



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED AUGUST 31, 2024

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REPORTS ONLINE





ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF
HARRIS COUNTY DEPARTMENT OF EDUCATION

For the Fiscal Year Ended August 31, 2024

James Colbert, Jr.
County School Superintendent

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

Marcia Leiva
Chief Accounting Officer



Harris County Department of Education
6300 Irvington Blvd.
Houston, Texas 77022



Mission Statement

Harris County Department of Education supports Harris County by enriching educational opportunities and providing value through services.

Goals

HCDE will:

- ❖ Impact education by responding to the evolving needs of Harris County
- ❖ Deliver value to Harris County by utilizing resources in an ethical, transparent, and fiscally responsible manner
- ❖ Advocate for all learners by using innovative methods to maximize students' potential.
- ❖ Provide cost-savings to school districts by leveraging tax dollars
- ❖ Recruit and maintain a high-quality professional staff

HARRIS COUNTY DEPARTMENT OF EDUCATION

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HARRIS COUNTY DEPARTMENT OF EDUCATION

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Introductory Section





January 15, 2025

Harris County Board of School Trustees, Taxpayers of the Harris County,
and Other Interested Parties:

Harris County Department of Education (Department, HCDE) is pleased to present its Annual Comprehensive Financial Report for the fiscal year ended August 31, 2024 (ACFR). State law requires an annual audit to be completed within six months of the close of each fiscal year, and this report is published to fulfill that requirement. The purpose of the ACFR is to provide the Board of Trustees, management, staff, grantor agencies, citizens, the business community, and other interested parties with detailed information reflecting the Department's financial condition.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Whitley Penn, L.L.P., have issued an unmodified opinion on the Harris County Department of Education's financial statements for the year ended August 31, 2024. The independent auditors' report is located at the front of the financial section of the report.

Management's discussion and analysis (MD&A) immediately follows the report of the independent auditors and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of the Department

Harris County Department of Education, incorporated in 1889, is a political subdivision of the State of Texas. HCDE is in Houston, Texas. Originally every county in Texas had its own department of education. Therefore, Harris County Department of Education was the first school district in Harris County, Texas.

While the name 'Harris County Department of Education' may cause some confusion from time to time for the public, it is important for the reader of these financial statements to know and understand that the Department is an entity separate and distinct from county agencies of Harris County, Texas. Also, today HCDE is not a school district but a local governmental entity. It has evolved in response to educational and community needs to provide educational services to students of all ages and school districts primarily within but also outside of Harris County, Texas. Harris County Department of Education is empowered to levy a property tax on both real and personal property located within its boundaries.

The Harris County Board of School Trustees (Board) is elected by voters of Harris County, Texas and has governance responsibilities over all activities and operations of the Department. The Board consists of seven members who serve overlapping six-year terms, with two members elected every two years.

The Department is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the Harris County Department of Education's financial planning and control. The budget is prepared by fund and program. Budget managers may transfer resources within the program budget as they see fit to meet their needs. The Board of Trustees must approve budget amendments that (1) increase or decrease the division budget and/or (2) identify a new revenue source. All governmental funds are adopted and appropriated annually and special revenues funds run through the grant award period.

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

Organizational Philosophy

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

Primary Services

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

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

- Academic and Behavior Schools serve children, youth, and young adults ages 5-22 with severe emotional disturbances, mental retardation, pervasive developmental disorders, and other health impairments. The Department serviced 320 and 340 students during fiscal year 2024 and 2023, respectively. This represents a 5.8% decrease due to AB East pending TEA Review. The Department projects to serve 325 students for FY 2025.
- Highpoint School serves adjudicated youth by providing intensive counseling and a technology-driven curriculum in a strict disciplinary environment. The Department serviced 470 and 520 students during fiscal year 2024 and 2023, respectively. This represents a 9.6% decrease due to delays in construction of the new Middle School. The Department projects to serve nearly 400+ students for FY 2025.
- School Based Therapy Services serves individuals ages 0-22 years of age with identified disability groups, diagnosed disabilities, developmental delays or at-risk for delays from diverse socio-economic families. The Department serviced 7,792 and 7,417 students during fiscal year 2024 and 2023, respectively. This represents a 5% increase due to higher demand for service contracts. The Department projects to serve 7,800 students for FY 2025.
- Head Start Program serves 3-5-year old economically disadvantaged children and their families, with over 10 percent of those having an identified disability requiring intervention. The Department serviced 1,437 and 1,362 students during fiscal year 2024 and 2023, respectively. This represents a 5.5% increase. The Department projects to serve 1,400+ students for FY 2025.
- Adult Education Program prepares age 16-plus youths and adults to read and speak English, and/or to complete a high school General Equivalency Diploma (GED) education. The Department serviced 5,635 and 4,599 students during fiscal year 2024 and 2023, respectively. This represents a 22.5% increase due to higher service demand and a new Adult Ed Building Center. The Department projects to serve 6,000 students for FY 2025.

- Center for After School, Summer and Expanded Learning (CASE) serves elementary, middle, and high school students delivering quality after-school learning opportunities. The Department serviced 15,001 and 17,690 students during fiscal year 2024 and 2023, respectively. This represents a 15% decrease due to reduction in funding for after school programs. The Department projects to serve over 15,000+ students for FY 2025.
- The Center for Educator Services provides teaching and learning services to educators, administrators, support personnel, students, parents and the community. The Department delivered services to 1,299 and 1,911 educators during fiscal years 2024 and 2023, respectively. This is a 32% decrease due to the implementation of new programs. The new Center for Educator Success Division projects to service over 1,300+ educators in FY 2025.
- Choice Partners Cooperative offers best value resources and vendors, direct facility consulting services and quality, legal procurement and contract solutions to meet the purchasing needs of school districts, institutions of higher education, municipalities, counties and other government and non-profit organizations. In fiscal year 2024 and 2023, the Department serviced 2,390 and 2,233 members, respectively. This is a 7% increase from the previous year. The Department expects to serve over 2,400+ members in FY 2025.
- Records Management provides low cost, high tech solutions to store records for governmental entities. Its services include records controls scheduling, secured storage of hard copy records, imaging, microfilming, electronic document storage and eligible records destruction. The Department served 130 and 125 members in 2024 and 2023, respectively. This is an increase of 4% due to additional demand for services. The Department expects to serve 130+ members in FY 2025.
- Center for Safe & Secure Schools advances safe and secure environments in schools during emergency operations. It is a partner and participant on the county Emergency Operations System. The Department provides NIMS training, manages system of communication county-wide during school district and conducts safety reviews of school facilities. The Department served 55,234 students in 2024 and 216,519 students in 2023 in facilities which safety audits were performed. This decrease of 292% is due to this year (2024) being the first year of a three year cycle for TEA required safety audits. For FY 2025 the Department expects to audit facilities in which over 70,000+ students.

Local Economy

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

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

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

Long-Term Financial Planning

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

Capital Projects Funding

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

The Department issued maintenance tax notes in May 2009 and qualified zone academy bonds (QZAB) on July 2009 to fund energy and instructional-related building repairs and renovations, along with accompanying equipment and furniture. On October 2016, the PC issued \$7,000,000 Lease Revenue Bonds that funded the new construction of a replacement AB West Campus. In FY 2020, the Department initiated several capital improvement projects totaling \$51,000,000, and it included a new AB East Campus, a new High Point East Campus for Middle School, a new Adult Education Center, and a renovation for the Irvington Building. In FY 2022, the new building projects are still in progress and are expected to be completed in FY 24, and the renovation to the Irvington Building in FY 2025. In FY 2024, the Department issues \$15,095,000 in Maintenance Notes to provide for additional funds for the Irvington Building Renovation, furniture and various capital projects.

Major Initiatives

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

1. The department received approval to build a new Coolwood Head Start Center in previous years, and it is expected that the project will be completed in FY 2025. This is a Health and Human Services funded project, and it is expected to serve 106+ students.
2. The Department continued two other programs into FY 2025 in partnership with the Education Foundation to fund the grants, tools for teachers, sponsorship and scholarship activities totaling \$200,000.
3. Planned one-time capital expenditures from the 2024 Maintenance notes projected as follows:

AB West	\$333,000
Fortis Academy	650,000
Head Start Barrett Station	470,000
Irvington Remodeling	9,860,000
Post Oak Renovations	5,000,000
Total fund balance capital expenditure appropriations	<u>\$16,313,000</u>

Awards and Acknowledgments

Harris County Department of Education embraces its fiscal responsibility and endeavors to be financially sound and publicly accountable.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the Department for its Annual Comprehensive Financial Report for the fiscal year ended August 31, 2023. This is the twenty-one (21) consecutive years that the Department has achieved this prestigious award. To be awarded a *Certificate of Achievement*, the Department had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

The Department received its twenty-one (21) consecutive Certificate of Excellence in Financial Reporting from the Association of School Business Officials International (ASBO) for its Annual Comprehensive Financial Report for the fiscal year ended August 31, 2023. This award, the highest recognition for school system financial operations offered by ASBO, is only conferred to school systems that have met or exceeded the standards of the Certificate of Excellence in Financial Reporting Program.

In addition, Harris County Department of Education also received the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting for its Popular Annual Financial Report for the fiscal year ended August 31, 2023, (PAFR), for the seventeen (17) consecutive year. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. To receive an Award for Outstanding Achievement in Popular Annual Financial Reporting a governmental unit must publish a Popular Annual Financial Report whose contents conform to program standards of creativity, presentation, understand-ability, and reader appeal.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Distinguished Budget Presentation Award to the Department for its Annual Budget for the fiscal year ended August 31, 2024. This award is the highest form of recognition in governmental budgeting. Its attainment represents a significant achievement by an organization. This is the sixteen (16) consecutive year that the Department has achieved this prestigious award. To receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

The Department received its fifteen (15) Meritorious Budget Award for the fiscal year 2023-2024 from the Association of School Business Officials International (ASBO). ASBO International's MBA and introductory Pathway to the MBA programs promote and recognize excellence in school budget presentation. Program participation enhances school business officials' skills in developing, analyzing, and presenting a school system budget. Participants submit their budget documents to a panel of school financial professionals who review the materials for compliance with the MBA Criteria Checklist and other requirements and provide expert feedback that districts can use to improve their budget documents.

Moreover, Harris County Department of Education received the TASBO Award for Excellence in Financial Management for the year ended August 31, 2024. This is the fourth (4) consecutive year that HCDE Business Office has earned this distinction. This award recognizes Texas school districts, open-enrollment charter schools, and education services centers that have implemented professional standards, best practices, and innovations in financial reporting.

Harris County Department of Education also received the TASBO Award of Merit for Purchasing Operations for the year ended August 31, 2024. This is the thirteen consecutive year (13) that the HCDE Procurement Office has earned this distinction. This award recognizes Texas school districts, open-enrollment charter schools, and education services centers that are committed to following professional standards in the acquisition of goods and services.

In FY 2024, the Department received another award for purchasing policies and practices from the National Purchasing Institute (NPI). This award is the Achievement of Excellence in Procurement Award. This award was graded by a panel who reviewed the internal purchasing procedures. This is ninth (9) consecutive year receiving this award.

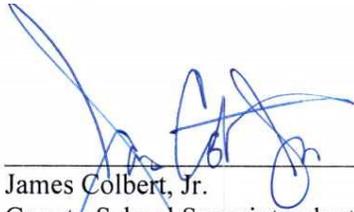
The Department also has its Investment Policy certified by Government Treasurers Association of Texas. This policy has been certified since 2010. <https://gtot.nctcog.org/> This certification is valid for a two year period.

The Department has also received four transparency stars from the State of Texas for its transparency over traditional finances, debt reporting, purchasing, and governance. HCDE has received these recognitions since its inception when it was transitioned from the Circle of Excellence Program by the Texas Comptroller's Office. [Transparency Stars](#)

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

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

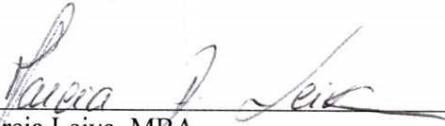
Respectfully Submitted,



James Colbert, Jr.
County School Superintendent



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



Marcia Leiva, MBA
Chief Accounting Officer

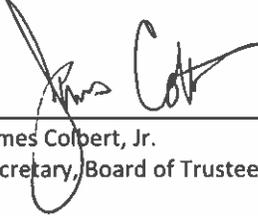
CERTIFICATE OF BOARD

Harris County Department of Education

Harris County
County

101-000
Co. District #

We, the undersigned, certify that the attached auditors' reports of the above-named government were reviewed and approved for the fiscal year August 31, 2024, at a meeting of the Board of Trustees on the 15th day of January 2025.



James Colbert, Jr.
Secretary, Board of Trustees



Amy Flores Hinojosa
President, Board of Trustees

HARRIS COUNTY DEPARTMENT OF EDUCATION

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to Harris County Department of Education of Harris County, Texas for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended August 31, 2023.

To be awarded a *Certificate of Achievement*, a governmental unit must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A *Certificate of Achievement* is valid for a period of one year only. We believe our current ACFR continues to meet the Certificate of Achievement Program's requirements and the Department will submit it to the GFOA to determine its eligibility for another certificate.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Harris County Department of Education
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

August 31, 2023

Christopher P. Morill

Executive Director/CEO

HARRIS COUNTY DEPARTMENT OF EDUCATION

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING AWARD

The Association of School Business Officials International (ASBO) awarded a *Certificate of Excellence in Financial Reporting (Award)* to Harris County Department of Education for its Annual Comprehensive Financial Report for the fiscal year ended August 31, 2023

The Award, the highest recognition for school system financial operations offered by ASBO, is only conferred to school systems that have met or exceeded the standards of the *Certificate of Excellence in Financial Reporting Program*.

Since its inception in 1972 the program has gained the distinction of being a prestigious national award recognized by accounting professionals, underwriters, securities analysts, bond-rating agencies, state and federal agencies, and education, teacher and citizen groups.

ASBO International, founded in 1910, is a professional association which provides programs and services to promote the highest standards of school business management practices, professional growth, and the effective use of educational resources.

By preparing and presenting a ACFR, the Department validates the credibility of its system's operations, measures the integrity and technical competence of the business staff, and provides professional recognition.



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Harris County Department of Education

for its Annual Comprehensive Financial Report
for the Fiscal Year Ended August 31, 2023.

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



A handwritten signature in black ink, reading 'Ryan S. Stechschulte'.

Ryan S. Stechschulte
President

A handwritten signature in black ink, reading 'James M. Rowan'.

James M. Rowan, CAE, SFO
CEO/Executive Director

**HARRIS COUNTY DEPARTMENT OF EDUCATION
PRINCIPAL OFFICIALS
AS OF AUGUST 31, 2024**

County Board of School Trustees

NAME	TITLE	LENGTH OF SERVICE	TERM EXPIRES
Amy Flores Hinojosa	President	2019	12/31/2028
David W. Brown	First Vice President	2021	12/31/2026
Erica Davis	Second Vice President	2021	12/31/2026
Andrea Duhon	Member	2019	12/31/2024
James Colbert, Jr.	Secretary	2014	Appointed
Eric Dick	Member	2017	12/31/2024
Richard Cantu	Member	2019	12/31/2024
John McGee	Member	2023	12/31/2024

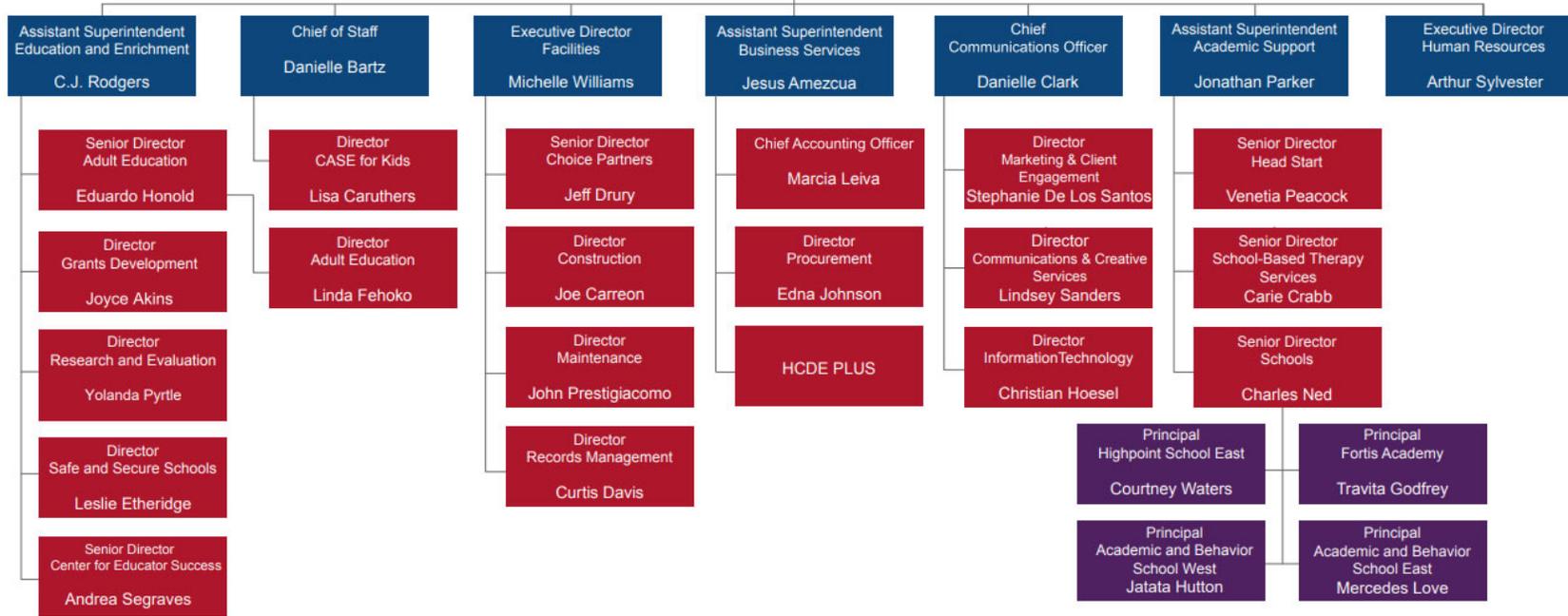
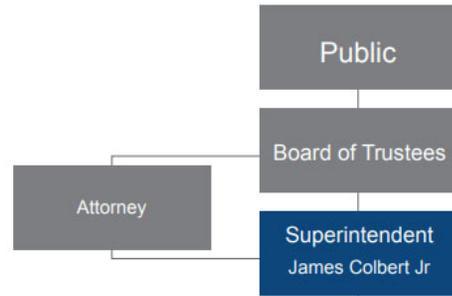
Executive Leadership Team

NAME	POSITION
James Colbert, Jr.	County School Superintendent
Jesus Amezcua, RTSBA, CPA, Ph.D., CPFIM	Assistant Superintendent - Business Services
Michelle Williams, Ed. D.	Executive Director – Facilities
C.J. Rodgers Ed. D.	Assistant Superintendent - Education and Enrichment
Jonathan Parker	Assistant Superintendent - Academic Support Services
Tyrone Sylvester, Ed. D.	Executive Director for Human Resources
Danielle Clark	Chief Communications Officer

HARRIS COUNTY DEPARTMENT OF EDUCATION
PRINCIPAL OFFICIALS (continued)
AS OF AUGUST 31, 2024

PFC Board Members

NAME	POSITION
Dr. Michelle Williams	President
Richard Cantu	First Vice President
Dr. Jesus J. Amezcua	Treasurer/Secretary
James Colbert Jr.	Director
Amy Hinojosa	Director
Joe Carreon	Director
Andrea Duhon	Director





Financial Section





INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Harris County Department of Education

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Harris County Department of Education (the "Department"), as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Department, as of August 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

To the Board of Trustees
Harris County Department of Education

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2025 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.



