | | | | | | | | | | | | | | |
| Danger : | Under < \$10M | | | | | | | | | | | | | | | | | | | | | | |

324% FY21

667% FY20

Budgeted 30%

Details on Schedule 3

\$31M FY21

\$31M FY20

Budgeted \$33M

Details on Schedule 1

INTERIM FINANCIAL REPORT (unaudited)

As of September 30, 2020

Indicators of Efficient Leverage Reserves

| Unassigned Fund Balance Ratio How much is available in reserves? | | Debt to Income Ratio What is the ability of HCDE to cover its debt payments? | |
|---|---------------|---|-------------------------|
| Unassigned Fund Balance | \$ 9,827,704 | Annual Principal and Interest Payments on Term Debt and Capital Leases | \$ 0 |
| Total Fund Balance | \$ 30,665,662 | G/F Revenue Less Facility Charges | \$ 600,853 - \$ 218,524 |
| Goal: | <75% | Goal: | <25% of annual revenue |
| Benchmark: | 50% to 75% | Benchmark: | 25% to <49% |
| Danger: | <50% | Danger: | Over > 50% |

32% FY21

69% FY20

0% FY21

0% FY20

Budgeted 87%

Details on Schedule 1

Budgeted 6%

Details on Schedule 5

INTERIM FINANCIAL REPORT (unaudited)

As of September 30, 2020

Indicators of Efficiency

| Tax Revenue to Total Revenue Ratio How Efficient is HCDE at leveraging local Taxes? (Current) | | Indirect Cost to Tax Ratio How much dependency on indirect cost from grants? | |
|--|-----------------|---|------------|
| Current Tax Revenue | \$ 593 | Indirect Cost General Fund | \$ 727 |
| Total Revenue | \$ 1,415,591 | Total General Fund Revenues | \$ 600,853 |
| Goal: | <20% of revenue | Goal: | > 5% |
| Benchmark: | 20% to 30% | Benchmark: | 2% to 5% |
| Danger: | Over > 30% | Danger: | Under < 2% |

0% FY21

0% FY20

Budgeted 41%

Details on Schedule 2

0% FY21

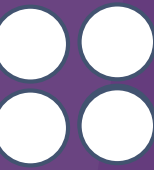
0% FY20

Budgeted 3%

Details on Schedule 3

INTERIM FINANCIAL REPORT (unaudited)

As of September 30, 2020
Indicators of Revenue Growth



Fee for Service Revenue Ratio How are revenues spread across all Funds?

Total Fee for Service Revenues (G/F) \$ 134,433

Total Revenues \$ 1,415,591

Goal: >30% of annual revenue
Benchmark: 10% to 29%
Danger: Under 10%

10% FY21

27% FY20

Budgeted 44%

Details on Schedule 14

Fee for Service Revenue Growth Ratio What is the market growth for fee on services?

Fee for Service Current Year Less Fee for Services Last Year

\$ 134,433 – \$ 555,781

Fees for Service Last Year \$ 555,781

Goal: >3% + growth
Benchmark: 0% to 3%
Danger: Under <0%

-76% FY21

-21% FY20

Budgeted 4%

Details on Schedule 14

| FUND BALANCE CATEGORY | Sept 1, 2020 Beginning Audited | September - December | January - May | July | |
|----------------------------------|--------------------------------|----------------------|---------------|------|-------------------|
| Inventory | 131,949 | | | | 131,949 |
| Prepaid Items | 37,856 | | | | 37,856 |
| Emp Retirement Leave Fund | 500,000 | | | | 500,000 |
| Unemployment Liability | 200,000 | | | | 200,000 |
| Capital Projects | 1,314,976 | | | | 1,314,976 |
| Assets Replacement Schedule | 1,000,000 | | | | 1,000,000 |
| Building and Vehicle Replacement | 1,000,000 | | | | 1,000,000 |
| Local Construction | 2,500,000 | | | | 2,500,000 |
| PFC Lease Payment | 691,129 | | | | 691,129 |
| QZAB bond payment | 2,458,268 | | | | 2,458,268 |
| New Program Initiative | - | | | | - |
| Software and Program Development | - | | | | - |
| Recovery High School | 1,000,000 | | | | 1,000,000 |
| Workforce Development | 850,000 | | | | 850,000 |
| Total Reserves: | 11,684,178 | | | | 11,684,178 |
| Unassigned | 20,930,182 | | | | 20,930,182 |
| Total Est. Fund Balance: | 32,614,360 | - | - | - | 32,614,360 |


FY 2020-2021
Fund Balance
-
Budgeted Activity

INTERIM FINANCIAL REPORT (unaudited)

GENERAL, SPECIAL REVENUE, DEBT SERVICE FUNDS, CAPITAL PROJECTS, AND INTERNAL SERVICE FUNDS.

REVENUES

Budget to Actual at September 30, 2020


| Fund | Budget | Received/Billed | % |
|---|----------------------|---|-----------|
| General Fund | \$57,484,759 | \$600,853 | 1% |
| September is the end of the 1st month or approximately 8% of the fiscal year. | | | |
| (1) This amount includes accounts receivable billed. | |  | |
| Special Revenue Funds | 36,874,807 | 42,452 | 0% |
| Most grant periods differ from fiscal year. | | | |
| (2) Grants are on monthly reimbursement basis; subsequently billed | | | |
| Debt Service Fund | 6,169,043 | 0 | 0% |
| (3) This fund has activity in February, May (interest and principal payments), and August (interest only payment). | | | |
| Capital Projects Fund | 50,946,770 | 1 | 0% |
| Trust and Agency Fund | 0 | 222 | 0% |
| Choice Partners Fund (Enterprise Fund) | 5,228,380 | 504,591 | 10% |
| Worker's Comp. Fund (Internal Service Fund) | 475,000 | 48,947 | 10% |
| Facilities Fund (Internal Service Fund) | 5,653,990 | 218,524 | 4% |
| Total as of the end of the month | \$162,832,749 | \$1,415,591 | 1% |

INTERIM FINANCIAL REPORT (unaudited)

GENERAL, SPECIAL REVENUE, DEBT SERVICE FUNDS, CAPITAL PROJECTS, AND INTERNAL SERVICE FUNDS

Expenditures

Budget to Actual at September 30, 2020

| Fund | Budget | Encumbered/Spent | % |
|---|---|---------------------|--------------|
| General Fund | \$69,073,522 | \$3,035,838 | 6% |
| (1) Encumbrances as of the end of the month total. | | \$ 1,284,258 | Encumbrances |
| September is the end of the 1st month or approximately 8% of the fiscal year. | | | |
| Special Revenue Funds | 36,874,807 | 1,402,487 | 11% |
| (2) Encumbrances as of the end of the month total. |  | 2,597,695 | Encumbrances |
| Most grant periods differ from the fiscal year. | | | |
| Debt Service Fund | 6,169,043 | 0 | 0% |
| (3) This fund has activity in February, May (interest and principal | | | |
| Capital Projects Fund | 50,946,770 | 631,453 | 1% |
| Trust and Agency Fund | - | 0 | 0% |
| Choice Partners Fund (Enterprise Fund) | 5,728,380 | 522,746 | 9% |
| Worker's Comp. Fund (Internal Service Fund) | 475,000 | 374,068 | 79% |
| Facilities Fund (Internal Service Fund) | 5,653,990 | 331,289 | 6% |
| Total as of the end of the month | \$174,921,512 | \$10,179,833 | 6% |

INTERIM FINANCIAL REPORT (unaudited)
 FY 2020&21 COVID19 Expenditures
 as of September 30, 2020

| COVID19 Fund Cumulative Disaster Relief | | | | |
|--|---------------------|-------------------------|---------------------------------|--------------------------|
| Object Code | BUDGET | YTD Expenditures | Encumbrances Outstanding | Available Balance |
| 61xx-xxxx Technology Allowances | \$ 75,152 | \$ 74,152 | \$ - | \$ 1,000 |
| 62xx-xxxx Prof. & Other Contracted Svcs | \$ 964,093 | \$ - | \$ - | \$ 964,093 |
| 63xx-xxxx Supplies & Materials | \$ 308,518 | \$ 177,639 | \$ 128,879 | \$ 2,000 |
| 64xx-xxxx Misc. Operating Costs | \$ 152,237 | \$ 74,259 | \$ 76,978 | \$ 1,000 |
| Total General Fund: | \$ 1,500,000 | \$ 326,050 | \$ 205,857 | \$ 968,093 |
| Object Code | BUDGET | YTD Expenditures | Encumbrances Outstanding | Available Balance |
| 61xx-xxxx Technology Allowances | \$ 87,155 | \$ 54,326 | \$ - | \$ 32,829 |
| 62xx-xxxx Prof. & Other Contracted Svcs | \$ 2,700 | \$ - | \$ 2,700 | \$ - |
| 63xx-xxxx Supplies & Materials | \$ 944,703 | \$ 242,453 | \$ 62,331 | \$ 639,919 |
| 64xx-xxxx Misc. Operating Costs | \$ 96,023 | \$ 7,596 | \$ 32,091 | \$ 56,336 |
| Total Head Start: | \$ 1,130,581 | \$ 304,375 | \$ 97,122 | \$ 729,085 |
| Total COVID19 Expenditures | \$ 2,630,581 | \$ 630,425 | \$ 302,979 | \$ 1,697,178 |

** Budget Amendment to increase Head Start Budget placeholder by \$47,419 to reflect NOGA will be completed in FY21.

** Budget Amendment to increase Department Wide Budget placeholder by \$974,572 to reflect remaining FY20 Balance will be completed in FY21.

INTERIM FINANCIAL REPORT (unaudited)
 FY 2020-21 Donations Report
 All Funds as of September 30, 2020

| Month 2020 - 2021 | CASH | IN-KIND | TOTAL |
|------------------------|------------------|------------------|------------------|
| September | 58.00 | 1,350.00 | 1,408.00 |
| October | | | - |
| November | | | - |
| December | | | - |
| January | | | - |
| February | | | - |
| March | | | - |
| April | | | - |
| May | | | - |
| June | - | - | - |
| July | - | - | - |
| August | | | |
| 2021 Total: | 58.00 | 1,350.00 | 1,408.00 |
| 2020 YTD Total: | 16,915.00 | 44,184.20 | 61,099.20 |

INTERIM FINANCIAL REPORT (unaudited)
 FY 2020-21 Donations Report
 All Funds as of September 30, 2020

| CENTER FOR GRANTS DEVELOPMENT ON BEHALF OF HCDE DIVISIONS | | | | | | | | |
|--|--------------------------------------|--|-------------|---|--|------------------------|---------------------------|--------------------|
| September 1-30, 2020 | | | | | | | | |
| <i>Donor/ Sponsor Last Name</i> | <i>Donor/ Sponsor First Name</i> | <i>Organization</i> | <i>Site</i> | <i>Division</i> | <i>Description of Donation/Sponsorship</i> | <i>Cash Totals</i> | <i>In-kind Totals</i> | <i>Totals</i> |
| Duke | Stacey | Butler Products | HCDE | Academic and Behavior School West | School Supplies | \$0.00 | 300.00 | \$ 300.00 |
| Bessy | Brett | Liberty Data Products | HCDE | Academic and Behavior School West | School Supplies | \$0.00 | 300.00 | \$ 300.00 |
| La Rue | Madeline | Accelerate Learning, Inc. STEMscopes Math | HCDE | Teaching and Learning Center | Online Manipulatives | \$0.00 | 750.00 | \$ 750.00 |
| Employee Giving Funding | | | | | | | | |
| Anonymous | | HCDE | HCDE | CASE for Kids & HeadStart | Unrestricted | \$ 48.00 | | \$ 48.00 |
| Mitchell | Nikoll | HCDE | HCDE | School-Based Therapy Services | Unrestricted | \$ 10.00 | | \$ 10.00 |
| | | | | | | \$ 58.00 | \$ 1,350.00 | \$ 1,408.00 |

INTERIM FINANCIAL REPORT (unaudited)

TAX COLLECTIONS COMPARATIVE ANALYSIS

Fiscal Year-To-Date at September 30, 2020

Harris County Department of Education Comparative Analysis of Property Values

| | Adopted ADOPTED TAX RATE | September ADOPTED TAX RATE |
|---|--------------------------------|----------------------------------|
| Proposed Collections Tax Year 2019 | 0.004993 | 0.004993 |
| Certified Taxable Value per HCAD (\$000) | 392,595,710,238 | 478,763,407,047 |
| Values under protest or not certified (\$000) | 118,420,401,768 | 32,944,809,656 |
| | 511,016,112,006 | 511,708,216,703 |
| / Rate per Taxable \$100 | 5,110,161,120 | 5,117,082,167 |
| X Tax Rate | 25,515,034 | 25,549,591 |
| Estimated collection rate | 98.07% | 98.07% |
| X Estimated Collection Rate | 25,023,000 | 25,056,890 |
| | - | - |
| +Delinquent Tax Collections | 150,000 | 150,000 |
| +Special Assessments | 15,000 | 15,000 |
| + Penalty & Interest | - | - |
| Estimated Tax Available Operations: | \$ 25,188,000 | \$ 25,221,890 |