Houston, Texas
January 15, 2025



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

As management of Harris County Department of Education (Department), we offer readers of the Department's financial statements this narrative overview and analysis of the financial activities of the Department for the year ended August 31, 2024. It should be read in conjunction with our letter of transmittal at the front of this report and the basic financial statements which follow this section.

Financial Highlights

- The assets and deferred outflow of resources of the Department exceeded the liabilities and deferred inflows of resources at the close of the fiscal year by \$55,705,845 .
- The Department's net position increased by \$10,659,371 . The primary cause of this increase is an increase in local revenues related to property taxes from an increase in values; increase in tuition and fees, operating grants and investment income.
- As of August 31, 2024, the Department's governmental funds reported combined ending fund balances of \$55,420,503, an increase of \$12,810,299. The increase in governmental fund balances was primarily due an increase in general fund revenues for property taxes due to an increase in values. General fund revenues also increased from tuition and fees and investment income. The capital projects fund increased due to the issuance of maintenance tax notes for which projects are still in progress.
- At the end of the fiscal year, the unassigned fund balance in the General Fund was \$22,294,342 or 36.2 percent of the General Fund's total expenditures for this fiscal year.
- The Department's total bonded debt increased by \$14,837,031 during the fiscal year due to the issuance of maintenance tax notes.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Harris County Department of Education's basic financial statements. The Department's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements - The government-wide financial statements are designed to provide readers with a broad overview of the Department's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all the Department's assets, deferred outflows of resources, deferred inflows of resources and liabilities, with the difference between the four reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Department is improving or deteriorating.

The *Statement of Activities* presents information showing how the Department's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick leave). The government-wide financial statements distinguish programs of the Department that are principally supported by taxes and intergovernmental revenues (governmental activities) from other programs that are intended to recover all or a portion of their costs through user fees and charges (business-type activities). The governmental activities of the Department include Adult Education Program, Center of After School, Summer and Expanded Learning, Digital Learning and Instructional Learning Program, Head Start Program/Early Head Start, Special Education Program, Special Schools Program, Teaching & Learning Center, School Based Therapy Services, and other miscellaneous projects. The business-type activity reports the Choice Partners purchasing cooperative.

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

The government-wide financial statements include not only Harris County Department of Education itself, but also a legally separate blended component unit, the Harris County Department of Education Public Facility Corporation (PFC Capital Projects Fund), for which it is financially accountable. The government-wide financial statements are referenced as Exhibits A-1 and A-2.

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Department uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the Department's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds - Governmental funds are used to account for essentially the same programs reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Department's near-term financing decisions. Both the governmental fund balance sheet and the government fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Harris County Department of Education maintains several individual governmental funds. Information is presented separately in the governmental fund financial statements for the General Fund, Head Start program, and the PFC Capital Project Funds, all of which are considered major funds. Data from the other several governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Department adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements are referenced as Exhibits B-1 through B-4.

Proprietary Funds - The Department maintains an enterprise fund and two internal service funds, which are both types of proprietary funds. The enterprise fund is a major business-type fund used to account for activities for which a fee is charged to external users of goods and services. This is the Choice Partners Cooperative fund. Internal Service funds account for operations that are financed and are similar to the private sector. The Department uses internal service funds to report workers' compensation and facility support services for the Department's other programs and activities. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The basic proprietary fund financial statements are referenced as Exhibits B-5 through B-7.

Fiduciary Funds - The fiduciary fund is used to account for resources held for the benefit of students. The fiduciary fund is not reflected in the government-wide financial statements because the resources of those funds are not available to support the Department's own programs. The fund is custodial in nature and uses the economic resources measurement of focus. The basic fiduciary fund financial statement is referenced as Exhibit B-8 in this report.

Notes to Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements immediately following the *basic financial statements* in this report.

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

Required Supplementary Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The required supplementary information relates to comparison of the original adopted budget, the final amended budget, and the actual amounts for the fiscal year as well as required pension system information. This is required supplementary information for the general fund and any major special revenue funds that is legally required to adopt an annual budget. The Department did not have any major special revenue funds that were legally required to adopt an annual budget; therefore, only the general fund is presented as required supplementary information. All special revenue funds adopt a project length budget. The required supplementary information also provides data related to the Department's participation in the TRS pension and other post-employment benefit plans as required by GASB Statements No. 68 and 75. Required supplementary information can be found starting on page 67 of this report.

Other Information - The combining and individual fund statements and schedules and other supplementary information are presented immediately following the required supplementary information and are referenced as Exhibits D-1 through E-2 in this report.

Government-Wide Financial Analysis

With the implementation of GASB No. 68 and 75, the net position may not serve as the best indicator of the Department's financial position. A better indicator of the financial position is the Department's Governmental Fund Balance Sheet and fund balances in the General and Capital Projects Funds.

The Department's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$55,705,845 at August 31, 2024.

Harris County Department of Education Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 69,353,856	\$ 60,849,050	\$ 2,939,122	\$ 2,633,080	\$ 72,292,978	\$ 63,482,130
Capital assets, net	121,262,091	109,127,898	-	-	121,262,091	109,127,898
Total Assets	190,615,947	169,976,948	2,939,122	2,633,080	193,555,069	172,610,028
Deferred outflows - pension/OPEB	18,237,027	16,780,750	-	-	18,237,027	16,780,750
Total Deferred Outflows of Resources	18,237,027	16,780,750	-	-	18,237,027	16,780,750
Current liabilities	11,181,512	15,733,242	1,185,851	879,809	12,367,363	16,613,051
Long term liabilities	119,892,917	101,197,562	-	-	119,892,917	101,197,562
Total Liabilities	131,074,429	116,930,804	1,185,851	879,809	132,260,280	117,810,613
Deferred inflows - pension/OPEB	23,825,971	26,553,691	-	-	23,825,971	26,553,691
Total Deferred Inflows of Resources	23,825,971	26,553,691	-	-	23,825,971	26,553,691
Net Position:						
Net investment in capital assets	69,145,023	67,374,927	-	-	69,145,023	67,374,927
Unrestricted	(15,192,449)	(24,081,724)	1,753,271	1,753,271	(13,439,178)	(22,328,453)
Total Net Position	\$ 53,952,574	\$ 43,293,203	\$ 1,753,271	\$ 1,753,271	\$ 55,705,845	\$ 45,046,474

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

Net investment in capital assets of \$69,145,023 reflects the Department's investment in capital assets (e.g. land, buildings and improvements, furniture and equipment, construction in progress and right-to-use assets), less any related debt used to acquire those assets. Although the Department's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of net position is a deficit amount of \$13,439,178 .The deficit reported as unrestricted is related to the net pension and OPEB liabilities (\$27,707,570 million and \$14,092,392 million respectively).

The net position of the Department increased by \$10,659,371 for the year ended August 31, 2024. Detail of the change in the Department's net position follows:

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Program Revenues						
Charges for services	\$ 27,188,786	\$ 24,144,212	\$ 10,709,082	\$ 7,108,364	\$ 37,897,868	\$ 31,252,576
Operating grants	39,822,294	35,061,449	-	-	39,822,294	35,061,449
General Revenues						
Property taxes	30,319,237	27,994,844	-	-	30,319,237	27,994,844
Grants and contributions not restricted	2,311,044	3,031,546	-	-	2,311,044	3,031,546
Investment Earnings	2,953,612	1,677,020	-	-	2,953,612	1,677,020
Miscellaneous	2,681,996	3,974,957	45,000	-	2,726,996	3,974,957
Total Revenues	105,276,969	95,884,028	10,754,082	7,108,364	116,031,051	102,992,392
Expenses						
Adult Education Program	5,718,834	4,723,590	-	-	5,718,834	4,723,590
Assistant Superintendents	717,911	653,506	-	-	717,911	653,506
Board of Trustees	214,648	193,448	-	-	214,648	193,448
Business Support Services	2,185,620	1,750,283	-	-	2,185,620	1,750,283
Center for After School, Summer & Expanded Learning	9,308,723	7,825,748	-	-	9,308,723	7,825,748
Center for Safe & Secure Schools	967,081	904,715	-	-	967,081	904,715
Center for Grant Development	606,025	547,803	-	-	606,025	547,803
Choice Partners Cooperatives	-	-	2,788,695	2,560,786	2,788,695	2,560,786
Client Engagement	670,171	610,378	-	-	670,171	610,378
Communications	1,193,868	970,379	-	-	1,193,868	970,379
Department Wide	6,398,809	8,615,708	-	-	6,398,809	8,615,708
Digital Learning	-	5,363	-	-	-	5,363
Education Certification & Professional Advancement	18,936	52,645	-	-	18,936	52,645
Education Foundation	200,000	600,083	-	-	200,000	600,083
Facility Support Services	9,100,971	2,359,085	-	-	9,100,971	2,359,085
Head Start Program	22,394,981	20,770,102	-	-	22,394,981	20,770,102
Human Resources	1,243,356	1,278,305	-	-	1,243,356	1,278,305
Interest and Fees-Long-Term Debt	1,614,460	991,048	-	-	1,614,460	991,048
Purchasing Support Services	745,211	688,084	-	-	745,211	688,084
Community Engagement	107,930	106,632	-	-	107,930	106,632
Records Management Services	1,147,440	1,990,600	-	-	1,147,440	1,990,600
Research & Evaluation Institution	635,546	520,102	-	-	635,546	520,102
Retirement Leave Benefits	379,701	475,565	-	-	379,701	475,565
School Based Therapy Services	13,536,488	12,294,402	-	-	13,536,488	12,294,402
Chief of Staff	316,136	298,684	-	-	316,136	298,684
Special Schools & Services	15,918,886	15,113,129	-	-	15,918,886	15,113,129
Superintendent's Office	726,226	656,650	-	-	726,226	656,650
Technology Support Services	4,557,270	3,936,743	-	-	4,557,270	3,936,743
The Teaching & Learning Center	1,957,757	1,909,600	-	-	1,957,757	1,909,600
Total Expenses	102,582,985	90,842,380	2,788,695	2,560,786	105,371,680	93,403,166
Increase (decrease) in net position before transfers	2,693,984	5,041,648	7,965,387	4,547,578	10,659,371	9,589,226
Transfers	7,965,387	4,294,307	(7,965,387)	(4,294,307)	-	-
Increase (decrease) in net position	10,659,371	9,335,955	-	253,271	10,659,371	9,589,226
Beginning Net Position	43,293,203	33,957,248	1,753,271	1,500,000	45,046,474	35,457,248
Ending Net Position	\$ 53,952,574	\$ 43,293,203	\$ 1,753,271	\$ 1,753,271	\$ 55,705,845	\$ 45,046,474

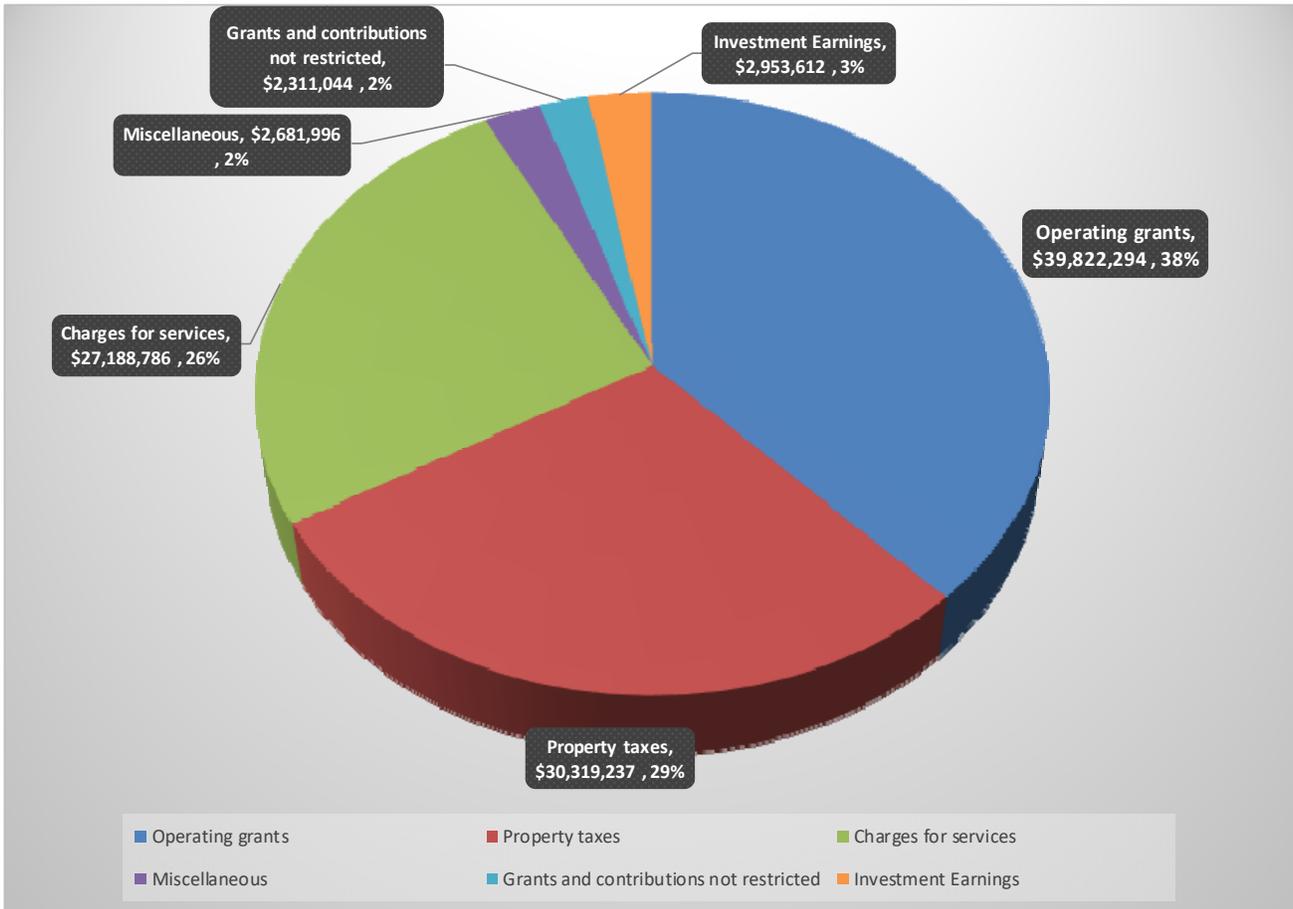
HARRIS COUNTY DEPARTMENT OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (continued)

In fiscal year 2024 property taxes increased (8.3 percent) due to an increase in the property values of approximately 20% offset by a tax rate decrease and increase in Homestead exemptions. Grants and contributions increased overall (10.6 percent) due to an increase in activity. Charges for services and investment earnings both increased due to increased activity and market conditions respectively.

Expenses increased in total by 12.9 percent. The increase correlates with the increase in grant funds and the associated activities.

Revenues for the governmental activities are generated primarily from three sources. The first source is comprised of two groups, Operating Grants and Contributions (\$39,822,294) and Grants and Contributions Not Restricted to Specific Program (\$2,311,044) totaling \$42,133,338 , represent 36.3 percent of total revenues. Charges for services from governmental activities (\$27,188,786) and (\$10,709,082) from business-type activities represent 32.7 percent of total revenues. The remaining percent is generated from property taxes (26.1 percent), head start non-federal share and miscellaneous revenues and investment earnings.

Revenues by Source – Governmental Activities
 Total \$105,276,969



Revenues for the business-type activities are generated solely by fees charged to external users of goods and services. Total business-type activities revenues for FY 2024 total \$10,709,082 . This is an increase of 51.3% or \$3,645,718. This increase is related to an increase in usage of the Choice Partners services.

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

The primary program expense of the Department is related to the Head Start Program (\$22,394,981) which represents 21.3 percent of total expenses. The special schools and services (\$15,918,886) represents 15.1 percent and school based therapy (\$13,536,488) represents 12.8 percent. Department Wide expenses (\$6,398,809) represents 6.1 percent and the center for after-school (\$9,308,723) represents 8.8 percent. The remaining individual functional categories of expenses are each less than 5 percent of total expenses. Expenses increased for governmental activities with the primary cause the increased activity in the Head Start Program, special schools and services due to expansion and school-based therapy services. Business-type activities expenses decreased due to less activity.

Financial Analysis of the Department's Funds

As noted earlier, Harris County Department of Education uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of Harris County Department of Education's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Department's financing requirements. The *Unassigned Fund Balance* may serve as a useful measurement of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Department's governmental funds reported a combined fund balance of \$55,420,503, in comparison with the prior year of \$42,610,204. The net increase of the combined fund balances was primarily comprised of a fund balance increase in the general fund of \$8,938,934 and the PFC Capital Projects Fund of \$3,869,754. The increase in Capital Projects Fund is related to the issuance of tax maintenance notes and premium of \$16,536,671 offset by payments for related projects. Out of the combined fund balances, \$22,294,342 constitutes unassigned fund balance, which is available for spending at the Department's discretion. The remainder of the fund balance is distributed into the following categories: non-spendable fund balance of \$234,662, restricted fund balance of \$20,026,227, committed fund balance of \$2,988,291 and assigned fund balance of \$9,876,981. Please refer to Exhibit B-1.

The general fund is the main operating fund of Harris County Department of Education. At the end of the current fiscal year, unassigned fund balance of the general fund was \$22,294,342, while total fund balance was \$34,637,495. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 36.2 percent of total general fund expenditures, while total fund balance represents 56.2 percent of that same amount.

The fund balance in the general fund increased \$8,938,934 during the current fiscal year primarily due to an increase in property tax revenues and interest income and state program revenues. Additionally, the transfers in from the Choice Partner fund increased by \$3,671,080 due to the increased activity in the Choice Partner fund. Transfers out to the debt service fund decreased by \$3,410,683 due to lower debt service requirements in FY24. The net change in transfers was an increase of \$7,081,763 compared to prior year.

The fund balance for the PFC Capital Project Funds increased by \$3,869,754 due to the issuance of tax maintenance notes offset by the payment of progress invoices on projects.

Proprietary Fund - the Department's proprietary fund financial statement reflects the Department's enterprise fund and internal service funds for internal services and workers' compensation. There was no change to the Choice Partners fund due to the net increase being transferred to the general fund. The increase to the internal service fund is related to the timing of claims payments related to the transfer of funds for payment.

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

General Fund Budgetary Highlights

During the fiscal year, the Department amended the revenue budget by \$4,907,580. The Department's major budget amendments during the year were associated with increases in Choice Partners transfers, Business services, AB School West and East and center for educator services (\$4,879,924).