Net Gain or Loss on values \$ - \$ 33,890

See Tax Calculator at:
<https://hcode-texas.org/transparency/tax-rate/>

INTERIM FINANCIAL REPORT (unaudited)

TAX COLLECTIONS Fiscal Year-To-Date at September 30, 2020 (1st month / 12 months)

HARRIS COUNTY DEPARTMENT OF EDUCATION Tax Year 2019 Interim Current Tax Revenue Estimate Updates

| | SCENARIO (1) APPRAISED VALUE HCAD | SCENARIO (2) OWNER'S VALUE OWNER REQUESTED | SCENARIO (3) EST FINAL VALUE COMMITTEE RECOMMENDED |
|--|---|--|--|
| Property Use Category Recap-Certified To Date -Report: | | | |
| Taxable value | \$478,763,407,047 | \$478,763,407,047 | \$478,763,407,047 |
| PLUS: Uncertified Roll Summary Report: | | | |
| Scenario (1) Appraised value | 42,532,350,257 | - | - |
| Scenario (2) Owner's value | - | 39,445,953,362 | - |
| Scenario (3) Estimated final value | - | - | 32,944,809,656 |
| Total taxable value, Certified and Uncertified: | <u>\$521,295,757,304</u> (A) | <u>\$518,209,360,409</u> (A) | <u>\$511,708,216,703</u> (A) |
| Calculate Interim Current Tax Revenue Estimate: | | | |
| 1) (A) divided by 100 | \$5,212,957,573 (B) | \$5,182,093,604 (B) | \$5,117,082,167 (B) |
| 2) Current Tax Rate | <u>X 0.004993 (C)</u> | <u>X 0.004993 (C)</u> | <u>X 0.004993 (C)</u> |
| 3) 2017 Interim Current Tax Revenue Estimate, at 100% Collection Rate, (B) X (C) | <u>\$26,028,297 (D)</u> | <u>\$25,874,193 (D)</u> | <u>\$25,549,591 (D)</u> |
| 4) Interim Tax Rev Estimate @ 98.07159% Collection Rate: | <u>\$25,526,365 (E)</u> | <u>\$25,375,233 (E)</u> | <u>\$25,056,890 (E)</u> |
| Comparison of Interim Tax Rev Estimate @ 98.07% Collection Rate with Interim Current Tax Revenue Est: | | | |
| Interim Current Tax Revenue Estimate Over/(Under) Current Tax Revenue, Currently Budgeted: | | | |
| Interim Current Tax Revenue Estimate (E) | \$25,526,365 (E) | \$25,375,233 (E) | \$25,056,890 (E) |
| LESS: Tax Revenue, Currently Budgeted | <u>\$25,023,000 (F)</u> | <u>\$25,023,000 (F)</u> | <u>\$25,023,000 (F)</u> |
| Total Interim Current Tax Revenue Estimate Over/(Under) Current Tax Revenue, Currently Budgeted, (E) - (F): | <u>\$503,365</u> | <u>\$352,233</u> | <u>\$33,890</u> |
| Total Current Tax Revenue Received, Accumulated from September 1 to September 30, 2020, 1990-57110 | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

INTERIM FINANCIAL REPORT (unaudited)
 TAX COLLECTIONS Fiscal Year-To-Date at September 30, 2020
 (1st month / 12 month)

TAX YEAR 2020 COLLECTION SUMMARY

| DESCRIPTION | BUDGET | CURRENT MONTH | Y-T-D | BALANCE (OVER) / UNDER | Y-T-D % OF BUDGET |
|---------------------------------------|---------------|---------------|-------------|------------------------|-------------------|
| REVENUES: | | | | | |
| Current Tax | \$ 25,023,000 | \$ - | \$ - | \$25,023,000 | 0.0% |
| Delinquent Tax | \$ 150,000 | \$ - | \$ - | \$ 150,000 | 0% |
| Penalty & Interest | \$ - | \$ - | \$ - | \$ - | 0% |
| Special Assessments and Miscellaneous | \$ 15,000 | \$ 593 | \$ 593 | \$ 14,407 | 4% |
| Subtotal Revenues: | \$ 25,188,000 | \$ 593 | \$ 593 | \$25,187,407 | 0.0% |
| DESCRIPTION | BUDGET | CURRENT MONTH | Y-T-D | BALANCE (OVER) / UNDER | Y-T-D % OF BUDGET |
| EXPENDITURES: | | | | | |
| LESS: HCAD Fees | \$ 180,000 | \$ 44,228 | \$ 44,228 | \$ 135,772 | 25% |
| LESS: HCTO Fees | 525,000 | - | - | 525,000 | 0% |
| Subtotal Expenditures: | \$ 705,000 | \$ 44,228 | \$ 44,228 | \$ 660,772 | 6% |
| Net Tax Collections: | \$ 24,483,000 | \$ (43,635) | \$ (43,635) | \$24,526,635 | -0.2% |

- a) 2020 Tax Rate = \$0.004993/\$100 Property Assessment/Appraisal - --> Annual Tax on a \$249,978 - \$67,494 = \$182,484/100 x .004993 = Residential Property = \$9.11 (net of 27% homestead exception.)
 b) \$705,000/\$25,188,000 = 2.80% Collection and assessment costs

INTERIM FINANCIAL REPORT (unaudited)

TAX COLLECTIONS Fiscal Year-To-Date at September 30, 2020

(1st month / 12 month)

| | FY 21 | FY 20 |
|--|---------------|---------------|
| <u>CURRENT TAX REVENUES</u> | | |
| Year-to-date (Y-T-D) Budgeted: | \$ 25,023,000 | \$ 24,279,517 |
| Year-to-date (Y-T-D) Collections: | - | - |
| Collections as a Percent of Budgeted: | 0.0% | 0.0% |
| <u>Y-T-D TAX APPRAISAL AND COLLECTIONS FEES</u> | | |
| Appraisal fees paid to Harris County Appraisal District: | \$ 44,228 | \$ 42,697 |
| Tax collection fees paid to Harris County Tax Office: | - | 999 |
| <u>TOTAL TAX REVENUES</u> | | |
| Original Budget | \$16,159,798 | \$16,159,798 |
| PLUS: FY 2009-10 Amendments | \$0 | \$0 |
| Budgeted: | \$ 25,188,000 | \$ 24,444,517 |
| Current Month's Collections: | \$ 593 | \$ 50,448 |
| Y-T-D Collections: | \$ 593 | \$ 50,448 |
| Y-T-D Collection Rate, Budgeted: | 98.1% | 98.4% |
| Y-T-D Collection Rate, Actual: | 0.0% | 0.2% |