At year end local revenues were higher than budgeted from investment income by \$1.3 million. This was offset by tuition and fees being under budget by \$1.0 million with a decrease in services needed. Property taxes were on track with budget. State revenues exceeded budget by \$723 thousand due to an increase in the TRS on behalf amount for Active Care funding. Federal program revenues exceeded anticipated budget by \$548 thousand from an increase in Medicaid and indirect costs.

Over the course of the year the Department revised its budget at each regularly scheduled HCDE Board of Trustees meeting. There was \$1,654,911 net increase in appropriations between the original and the final amended budget. The Department's major budget amendments during the year are summarized as follows:

- \$599,202 for Department Wide
- \$250,000 for Retirement Leave Benefits
- \$362,000 for Special Schools and Services
- \$186,702 for Business Services

There was a \$ 5,292,133 difference between the final amended budget and actual expenditures. The significant differences are summarized below:

- \$2,577,664 Special Schools and Services under budget
- \$1,352,480 School Based Therapy Services under budget
- \$748,468 Center for Educators under budget

Capital Assets and Long-Term Liabilities

Capital Assets- At the end of fiscal year 2024, Harris County Department of Education had \$121,262,091 (net of accumulated depreciation and amortization) invested in capital assets including land, buildings and improvements, furniture and equipment, construction in progress and right-to-use assets. The net increase in capital assets of \$12,134,193 is due to an increase in construction in progress and additions to buildings, furniture and equipment.

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

	Governmental Activities	
	2024	2023
Land	\$ 3,421,266	\$ 3,392,942
Buildings and Improvements	77,963,194	76,833,160
Furniture and Equipment	6,699,084	4,945,935
Construction in Progress	23,136,922	13,092,959
Right-to-use asset	10,041,625	10,862,902
Total	\$ 121,262,091	\$ 109,127,898

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

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

- \$10.0 million increase in construction in progress related to Coolwood Head Start, Irvington renovations and Highpoint East.

Additional information on the Department's capital assets can be found in the notes to financial statements- Note 6 - Capital Assets.

Long-Term Liabilities - At fiscal year-end, the Harris County Department of Education's outstanding debt balance was \$72,143,295 consisting of \$28,465,000 lease revenue bonds, 28,960,000 in maintenance tax notes and 6,117,463 in issuance premiums and \$8,600,832 in leases payable. The bonds and notes are backed by specified program revenues and property taxes. The other long-term liabilities in the amount of \$5,892,412 are related with compensated absences.

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

	Governmental Activities	
	2024	2023
Bonds and Notes Payable	\$ 63,542,463	\$ 48,705,432
Leases payable	8,600,832	9,204,012
Other Long-Term Liabilities	5,892,412	5,698,726
Net Pension Liability (Department Share)	27,707,570	23,049,581
Net OPEB Liability (Department Share)	14,092,392	14,480,782
Total	\$ 119,835,669	\$ 101,138,533

During the year ended August 31, 2024, the Department's total long-term liabilities had a net increase of \$18,697,136 due to changes in the net pension liability of \$4,657,989 , an increase in bonds and notes payable of \$14,837,031 .

The Department continues to enjoy excellent underlying bond ratings. The underlying ratings on the Harris County Department of Education Public Facility Corporation's, a blended component unit of the Department, bonds are rated Aa1 by Moody's and AAA from Standard and Poor's. The underlying rating on the Department's notes is Aaa by Moody's. Additional information on the Department's long-term debt can be found in the notes to financial statements, Note 7 - Long-Term Liabilities.

Economic Factors and Next Year's Budgets and Rates

Economic factors can have a significant impact on Harris County Department of Education finances. Growth in services to our customers, primarily, school district, will depend on their finances.

- Property Values increased by \$68 Billion to \$639 billion for tax year 2023 (FY 2023-2024).
- Property taxes represent 44 percent of the fiscal year 2023-2024 total estimated general fund revenues.
- The unemployment rate for Harris County was 4.8 percent on August 31, 2024, while the nationwide rate averaged 4.2 percent.
- Inflation and other factors have resulted in increases for health insurance, property insurance, electricity and travel reimbursements costs. Moreover, due to COVID 19 impact, construction materials and costs have also risen. The Consumer Price index as of August 31, 2024, was 2.9% higher.
- The department remains successful at applying and administering federal, state and local grants. Additional grants have been received from Health and Human Services for COVID 19 expenditures, capital projects, and city and county grants for after school programs and mainly ended during the 23-24 fiscal year.

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

The Department elected officials considered these and many other factors when setting the fiscal year 2025 general fund and the property tax rate. The adopted budget is based on the following significant assumptions:

- Estimated revenues from current tax revenues are \$32,184,041, an increase of 5.8 percent from previous fiscal year 2024 budget of \$30,400,840 based on an increase in property values assessed by the Harris County Appraisal District.
- Fiscal Year 2025 general fund expenditures are budgeted at \$74,743,271, an increase of 4.5 percent from the amended fiscal year 2024 budget of \$71,528,400. The increase is due to the maintaining the compensation plan and continuing the Tools for Teachers and Grants Programs for the Education Foundation.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, the business community, customers, and creditors with a general overview of Harris County Department of Education's finances and to demonstrate the Department's accountability for the money under its fiduciary care. Questions about this report or requests for additional information should be directed to the Business Office, Harris County Department of Education, at 6300 Irvington Blvd., Houston, Texas, 77022, by phone at (713) 696-8249 or by email to jamezcua@hcde-texas.org.





Basic Financial Statement





HARRIS COUNTY DEPARTMENT OF EDUCATION
STATEMENT OF NET POSITION
August 31, 2024

Exhibit A-1

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 57,882,994	\$ 1,045,565	\$ 58,928,559
Property taxes receivable (net)	1,379,534	-	1,379,534
Due from other governments	6,442,011	-	6,442,011
Other receivables	2,816,749	1,875,741	4,692,490
Inventories	109,467	-	109,467
Prepaid items	723,101	17,816	740,917
Capital Assets:			
Land	3,421,266	-	3,421,266
Construction in Progress	23,136,922	-	23,136,922
Buildings and improvements, net	77,963,194	-	77,963,194
Furniture and equipment, net	6,699,084	-	6,699,084
Right-to-use assets - buildings, net	10,041,625	-	10,041,625
Total Assets	190,615,947	2,939,122	193,555,069
Deferred Outflows of Resources			
Deferred outflow related to OPEB	5,222,583	-	5,222,583
Deferred outflow related to pension	13,014,444	-	13,014,444
Total Deferred Outflows of Resources	18,237,027	-	18,237,027
Liabilities			
Accounts payable	6,848,660	1,141,377	7,990,037
Payroll deductions payable	1,375,825	-	1,375,825
Accrued wages payable	168,119	22	168,141
Accrued interest payable	97,221	-	97,221
Due to Other Governments	116,852	36,803	153,655
Other payables	746,398	-	746,398
Unearned revenues	1,828,437	7,649	1,836,086
Long-term Liabilities:			
Due within one year	3,315,989	-	3,315,989
Due in more than one year:	74,776,966	-	74,776,966
Net OPEB Liability (Department's Share)	14,092,392	-	14,092,392
Net Pension Liability (Department's Share)	27,707,570	-	27,707,570
Total Liabilities	131,074,429	1,185,851	132,260,280
Deferred Inflows of Resources			
Deferred inflow related to OPEB	22,681,071	-	22,681,071
Deferred inflow related to pension	1,144,900	-	1,144,900
Total Deferred inflows of resources	23,825,971	-	23,825,971
Net Position			
Net investment in capital assets	69,145,023	-	69,145,023
Unrestricted	(15,192,449)	1,753,271	(13,439,178)
Total Net Position	\$ 53,952,574	\$ 1,753,271	\$ 55,705,845

HARRIS COUNTY DEPARTMENT OF EDUCATION

STATEMENT OF ACTIVITIES

For the Year Ended August 31, 2024

Exhibit A-2

	Net (Expense) Revenues and					
	Changes in Net Position					
	Program Revenues			Primary Government		
Expenses	Charges for Services	Operating Grants & Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government						
Governmental Activities:						
Adult Education Program	\$ 5,718,834	\$ -	\$ 4,725,192	\$ (993,642)	\$ -	\$ (993,642)
Assistant Superintendents	717,911	-	-	(717,911)	-	(717,911)
Board of Trustees	214,648	-	-	(214,648)	-	(214,648)
Business Support Services	2,185,620	722,679	-	(1,462,941)	-	(1,462,941)
Center for After School, Summer & Expanded Learning	9,308,723	85,238	8,198,852	(1,024,633)	-	(1,024,633)
Center for Safe & Secure Schools	967,081	232,556	3,500	(731,025)	-	(731,025)
Center for Grant Development	606,025	1,360	-	(604,665)	-	(604,665)
Client Engagement	670,171	-	-	(670,171)	-	(670,171)
Communications	1,193,868	-	-	(1,193,868)	-	(1,193,868)
Department Wide	6,398,809	-	-	(6,398,809)	-	(6,398,809)
Education Certification & Professional Advancement	18,936	-	18,936	-	-	-
Education Foundation	200,000	-	-	(200,000)	-	(200,000)
Facility Support Services	9,100,971	-	-	(9,100,971)	-	(9,100,971)
Head Start Program	22,394,981	-	26,808,385	4,413,404	-	4,413,404
Human Resources	1,243,356	-	-	(1,243,356)	-	(1,243,356)
Interest and Fees-Long-Term Debt	1,614,460	-	-	(1,614,460)	-	(1,614,460)
Purchasing Support Services	745,211	-	-	(745,211)	-	(745,211)
Community Engagement	107,930	-	-	(107,930)	-	(107,930)
Records Management Services	1,147,440	1,815,069	-	667,629	-	667,629
Research & Evaluation Institution	635,546	-	-	(635,546)	-	(635,546)
Retirement Leave Benefits	379,701	-	-	(379,701)	-	(379,701)
School Based Therapy Services	13,536,488	11,178,474	7,498	(2,350,516)	-	(2,350,516)
Chief of Staff	316,136	-	-	(316,136)	-	(316,136)
Special Schools & Services	15,918,886	12,863,988	59,931	(2,994,967)	-	(2,994,967)
Superintendent's Office	726,226	-	-	(726,226)	-	(726,226)
Technology Support Services	4,557,270	-	-	(4,557,270)	-	(4,557,270)
The Teaching & Learning Center	1,957,757	289,422	-	(1,668,335)	-	(1,668,335)
Total Governmental Activities	102,582,985	27,188,786	39,822,294	(35,571,905)	-	(35,571,905)
Business-Type Activities:						
Choice Partners Cooperative	2,788,695	10,709,082	-	-	7,920,387	7,920,387
Total Business-Type Activities	2,788,695	10,709,082	-	-	7,920,387	7,920,387
Total Primary Government	\$105,371,680	\$ 37,897,868	\$ 39,822,294	(35,571,905)	7,920,387	(27,651,518)
General Revenues:						
Property Taxes, Levied for General Purposes				30,319,237	-	30,319,237
Grants and Contributions Not Restricted to Specific Program				2,311,044	-	2,311,044
Investment Earnings				2,953,612	-	2,953,612
Miscellaneous				2,681,996	45,000	2,726,996
Transfers				7,965,387	(7,965,387)	-
Total General Revenues and Transfers				46,231,276	(7,920,387)	38,310,889
Change in Net Position				10,659,371	-	10,659,371
Net Position-Beginning				43,293,203	1,753,271	45,046,474
Net Position-Ending				\$ 53,952,574	\$ 1,753,271	\$ 55,705,845

HARRIS COUNTY DEPARTMENT OF EDUCATION

Exhibit B-1

**BALANCE SHEET
GOVERNMENTAL FUNDS
August 31, 2024**

	<u>General Fund</u>	<u>Head Start</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and cash equivalents	\$ 29,602,488	\$ -	\$ 24,350,402	\$ 2,726,036	\$ 56,678,926
Property taxes receivable	1,407,688	-	-	-	1,407,688
Allowance for uncollectible taxes	(28,154)	-	-	-	(28,154)
Due from other governments	460,504	1,227,220	-	4,754,287	6,442,011
Due from other funds	3,773,208	-	-	-	3,773,208
Other receivables	3,196,620	20,129	-	-	3,216,749
Allowance for uncollectible receivables	(400,000)	-	-	-	(400,000)
Inventories	109,467	-	-	-	109,467
Prepaid Items	125,195	46,235	-	20,669	192,099
Total Assets	<u>\$ 38,247,016</u>	<u>\$ 1,293,584</u>	<u>\$ 24,350,402</u>	<u>\$ 7,500,992</u>	<u>\$ 71,391,994</u>
Liabilities, Deferred Inflows of Resources and Fund Balance					
Liabilities:					
Accounts payable	\$ 674,110	\$ 57,960	\$ 3,577,777	\$ 2,297,996	\$ 6,607,843
Payroll Deductions Payable	1,375,825	-	-	-	1,375,825
Accrued wages payable	46,520	5,762	-	91,111	143,393
Due to other funds	-	1,229,862	-	2,543,346	3,773,208
Due to other governments	116,852	-	-	-	116,852
Due to others	-	-	746,398	-	746,398
Unearned revenues-other	16,679	-	-	1,811,758	1,828,437
Total Liabilities	<u>2,229,986</u>	<u>1,293,584</u>	<u>4,324,175</u>	<u>6,744,211</u>	<u>14,591,956</u>
Deferred Inflows of Resources					
Unavailable revenue-property taxes	1,379,535	-	-	-	1,379,535
Total Deferred Inflows of Resources	<u>1,379,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,379,535</u>
Fund Balances:					
Nonspendable:					
Inventory	109,467	-	-	-	109,467
Prepaid Items	125,195	-	-	-	125,195
Restricted:					
PFC Construction Projects	-	-	20,026,227	-	20,026,227
Committed:					
Capital Projects	1,814,976	-	-	-	1,814,976
Retirement Employee Leave	973,315	-	-	-	973,315
Unemployment Liability	200,000	-	-	-	200,000
Assigned:					
Building & Vehicle Replacement Acquisition	1,565,200	-	-	-	1,565,200
Asset Replacement & Acquisition	2,500,000	-	-	-	2,500,000
PFC Lease Payment	4,555,000	-	-	-	4,555,000
New Program Initiative	500,000	-	-	-	500,000
Debt Service	-	-	-	756,781	756,781
Unassigned	<u>22,294,342</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,294,342</u>
Total Fund Balances	<u>34,637,495</u>	<u>-</u>	<u>20,026,227</u>	<u>756,781</u>	<u>55,420,503</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 38,247,016</u>	<u>\$ 1,293,584</u>	<u>\$ 24,350,402</u>	<u>\$ 7,500,992</u>	<u>\$ 71,391,994</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
August 31, 2024

Exhibit B-2

Total Fund Balances-Governmental Funds (Exhibit B-1) \$ 55,420,503

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

Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.

Capital assets	162,268,040
Accumulated depreciation/amortization	<u>(41,005,949)</u>
Capital assets, net of accumulated depreciation	121,262,091

Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.

Deferred outflows - pensions	13,014,444
Deferred inflows - pensions	(1,144,900)
Deferred outflows - OPEB	5,222,583
Deferred inflows - OPEB	<u>(22,681,071)</u>
Total deferred outflows and inflows related to postemployment benefits	(5,588,944)

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds. 1,379,535

The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position. 1,412,279

Long-term liabilities, including bonds, notes payable, net pension, compensated absences, and the related accrued interest are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities at year-end related to the long-term liabilities and accrued interest consist of:

Bonds and Notes Payable	(57,425,000)
Lease liability	(8,600,832)
Accrued Interest on Bonds and Notes Payable	(97,221)
Premium on Bonds	(6,117,463)
Net Pension Liability	(27,707,570)
Net OPEB Liability	(14,092,392)
Compensated Absences	<u>(5,892,412)</u>
	<u>(119,932,890)</u>

Total Net Position-Governmental Activities (Exhibit A-1) \$ 53,952,574

HARRIS COUNTY DEPARTMENT OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
For the Year Ended August 31, 2024

Exhibit B-3

	<u>General Fund</u>	<u>Head Start</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Local and Intermediate Sources	\$ 59,784,074	\$ -	\$ 746,940	\$ 7,157,203	\$ 67,688,217
State Programs	4,471,276	-	-	-	4,471,276
Federal Programs	2,346,986	12,352,007	-	20,314,695	35,013,688
Total Revenues	<u>66,602,336</u>	<u>12,352,007</u>	<u>746,940</u>	<u>27,471,898</u>	<u>107,173,181</u>
Expenditures					
Current:					
Adult Education Program	542,004	-	-	4,768,203	5,310,207
Assistant Superintendents	736,926	-	-	-	736,926
Board of Trustees	216,670	-	-	-	216,670
Business Support Services	2,229,133	-	-	345	2,229,478
Center for After-School, Summer & Expanded Learning	814,499	-	-	8,631,257	9,445,756
Center for Texas Grants Development	622,846	-	-	-	622,846
Center for Safe & Secure Schools	908,669	-	-	81,751	990,420
Client Engagement	686,171	-	-	-	686,171
Communications	1,224,240	-	-	-	1,224,240
Department Wide	9,439,625	-	374,290	-	9,813,915
Education Certification & Professional Advancement	-	-	-	18,936	18,936
Education Foundation	200,000	-	-	-	200,000
Facility Support Services	232,823	-	9,781,861	-	10,014,684
Head Start Program	-	11,713,115	-	14,656,032	26,369,147
Human Resources	1,273,693	-	-	-	1,273,693
Purchasing Support Services	764,596	-	-	-	764,596
Community Engagement	111,082	-	-	-	111,082
Records Management Services	2,068,635	-	-	-	2,068,635
Research & Evaluation Institute	652,919	-	-	-	652,919
Retirement Leave Benefits	379,701	-	-	-	379,701
School Based Therapy Services	14,045,005	-	-	7,498	14,052,503
Special Assistant to Superintendent	327,178	-	-	-	327,178
Special Schools & Services	16,095,943	-	-	59,931	16,155,874
Superintendent's Office	741,678	-	-	-	741,678
Special Schools Administration	961,816	-	-	-	961,816
Technology Support Services	4,310,434	-	-	-	4,310,434
The Teaching & Learning Center	2,006,207	-	-	-	2,006,207
Debt Service:					
Principal on Long-Term Debt	-	603,180	-	1,450,000	2,053,180
Interest on Long-Term Debt	-	35,712	-	1,036,174	1,071,886
Bond Issuance Costs & Fees-MTN	-	-	-	798,935	798,935
Capital Outlay:					
Facilities acquisition and construction	-	-	3,255,227	-	3,255,227
Total Expenditures	<u>61,592,493</u>	<u>12,352,007</u>	<u>13,411,378</u>	<u>31,509,062</u>	<u>118,864,940</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,009,843</u>	<u>-</u>	<u>(12,664,438)</u>	<u>(4,037,164)</u>	<u>(11,691,759)</u>
Other Financing Sources (Uses)					
Maintenance tax notes proceeds	-	-	15,095,000	-	15,095,000
Premium on maintenance tax notes proceeds	-	-	1,441,671	-	1,441,671
Transfers In	7,965,387	-	-	4,038,775	12,004,162
Transfers Out	(4,036,296)	-	(2,479)	-	(4,038,775)
Total Other Financing Sources (Uses)	<u>3,929,091</u>	<u>-</u>	<u>16,534,192</u>	<u>4,038,775</u>	<u>24,502,058</u>
Net Change in Fund Balances	8,938,934	-	3,869,754	1,611	12,810,299
Fund Balances-Beginning	<u>25,698,561</u>	<u>-</u>	<u>16,156,473</u>	<u>755,170</u>	<u>42,610,204</u>
Fund Balances-Ending	<u>\$ 34,637,495</u>	<u>\$ -</u>	<u>\$ 20,026,227</u>	<u>\$ 756,781</u>	<u>\$ 55,420,503</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2024

Exhibit B-4

Total Net Change in Fund Balances-Governmental Funds (Exhibit B-3): \$ 12,810,299

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	16,737,973
Depreciation/amortization	(3,857,401)
Disposal of assets	(746,378)

Because some property taxes will not be collected for several months after the Department's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased by this amount this year

215,607

Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Issuance of maintenance tax notes	(15,095,000)
Premium on maintenance tax notes	(1,441,671)
Principal paid on bonds	1,450,000
Principal paid on lease	603,180

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest on long-term debt	(28,991)
Amortization of bond premium	249,640
Compensated absences	(193,686)
Changes in net pension liabilities and related deferred outflows and inflows of resources	(1,939,596)
Changes in net OPEB liabilities and related deferred outflows and inflows of resources	1,833,994

An internal service fund is used by the Department to charge the costs of workers' compensation benefits to the individual funds. The net revenue (expense) of the internal service fund was reported in the government-wide statements.

61,401

Change in Net Position of Governmental Activities (Exhibit A-2): \$ 10,659,371

HARRIS COUNTY DEPARTMENT OF EDUCATION
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
August 31, 2024

Exhibit B-5

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Choice Partners</u>	<u>Internal Service Funds</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 1,045,565	\$ 1,204,068
Due from Vendors	1,875,741	-
Prepaid Items	17,816	531,002
Total Assets	<u>2,939,122</u>	<u>1,735,070</u>
Liabilities		
Current Liabilities:		
Accounts payable	1,141,377	240,817
Accrued wages payable	22	24,726
Claims Payable - due within one year	-	57,248
Due to other governments	36,803	-
Unearned Revenues	7,649	-
Total Liabilities	<u>1,185,851</u>	<u>322,791</u>
Net Position		
Unrestricted	<u>1,753,271</u>	<u>1,412,279</u>
Total Net Position	<u>\$ 1,753,271</u>	<u>\$ 1,412,279</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
For the Year Ended August 31, 2024

Exhibit B-6

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Choice Partners</u>	<u>Internal Service Funds</u>
Operating Revenues		
Charges for Services	\$ 10,754,082	\$ 7,128,741
Total Operating Revenues	<u>10,754,082</u>	<u>7,128,741</u>
Operating Expenses		
Payroll Costs	1,813,376	3,313,759
Professional Services	501,501	1,651,970
Supplies and Materials	76,307	408,570
Administrative	77,869	1,693,041
Facility Support Charges	67,473	-
Travel and Meeting Costs	147,309	-
Advertising and Notices	104,860	-
Total Operating Expenses	<u>2,788,695</u>	<u>7,067,340</u>
Operating Income (Loss)	7,965,387	61,401
Transfer Out	(7,965,387)	-
Change in net position	-	61,401
Total Net Position-Beginning	<u>1,753,271</u>	<u>1,350,878</u>
Total Net Position-Ending	<u>\$ 1,753,271</u>	<u>\$ 1,412,279</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended August 31, 2024

Exhibit B-7

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Choice Partners</u>	<u>Internal Service Funds</u>
Cash Flows from Operating Activities		
Receipts from customers	\$ 10,637,640	\$ -
Payments for operating activities with other funds	-	7,015,710
Payments to employees	(1,813,354)	(3,318,076)
Payments to suppliers	(675,414)	(3,303,016)
Payments for workers' compensation claims	-	(507,961)
Net Cash Provided by (Used By) Operating Activities	<u>8,148,872</u>	<u>(113,343)</u>
Cash Flows for Noncapital Financing Activities		
Transfer to General Fund	<u>(7,965,387)</u>	-
Net Cash Flows provided by (used for) Noncapital Financing Activities	<u>(7,965,387)</u>	-
Net change in cash and cash equivalents	183,485	(113,343)
Cash and Cash Equivalents at Beginning of Year	<u>862,080</u>	<u>1,317,411</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,045,565</u>	<u>\$ 1,204,068</u>
Reconciliation of Operating Income to Net Cash		
Provided by (Used for) Operating Activities:		
Operating income	\$ 7,965,387	\$ 61,401
Changes in Assets and Liabilities:		
Decrease (increase) in prepaid items	(17,816)	(59,142)
Decrease (increase) in accounts receivable	(104,741)	-
Increase (decrease) in accounts payable	303,034	3,527
Increase (decrease) in accrued wages payable	22	(4,317)
Increase (decrease) in interfund payables	-	(113,031)
Increase (decrease) in claims payable	-	(1,781)
Increase (decrease) in due to others	14,687	-
Increase (decrease) in unearned revenues	(11,701)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 8,148,872</u>	<u>\$ (113,343)</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
August 31, 2024

Exhibit B-8

	<u>Custodial Fund</u>
Assets	
Cash and cash equivalents	\$ 55,670
Total Assets	<u>\$ 55,670</u>
Net Position	<u>\$ 55,670</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended August 31, 2024

Exhibit B-9

	<u>Custodial Fund</u>
Additions	
Contributions	\$ 7,814
Total Additions	<u>7,814</u>
Deductions	
Payments	<u>1,510</u>
Total Deductions	<u>1,510</u>
Change in fiduciary net position	6,304
Beginning Net Position	<u>49,366</u>
Ending Net Position	<u>\$ 55,670</u>



Note 1 - Summary of Significant Accounting Policies

The Harris County Department of Education (the Department) is a local government or special district incorporated in 1889 operating under applicable laws and regulations of the State of Texas. A seven-member Board of School Trustees, elected to staggered six-year terms, has governance responsibilities over all activities and operations of the Department. The Department prepares its financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified by the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide*. The Department receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The following is a summary of the most significant accounting policies:

A. Reporting Entity

Harris County Department of Education is considered an independent entity for financial reporting purposes and is considered a primary government. The Department is not included in any other governmental "reporting entity" as defined by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34.*

The Harris County Board of School Trustees (the Board) is elected by the public and it has the authority to make decisions, appoint the superintendent, ratify personnel changes, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the Department is a financial reporting entity as defined by the Governmental Accounting Standards Board (GASB).

The Department has implemented Government Accounting Standards Board Statement No. 39 and 61 (GASB 39 and 61), *Determining Whether Certain Organizations are Component Units*. This statement requires the Department to report certain legally separate organizations as component units even though the Department is not financially accountable for these organizations. The Statement requires that a legally separate tax-exempt organization be reported as a Component Unit if all of the following criteria are met:

- a. The economic resources of the separate organization entirely, or almost entirely, directly benefit the primary government, its component units, or its constituents.
- b. The primary government or its component units are entitled to, or can otherwise access, a majority of the economic resources of the separate organization.
- c. The economic resources of the individual separate organization that the primary government or the component unit is entitled to, or can otherwise access, are significant to that primary government.

The Harris County Department of Education Public Facility Corporation (PFC) meets the criteria set out by GASB 39 and has been included as a blended component unit in the financial statements of the Department. The PFC, a legally separate entity, is, in substance, part of the Department's operations and its purpose is to finance the Department's construction and building acquisition needs. The Department is financially accountable since the PFC is fiscally dependent. Therefore, the PFC is reported as a capital projects fund.

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Harris County Department of Education non-fiduciary activities with most of the interfund activity removed. Governmental activities include programs which are supported primarily by taxes and intergovernmental revenues. Business-type activities are reported separately and rely significantly on fees and charges for support.

Note 1 - Summary of Significant Accounting Policies (continued)

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Depreciation expense has been allocated to all applicable functions in order to present the expenditures of the Department more accurately on the Statement of Activities. *Program revenues* include 1) payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or division, and 2) grants and contributions that are restricted to meeting operational requirements of a given function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Interfund activities between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet, Proprietary Fund Statement of Net Position, and Fiduciary Fund Statement of Fiduciary Assets and Liabilities and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Net Position. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the Department's department wide function and various other functions of the Department. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories – governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for Department operations, they are not included in the government-wide statements. The Department considers some governmental funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are non-operating.

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

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with GASB Statement No. 33. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences are reported in governmental funds only when they mature (i.e. unused reimbursable leave still outstanding following retirement.)

Note 1 - Summary of Significant Accounting Policies (continued)

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

A claim or judgment is only recognized as expenditure and a liability in a governmental fund as of the date that payment became due pursuant to the terms of a settlement agreement or court judgment. The Department considers state and federal revenues and interest revenues available if they are collected within 60 days after year end.

Revenues from local sources consist primarily of property taxes and are recorded as revenue when received. Revenues received from the local school districts are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until received. Investment earnings are recorded as earned, since they are both measurable and available.

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

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

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

D. Fund Accounting

Harris County Department of Education's accounts are organized on the basis of funds in accordance with the rules prescribed in the Texas Education Agency's *Financial Accountability System Resource Guide*. Each fund is considered a separate accounting entity. The operations of each fund are accounted for by providing separate set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses. For financial statement presentation, the Department's fund financial statements provide more detailed information about the Department's most significant funds (not the Department as a whole).

The Department reports the following major governmental funds:

General Fund is the Department's primary operating fund and is used to account for all financial transactions not properly includable in other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in this fund. Major revenue sources include charges for services, property tax revenues and local and federal source revenue not accounted for in Special Revenue Funds. Expenditures include all costs associated with the daily operations of the Department except for specific programs funded by the federal or state government, debt service, and capital projects.

Head Start Program Fund, a Special Revenue Fund, is used to account for funds granted for the Head Start Program by the United States Department of Health and Human Services.

Note 1 - Summary of Significant Accounting Policies (continued)

D. Fund Accounting (continued)

Capital Projects Fund accounts for the expenditures of the proceeds of lease revenue bonds sold by the Harris County Department of Education Public Facility Corporation and the payment for constructing, renovating, equipping, and/or acquisition of facilities to support Department programs.

The Department reports the following governmental fund types under non-major governmental funds:

Special Revenue Funds are used to account for local, state, and federal grants. Resources accounted for in these funds are awarded to the Department for the purpose of accomplishing specific educational tasks as defined by grantors in contracts or other agreements. Project accounting is employed to maintain integrity for the various sources of funds.

Resources accounted for in these funds are awarded to the Department for the purpose of accomplishing for in these funds are awarded to the Department for the purpose of accomplishing specific educational tasks as defined by grantors in contracts or other agreements.

Debt Service Fund is used to account for the accumulation of resources for, and the payment of, governmental long-term debt principal, interest, and related costs. The primary revenue source is local service contracts.

The Department reports the following proprietary fund types:

Enterprise Fund is a major business-type activity that is used to report activities for which a fee is charged to external users of good and services. It is used to account for Choice Partners National Cooperative which offers quality, legal procurement and contract solutions to meet the purchasing needs of school districts and other governmental entities. Through this cooperative purchasing program, members gain immediate access to legal, competitively bid contracts they need, saving time and money on the bidding and purchasing process.

Internal Service Funds account for revenues and expenses related to services provided to organizations inside the Department on a cost reimbursement basis. The following internal service funds are used by the Department:

Workers' Compensation Fund includes accounts for the Department's partially self-funded workers' compensation plan, which is supported by Department contributions. Operating expenses consist of insurance claims paid and payments to the third-party administrator of the plan for claims processing and administrative fees.

Facility Charges Fund includes accounts for revenues and expenses related to services provided to other programs within the Department. Revenues are received based on fees charged for services. Expenses include payments to employees and charges incurred to operate the programs.

Additionally, the Department reports the following fiduciary fund:

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

Note 1 - Summary of Significant Accounting Policies (continued)

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

1. Deposits and Investments

The Department's cash and cash equivalents are cash on hand, demand deposits, and overnight sweeps. The Department reports cash and cash equivalents in the Department's statement of cash flows for Proprietary Fund Types and in all other financial statements of financial position.

Investments primarily consist of U.S. government agency securities, privately-managed public funds investment pools, money market mutual funds, and short-term investments. Investments for the Department are reported at fair value, based on quoted market prices at year-end date, except for investment pools. The Department's investment pools are valued and reported at amortized cost, which approximates fair value.

The Department categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Department's local government investment pools are recorded at amortized costs as permitted by GASB Statements No. 79, *Certain Investment Pools and Pool Participants*.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Property tax receivables are shown net of an estimated allowance for uncollectible. The property tax receivable allowance approximates 2 percent of outstanding property taxes at August 31, 2024. Revenues from property taxes are recognized when levied to the extent they are available.

The Department considers property taxes as available when collected. However, not all outstanding property taxes are expected to be collected within one year of the date of the financial statements. Property values are established by Harris County Appraisal District (Harris County, Texas) as of January 1 of each year. Prior to September 1 of each year, the Department must adopt its annual budget and, as soon thereafter as practicable, the Board of School Trustees shall adopt a tax rate thus creating the tax levy. Property taxes are levied on approximately October 1 of each year in conformity with Subtitle E. Texas Property Tax Code. Taxes are due upon receipt of the tax bill and taxes become delinquent if not paid before February 1. On July 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Billing and collection of taxes are performed by the Harris County Tax Assessor-Collector's Office.

The Department is permitted to levy taxes up to \$0.01 (one cent) for maintenance and operations by state law. The tax rate for tax year 2023 (fiscal year 2024) was \$0.004900 per \$100 assessed property valuation for maintenance and operations. The Department does not have a debt service rate. An allowance for uncollectible taxes is based on historical experience in collecting property taxes. Uncollectible property taxes are periodically reviewed and written off by the Department, as provided by specific statutory authority from the Texas Legislature.

Note 1 - Summary of Significant Accounting Policies (continued)

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

3. Inventories and Prepaid Items

Inventories consisting of consumable custodial and maintenance supplies are stated at cost (average cost method) when the items are purchased, and are subsequently recognized as expenditures when consumed. A portion of fund balance is categorized as non-spendable to reflect the actual inventory on hand at August 31.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These expenditures/expenses will be recorded when consumed rather than when purchased.

4. Capital Assets

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	40
Furniture and Equipment	3-10
Right to use Assets	20-30

Land and construction in progress are not depreciated.

5. Long-Term Obligations

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

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

Note 1 - Summary of Significant Accounting Policies (continued)

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

6. Compensated Absences

a. Accrued Sick and Personal Leave

The Department maintains a policy allowing employees meeting established requirements to be compensated for unused personal and sick leave at retirement. A full-time employee who is eligible to retire under the Teacher Retirement System and has been employed by the department (HCDE) for five consecutive year's immediately preceding retirement shall be paid for accumulated local personal and sick leave at the employee's current daily rate. A maximum number of days apply (one-half of the employee's annual contract/work schedule days with a maximum of 120 days) paid to the employee at retirement at the daily rate in effect at the time of retirement.

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

b. Vacation

Full-time employees who are normally scheduled, and actually work, forty hours per week in a 12-month position shall receive paid vacation each calendar year beginning January 1 and ending December 31. Employees are eligible to take vacation at any time after January 1st of the year following the year the vacation is received. Vacation accrued in the year preceding termination/retirement and not used and any vacation accrued in the current year will be paid to employees upon termination. Vacations are to be taken in the calendar year following the year they are earned; and any unused days at the end of the year are forfeited. Therefore, the liability recognized in the government-wide financial statements exists only at the end of the fiscal year.

7. Pensions

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

8. Other Post-Employment Benefits (OPEB)

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

Note 1 - Summary of Significant Accounting Policies (continued)

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

9. Fund Balances and Net Position

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

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

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

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

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

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

Non-spendable Fund Balance

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

Spendable Fund Balances

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

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

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

Note 1 - Summary of Significant Accounting Policies (continued)

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

9. Fund Balances and Net Position (continued)

Spendable Fund Balance (continued)

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

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

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

10. Deferred Outflows and Inflows of Resources

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

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

Note 1 - Summary of Significant Accounting Policies (continued)

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

10. Deferred Outflows and Inflows of Resources (continued)

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

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

11. Use of Estimates

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

12. Implementation of New Standards

GASB issued Statement No. 99, Omnibus 2022, in April 2022. This Statement was issued to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. The requirements of this statement had various effective dates and specific provisions were implemented prior to fiscal year 2024. The remaining requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The remaining requirements of this statement were implemented in fiscal year 2024 and did not have a material impact on the financial statements.

Note 1 - Summary of Significant Accounting Policies (continued)

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

12. Implementation of New Standards (continued)

GASB issued Statement No. 100, Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62, in June 2022. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The requirements of this statement were implemented in fiscal year 2024 and are reflected in Note 13.

GASB issued Implementation Guide 2021-1, Implementation Guidance Update – 2021, in May 2021. The primary objective of this Implementation Guide is to provide guidance that clarifies, explains, or elaborates on GASB Statements. The requirements of this Implementation Guide had various effective dates and specific provisions were implemented prior to fiscal year 2024. The remaining requirement, an amendment to Question 7.9.8 in Implementation Guide 2015-1 effective for reporting periods beginning after June 15, 2023, requires governments to capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant. The requirements of this statement were implemented in fiscal year 2024 and did not have a material impact on the financial statements.

GASB issued Implementation Guide 2023-1, Implementation Guidance Update – 2023, in June 2023. The primary objective of this Implementation Guide is to provide guidance that clarifies, explains, or elaborates on GASB Statements. This Implementation Guide amends Implementation Guide No. 2019-3, Leases, Question 4.16, and Implementation Guide No. 2021-1, Implementation Guidance Update—2021, Question 4.13. The requirements of this Implementation Guide are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The requirements of this Implementation Guide were implemented in fiscal year 2024. See note 13 for the effect on the financial statements.

Note 2 - Stewardship, Compliance, and Accountability

A. Budgetary Data

The Department is legally required to prepare a budget for adoption for the general and debt service funds. However, a budget for all funds – general, special revenue, debt service, capital projects, and internal service funds is prepared for managerial and oversight purposes as required in Board policy. The general fund budget appears in the *required supplementary information* section where the Department discloses the original budget and compares the final amended budget to actual revenues and expenditures. The Department is not legally required to adopt an annual budget for Special Revenue Funds. All Special Revenue Fund budgets are prepared as project length budgets. Per regulatory requirements, the debt service fund is required to be reported with the original budget, amended budget, and actual revenues and expenditures.

The following procedures are followed in establishing the budgetary data reflected in the financial schedules:

1. In January each year, the Department’s administration determines budgetary funding priorities, and begins the preparation of an official budget for the succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to September 1 the budget is formally approved and adopted by the Board.
3. A meeting of the Board is called for the purpose of adopting the proposed budget. At least ten days public notice must be given.

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

A. Budgetary Data (continued)

Once a budget has been approved, budget amendments that increase or decrease an individual budget or increase or decrease *revenues* and *other sources* object accounts must be approved by a majority of the Board of School Trustees. Department budget directors may make transfers within individual budgets at any time during the fiscal year with the approval of the Assistant Superintendent for Business Support Services. Amendments are presented to the Board at each of its regular meetings. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. The Department made several supplemental budgetary revisions throughout the year; these revisions are detailed in the notes to the required supplementary information.