- a) 2020 Tax Rate = $\$0.004993 / \100 Property Assessment/Appraisal - --> Annual Tax on a \$249,978 - \$67,494 = $\$182,484 / 100 \times .004993 =$
 Residential Property = \$9.11 (net of 27% homestead exception.)
- b) $\$705,000 / \$25,188,000 = 2.80\%$ Collection and assessment costs

INTERIM FINANCIAL REPORT (unaudited)

DISBURSEMENT – ALL FUNDS

September 30, 2020

| DESCRIPTION | DISBURSEMENTS | AMOUNT |
|----------------------|------------------|-------------|
| All Funds | 300 Checks | \$162,522 |
| P Card - August 2020 | 634 Transactions | \$77,753 |
| Bank ACH | 6 Transfers | \$1,746,702 |
| | Total: | \$1,986,978 |

Notes:

- (A) All Purchase Orders and Payment Authorizations are reviewed before disbursement.
- (B) All Procurement Card charges are reviewed by cardholder, supervisor, and business office staff each month.
- (C) A report on CH Local Expenditures is included in the monthly report.

INTERIM FINANCIAL REPORT (unaudited)

Segment Division Data

As of September 30, 2020

| <u>GENERAL FUND - Governmental</u> | | | | | | |
|---|----------|-------------|------------------------------------|-------------------------------------|-----------------------------|---------------------|
| Budget Manager Title | Revenues | Tax Subsidy | Expenditure and Encumbrances | Includes Tax Subsidy Variance | W/o tax Benefit Ratio | Benefit Variance |
| | | | Includes Encumbrances | | | |
| Educator Certification and Prof Adv | 83,239 | - | 79,248 | 3,991 | 5% | 3,991 |
| Records Management | 129,032 | - | 202,297 | (73,265) | -57% | (73,265) |
| School Based Therapy Services | - | - | 902,390 | (902,391) | N/A | (902,390) |
| Schools | (89,726) | - | 1,265,384 | (1,355,110) | 1510% | (1,355,110) |

| <u>ENTERPRISE FUND-CHOICE PARTNERS COOPERATIVE</u> | | | | | |
|---|----------|------------------------------------|------------------------------------|------------------|---------------------|
| Budget Manager Title | Revenues | Expenditure and Encumbrances | Transfer Out To General Fund | Benefit Ratio | Benefit Variance |
| Choice Partners Cooperative (Enterprise) | 504,591 | 522,747 | 379,598 | -4% | (18,156) |

Note: The difference between revenues & expenditures for Choice Partners is transferred out into General Fund, that transfer is not included in the expenditure column above.

HIGHLIGHTS OF BUDGET AMENDMENT REPORT

October 21, 2020 Board Meeting
(unaudited)

Amendments

General Fund = \$ 263,636

Special Revenue Fund = \$2,235,382

Facilities = \$152,842

INTERIM FINANCIAL REPORT (unaudited)

FY 2020-21 BUDGET AMENDMENT REPORT

September 30, 2020

General Fund

| Budget Rationale | Changes to Revenues | Changes to Appropriations | Changes Impacting F/Bal | Total Net Change |
|---|---------------------|---------------------------|-------------------------|------------------|
| GENERAL FUND | | | | |
| INCREASES | | | | |
| Increase revenue and expenditure budget within General Fund (1991), Budget Manager (098) Department Wide by \$138,432. The purpose of this budget amendment is to increase the facilities support charge budget to account for the <u>increase in insurance renewal premium payments</u> . | \$ 138,432.00 | \$ 138,432.00 | - | - <1> |
| Increase expenditures in the General Fund (1991) of \$125,204 for the <u>roll forward</u> of open Purchase Orders. Technology Support Services (BM 090), Department Wide (BM 098), Fortis Academy (BM 800), and Records Management (BM 954) were affected. Rollforward includes an increase to General Fund (1991) (BM 098) Department Wide of \$211,932 and a decrease to General Fund (1991) (BM 090) Technology Support Services of (\$211,932). The General Fund-Fund balance will decrease by (\$125,204). | \$ - | \$ 125,204.00 | (125,204) | - <3> |
| DECREASES | | | | |
| Total GENERAL FUND: | \$ 138,432 | \$ 263,636 | \$ (125,204) | \$ - |

INTERIM FINANCIAL REPORT (unaudited)