Each budget is controlled by the budget manager at the revenue and expenditure fund/object level. All general fund budget appropriations lapse at year end.

B. Encumbrances

Encumbrance accounting (under which purchase orders, contracts, and other commitments are recorded in order to reserve that portion of the applicable appropriation) is employed in governmental funds.

Encumbrances outstanding at year end are commitments that do not constitute expenditures or liabilities but are reported as assigned fund balances. Since appropriations lapse at the end of each fiscal year, outstanding encumbrances are appropriately provided for in the subsequent fiscal year's budget to provide for the liquidation of the prior commitments. HCDE does not provide funding for encumbrances in the subsequent fiscal year.

Note 3 - Deposits and Investments

The Department's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act and local Board policy. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the Department's and the depository bank's agent bank. The pledged securities shall be in an amount sufficient to protect Department funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount insured by the Federal Deposit Insurance Corporation (FDIC). The Department must approve all collateral securities pledged and must also approve in writing any changes to the pledged securities. The Department receives monthly pledge reports.

The Department's investment policy is in accordance with the Texas Public Funds Investment Act, the Public Funds Collateral Act, federal and state laws, and board policy. The Department further limits its investments to obligations of the U.S. Treasury or the State of Texas, certain U.S. Agencies, certificates of deposit, repurchase agreements, commercial paper, money market mutual funds, and public funds investment pools.

During fiscal year 2024, the Department invested in the Texas Local Government Investment Pool (TexPool), Lone Star Investment Pool, and Texas Short Term Asset Reserve Program (TexSTAR) and Texas CLASS. These external pools operate like a "2a-7" pool (except TexSTAR) and these investments are carried at amortized cost in accordance with GASB 31. The fair value of the Department's position in the above pools is the same as the value of the pool shares.

TexPool is duly chartered and overseen by the Texas Comptroller's Office, administered and managed by Federated Investors. State Street Bank serves as the custodial bank. The portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; no-load money market mutual funds regulated by the Securities and Exchange Commission and rated AAA or equivalent by at least one nationally recognized rating agency (NRSRO); and securities lending programs.

Note 3 - Deposits and Investments (continued)

Lone Star Investment Pool is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by First Public, LLC, and managed by Standish Mellon Asset Management and American Beacon Advisors. The Bank of New York Mellon is the custodial bank. Lone Star Investment Pool is restricted to invest in obligations of the U.S. or its agencies and instrumentalities; other obligations insured by the U.S.; fully collateralized repurchase agreements having a defined termination date, secured by obligations described previously; and SEC-regulated no-load money market mutual funds, the assets which consist exclusively of the obligations described above.

TexSTAR is a local government investment pool created under the Texas Interlocal Cooperation Act. TexSTAR is overseen by a Governing Board consisting of individuals from participating government entities in the pool and a representative from each administrator. The business and affairs of TexSTAR are managed by the Board. In addition, TexSTAR has an advisory board composed of participants in TexSTAR and other persons who do not have a business relationship with TexSTAR that provide feedback to the Board. [JPMorgan Investment Management, Inc.](#) provides investment management, fund accounting, transfer agency and custodial services for the pool and [First Southwest, a division of Hilltop Securities](#) provides administrative, marketing and participant services. The portfolio is restricted to U.S. government securities, agencies and instrumentalities, and fully collateralized repurchase agreements having a defined termination date. Unlike money market mutual funds which are registered with the Security and Exchange Commission, TexSTAR does not operate in a manner consistent with the Rule 2a-7 of the Investment Company Act of 1940. TexSTAR is in full compliance with GASB 79 and reports its investments using fair value.

The Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS) was created as a local government investment pool (LGIP) pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code (PFIA). Per state code, entities may pool any of their funds, or funds under their control, to preserve principal, maintain the liquidity of the funds, and maximize yield. The Texas CLASS Trust Agreement is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate in the Trust (the Participants), Public Trust Advisors, LLC (Public Trust) as Program Administrator, and Wells Fargo Bank Texas, N.A. as Custodian.

Interest rate risk

Interest rate risk is the risk that changes in interest rates may adversely impact the value of investments. The Department mitigates exposure to this risk by using varied maturity limits and investment diversification. In accordance with its investment policy, the Department manages its exposure to declines in fair values by limiting the weighted average maturity of its investments to less than one year in the General and Special Revenue Funds, except for investment pools. Investment officers are expected to exercise prudence in the selection of securities to minimize risk. No individual investment transaction shall be initiated which jeopardizes the total capital position of the total portfolio. In addition, the Department shall not directly invest in an individual security which will mature more than three years from the date of purchase in the Debt Service and Capital Projects Funds.

Credit risk

State law limits investments in all categories to top ratings issued by nationally recognized statistical rating organizations.

The Department's Investment Policy allows for investment in commercial paper provided it meets the following criteria:

1. the maximum maturity does not exceed 270 days from the date of issuance.
2. it is rated at least A1 or P1 by two nationally recognized credit rating agencies or by one agency when fully secured by an irrevocable letter of credit from a United States or by the law of any state.

At year-end, balances in TexPool, LoneStar TexSTAR and Texas CLASS were all rated AAAM by Standard & Poor's as required by the Public Fund Investments Act.

Note 3 - Deposits and Investments (continued)

Concentration of credit risk

The Department’s investment policy requires the investment portfolio to be diversified in terms of investment instruments, maturity scheduling, and financial institutions so that no single investment or class of investments can have a disproportionate impact on the total portfolio. Diversification to avoid over-concentration in a specific instrument does not apply to U.S. Treasury securities, investment pools, and money market mutual funds.

Custodial credit risk-deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Department’s deposits may not be returned to it. As of August 31, 2024, the carrying amount of the Department’s deposits was \$1,665,033 and the bank balance was \$4,331,995 . The Department’s entire bank balance on August 31, 2024, was not exposed to custodial credit risk because it was fully insured and collateralized with securities held by the Department’s agent in the Department’s name.

Custodial credit risk-investments

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

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

As of August 31, 2024, the Department held the following deposits (cash) and investments:

Cash and Cash Equivalents	Fair Value/Amortized Cost	Weighted Average Maturity (Days)	Percentage of Portfolio	S&P Credit Quality Rating
Governmental Activities				
Cash and Deposits	\$ 563,798		0.96%	N/A
Public Funds Investment Pools:				
TexSTAR	11,785,265	36	19.98%	AAAm
Lone Star	25,381,054	23	43.03%	AAAm
TexPool	11,874,101	36	20.13%	AAAm
Texas Class	8,278,776	35	14.04%	AAAm
Total Public Funds Investment Pools:	57,319,196			
Total Governmental Activities	57,882,994			
Business-Type Activities				
Cash and Deposits	1,045,565		1.77%	N/A
Total Business-Type Activities	1,045,565			
Fiduciary Funds - Cash and Deposits	55,670		0.09%	N/A
Total Cash and Cash Equivalents	\$ 58,984,229		100.00%	

Portfolio Weighted Average Maturity

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Although TexPool, TexSTAR, Lone Star and Texas CLASS have a weighted average maturity greater than one day, the pools offer daily liquidity to the Departments funds.

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the Local Government Investment Pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

Note 4 - Receivables

Receivables as of year-end for the Department’s individual major funds, non-major and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Head Start Program</u>	<u>Nonmajor & Other Funds</u>	<u>Choice Partners</u>	<u>Total</u>
Receivables:					
Property taxes	\$ 1,407,688	\$ -	\$ -	\$ -	\$ 1,407,688
Due from other governments:					
Local	4,695	-	120,085	-	124,780
Federal	455,809	1,227,220	4,634,202	-	6,317,231
Other receivables	<u>3,196,620</u>	<u>20,129</u>	<u>-</u>	<u>2,088,480</u>	<u>5,305,229</u>
Gross Receivables	5,064,812	1,247,349	4,754,287	2,088,480	13,154,928
Less: Allowance for uncollectible taxes	(28,154)	-	-	-	(28,154)
Less: Allowance for uncollectible receivables	<u>(400,000)</u>	<u>-</u>	<u>-</u>	<u>(212,739)</u>	<u>(612,739)</u>
	<u>\$ 4,636,658</u>	<u>\$ 1,247,349</u>	<u>\$ 4,754,287</u>	<u>\$ 1,875,741</u>	<u>\$ 12,514,035</u>

Other receivables are made of amounts due from school districts and other clients.

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or unearned revenue in connection with resources that have been received, but not yet earned. At August 31, 2024, the deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent Property Taxes Receivable (General Fund)	\$ 1,379,535	\$ -
Grant Revenues Received but not Expended	-	1,805,078
Other	-	23,359
Total Deferred Inflows of Resources/Unearned Revenue for Governmental Funds	<u>\$ 1,379,535</u>	<u>\$ 1,828,437</u>

Note 5 - Interfund Receivables, Payables, and Transfers

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from payroll and other regularly occurring charges that are paid by the general fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more non-major governmental funds. The composition of interfund balances at August 31, 2024, consisted of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Funds:		
General Fund	\$ 3,773,208	\$ -
Head Start Program - Special Revenue Fund	-	1,229,862
Non-Major Funds	-	2,543,346
Total Governmental Funds	<u>\$ 3,773,208</u>	<u>\$ 3,773,208</u>

Interfund transfers are defined as “flows of assets without equivalent flows of assets in return and without a requirement for repayment.” The following is a summary of the Department’s transfers for the fiscal year ended August 31, 2024:

\$ 3,836,296	From the General Fund to the Non-Major Funds to fund the local match and routine debt service payments
200,000	From the General Fund to Head Start
2,479	From the Capital Projects Fund to the Debt Service Fund
<u>7,965,387</u>	From the Enterprise fund to the General Fund to support HCDE programs
<u>\$ 12,004,162</u>	

For reporting at the government-wide financial statement level, the Department eliminates direct interfund charges for services and the balances created within the same activity categories (i.e. governmental vs internal service fund). This process insures neither governmental nor proprietary fund report direct internal revenue/expenditures. Interfund activity and balances resulting from transaction with the fiduciary funds are not eliminated. Instead, the fiduciary interfund activity and balances are treated as transactions with an external party.

Note 6 - Capital Assets

Capital asset activity for the year ended August 31, 2024, are as follows:

	Beginning Balance	Additions	Transfers	Disposals	Ending Balance
Governmental Activities:					
Capital Assets, not Being Depreciated/Amortized:					
Land-General Fund -GF	\$ 2,035,599	\$ 28,324	\$ -	\$ -	\$ 2,063,923
Land-Public Facility Corporation -PFC	1,357,343	-	-	-	1,357,343
Construction in Progress	13,092,959	14,037,031	(3,993,068)	-	23,136,922
Total Capital Assets, not Being Depreciated/Amortized	16,485,901	14,065,355	(3,993,068)	-	26,558,188
Capital Assets Being Depreciated/Amortized:					
Buildings and Improvements-GF	59,166,925	-	3,993,068	(880,261)	62,279,732
Buildings and Improvements-PFC	41,993,435	164,458	-	-	42,157,893
Furniture and Equipment-GF	16,604,493	2,508,159	-	(128,243)	18,984,409
Right-to-use Asset - Buildings	12,287,818	-	-	-	12,287,818
Total Capital Assets, Being Depreciated/Amortized	130,052,671	2,672,617	3,993,068	(1,008,504)	135,709,852
Less Accumulated Depreciated/Amortized for:					
Building and Improvements-GF	(12,757,578)	(837,666)	-	133,883	(13,461,361)
Building and Improvements-PFC	(11,569,622)	(1,443,448)	-	-	(13,013,070)
Furniture and Equipment-GF	(11,658,558)	(755,010)	-	128,243	(12,285,325)
Right-to-use Asset - Buildings	(1,424,916)	(821,277)	-	-	(2,246,193)
Total Accumulated Depreciation/Amortization	(37,410,674)	(3,857,401)	-	262,126	(41,005,949)
Total Capital assets, Being Depreciated/Amortized, net	92,641,997	(1,184,784)	3,993,068	(746,378)	94,703,903
Total Governmental Activities					
Capital Assets, net	\$ 109,127,898	\$12,880,571	\$ -	\$ (746,378)	\$ 121,262,091

Construction Commitments

The Department has active construction projects as of August 31, 2024 are shown below:

Project	Budget	In Progress	Remaining Budget
Head Start-Coolwood Center	\$28,928,664	\$ 7,847,717	\$ 21,080,947
Irvington Renovation	12,234,524	7,332,695	4,901,829
Highpoint East Improvements	9,541,714	7,956,510	1,585,204
	\$ 50,704,902	\$ 23,136,922	\$ 27,567,980

Note 6 - Capital Assets (continued)

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

Governmental Activities

Superintendent's Office	\$ 508
Facilities Acquisition and Construction	776,734
Technology Support Services	300,383
Digital Learning	2,858
Department Wide	34,460
Special Schools and Services	1,159,706
Adult Education Program	394,966
Head Start Program	1,105,116
Center for After-School, Summer and Expanded Learning	5,945
Records Management Services	<u>76,725</u>
Total Depreciation/Amortization Expense	<u>\$ 3,857,401</u>

The Department's net investment in capital assets calculation is shown below and is presented on the Statement of Net Position.

Capital assets, net of accumulated depreciation/amortization	\$ 121,262,091
Capital related debt:	
Lease Revenue Bonds	(28,465,000)
Maintenance Tax Notes	(28,960,000)
Issuance Premiums	(6,117,463)
Right-to-use lease liability	(8,600,832)
Unspent debt proceeds	24,350,402
Accounts payable and other liabilities (capital related)	<u>(4,324,175)</u>
Total Net Investment in Capital Assets	<u>\$ 69,145,023</u>

Note 7 - Long-Term Liabilities

Long-term liabilities consist of lease revenue bonds, maintenance tax notes, workers' compensation, and compensated absences. Lease revenue bonds are liquidated in the Debt Service Fund. Workers' compensation claims are liquidated in the internal service fund and compensated absences are liquidated in the General Fund. Maintenance tax notes are liquidated in the Debt Service Fund.

A. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds, Notes and Leases Payable:					
Lease Revenue Bonds	\$ 29,915,000	\$ -	\$ (1,450,000)	\$ 28,465,000	\$ 1,480,000
Maintenance Tax Notes	13,865,000	15,095,000	-	28,960,000	-
Plus:					
Issuance Premiums	4,925,432	1,441,671	(249,640)	6,117,463	-
Right-to-use lease liability	9,204,012	-	(603,180)	8,600,832	605,599
Total Bonds and Notes Payable, net	57,909,444	16,536,671	(2,302,820)	72,143,295	2,085,599
Workers' Compensation	59,029	-	(1,781)	57,248	57,248
Compensated Absences	5,698,726	1,170,832	(977,146)	5,892,412	1,173,142
Net OPEB Liability (Department's Share)	14,480,782	-	(388,390)	14,092,392	-
Net Pension Liability (Department's Share)	23,049,581	4,657,989	-	27,707,570	-
Total Long-term Liabilities	\$ 101,197,562	\$ 22,365,492	\$ (3,670,137)	\$ 119,892,917	\$ 3,315,989

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

B. Bonds and Notes

The Harris County Department of Education Public Facility Corporation (the "Corporation") has issued lease revenue bonds for the purchase and renovation of a facility for administrative offices, meeting rooms, a warehouse, and records storage. In addition, lease revenue bonds were issued for the construction and equipment of the Highpoint School for adjudicated middle and high-school students. These facilities are operated by the Harris County Department of Education (the "Department"), and debt service payments on the Corporation's lease revenue bonds are payable from the lease payments made to Corporation by the Department. In order to secure the Department's lease payments, the Department has pledged, subject to annual appropriation, future revenues of certain contract the Department annually enters with various school districts for the provision of certain services. If contract revenues are less than the debt payment, tax revenues can be used to make the debt service payments. On October 1, 2016, the Harris County Department of Education Public Facilities Corporation issued the \$7,000,000 Lease Revenue Bond Series 2016 with an interest rate of 1.68% to fund the acquisition of property and the construction, improvements and equipment of a new facility to serve special needs students in grades K-12 in an academic and behavior setting. The total cost of the project is currently estimated at an amount not to exceed \$12,000,000. The Department contributed approximately \$5,000,000 toward the total cost of the project. The last bond payment is due in year 2026. The Department's lease payments are appropriated annually on the Department's General Fund as a transfer out to the Debt Service Fund. Payments are made out of the Debt Service Fund each fiscal year to retire the PFC's debt on the projects. The PFC meets the criteria for a blended component unit under GASB Statement No. 39, and the bond project expenditures are reported as Capital Projects Fund. Under the Government-wide financial statements, the PFC debt is combined and reported as total debt for the organization.

Note 7 - Long-Term Liabilities (continued)

B. Bonds and Notes (continued)

In previous years the Department has issued maintenance tax notes for the maintenance, renovation, and equipment of the Department’s facilities. The maintenance tax notes are tax-exempt maintenance notes. The maintenance tax notes are a general obligation of the Department and are secured by the Department’s maintenance and operations tax levy.

In March 2024, the Department issued \$15,095,000 in Maintenance Tax Notes, Series 2024, with a premium of \$1,441,671. The proceeds of which are to be used to renovate, equip and repair existing school properties and to pay the cost of issuance. Principal payments are due February 15 beginning in fiscal year 2027, interest is payable in February and August with interest rates of 5% until February 2044.

The Department’s general obligation maintenance tax debt payable and lease revenue as of August 31, 2024, is summarized as follows:

Series	Bond Type	Original Issue	Interest Rates	Maturity Dates	Beginning Balance	Additions	Reductions	Amount Outstanding
2016	Lease Revenue Bond	7,000,000	1.68%	2/15/2026	\$ 2,200,000	\$ -	\$ (720,000)	\$ 1,480,000
2020	Lease Revenue Bond	27,715,000	2.00-5.00%	2/15/2045	27,715,000	-	(730,000)	26,985,000
2020	Maintenance Tax Notes	13,865,000	3.00-5.00%	2/15/2040	13,865,000	-	-	13,865,000
2024	Maintenance Tax Notes	15,095,000	5.00%	2/15/2044	-	15,095,000	-	15,095,000
Totals					43,780,000	15,095,000	(1,450,000)	57,425,000
	Plus: Issuance Premiums				4,925,432	1,441,671	(249,640)	6,117,463
Totals					<u>\$ 48,705,432</u>	<u>\$16,536,671</u>	<u>\$ (1,699,640)</u>	<u>\$ 63,542,463</u>

The following tables summarize by type the annual debt service requirements of the outstanding debt issues at August 31, 2024 to maturity.

Years Ending August 31	Lease Revenue Bonds (PFC Long-term Debt)			Maintenance Tax Notes		
	Principal	Interest	Total Requirements	Principal	Interest	Total Requirements
2025	\$ 1,480,000	\$ 987,161	\$ 2,467,161	\$ -	\$ 1,224,200	\$ 1,224,200
2026	1,525,000	936,604	2,461,604	-	1,224,200	1,224,200
2027	880,000	888,763	1,768,763	1,195,000	1,194,325	2,389,325
2028	930,000	843,513	1,773,513	1,280,000	1,132,450	2,412,450
2029	930,000	797,013	1,727,013	1,390,000	1,065,700	2,455,700
2030-2034	5,220,000	3,318,563	8,538,563	8,115,000	4,260,650	12,375,650
2035-2039	6,165,000	2,419,038	8,584,038	9,710,000	2,464,450	12,174,450
2040-2044	9,320,000	1,308,756	10,628,756	7,270,000	687,225	7,957,225
2045	2,015,000	40,300	2,055,300	-	-	-
Totals	<u>\$ 28,465,000</u>	<u>\$ 11,539,711</u>	<u>\$ 40,004,711</u>	<u>\$ 28,960,000</u>	<u>\$ 13,253,200</u>	<u>\$ 42,213,200</u>

Note 7 - Long-Term Liabilities (continued)

B. Bonds and Notes (continued)

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

Years Ending August 31	Principal	Interest	Total Requirements
2025	\$ 1,480,000	\$ 2,211,361	\$ 3,691,361
2026	1,525,000	2,160,804	3,685,804
2027	2,075,000	2,083,088	4,158,088
2028	2,210,000	1,975,963	4,185,963
2029	2,320,000	1,862,713	4,182,713
2029-2033	13,335,000	7,579,213	20,914,213
2033-2038	15,875,000	4,883,488	20,758,488
2039-2043	16,590,000	1,995,981	18,585,981
2044-2045	2,015,000	40,300	2,055,300
Totals	\$ 57,425,000	\$ 24,792,911	\$ 82,217,911

C. Lease liabilities

Lease liabilities included with the implementation of GASB Statement No. 87 Leases, consist of building use leases related to the Head Start program at various locations. The following table summarizes the Departments lease liabilities at August 31, 2024 to maturity

Years Ending August 31	Principal	Interest	Total Requirements
2025	\$ 605,599	\$ 33,293	\$ 638,892
2026	608,025	30,867	638,892
2027	602,957	28,435	631,392
2028	594,846	26,046	620,892
2029	597,227	23,665	620,892
2030 - 2034	2,983,142	82,288	3,065,430
2035 - 2039	2,085,180	30,368	2,115,548
2040 - 2043	523,856	3,721	527,577
Totals	\$ 8,600,832	\$ 258,683	\$ 8,859,515

Note 8 - General Fund Federal Program Revenue

Revenue from indirect cost earned on federal grants in the Special Revenue Funds is recognized in the General Fund. A summary of federal program revenue for the fiscal year August 31, 2024 follows:

<u>Fund</u>	<u>Amount</u>
Medicaid Administrative Claiming Program	\$ 25,467
Indirect Costs:	
Texas Estuarine Resource Network Program	5,061
Adult Education Basic Grants to States - Regular	249,476
Adult Education Basic Grants to States - English Literacy & Civics Education	24,688
Employer Engagement	6,407
Family Math Literacy	3,017
County Connections	8,362
21st Century Community Learning Centers	32,251
Head Start & Early Head Start	1,987,561
Leading Equity Across Diverse Environments with Revolutionary Synergy	4,696
	<u>\$ 2,346,986</u>

Note 9 - Shared Service Arrangements

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

After School Partnership Program - During fiscal year 2024, the Department was the fiscal agent for a SSA passed through the Gulf Coast Workforce Solutions Board. The following table shows member participation in the program:

<u>Members</u>	<u>Expenditures</u>
<i>Fiscal Agent -</i>	
HCDE	\$ 1,050,281
<i>Pass-Through Expenditures -</i>	
School Districts:	
Alief ISD - 10 Campuses	186,134
Houston ISD - 9 Campuses	197,172
Spring ISD	10,000
Pasadena ISD - 1 Campus	30,000
Galena Park ISD - 1 Campus	34,073
Humble ISD	20,000
AAMA	8,500
Promise Schools	10,000
Clear Creek ISD	10,000
Charter Schools:	
Academy for Accelerated Learning	95,652
Total Pass-through Expenditures	601,531
Local contributions	(510,655)
Grand Total Expenditures	<u>\$ 1,141,157</u>

Note 9 - Shared Service Arrangements (continued)

21st Century Community Learning Centers - During fiscal year 2024, the Department was the fiscal agent for 18-member independent school districts and 3 charter school (21 campuses total) in a SSA whose U.S. Department of Education funding is passed through the Texas Education Agency. The following table shows the members participation in the program:

<u>Members</u>	<u>Expenditures</u>
<i>Fiscal Agent -</i>	
HCDE	\$ 2,099,038
<i>Pass-Through Expenditures -</i>	
School Districts:	
AAMA- 1 Campus	29,835
Alief ISD- 2 Campuses	50,969
Clear Creek ISD- 1 Campus	35,000
Crosby ISD - 2 Campuses	163,570
Galena Park ISD- 4 Campuses	247,500
Houston ISD- 3 Campus	219,089
Humble ISD- 2 Campus	38,256
Promise Schools (Ripley) - 1 Campus	19,550
Sheldon ISD- 2 Campuses	176,372
Southwest Schools- 1 Campus	78,594
Spring ISD-1 Campuses	53,260
Total Pass-Through Expenditures	<u>1,111,995</u>
Grand Total Expenditures	<u><u>\$ 3,211,033</u></u>

Note 10 - Department-Wide Budget

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

	<u>Final Budget</u>	<u>Actual</u>
State mandated programs (TRS on behalf, etc.)	\$ 3,300,000	\$ 3,941,476
Professional services	1,765,677	1,375,310
General Supplies	104,834	95,261
Facility support charges	2,914,622	2,877,754
Miscellaneous operating	1,180,650	1,149,823
Personnel attrition	(1,112,797)	-
Total	<u><u>\$ 8,152,986</u></u>	<u><u>\$ 9,439,624</u></u>

Note 11 - Risk Management

- A. Health Insurance** - During the year ending August 31, 2024, employees of the Harris County Department of Education were covered by a health insurance plan (the Plan). The Department contributed \$386 or \$397, depending on plan, per month for health insurance options which include Active Care 1-HD/ Employee Only, Active Care 1/ Employee-only or all other Active Care Plans; and employees, at their option, authorize payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The contract between HCDE and the licensed insurer is renewable; terms of coverage and premium cost are included in the contractual provisions.
- B. Property, Casualty, and Liability Insurance** - The Department is exposed to various risks of loss related to torts: theft, damage and destruction of property; errors and omissions; and natural disasters for which the Department carries commercial insurance and participates in a risk pool. Settled claims have not exceeded insurance coverage in any of the previous three fiscal years. There has not been any significant reduction in insurance coverage from that of the previous year.
- C. Workers' Compensation** - Prior to September 1, 2016, HCDE participated in a partially self-funded pool, originally approved by the Board in fiscal year 2005. Claims administration, loss control, and consultant services are provided for by a third-party administrator for unpaid claims from the self-insurance plan. Claims Administrative Services Inc. (CAS) will continue to service any open claims or any claims filed before September 1, 2016. The Department established an internal service fund, Workers' Compensation Fund, to account for the plan. The pool obtained stop loss insurance which limits annual claims paid liability to \$1,000,000 for any individual claim before the stop loss coverage begins, and an aggregate fiscal year limit of \$5,000,000. Since September 1, 2016, the Department participated in a fully-insured worker's compensation program with Texas Mutual.

	<u>Year Ended</u> <u>8/31/2023</u>	<u>Year Ended</u> <u>8/31/2024</u>
Unpaid Claims, Beginning of Fiscal Year	\$ 71,991	\$ 59,029
Claims payments	<u>(12,962)</u>	<u>(1,781)</u>
Unpaid Claims, End of Fiscal Year	<u>\$ 59,029</u>	<u>57,248</u>

Note 12 - Defined Benefit Pension Plan

Plan Description

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

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

Note 12 - Defined Benefit Pension Plan (continued)

Pension Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. The report may be obtained on the internet at https://www.trs.texas.gov/Pages/about_publications.aspx, selecting About TRS then Publications then *Financial Reports* or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic postemployment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in the manner are determined by the System's actuary.

Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

Note 12 - Defined Benefit Pension Plan (continued)

Contributions (continued)

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools, and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA). Contributions for all contributors were as follows:

	Contribution Rates	
	September 1, 2023 to August 31, 2024	September 1, 2022 to August 31, 2023
Member	8.25%	8.00%
Non-employer contributing agency	8.25%	8.00%
Employers	8.25%	8.00%

	Current Fiscal Year Contributions
Employer (District)	2,307,859
Employee (Member)	4,444,767
Non-employer Contributing Entity On-behalf Contributions (State)	3,188,050

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

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

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

- All public schools, charter schools, and regional educational service centers must contribute 1.7 percent of the member's salary beginning in fiscal year 2022, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Note 12 - Defined Benefit Pension Plan (continued)

Actuarial Assumptions

The total pension liability in the August 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Component	Result
Valuation Date	August 31, 2022, rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
Municipal Bond Rate as of August 2020	4.13% - The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last year ending August 31 in Projection Period (100 years)	2122
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2022. For a full description of these assumptions please see the actuarial valuation report dated November 22, 2022.

Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent. The projection of flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.50 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

The long-term rate of return on pension plan investments is 7.00%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Note 12 - Defined Benefit Pension Plan (continued)

Discount Rate (continued)

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2023 are summarized below:

Asset Class	Target Allocation ²	Long-Term Expected Geometric Real Rate of Return ³	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	4.00%	1.00%
Non-U.S. Developed	13.00%	4.50%	0.90%
Emerging Markets	9.00%	4.80%	0.70%
Private Equity ¹	14.00%	7.00%	1.50%
Stable Value			
Government Bonds	16.00%	2.50%	0.50%
Absolute Return ¹	0.00%	3.60%	0.00%
Stable Value Hedge Funds	5.00%	4.10%	0.20%
Real Return			
Real Estate	15.00%	4.90%	1.10%
Energy, Natural Resources & Infrastructure	6.00%	4.80%	0.40%
Commodities	0.00%	4.40%	0.00%
Risk Parity	8.00%	4.50%	0.40%
Asset Allocation Leverage			
Cash	2.00%	3.70%	0.00%
Asset Allocation Leverage	-6.00%	4.40%	-0.10%
Inflation Expectation			2.30%
Volatility Drag ⁴			-0.90%
Expected Return	100.00%		8.00%

¹ Absolute Return includes Credit Sensitive Investments.

² Target allocations are based on the fiscal year 2023 policy model.

³ Capital Market Assumptions come from Aon Hewitt as of August 31, 2023.

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

Discount Rate Sensitivity Analysis

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

	Discount Rate		
	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
District's proportional share of the net pension liability	\$ 41,424,351	\$ 27,707,570	\$ 16,302,058

Note 12 - Defined Benefit Pension Plan (continued)

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

Changes Since the Prior Actuarial Valuation

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

At August 31, 2024, the Department reported a liability of \$27,707,570 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the Department. The amount recognized by the Department as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Department were as follows:

District's proportionate share of the collective net pension liability	\$ 27,707,570
State's proportionate share that is associated with the District	<u>35,872,758</u>
Total	<u><u>\$ 63,580,328</u></u>

The net pension liability was measured as of August 31, 2022 and rolled forward to August 31, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2022 through August 31, 2023.

At August 31, 2023, the Department's proportion of the collective net pension liability was 0.0403% which was an increase of 0.0015% from its proportion measured as of August 31, 2022.

For the year ended August 31, 2024, the Department recognized pension expense of \$5,878,976 . The Department also recognized an additional on-behalf revenue and expense of \$5,416,476 representing for support provided by the State.

At August 31, 2024, the Department reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 987,230	\$ (335,508)
Changes of assumption	2,620,593	(641,319)
Net difference between projected and actual earnings on pension plan investments	4,032,124	-
Changes in proportion and differences between District contributions and proportionate share of contributions	3,066,638	(168,073)
District contributions subsequent to the measurement date of the net pension liability	<u>2,307,859</u>	-
Total	<u><u>\$ 13,014,444</u></u>	<u><u>\$ (1,144,900)</u></u>

Note 12 - Defined Benefit Pension Plan (continued)

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

Changes Since the Prior Actuarial Valuation (continued)

Deferred outflows of resources resulting from Department contributions subsequent to the measurement date in the amount of \$2,307,859 will be recognized as a reduction of the net pension liability in the year ended August 31, 2025. The net amounts of the Department’s balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year</u>	<u>Pension Expense</u>	<u>Balance of Deferred Outflows (Inflows)</u>
2025	\$ 2,527,793	\$ 7,033,892
2026	1,946,389	5,087,503
2027	3,766,357	1,321,146
2028	1,137,067	184,079
2029	184,079	-
	<u>\$ 9,561,685</u>	

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

Note 13 - Defined Other Post-Employment Benefit Plans

Plan Description

The Department participates in the Texas Public School Retired Employees Group Insurance Program (TRS- Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

The TRS Board of Trustees administers the TRS-Care program and the related fund in accordance with Texas Insurance Code Chapter 1575. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

OPEB Plan Fiduciary Net Position

Detail information about the Teacher Retirement System’s fiduciary net position is available in a separately issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. The report may be obtained on the Internet at https://www.trs.texas.gov/Pages/about_publications.aspx, selecting About TRS then Publications then *Financial Reports* or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

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

Benefits Provided

TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational Departments who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic post-employment benefit changes; including automatic COLAs.

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

TRS-Care Monthly Premium Rates				
	Medicare		Non-Medicare	
Retiree or Surviving Spouse	\$	135	\$	200
Retiree and Spouse		529		689
Retiree or Surviving Spouse and Children		468		408
Retiree and Family		1,020		999

Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25 percent of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is .65 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates	
	September 1, 2023	September 1, 2022
	to August 31, 2024	to August 31, 2023
Member	0.65%	0.65%
Non-employer contributing agency	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private funding	1.25%	1.25%
	Current Fiscal Year Contributions	
Employer (District)	607,478	
Employee (Member)	351,141	
Non-employer Contributing Entity		
On-behalf Contributions (State)	777,835	

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (*regardless of whether or not they participate in the TRS Care OPEB program*). When hiring a TRS retiree, employers are required to pay TRS Care, a monthly surcharge of \$535 per retiree. TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$5,520,343 in fiscal year 2021 for consumer protections against medical and health care billing by certain out-of-network providers.

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

Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2022. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2023. The actuarial valuation was determined using the following actuarial assumptions:

Component	Result
Valuation Date	August 31, 2022, rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	4.13% as of August 31, 2023
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs.
Projected Salary Increases	2.95% to 8.95% including inflation
Healthcare Trend Rates	The initial medical trend rates were 7.75% for Medicare retirees and 7.00% for non-Medicare retirees. The initial prescription drug trend was 7.75% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 12 years.
Election Rates	Normal Retirement: 62% participation rate prior to age 65 and 25% participation rate after age 65. Pre-65 retirees: 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2021. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2022 TRS pension actuarial valuation that was rolled forward to August 31, 2023: (a) Rates of Mortality, (b) Rates of Retirement, (c) Rates of Termination, (d) Rates of Disability, (e) General Inflation, and (f) Wage Inflation.

The active mortality rates were based on PUB(2010), Amount-Weighted, Below-Median Income, Teacher male and female tables (with a two-year set forward for males). The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2021.

Discount Rate

A single discount rate of 4.13% was used to measure the total OPEB liability. There was an increase of 0.22% in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to *not be able* to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2023 using the Fixed Income Market Data/Yield Curve/ Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

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

Discount Rate Sensitivity Analysis

Discount Rate – The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (4.13%) in measuring the Net OPEB Liability.

	Discount Rate		
	1% Decrease (3.13%)	Current Rate (4.13%)	1% Increase (5.13%)
District's proportional share of the net OPEB liability	\$ 16,597,903	\$ 14,092,392	\$ 12,047,836

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

At August 31, 2024, the Department reported a liability of \$14,092,392 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the Department. The amount recognized by the Department as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Department were as follows:

District's proportionate share of the collective net OPEB liability	\$ 14,092,392
State's proportionate share that is associated with the District	<u>17,004,637</u>
Total	<u><u>\$ 31,097,029</u></u>

The Net OPEB Liability was measured as of August 31, 2022 and rolled forward to August 31, 2023 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2022 through August 31, 2023.

At August 31, 2023, the Department's proportion of the collective Net OPEB Liability was 0.0637% which was an increase of 0.0032% from its proportion measured as of August 31, 2022.

Healthcare Cost Trend Rates – The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the health trend rates assumed.

	Healthcare Cost Trend Rate		
	1% Decrease	Current Rate	1% Increase
District's proportional share of the net OPEB liability	\$ 11,604,380	\$ 14,092,392	\$ 17,293,229

Changes Since the Prior Actuarial Valuation

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

- The single discount rate changed from 3.91% as of August 31, 2022 to 4.13% as of August 31, 2023, accompanied by revised demographic and economic assumptions based on the TRS experience study.

Changes of Benefit Terms Since the Prior Measurement Date – There were no changes in terms since the prior measurement date.

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

Changes Since the Prior Actuarial Valuation (continued)

For the year ended August 31, 2024, the Department recognized negative OPEB expense of (\$2,845,552). The Department also recognized negative on-behalf expense and revenue of (\$3,635,232) for support provided by the State.

At August 31, 2024, the Department reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 637,574	\$ (11,856,079)
Changes of assumption	1,923,509	(8,629,145)
Net difference between projected and actual earnings on OPEB plan investments	6,088	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,047,933	(2,195,847)
District contributions subsequent to the measurement date of the net OPEB liability	607,479	-
Total	<u>\$ 5,222,583</u>	<u>\$ (22,681,071)</u>

The reported as deferred outflows of resources related to OPEB resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending August 31, 2025. The net amounts of the Department’s balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year</u>	<u>OPEB Expense Amount</u>	<u>Balance of Deferred Outflows (Inflows)</u>
2025	\$ (4,018,518)	\$ (14,047,449)
2026	(3,372,171)	(10,675,278)
2027	(2,497,116)	(8,178,162)
2028	(2,761,104)	(5,417,058)
2029	(2,476,822)	(2,940,236)
Thereafter	(2,940,236)	-
	<u>\$ (18,065,967)</u>	

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

Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the year ended August 31, 2024, August 31, 2023 and August 31, 2022, the subsidy payments received by TRS-Care on behalf of the District were \$299,809, \$268,200, and \$182,247, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statement of the District.

Note 14 - Commitments and Contingencies

The Department received significant financial assistance from federal, state, and local governmental agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund. However, in the opinion of management, such disallowed claims, if any, will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Department at August 31, 2024.

Note 15 - Litigation

In the opinion of the Department's attorney, there is no litigation that would materially affect the financial position at August 31, 2024.

Note 16 - Tax Abatements

A Foreign Trade Zone (FTZ) is land area within the U.S. that is legally considered outside of national customs territory. These zones are governed by a federal program that streamlines, reduces and sometimes eliminates import tariffs for U.S. importers and exporters. The program was enacted in 1934 to "expedite and encourage foreign commerce." Today there are 294 FTZs in the United States. In Harris County, Port of Houston and the Federal FTZ Board administers Foreign Trade Zone (#84) in accordance with the Foreign Trade Zone Act, which was created to "expedite and encourage foreign commerce" in the United States.