FY 2020-21 BUDGET AMENDMENT REPORT

September 30, 2020

Special Revenue Fund

| Budget Rationale | Changes to Revenues | Changes to Appropriations | Changes Impacting F/Bal | Total Net Change |
|--|---------------------|---------------------------|-------------------------|------------------|
| SPECIAL REVENUE FUND | | | | |
| INCREASES | | | | |
| Increase revenue and expenditure budget within Special Revenue Fund (4271) Disaster Recovery COVID-19, Budget Manager (098) Department Wide by \$974,000. The purpose of this budget amendment is to <u>adjust the current placeholder</u> to match the remaining funds from FY2020 to cover COVID related expenditures. | \$ 974,572.00 | \$ 974,572.00 | - | - <2> |
| Increase revenue and expenditure budget within Special Revenue Fund (2100) STOP School Violence, Budget Manager (005) Center for Save and Secure Schools by \$112,799. The purpose of this budget amendment is to <u>adjust the current placeholder</u> to match the award reflected on the NOGA for Fund 2100. | \$ 112,799.00 | \$ 112,799.00 | - | - <4> |
| Increase revenue and expenditure budget within Special Revenue Fund (4910) STOP School Violence In-Kind, Budget Manager (005) Center for Save and Secure Schools by \$40,662. The purpose of this budget amendment is to <u>adjust the current placeholder</u> for in-kind to match the required match detailed on the NOGA for Fund 4910. | \$ 40,662.00 | \$ 40,662.00 | - | - <5> |
| Increase revenue and expenditure budget within Special Revenue Fund (4631) CASE for Houston Endowment, Budget Manager (922) CASE by \$99,000. The purpose of this budget amendment is to adjust the current placeholder to <u>match</u> the award reflected on the NOGA. | \$ 99,000.00 | \$ 99,000.00 | - | - <6> |
| Increase revenue and expenditure budget within Special Revenue Fund (2680) CASE for 21st Century TEA Cycle 10 Year 2, Budget Manager (922) CASE by \$169,366. The purpose of this budget amendment is to <u>adjust the FY21 placeholder</u> to accurately reflect the <u>carryover of funds</u> from FY20. | \$ 169,366.00 | \$ 169,366.00 | - | - <8> |
| Increase revenue and expenditure budget within Special Revenue Fund (2670) CASE for 21st Century TEA Cycle 9 Year 4, Budget Manager (922) CASE by \$437,298. The purpose of this budget amendment is to <u>adjust the FY21 placeholder</u> to accurately reflect the <u>carryover of funds</u> from FY20. | \$ 437,298.00 | \$ 437,298.00 | - | - <9> |
| Increase revenue and expenditure budget within Special Revenue Fund (4271) Head Start COVID Relief, Budget Manager (901) Head Start by \$449,807. The purpose of this budget amendment is to <u>adjust the FY21 placeholder</u> to accurately reflect the <u>carryover of funds</u> from FY20. | \$ 449,807.00 | \$ 449,807.00 | - | - <11> |
| Increase revenue and expenditure budget within Special Revenue Fund 2221 AEL CBDG Grant, Budget Manager (201) Adult Education by \$29,500. The purpose of this budget amendment is to reflect the award of <u>a new grant reflected</u> on the NOGA. | \$ 29,500.00 | \$ 29,500.00 | - | - <12> |

INTERIM FINANCIAL REPORT (unaudited)

FY 2020-21 BUDGET AMENDMENT REPORT

September 30, 2020

Special Revenue Fund Continued....

| Budget Rationale | Changes to Revenues | Changes to Appropriations | Changes Impacting F/Bal | Total Net Change |
|--|---------------------|---------------------------|-------------------------|------------------|
| SPECIAL REVENUE FUND | | | | |
| DECREASES | | | | |
| Decrease revenue and expenditure budget within Special Revenue Fund (4981) CASE Ecobot, Budget Manager (922) CASE by (\$1,905). The purpose of this budget amendment is to adjust the current placeholder to match the award reflected on the NOGA. | \$ (1,905.00) | \$ (1,905.00) | - | - <7> |
| Decrease revenue and expenditure budget within Special Revenue Fund (2070) Head Start Disaster Assistance, Budget Manager (901) Head Start by (\$75,717). The purpose of this budget amendment is to decrease the FY21 placeholder to accurately reflect the carryover of funds from FY20. | \$ (75,717.00) | \$ (75,717.00) | - | - <10> |
| Total SPECIAL REVENUE FUND: | \$ 2,235,382 | \$ 2,235,382 | - | \$ - |

INTERIM FINANCIAL REPORT (unaudited)

FY 2020-21 BUDGET AMENDMENT REPORT

September 30, 2020

Facilities Fund

| Budget Rationale | Changes to Revenues | Changes to Appropriations | Changes Impacting F/Bal | Total Net Change |
|--|---------------------|---------------------------|-------------------------|------------------|
| FACILITIES FUND | | | | |
| INCREASES | | | | |
| Increase revenue and expenditure budget within Facilities Fund (7991), Budget Manager (083)Facilities Support Services by \$138,432. The purpose of this budget amendment is to <u>increase the facilities budget</u> to account for the increase in insurance renewal premium payments. | \$ 138,432.00 | \$ 138,432.00 | - | - <1> |
| Increase expenditures in the Facilities Fund (7991) of \$14,410 for the <u>roll forward of open</u> Purchase Orders for Facilities Support Services (BM 083). | \$ - | \$ 14,410.00 | (14,410) | - <3> |
| Total FACILITIES FUND: | \$ 138,432 | \$ 152,842 | (14,410) | \$ - |



Education Foundation Update

September 30, 2020

Education Foundation of Harris County
Statement of Financial Position
As of September 30, 2020



| | Sep 30, 20 | Sep 29, 20 |
|--|------------|------------|
| ASSETS | | |
| Current Assets | | |
| Checking/Savings | | |
| 1005 · Chase Operating Fund-5717 | 4,339 | 4,339 |
| 1011 · Chase Restricted Fund-5709 | 968,051 | 968,051 |
| 1015 · Chase Operating Savings-3293 | 123 | 123 |
| Total Checking/Savings | 972,513 | 972,513 |
| Accounts Receivable | | |
| 1100 · Accounts Receivable | 7,642 | 7,642 |
| Total Accounts Receivable | 7,642 | 7,642 |
| Total Current Assets | 980,155 | 980,155 |
| TOTAL ASSETS | 980,155 | 980,155 |
| LIABILITIES & EQUITY | | |
| Liabilities | | |
| Current Liabilities | | |
| Other Current Liabilities | | |
| 2100 · Payroll Liabilities | 0 | 0 |
| Total Other Current Liabilities | 0 | 0 |
| Total Current Liabilities | 0 | 0 |
| Total Liabilities | 0 | 0 |
| Equity | | |
| 3200 · Temp Restricted Net Asset | 73,709 | 73,709 |
| 3900 · Unrestricted Net Asset | 1,015,405 | 1,015,405 |
| Net Income | -108,960 | -108,960 |
| Total Equity | 980,155 | 980,155 |
| TOTAL LIABILITIES & EQUITY | 980,155 | 980,155 |

Statement of Financial Position

Statement of Activities Classified

Education Foundation of Harris County Statement of Activities Classified

September 2020

Accrual Basis

| | HeadStart (Restricted) | Other (Restricted) | Total Restricted | Operating (Management) | Total Management | Unclassified | TOTAL |
|--|---------------------------|-----------------------|------------------|---------------------------|------------------|--------------|-----------------|
| Income | | | | | | | |
| 4000 · Contributed Support | | | | | | | |
| 4200 · Corporate Contributions | 7,020 | 0 | 7,020 | 0 | 0 | 0 | 7,020 |
| Total 4000 · Contributed Support | 7,020 | 0 | 7,020 | 0 | 0 | 0 | 7,020 |
| Total Income | 7,020 | 0 | 7,020 | 0 | 0 | 0 | 7,020 |
| Gross Profit | 7,020 | 0 | 7,020 | 0 | 0 | 0 | 7,020 |
| Expense | | | | | | | |
| 7000 · Grant & Contract | | | | | | | |
| 7010 · Program Contracts | 0 | 115,950 | 115,950 | 0 | 0 | 0 | 115,950 |
| Total 7000 · Grant & Contract | 0 | 115,950 | 115,950 | 0 | 0 | 0 | 115,950 |
| 8100 · Operating Expenses | | | | | | | |
| 8170 · Other | 0 | 0 | 0 | 30 | 30 | 0 | 30 |
| Total 8100 · Operating Expenses | 0 | 0 | 0 | 30 | 30 | 0 | 30 |
| Total Expense | 0 | 115,950 | 115,950 | 30 | 30 | 0 | 115,980 |
| Net Income | 7,020 | -115,950 | -108,930 | -30 | -30 | 0 | -108,960 |