With the help of FTZ 84, existing warehouse or manufacturing sites in the Houston area can be converted to an FTZ site. New sites can be located almost anywhere in Harris County under FTZ 84 jurisdiction, and alternative FTZ programs are available in the region for outlying counties. Texas is an inventory tax state, so certain goods that are held in any FTZ in Texas qualify for reduced inventory tax. In Harris County, FTZ 84 is co-administered by Port Houston and the Federal FTZ Board. FTZ 84 is comprised of various storage facilities and manufacturing sites.

The FTZ program offers a variety of benefits that streamline, reduce or eliminate import duties for U.S. importers. Once a company has gained FTZ authorization, import duty benefits begin depending on specific actions:

Action 1: Goods Enter The Zone

Imported goods move into the FTZ site duty-free.

Action 2: Goods Are Inside The Zone

Storage, processing and manufacturing are permitted inside an FTZ site. Assembly can utilize both imported and domestic components.

Action 3: Goods Exit The Zone

The benefits of this action depend on the good's destination: 1. If imported goods are then exported, no duty is charged. 2. If imported goods are discharged for domestic consumption, a duty is not due until the product leaves the zone. 3. When imported components are processed, blended or used for manufacturing inside the FTZ, the exported finished product is charged no duty. 4. When imported components are processed, blended or used in manufacturing inside the FTZ and finished products are used for domestic consumption, the duty charged is based on the duty rate of the product discharged from the FTZ instead of the duty rate of the imported components.

Note 16 - Tax Abatements (continued)

The interested parties submit applications for exemption to the Harris County Department of Education to create a subzone that is then operated by the business and then provides reports to the Harris County Appraisal District. There are a number of consultants and sources with information as to how the ability of a company to create a subzone for a Foreign Trade Zone is available. The Department works with the company and the consultants after an agreement is prepared. Local Ad Valorem taxes are still paid under the agreement, but all other benefits of the Foreign Trade Zone are provided to the business.

During fiscal year 2023, inventory within the Foreign Trade Zone totaled 1.022 billion. The Department received tax equivalency payments of \$59,175 from Exxon Mobil Inc., Magellen Terminals, Sigma Tube, Houston Refining LLP, Dixie Cullen, Nobel Drilling, Cosetino, Mitsubishi and Toshiba.



Required Supplementary
Information





HARRIS COUNTY DEPARTMENT OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES, ORIGINAL BUDGET, AMENDED FINAL (GAAP BASIS)
AND ACTUAL - GENERAL FUND
For the Year Ended August 31, 2024

Exhibit C-1

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Local and Intermediate Sources	\$ 59,244,722	\$ 59,773,238	\$ 59,784,074	\$ 10,836
State Programs	3,748,000	3,748,000	4,471,276	723,276
Federal Programs	1,685,098	1,699,162	2,346,986	647,824
Total Revenues	64,677,820	65,220,400	66,602,336	1,381,936
Expenditures				
Current:				
Adult Education Program	529,546	547,110	542,004	5,106
Assistant Superintendents	717,121	740,921	736,926	3,995
Board of Trustees	210,130	250,130	216,670	33,460
Business Support Services	2,225,235	2,411,937	2,229,133	182,804
Center for After-School, Summer & Expanded Learning	912,527	915,527	814,499	101,028
Center for Texas Grants Development	723,272	723,272	622,846	100,426
Center for Safe & Secure Schools	1,106,363	1,108,363	908,669	199,694
Client Engagement	750,064	750,064	686,171	63,893
Communications	1,316,158	1,318,158	1,224,240	93,918
Department Wide	8,044,796	8,400,986	9,439,625	(1,038,639)
Education Foundation	200,000	200,000	200,000	-
Facility Support Services	251,680	251,680	232,823	18,857
Head Start Program	8,000	8,000	-	8,000
Human Resources	1,420,041	1,425,041	1,273,693	151,348
Purchasing Support Services	919,709	921,709	764,596	157,113
Community Engagement	149,292	149,292	111,082	38,210
Records Management Services	2,237,875	2,237,875	2,068,635	169,240
Research & Evaluation Institute	602,215	602,215	652,919	(50,704)
Retirement Leave Benefits	200,000	450,000	379,701	70,299
School Based Therapy Services	15,395,885	15,397,485	14,045,005	1,352,480
Special Assistant to Superintendent	328,763	328,763	327,178	1,585
Special Schools & Services	18,311,607	18,673,607	16,095,943	2,577,664
Superintendent's Office	734,108	759,108	741,678	17,430
Special Schools Administration	971,271	1,019,003	961,816	57,187
Technology Support Services	4,532,605	4,539,705	4,310,434	229,271
The Teaching & Learning Center	2,674,464	2,754,675	2,006,207	748,468
Total Expenditures	65,472,727	66,884,626	61,592,493	5,292,133
Excess (Deficiency) of Revenues Over (Under) Expenditures	(794,907)	(1,664,226)	5,009,843	6,674,069
Other Financing Sources (Uses)				
Transfers In	4,494,669	8,859,669	7,965,387	894,282
Transfers Out	(4,400,762)	(4,643,774)	(4,036,296)	(607,478)
Total Other Financing Sources (Uses)	93,907	4,215,895	3,929,091	286,804
Net Change in Fund Balances	(701,000)	2,551,669	8,938,934	6,387,265
Fund Balances-Beginning	25,698,561	25,698,561	25,698,561	-
Fund Balances-Ending	\$ 24,997,561	\$ 28,250,230	\$ 34,637,495	\$ 6,387,265

Budgets and Budgetary Accounting

The Department’s administration determines budgetary funding priorities and presents an official budget to the Board of School Trustees (Board) for approval for the succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them. Budget allocations were formally approved by the Board, which subsequently established a tax rate sufficient to support the approved budget. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles.

Budget managers may amend budgeted amounts within their budget without seeking Board approval if the transfers do not increase or decrease the total budget or create a new funding source. Amendments to increase or decrease the programs’ total budget must be approved by the Board’s majority vote. Amendments are presented to the Board at its regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the meeting, and are not made after fiscal year end as required by law. During the year, the budget was amended as necessary. Each budget is controlled by the respective budget manager. Expenditures may not legally exceed budgeted appropriations, as amended. Unexpended appropriations lapse at fiscal year-end.

Budget Comparisons

The Department’s General Fund final budget differs from the original budget due to budget revisions that were made during the fiscal period due to increases or decreases in demand for various services, and amendments during the year for unforeseen occurrences. The Department’s major budget amendments during the year are summarized as follows:

The revenue budget, including other resources, increased \$4,907,580.

There was a \$5,292,133 difference between the final amended budget and actual expenditures. The significant differences are summarized below:

- \$2,577,664 Special Schools and Services under budget
- \$1,352,480 School Based Therapy Services under budget
- \$748,468 Center for Educators under budget

The following budget manager categories exceeded budget:

Department Wide	\$1,038,639
Research & Evaluation Institute	\$50,704

HARRIS COUNTY DEPARTMENT OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DEPARTMENTS PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
Teacher Retirement System of Texas
Last Ten Measurement Years Ended August 31

Exhibit C-3

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Department's Proportion of The Net Pension Liability	0.0403%	0.0388%	0.0381%	0.0387%	0.0248%
Department's proportionate share of the net pension liability	\$ 27,707,570	\$ 23,049,581	\$ 9,704,199	\$ 20,739,553	\$ 12,914,733
State's proportionate share of the net pension liability associated with the Department	<u>35,872,758</u>	<u>30,082,125</u>	<u>23,454,144</u>	<u>29,548,731</u>	<u>28,729,606</u>
Total	<u>\$ 63,580,328</u>	<u>\$ 53,131,706</u>	<u>\$ 33,158,343</u>	<u>\$ 50,288,284</u>	<u>\$ 41,644,339</u>
Department's Covered Payroll (for Measurement Year)	\$ 49,220,298	\$ 44,726,679	\$ 44,522,188	\$ 43,144,177	\$ 41,843,653
Department's proportionate share of the net pension liability as a percentage of its covered payroll	56.3%	51.5%	21.8%	48.1%	30.9%
Plan's fiduciary net position as a percentage of the total pension liability	73.15%	75.65%	88.79%	75.54%	75.24%
Plan's net pension liability as a percentage of covered payroll	122.32%	112.72%	51.08%	110.36%	114.93%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Department's Proportion of The Net Pension Liability	0.0238%	0.0243%	0.0233%	0.0234%	0.0278%
Department's proportionate share of the net pension liability	\$ 13,093,794	\$ 7,762,844	\$ 8,794,281	\$ 8,260,418	\$ 7,215,493
State's proportionate share of the net pension liability associated with the Department	<u>31,109,264</u>	<u>18,522,260</u>	<u>22,088,591</u>	<u>21,177,189</u>	<u>18,967,699</u>
Total	<u>\$ 44,203,058</u>	<u>\$ 26,285,104</u>	<u>\$ 30,882,872</u>	<u>\$ 29,437,607</u>	<u>\$ 26,183,192</u>
Department's Covered Payroll (for Measurement Year)	\$ 39,733,893	\$ 38,995,847	\$ 37,264,186	\$ 35,960,896	\$ 36,028,897
Department's proportionate share of the net pension liability as a percentage of its covered payroll	33.0%	19.9%	23.6%	23.0%	20.0%
Plan's fiduciary net position as a percentage of the total pension liability	73.74%	82.17%	78.00%	78.43%	83.25%
Plan's net pension liability as a percentage of covered payroll	126.11%	75.93%	92.75%	91.94%	73.82%

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

Exhibit C-4

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contributions	\$ 2,307,859	\$ 2,066,724	\$ 1,805,791	\$ 1,629,799	\$ 1,599,915
Contributions in relation to the contractually required contributions	<u>2,307,859</u>	<u>2,066,724</u>	<u>1,805,791</u>	<u>1,629,799</u>	<u>1,599,915</u>
Contribution Deficiency (excess)	<u>\$ -</u>				
Department's covered payroll	\$ 54,170,357	\$ 49,220,298	\$ 44,726,679	\$ 44,522,188	\$ 43,144,177
Contributions as a percentage of covered payroll	4.26%	4.20%	4.04%	3.66%	3.71%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 867,842	\$ 799,557	\$ 794,101	\$ 741,368	\$ 699,042
Contributions in relation to the contractually required contributions	<u>867,842</u>	<u>799,557</u>	<u>794,101</u>	<u>741,368</u>	<u>699,042</u>
Contribution Deficiency (excess)	<u>\$ -</u>				
Department's covered payroll	\$ 41,843,651	\$ 39,733,893	\$ 38,995,847	\$ 37,264,186	\$ 35,960,896
Contributions as a percentage of covered payroll	2.07%	2.01%	2.04%	1.99%	1.94%

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

Changes of Assumptions

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

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

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

Measurement Year 2022: The discount rate changed from 7.25% to 7.00%.

Measurement Year 2023: None

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

Exhibit C-6

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Department's Proportion of the Net OPEB Liability	0.0637%	0.0605%	0.0604%	0.0628%
Department's proportionate share of the net OPEB liability	\$ 14,092,392	\$ 14,480,782	\$ 23,306,574	\$ 23,854,417
State's proportionate share of the net OPEB liability associated with the Department	<u>17,004,637</u>	<u>17,664,280</u>	<u>31,225,616</u>	<u>32,054,618</u>
Total	<u>\$ 31,097,029</u>	<u>\$ 32,145,062</u>	<u>\$ 54,532,190</u>	<u>\$ 55,909,035</u>
Department's covered payroll (for Measurement Year)	\$ 49,220,298	\$ 44,726,679	\$ 44,726,679	\$ 44,522,188
Department's proportionate share of the net OPEB liability as a percentage of its covered payroll	28.6%	32.4%	52.1%	55.3%
Plan's fiduciary net position as a percentage of the total OPEB liability	14.94%	11.52%	6.18%	4.99%
Plan's net OPEB liability as a percentage of covered payroll	51.86%	59.10%	100.13%	101.46%
	<u>2019</u>	<u>2017</u>	<u>2016</u>	
Department's Proportion of the Net OPEB Liability	0.0618%	0.0646%	0.0647%	
Department's proportionate share of the net OPEB liability	\$ 31,296,144	\$ 32,234,768	\$ 28,124,225	
State's proportionate share of the net OPEB liability associated with the Department	<u>41,585,578</u>	<u>26,283,149</u>	<u>23,468,900</u>	
Total	<u>\$ 72,881,722</u>	<u>\$ 58,517,917</u>	<u>\$ 51,593,125</u>	
Department's covered payroll (for Measurement Year)	\$ 43,144,177	\$ 39,733,893	\$ 38,995,847	
Department's proportionate share of the net OPEB liability as a percentage of its covered payroll	74.8%	81.1%	72.1%	
Plan's fiduciary net position as a percentage of the total OPEB liability	2.66%	1.57%	0.91%	
Plan's net OPEB liability as a percentage of covered payroll	135.21%	146.64%	132.55%	

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

HARRIS COUNTY DEPARTMENT OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DEPARTMENT'S OPEB CONTRIBUTIONS
Teachers Retirement System of Texas
Last Ten Fiscal Years Ended August 31

Exhibit C-7

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contributions	\$ 607,478	\$ 546,407	\$ 493,874	\$ 471,916	\$ 477,510
Contributions in relation to the contractually required contributions	<u>607,478</u>	<u>546,407</u>	<u>493,874</u>	<u>471,916</u>	<u>477,510</u>
Contribution Deficiency (excess)	<u>\$ -</u>				
Department's covered payroll	\$ 54,170,357	\$ 49,220,298	\$ 44,726,679	\$ 44,522,188	\$ 43,144,177
Contributions as a percentage of covered payroll	1.12%	1.11%	1.10%	1.06%	1.11%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 466,951	\$ 445,167	\$ 339,056	\$ 328,635	\$ 311,879
Contributions in relation to the contractually required contributions	<u>466,951</u>	<u>445,167</u>	<u>339,056</u>	<u>328,635</u>	<u>311,879</u>
Contribution Deficiency (excess)	<u>\$ -</u>				
Department's covered payroll	\$ 41,843,651	\$ 39,733,893	\$ 38,995,847	\$ 37,264,186	\$ 35,960,896
Contributions as a percentage of covered payroll	1.12%	1.12%	0.87%	0.88%	0.87%

OPEB Changes of Assumptions

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

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

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

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

Measurement Year 2022: The discount rate changed from 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022, lowered the participation rates, and updated the healthcare trend rate assumption.

Measurement Year 2023: The discount rate changed from 3.91% as of August 31, 2022 to 4.13% as of August 31, 2023, accompanied by revised demographic and economic assumptions based on the TRS experience study.



Combining & Individual Fund
Statements & Schedules



HARRIS COUNTY DEPARTMENT OF EDUCATION

NONMAJOR GOVERNMENTAL FUNDS OVERVIEW

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenue sources which are legally restricted to expenditures for specific purposes. Individual grants are listed in alphabetical order by program:

Adult Education Program – Accounts, on a project basis, for state and federal funds granted to provide or support programs for adult education and literacy services to adults who are beyond compulsory school age attendance and do not have a high school diploma, or lack sufficient mastery of basic educational skills to function effectively in society, or are unable to speak, read or write the English language; and are not enrolled in school. Separate accountability must be maintained for each section listed below:

- ABE Grant to States-Regular-State (Regular Grant-Federal)
- ABE Grant to States-Institutional-English Literacy & Civics Education-Federal
(English Literacy and Civics Ed-Federal)

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

- 21st Century Community Learning Centers (21st Century CLC) – Accounts, on a project basis, for federal funds granted to provide opportunities for communities to establish or expand activities in community learning centers that provide opportunities for academic enrichment and additional services to students and literary and related educational development for families of students. This is a shared services arrangement.
- Partnership – Funding to provide professional development opportunities, supplemental funding for comprehensive programs and project-based providers that offer activities that support language literacy and numeracy development, collaborative reading initiatives and educational material and equipment for use in out of school time programs.
- Local City of Houston
- County Connections
- Houston Endowment



HARRIS COUNTY DEPARTMENT OF EDUCATION

NONMAJOR GOVERNMENTAL FUNDS OVERVIEW (continued)

SPECIAL REVENUE FUNDS (continued)

Head Start Programs – Accounts, on a project basis, for federal funds from the U. S. Department of Health and Human Services, in addition to other grant sources listed below, for which separate accountability is required:

- Head Start Operations
- Head Start Training and Technical Assistance-Federal
- Early Head Start – Childcare Partnership Operations and Training
- Operations and Training
- Disaster Recovery
- Hogg Foundation-Local - Accounts for funds used to provide training for Head Start staff to address children’s mental health issues in the classroom and connect with parents on the same issue.

In kind fund-Local - Accounts for funds contributed by local sources and in-kind supplies and volunteer time required as 20% matching towards the Head Start federal grant.

Education Certification & Professional Advancement – Accounts for an administrative services subaward agreement with Ohio State University. The purpose of this project is to operate a nontraditional teacher preparation program accredited by the Texas Education Agency designed to increase the number of teachers with EL/bilingual certification and supplement EL coursework.