Transaction Detail by Account

Education Foundation of Harris County Transaction Detail by Account

Accrual Basis

September 2020

| Type | Date | Name | Memo | Class | Amount | Balance |
|---------------------------------------|------------|--------------------------|----------------------|----------------------|--------------------|--------------------|
| 4000 · Contributed Support | | | | | | |
| 4200 · Corporate Contributions | | | | | | |
| Deposit | 09/15/2020 | Bank of Texas | Head Start Superm... | Restricted:HeadStart | 7,020.00 | 7,020.00 |
| Total 4200 · Corporate Contributions | | | | | 7,020.00 | 7,020.00 |
| Total 4000 · Contributed Support | | | | | 7,020.00 | 7,020.00 |
| 7000 · Grant & Contract | | | | | | |
| 7010 · Program Contracts | | | | | | |
| Check | 09/25/2020 | Houston Independent... | HCDE Partners in ... | Restricted:Other | 0.00 | 0.00 |
| Check | 09/25/2020 | Crosby Education Fo... | HCDE Partners in ... | Restricted:Other | -15,000.00 | -15,000.00 |
| Check | 09/25/2020 | La Porte Education F... | HCDE Partners in ... | Restricted:Other | -4,950.00 | -19,950.00 |
| Check | 09/25/2020 | Stafford Municipal Sc... | HCDE Partners in ... | Restricted:Other | -7,000.00 | -26,950.00 |
| Check | 09/25/2020 | Humble ISD Educatio... | HCDE Partners in ... | Restricted:Other | -15,000.00 | -41,950.00 |
| Check | 09/25/2020 | Goose Creek CISD E... | HCDE Partners in ... | Restricted:Other | -14,000.00 | -55,950.00 |
| Check | 09/25/2020 | Spring Branch Educa... | HCDE Partners in ... | Restricted:Other | -15,000.00 | -70,950.00 |
| Check | 09/25/2020 | Pasadena ISD Educa... | HCDE Partners in ... | Restricted:Other | -15,000.00 | -85,950.00 |
| Check | 09/25/2020 | Spring ISD Education... | HCDE Partners in ... | Restricted:Other | -15,000.00 | -100,950.00 |
| Check | 09/25/2020 | Houston Independent... | HCDE Partners in ... | Restricted:Other | -15,000.00 | -115,950.00 |
| General Jou... | 09/25/2020 | Houston Independent... | For CHK 1547 void... | | -15,000.00 | -130,950.00 |
| General Jou... | 09/25/2020 | Houston Independent... | Reverse of GJE 20... | | 15,000.00 | -115,950.00 |
| Total 7010 · Program Contracts | | | | | -115,950.00 | -115,950.00 |
| Total 7000 · Grant & Contract | | | | | -115,950.00 | -115,950.00 |
| 8100 · Operating Expenses | | | | | | |
| 8170 · Other | | | | | | |
| Check | 09/02/2020 | | Service Charge | Management:Operating | -30.00 | -30.00 |
| Total 8170 · Other | | | | | -30.00 | -30.00 |
| Total 8100 · Operating Expenses | | | | | -30.00 | -30.00 |
| TOTAL | | | | | -108,960.00 | -108,960.00 |

Public Facilities Corporation Update

- ▶ The PFC is a component unit of Harris County Department of Education. In the next slides, you will find the status of previous Revenue Bonds and the projected 2020 Revenue Bond Series.

HCDE Public Facility Corporation
Cash Balance-Project Acquisition Account
As of September 30, 2020 (Unaudited)

**PFC Cash Balance –
 Project Acquisition Account
 As of Sept 30, 2020**

| | <u>Amounts</u> |
|--|---------------------------------|
| <u>Assets:</u> | |
| Cash/Bank of Texas 2016 Payment Account | \$ 918,041.26 |
| Cash/Bank of Texas 2016 Redemption Account | 12.47 |
| Cash/Bank of Texas 2016 Project Account | - |
| Cash/Texpool Investment Pool-PFC | - |
| Total Assets | <u>918,053.73</u> |
| <u>Liabilities:</u> | |
| Current Payables | - |
| Bond Interest Payable | - |
| Retainage-Webber Construction Contract | - |
| Total Liabilities | <u>-</u> |
| Total Equity Balance @ 09-30-2020 | <u>\$ 918,053.73</u> |
| ** Note 1: | |
| Total Assets from Cash BOK 2016 | 918,053.73 |
| Total Assets from Cash BOK 2015 | 41,556.55 |
| Total Assets from Cash BOK 2014 | 50,537.41 |
| | <u>1,010,147.69</u> |

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's assigns Aaa to Harris Co. Dept. of Ed., TX's Series 2020 Maintenance Tax Notes; Aa1 to lease revenue bonds; stable outlook assigned

05 Oct 2020

New York, October 05, 2020 -- Moody's Investors Service has assigned a Aaa rating to Harris County Department of Education, TX's \$13.7 million Maintenance Tax Notes, Series 2020. We have also assigned a Aa1 rating to the Harris County Department of Education Public Facilities Corporation's \$27.7 million Lease Revenue Bonds, Series 2020. Moody's has affirmed the outstanding Aaa issuer rating (general obligation unlimited tax equivalent). Moody's has also affirmed the outstanding Aaa limited tax rating affecting \$1.3 million of outstanding debt. A stable outlook has been assigned.

**Bond rating received from Moody's
Investor Service**

Capital Program Proposal from Aug 3, 2020

| | Sq Footage | Amount | | Adjust Contingency Reduction | Revised | For Calc. | Revised PFC | \$ 5,000,000 Cost from HCDE | 2 yrs Interest Earnings | Maint Tax Notes |
|-------------------------|------------|----------------|-----|------------------------------|------------|------------|-------------|-----------------------------|-------------------------|-----------------|
| Highpoint East | 13,750 | 7,916,645 | 15% | | 7,916,645 | 7,916,645 | 4,909,645 | 1,870,000 | 47,500 | 1,089,500 |
| AB East Addition | 43,605 | 17,705,875 | 34% | 500,000 | 17,205,875 | 17,205,875 | 12,943,640 | 2,000,000 | 103,235 | 2,159,000 |
| Adult Ed NEW Building | 40,500 | 17,558,750 | 34% | 700,000 | 16,858,750 | 16,858,750 | 12,728,598 | 1,870,000 | 101,153 | 2,159,000 |
| Admin Bdlg - Renovation | 60,000 | 8,365,500 | 16% | | 8,365,500 | 8,365,500 | | | | 8,365,500 |
| AB East Addition | | | | | | 600,000 | | | | 600,000 |
| PHASE One | | 51,546,770 | | 1,200,000 | 50,346,770 | 50,946,770 | 30,581,882 | 5,740,000 | 251,888 | 14,373,000 |
| | | Per LAN Report | | | 600,000 | | | | | |
| | | | | | 50,946,770 | | 50,946,770 | | | |
| Workforce Development | TB Funded | 3,000,000 | | | 2,000,000 | 1,000,000 | | | | |
| Equine Therapy | TB Funded | 1,500,000 | | | 1,500,000 | 1,000,000 | | | | |
| PHASE Two | | 4,500,000 | | - | 3,500,000 | 2,000,000 | - | 5,740,000 | 251,888 | 14,373,000 |
| TOTAL | | 56,046,770 | | | | | | HCDE Projections | | |

2020 Projected Capital Improvement Program

| Project | Substantial Completion Date | Project Budget | Maintenance Notes Projected Proceeds | Revenue Bonds Projected Proceeds | General Funds Use of Fund Bal. | Interest Earnings Projection |
|-------------------|-----------------------------|----------------|--------------------------------------|----------------------------------|--------------------------------|------------------------------|
| Reagan Adm Bldg. | Feb 9, 2023 | \$8,365,500 | \$ 8,365,500 | N/A | N/A | |
| Adult Ed Building | Oct 25, 2022 | \$16,858,750 | \$ 2,159,000 | \$12,728,598 | \$1,870,000 | \$101,153 |
| HP East Middle | Oct 25, 2022 | \$7,916,645 | \$ 1,089,500 | \$4,909,645 | \$1,870,000 | \$47,500 |
| Ab East Campus | Aug 16, 2022 | \$17,805,875 | \$ 2,759,000 | \$12,943,640 | \$2,000,000 | 103,235 |
| | Total | \$50,946,770 | \$14,373,000 | \$30,581,882 | \$5,740,000 | \$251,888 |

Note: The Total Public Notice was \$54,000,000. (\$35,000,000 for Revenue bonds and \$19,000,000 for Maintenance Notes) on August 10, 2020.

Based on Pricing the principal amount will vary due to the premium projected in the bond sale. Revenues Bonds estimated at \$27,730,000 and Maintenance Notes for \$13,695,000

PRELIMINARY OFFICIAL STATEMENT

\$27,730,000*

HARRIS COUNTY DEPARTMENT OF EDUCATION PUBLIC FACILITIES CORPORATION (Harris County, Texas) LEASE REVENUE BONDS, SERIES 2020

[View Offering](#)

J.P. Morgan

Hilltop Securities

RBC Capital Markets

** Preliminary, subject to change.*

IMAGE MASTER

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PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 5, 2020

Rating: Moody's Investors Service: "___"
(See "OTHER INFORMATION-Rating" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Department, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

\$27,730,000*
HARRIS COUNTY DEPARTMENT OF EDUCATION PUBLIC FACILITIES CORPORATION
(Harris County, Texas)
LEASE REVENUE BONDS, SERIES 2020

Dated Date: November 1, 2020

Due: as shown on the inside cover page hereof

The Harris County Department of Education Public Facilities Corporation Lease Revenue Bonds, Series 2020 (the "Bonds") will be issued as fully registered bonds in denominations of \$5,000 or integral multiples thereof, registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), acting as securities depository for the Bonds until DTC resigns or is discharged. No physical delivery of the Bonds will be made to the beneficial owners thereof. So long as Cede & Co. is the registered owner of the Bonds, as nominee for DTC, the Bonds shall be payable to Cede & Co., which will, in turn, remit such amounts to DTC participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS-Book-Entry-Only System."

Interest on the Bonds will accrue from the Dated Date above and will be paid semiannually each February 15 and August 15 until maturity or prior redemption, commencing February 15, 2021. Principal of and interest on the Bonds will be payable to Cede & Co., as registered owner of the Bonds. The Bonds are being issued pursuant to a resolution adopted by the Board of Directors of the Harris County Department of Education Public Facility Corporation (the "Corporation") under the authority of and in full conformity with the laws of the State of Texas, particularly the provisions of the Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended (the "Act") and a trust indenture dated as of November 1, 2020 (the "Trust Indenture"), between the Corporation and BOKF, NA, Houston, Texas, as trustee (the "Trustee"). The Bonds are being issued to finance the acquisition, construction, renovation, improvement, repair and equipment of land and buildings to be used for administration and expansion of Harris County Department of Education (the "Department") programs and offices, fund any necessary reserve funds and pay the costs of issuing the Bonds.

The principal of and interest on the Bonds are payable from lease payments to be made by the Department (the "2020 Rental Payments") to the Corporation pursuant to a Lease With an Option to Purchase Relating to Educational and Support Facilities, dated as of November 1, 2020 (the "Lease"), as authorized by Section 271.004, Texas Local Government Code, as amended. The 2020 Rental Payments are due at such times and in such amounts as will be sufficient to pay the principal of and interest on the Bonds, as and when the same become due. The Corporation will grant a leasehold mortgage lien on and first deed of trust title to the Project (as defined herein) to the Trustee on behalf of the owners of the related Bonds pursuant to a Deed of Trust, Security Agreement, Assignment of Rents and Leases and Financing Statement.

The obligation of the Department to make the 2020 Rental Payments is a current expense of the Department, payable solely from funds annually appropriated by the Department for such use from (i) any lawfully available funds received by the Department from normal operations of the Department, (ii) any unintended surplus equalization tax funds of the Department at the end of each fiscal year after payment of all maintenance and operating expenses for that year and (iii) any other lawfully available funds of the Department. The Lease may be terminated annually by the Department without any penalty. There can be no assurance that the Department will annually renew the Lease. If the Lease is terminated, the Department will have no further obligation to make the 2020 Rental Payments regardless of whether any of the Bonds remain outstanding. The Bonds shall rank on a basis of parity with certain outstanding obligations of the Corporation. The Corporation has previously issued its Lease Revenue Refunding Bonds, Series 2014, Lease Revenue Refunding Bonds, Series 2015 and Lease Revenue Bonds, Series 2016. The aggregate amount currently outstanding is \$9,250,000.

The Lease and the obligations of the Department thereunder do not constitute a pledge, a liability, or a charge upon the funds of the Department and do not constitute a debt or general, special or moral obligation of the State of Texas, the Corporation, Harris County, Texas, the Department, the Districts (as defined herein) or any other political subdivision of the State of Texas. Neither the faith and credit nor the taxing power of the State of Texas, Harris County, Texas, the Department, the Districts or any other political subdivision of the State of Texas has been pledged to the payment of the principal of or interest on the Bonds.

The Bonds maturing on February 15, ___ are subject to optional redemption in whole or in part on February 15, ___ or any date thereafter, at a price equal to the principal amount thereof, plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS—Optional Redemption" herein.

SEE MATURITY SCHEDULE ON THE INSIDE COVER PAGE

The Bonds are offered for delivery when, as and if issued and received by the underwriters named below (the "Underwriters") and will be subject to the approving opinion of the Attorney General of Texas and the approval of certain legal matters by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Bond Counsel (see "APPENDIX D - FORM OF BOND COUNSEL'S OPINION" attached hereto). The Bonds are expected to be available for delivery in Houston, Texas, on or about November 17, 2020. Certain legal matters will be passed upon for the Underwriters by their counsel, Holland & Knight LLP, Houston, Texas.

Estrada Hinojosa

J.P. Morgan
Hilltop Securities

RBC Capital Markets, Inc.

Rating: Moody's Investors Service: "A" (See "OTHER INFORMATION-Rating" here)

NEW ISSUE - Book-Entry-Only

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Department, based upon an analysis of existing laws, regulations, rules and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes. See "TAX MATTERS" herein.

\$13,695,000*
HARRIS COUNTY DEPARTMENT OF EDUCATION
(Harris County, Texas)
MAINTENANCE TAX NOTES
SERIES 2020

Dated Date: November 1, 2020

Due: as shown on the inside cover page here

The Harris County Department of Education (the "Department") Maintenance Tax Notes, Series 2020 (the "Notes"), are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Section 45.108, Texas Education Code, as amended. The Notes are payable as to principal and interest from the proceeds of a continuing, direct annual ad valorem tax levied for maintenance purposes by the Department, within the limits prescribed by law, against all taxable property located within the Department, as provided in the resolution ("Resolution") authorizing the issuance of the Notes.

The Notes are dated November 1, 2020 (the "Dated Date"). Interest on the Notes will accrue from the date of delivery to the Underwriter defined herein and will be payable on August 15 and February 15 of each year until maturity or prior redemption, commencing February 15, 2021. Principal of the Notes will be payable by the Paying Agent/Registrar, initially BOKF, N.A., Dallas, Texas (the "Paying Agent/Registrar") upon presentation and surrender of the Notes for payment. See "THE NOTES—Description" herein.

The definitive Notes will be initially registered and delivered to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Notes may be acquired in denominations of \$5,000 of principal or integral multiples thereof. No physical delivery of the Notes will be made to the beneficial owners thereof. Principal, premium, if any, and interest on the Notes will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amount so payable to the participating members of DTC for subsequent payment to the beneficial owners of the Notes. See "THE NOTES—Book-Entry-Only System" herein.

Proceeds from the sale of the Notes will be used to: (i) rehab, equip and repair existing school properties and (ii) pay the costs of issuance of the Notes. See "THE NOTES—Sources and Uses of Funds" and "—Use of Proceeds" herein.

The Notes maturing on February 15, ____ are subject to optional redemption in whole or in part on February 15, ____ or any date thereafter at a price equal to the principal amount thereof, plus accrued interest from the most recent interest payment date to the date of redemption. See "THE NOTES—Optional Redemption" herein.

SEE MATURITY SCHEDULE ON THE INSIDE COVER PAGE

The Notes are offered for delivery when, as and if issued and received by the underwriters listed below (the "Underwriters") and will be subject to the approving opinion of the Attorney General of Texas and the approval of certain legal matters by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Bond Counsel (see "APPENDIX C – FORM OF BOND COUNSEL'S OPINION" attached hereto). The Notes are expected to be available for delivery in Houston, Texas, on or about November 17, 2020. Certain legal matters will be passed upon for the Underwriters listed below (the "Underwriters") by their counsel, Holland & Knight LLP, Houston, Texas.

Estrada Hinojosa J.P. Morgan Hilltop Securities RBC Capital Markets,

* Preliminary, subject to change.

PRELIMINARY OFFICIAL STATEMENT

\$13,695,000*
HARRIS COUNTY DEPARTMENT OF EDUCATION
(Harris County, Texas)
MAINTENANCE TAX NOTES
SERIES 2020

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Estrada Hinojosa J.P. Morgan Hilltop Securities RBC Capital Markets

* Preliminary, subject to change.



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The Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances should the Preliminary Official Statement be construed as an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Projected Bond Pricing Set for October 22, 2020

- ▶ Interest rates continued to be at the same levels as last week.
- ▶ Projected sales are lower than last week at \$11 Billion
- ▶ Federal Stimulus still looming to impact the bond and stock markets.

Other capital projects underway

- ▶ Coolwood Head Start Center to be funded by federal grant \$11M Est.
 - ▶ Funded through a series of HHS Grants
- ▶ La Porte Head Start Center to be funded by federal grant and 2020 Construction Funds. \$600,000 est.
- ▶ Pending Maintenance Projects pending:
 - ▶ NPO Elevator
 - ▶ Fortis HVAC and Fence
 - ▶ AB West Playground

INTERIM FINANCIAL REPORT (unaudited)

I certify that the foregoing information is true and accurate to the best of my knowledge.

/s/ Jesus J. Amezcua, RTSBA, CPA, Ph.D., Asst. Supt. for Business Support Services

/s/ Stephanie Barnett, CPA, Chief Accounting Officer

/s/ Stephanie Ritchie, Senior Accountant