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

- Houston Endowment

DEBT SERVICE FUND

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

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
August 31, 2024

	<u>Special Revenue Funds</u>			
	<u>Head Start - Training and Tech Assist</u>	<u>Head Start - Construction</u>	<u>Head Start CARES Relief Fund</u>	<u>Early Head Start - Construction</u>
Assets				
Cash and cash equivalents	\$ -	\$ 211,926	\$ 407,351	\$ -
Due from other governments	4,472	436,225	-	-
Prepaid Items	-	-	-	-
Total Assets	<u>\$ 4,472</u>	<u>\$ 648,151</u>	<u>\$ 407,351</u>	<u>\$ -</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 788	\$ 648,151	\$ -	\$ -
Accrued wages payable	-	-	-	-
Due to other funds	3,684	-	-	-
Unearned Revenues	-	-	407,351	-
Total Liabilities	<u>4,472</u>	<u>648,151</u>	<u>407,351</u>	<u>-</u>
Fund Balances:				
Assigned:				
Debt Service	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 4,472</u>	<u>\$ 648,151</u>	<u>\$ 407,351</u>	<u>\$ -</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
August 31, 2024

	<u>Special Revenue Funds</u>			
	<u>Early Head Start Operations</u>	<u>Early Head Start - TT&A</u>	<u>TCEQ - Engag Commun CASE</u>	<u>Federal Adult Basic Education (ABE) Regular</u>
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other governments	544,601	9,935	30,804	-
Prepaid Items	15,109	-	-	-
Total Assets	<u>\$ 559,710</u>	<u>\$ 9,935</u>	<u>\$ 30,804</u>	<u>\$ -</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 162,261	\$ 8,897	\$ -	\$ -
Accrued wages payable	-	-	-	-
Due to other funds	397,449	1,038	30,804	-
Unearned Revenues	-	-	-	-
Total Liabilities	<u>559,710</u>	<u>9,935</u>	<u>30,804</u>	<u>-</u>
Fund Balances:				
Assigned:				
Debt Service	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 559,710</u>	<u>\$ 9,935</u>	<u>\$ 30,804</u>	<u>\$ -</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
August 31, 2024

	<u>Special Revenue Funds</u>			
	<u>TWC Adult Education</u>	<u>Adult Basic Education EL and Civics</u>	<u>Employer Engagement</u>	<u>Math Literacy</u>
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other governments	420,329	-	-	-
Prepaid Items	5,560	-	-	-
Total Assets	<u>\$ 425,889</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 55,456	\$ -	\$ -	\$ -
Accrued wages payable	82,153	-	-	-
Due to other funds	288,280	-	-	-
Unearned Revenues	-	-	-	-
Total Liabilities	<u>425,889</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Assigned:				
Debt Service	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 425,889</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
August 31, 2024

	<u>Special Revenue Funds</u>			
	<u>TWC Adult ED - El Civics</u>	<u>Americorps</u>	<u>21st Century Cycle 12</u>	<u>21st Century Cycle 11</u>
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other governments	39,281	42,320	782,486	271,457
Prepaid Items	-	-	-	-
Total Assets	<u>\$ 39,281</u>	<u>\$ 42,320</u>	<u>\$ 782,486</u>	<u>\$ 271,457</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 3,963	\$ -	\$ 500,208	\$ 106,807
Accrued wages payable	2,036	-	-	6,118
Due to other funds	33,282	42,320	282,278	158,532
Unearned Revenues	-	-	-	-
Total Liabilities	<u>39,281</u>	<u>42,320</u>	<u>782,486</u>	<u>271,457</u>
Fund Balances:				
Assigned:				
Debt Service	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 39,281</u>	<u>\$ 42,320</u>	<u>\$ 782,486</u>	<u>\$ 271,457</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
August 31, 2024

	<u>Special Revenue Funds</u>			
	<u>Texas Council</u>	<u>Federal CASE</u>	<u>Access - Adult</u>	
	<u>Dev. Disability</u>	<u>After School</u>	<u>Ed</u>	<u>EPP Grant</u>
		<u>Partnership</u>		
Assets				
Cash and cash equivalents	\$ -	\$ 331,514	\$ -	\$ 55,057
Due from other governments	-	682,238	38,333	-
Prepaid Items	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 1,013,752</u>	<u>\$ 38,333</u>	<u>\$ 55,057</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 400,728	\$ -	\$ 1,238
Accrued wages payable	-	794	-	-
Due to other funds	-	-	38,333	-
Unearned Revenues	-	612,230	-	53,819
Total Liabilities	<u>-</u>	<u>1,013,752</u>	<u>38,333</u>	<u>55,057</u>
Fund Balances:				
Assigned:				
Debt Service	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 1,013,752</u>	<u>\$ 38,333</u>	<u>\$ 55,057</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
August 31, 2024

	<u>Special Revenue Funds</u>			
	<u>Houston Endowment - CES</u>	<u>Every Hour Counts</u>	<u>Houston Endowment Grant</u>	<u>JAMS Grant Year 1</u>
Assets				
Cash and cash equivalents	\$ 150,000	\$ -	\$ 256,130	\$ -
Due from other governments	-	-	-	78,252
Prepaid Items	-	-	-	-
Total Assets	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ 256,130</u>	<u>\$ 78,252</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 10,000	\$ 7,240
Accrued wages payable	-	-	-	-
Due to other funds	-	-	-	71,012
Unearned Revenues	150,000	-	246,130	-
Total Liabilities	<u>150,000</u>	<u>-</u>	<u>256,130</u>	<u>78,252</u>
Fund Balances:				
Assigned:				
Debt Service	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ 256,130</u>	<u>\$ 78,252</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
August 31, 2024

	<u>Special Revenue Funds</u>			
	<u>Local E-Rate</u>	<u>CASE - City of Houston</u>	<u>County Connection Program</u>	<u>Your Voice Matters - In- Kind</u>
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	1,370,054	3,500
Prepaid Items	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,370,054</u>	<u>\$ 3,500</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 177,053	\$ 157
Accrued wages payable	-	-	10	-
Due to other funds	-	-	1,192,991	3,343
Unearned Revenues	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>1,370,054</u>	<u>3,500</u>
Fund Balances:				
Assigned:				
Debt Service	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,370,054</u>	<u>\$ 3,500</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
August 31, 2024

	<u>Special Revenue Funds</u>			
	<u>Early Head Start In-Kind</u>	<u>Head Start In- Kind</u>	<u>Hogg Found</u>	<u>Local Grants</u>
Assets				
Cash and cash equivalents	\$ 998	\$ 25,912	\$ 560	\$ 529,807
Due from other governments	-	-	-	-
Prepaid Items	-	-	-	-
Total Assets	<u>\$ 998</u>	<u>\$ 25,912</u>	<u>\$ 560</u>	<u>\$ 529,807</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 9,694	\$ -	\$ 205,355
Accrued wages payable	-	-	-	-
Due to other funds	-	-	-	-
Unearned Revenues	998	16,218	560	324,452
Total Liabilities	<u>998</u>	<u>25,912</u>	<u>560</u>	<u>529,807</u>
Fund Balances:				
Assigned:				
Debt Service	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 998</u>	<u>\$ 25,912</u>	<u>\$ 560</u>	<u>\$ 529,807</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
August 31, 2024

	<u>Total Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds (See Exhibit B-1)</u>
Assets			
Cash and cash equivalents	\$ 1,969,255	\$ 756,781	\$ 2,726,036
Due from other governments	4,754,287	-	4,754,287
Prepaid Items	20,669	-	20,669
Total Assets	<u>\$ 6,744,211</u>	<u>\$ 756,781</u>	<u>\$ 7,500,992</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 2,297,996	\$ -	\$ 2,297,996
Accrued wages payable	91,111	-	91,111
Due to other funds	2,543,346	-	2,543,346
Unearned Revenues	1,811,758	-	1,811,758
Total Liabilities	<u>6,744,211</u>	<u>-</u>	<u>6,744,211</u>
Fund Balances:			
Assigned:			
Debt Service	-	\$ 756,781	756,781
Total Fund Balances	<u>-</u>	<u>756,781</u>	<u>756,781</u>
Total Liabilities and Fund Balances	<u>\$ 6,744,211</u>	<u>\$ 756,781</u>	<u>\$ 7,500,992</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2024

	<u>Special Revenue Funds</u>			
	<u>Head Start - Training and Tech Assist</u>	<u>Head Start - Construction</u>	<u>Head Start CARES Relief Fund</u>	<u>Early Head Start - Construction</u>
Revenues				
Local and Intermediate Sources	\$ -	\$ 2,000	\$ 1,946,561	\$ -
Federal Programs	50,770	4,445,971	-	157,121
Total Revenues	<u>50,770</u>	<u>4,447,971</u>	<u>1,946,561</u>	<u>157,121</u>
Expenditures				
Current:				
Adult Education Program	-	-	-	-
Business Support Services	-	-	-	-
Center for After-School, Summer & Expanded Learning	-	-	-	-
Center for Texas Grants Development	-	-	-	-
Education Certification & Professional Advancement	-	-	-	-
Head Start Program	50,770	4,447,971	1,946,561	157,121
School Based Therapy Services	-	-	-	-
Special Schools & Services	-	-	-	-
Debt Service:				
Principal on Long-Term Debt	-	-	-	-
Interest on Long-Term Debt	-	-	-	-
Bond Issuance Costs & Fees-QZAB & MTN	-	-	-	-
Total Expenditures	<u>50,770</u>	<u>4,447,971</u>	<u>1,946,561</u>	<u>157,121</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances-Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances-Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2024

	Special Revenue Funds			
	Early Head Start Operations	Early Head Start - TT&A	TCEQ - Engag Commun CASE	Federal Adult Basic Education (ABE) Regular
Revenues				
Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
Federal Programs	3,708,561	29,716	42,179	3,400,269
Total Revenues	3,708,561	29,716	42,179	3,400,269
Expenditures				
Current:				
Adult Education Program	-	-	-	3,411,434
Business Support Services	-	-	-	-
Center for After-School, Summer & Expanded Learning	-	-	42,179	-
Center for Texas Grants Development	-	-	-	-
Education Certification & Professional Advancement	-	-	-	-
Head Start Program	3,708,561	29,716	-	-
School Based Therapy Services	-	-	-	-
Special Schools & Services	-	-	-	-
Debt Service:				
Principal on Long-Term Debt	-	-	-	-
Interest on Long-Term Debt	-	-	-	-
Bond Issuance Costs & Fees-QZAB & MTN	-	-	-	-
Total Expenditures	3,708,561	29,716	42,179	3,411,434
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(11,165)
Other Financing Sources (Uses)				
Transfers In	-	-	-	11,165
Total Other Financing Sources (Uses)	-	-	-	11,165
Net Change in Fund Balances	-	-	-	-
Fund Balances-Beginning	-	-	-	-
Fund Balances-Ending	\$ -	\$ -	\$ -	\$ -

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2024

	<u>Special Revenue Funds</u>			
	<u>TWC Adult Education</u>	<u>Adult Basic Education EL and Civics</u>	<u>Employer Engagement</u>	<u>Math Literacy</u>
Revenues				
Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
Federal Programs	597,767	359,807	80,084	37,718
Total Revenues	<u>597,767</u>	<u>359,807</u>	<u>80,084</u>	<u>37,718</u>
Expenditures				
Current:				
Adult Education Program	597,767	391,653	80,084	37,718
Business Support Services	-	-	-	-
Center for After-School, Summer & Expanded Learning	-	-	-	-
Center for Texas Grants Development	-	-	-	-
Education Certification & Professional Advancement	-	-	-	-
Head Start Program	-	-	-	-
School Based Therapy Services	-	-	-	-
Special Schools & Services	-	-	-	-
Debt Service:				
Principal on Long-Term Debt	-	-	-	-
Interest on Long-Term Debt	-	-	-	-
Bond Issuance Costs & Fees-QZAB & MTN	-	-	-	-
Total Expenditures	<u>597,767</u>	<u>391,653</u>	<u>80,084</u>	<u>37,718</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(31,846)</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In	-	31,846	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>31,846</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances-Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances-Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2024

	<u>Special Revenue Funds</u>			
	<u>TWC Adult ED - El Civics</u>	<u>Americorps</u>	<u>21st Century Cycle 12</u>	<u>21st Century Cycle 11</u>
Revenues				
Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
Federal Programs	65,625	42,320	1,614,459	1,595,723
Total Revenues	<u>65,625</u>	<u>42,320</u>	<u>1,614,459</u>	<u>1,595,723</u>
Expenditures				
Current:				
Adult Education Program	65,625	-	-	-
Business Support Services	-	-	-	-
Center for After-School, Summer & Expanded Learning	-	-	1,614,459	1,595,723
Center for Texas Grants Development	-	-	-	-
Education Certification & Professional Advancement	-	-	-	-
Head Start Program	-	-	-	-
School Based Therapy Services	-	-	-	-
Special Schools & Services	-	42,320	-	-
Debt Service:				
Principal on Long-Term Debt	-	-	-	-
Interest on Long-Term Debt	-	-	-	-
Bond Issuance Costs & Fees-QZAB & MTN	-	-	-	-
Total Expenditures	<u>65,625</u>	<u>42,320</u>	<u>1,614,459</u>	<u>1,595,723</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances-Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances-Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2024

	<u>Special Revenue Funds</u>			
	<u>Texas Council</u>	<u>Federal CASE</u>	<u>Access - Adult</u>	
	<u>Dev. Disability</u>	<u>After School</u>	<u>Ed</u>	<u>EPP Grant</u>
Revenues				
Local and Intermediate Sources	\$ -	\$ -	\$ 183,922	\$ 18,936
Federal Programs	7,498	2,609,740	-	-
Total Revenues	<u>7,498</u>	<u>2,609,740</u>	<u>183,922</u>	<u>18,936</u>
Expenditures				
Current:				
Adult Education Program	-	-	183,922	-
Business Support Services	-	-	-	-
Center for After-School, Summer & Expanded Learning	-	3,120,395	-	-
Center for Texas Grants Development	-	-	-	-
Education Certification & Professional Advancement	-	-	-	18,936
Head Start Program	-	-	-	-
School Based Therapy Services	7,498	-	-	-
Special Schools & Services	-	-	-	-
Debt Service:				
Principal on Long-Term Debt	-	-	-	-
Interest on Long-Term Debt	-	-	-	-
Bond Issuance Costs & Fees-QZAB & MTN	-	-	-	-
Total Expenditures	<u>7,498</u>	<u>3,120,395</u>	<u>183,922</u>	<u>18,936</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(510,655)</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In	-	510,655	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>510,655</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances-Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances-Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2024

	<u>Special Revenue Funds</u>			
	<u>Houston Endowment - CES</u>	<u>Every Hour Counts</u>	<u>Houston Endowment Grant</u>	<u>JAMS Grant Year 1</u>
Revenues				
Local and Intermediate Sources	\$ -	\$ 20,616	\$ 90,218	\$ 78,251
Federal Programs	-	-	-	-
Total Revenues	<u>-</u>	<u>20,616</u>	<u>90,218</u>	<u>78,251</u>
Expenditures				
Current:				
Adult Education Program	-	-	-	-
Business Support Services	-	-	-	-
Center for After-School, Summer & Expanded Learning	-	20,616	90,218	-
Center for Texas Grants Development	-	-	-	78,251
Education Certification & Professional Advancement	-	-	-	-
Head Start Program	-	-	-	-
School Based Therapy Services	-	-	-	-
Special Schools & Services	-	-	-	-
Debt Service:				
Principal on Long-Term Debt	-	-	-	-
Interest on Long-Term Debt	-	-	-	-
Bond Issuance Costs & Fees-QZAB & MTN	-	-	-	-
Total Expenditures	<u>-</u>	<u>20,616</u>	<u>90,218</u>	<u>78,251</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances-Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances-Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2024

	Special Revenue Funds			
	Local E-Rate	CASE - City of Houston	County Connection Program	Your Voice Matters - In- Kind
Revenues				
Local and Intermediate Sources	\$ 17,611	\$ 659,967	\$ -	\$ 3,500
Federal Programs	-	-	1,469,367	-
Total Revenues	17,611	659,967	1,469,367	3,500
Expenditures				
Current:				
Adult Education Program	-	-	-	-
Business Support Services	-	-	-	-
Center for After-School, Summer & Expanded Learning	-	659,967	1,469,367	-
Center for Texas Grants Development	-	-	-	3,500
Education Certification & Professional Advancement	-	-	-	-
Head Start Program	-	-	-	-
School Based Therapy Services	-	-	-	-
Special Schools & Services	17,611	-	-	-
Debt Service:				
Principal on Long-Term Debt	-	-	-	-
Interest on Long-Term Debt	-	-	-	-
Bond Issuance Costs & Fees-QZAB & MTN	-	-	-	-
Total Expenditures	17,611	659,967	1,469,367	3,500
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	-	-
Fund Balances-Beginning	-	-	-	-
Fund Balances-Ending	\$ -	\$ -	\$ -	\$ -

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2024

	<u>Special Revenue Funds</u>			
	<u>Early Head Start In-Kind</u>	<u>Head Start In- Kind</u>	<u>Hogg Found</u>	<u>Local Grants</u>
Revenues				
Local and Intermediate Sources	\$ 193,101	\$ 3,774,910	\$ 7,273	\$ 158,726
Federal Programs	-	-	-	-
Total Revenues	<u>193,101</u>	<u>3,774,910</u>	<u>7,273</u>	<u>158,726</u>
Expenditures				
Current:				
Adult Education Program	-	-	-	-
Business Support Services	-	-	-	345
Center for After-School, Summer & Expanded Learning	-	-	-	18,333
Center for Texas Grants Development	-	-	-	-
Education Certification & Professional Advancement	-	-	-	-
Head Start Program	193,101	3,774,910	7,273	340,048
School Based Therapy Services	-	-	-	-
Special Schools & Services	-	-	-	-
Debt Service:				
Principal on Long-Term Debt	-	-	-	-
Interest on Long-Term Debt	-	-	-	-
Bond Issuance Costs & Fees-QZAB & MTN	-	-	-	-
Total Expenditures	<u>193,101</u>	<u>3,774,910</u>	<u>7,273</u>	<u>358,726</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>
Other Financing Sources (Uses)				
Transfers In	-	-	-	200,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances-Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances-Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2024

	<u>Total Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds (See Exhibit B-1)</u>
Revenues			
Local and Intermediate Sources	\$ 7,155,592	\$ 1,611	\$ 7,157,203
Federal Programs	20,314,695	-	20,314,695
Total Revenues	<u>27,470,287</u>	<u>1,611</u>	<u>27,471,898</u>
Expenditures			
Current:			
Adult Education Program	4,768,203	-	4,768,203
Business Support Services	345	-	345
Center for After-School, Summer & Expanded Learning	8,631,257	-	8,631,257
Center for Texas Grants Development	81,751	-	81,751
Education Certification & Professional Advancement	18,936	-	18,936
Head Start Program	14,656,032	-	14,656,032
School Based Therapy Services	7,498	-	7,498
Special Schools & Services	59,931	-	59,931
Debt Service:			
Principal on Long-Term Debt	-	1,450,000	1,450,000
Interest on Long-Term Debt	-	1,036,174	1,036,174
Bond Issuance Costs & Fees-QZAB & MTN	-	798,935	798,935
Total Expenditures	<u>28,223,953</u>	<u>3,285,109</u>	<u>31,509,062</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(753,666)</u>	<u>(3,283,498)</u>	<u>(4,037,164)</u>
Other Financing Sources (Uses)			
Transfers In	753,666	3,285,109	4,038,775
Total Other Financing Sources (Uses)	<u>753,666</u>	<u>3,285,109</u>	<u>4,038,775</u>
Net Change in Fund Balances	-	1,611	1,611
Fund Balances-Beginning	-	755,170	755,170
Fund Balances-Ending	<u>\$ -</u>	<u>\$ 756,781</u>	<u>\$ 756,781</u>



HARRIS COUNTY DEPARTMENT OF EDUCATION

INTERNAL SERVICE FUNDS OVERVIEW

Internal Service Funds are used to report activities that provide goods or services to other funds on a cost-reimbursement basis and to report risk financing activities related to the self-insured compensation program.

Workers' Compensation Fund

Accounts for risk financing activities related to the self-insured compensation program. All employees of the Department are covered by this plan for injuries occurring on the job. The Department contributes 100 percent of the funding for this program.

Facility Charges Fund

Accounts for the services offered by the centralized Facilities Division to all Department campuses and divisions. Department budgets contribute a prorated share to cover the costs for facility services.

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING STATEMENT OF NET POSITION –
INTERNAL SERVICES FUNDS
For the Year Ended August 31, 2024

Exhibit D-3

	Workers' Compensation Fund	Facility Charges Fund	Total Internal Service Funds (see Exhibit B-5)
Assets			
Current Assets:			
Cash and cash equivalents	\$ 938,525	\$ 265,543	\$ 1,204,068
Prepaid items	531,002	-	531,002
Total Assets	1,469,527	265,543	1,735,070
Liabilities			
Current Liabilities:			
Accounts payable	-	240,817	240,817
Accrued wages payable	-	24,726	24,726
Claims payable - due within one year	57,248	-	57,248
Total Liabilities	57,248	265,543	322,791
Net Position			
Unrestricted	1,412,279	-	1,412,279
Total Net Position	\$ 1,412,279	\$ -	\$ 1,412,279

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION –
INTERNAL SERVICE FUNDS
For the Year Ended August 31, 2024

Exhibit D-4

	Workers' Compensation Fund	Facility Charges Fund	Total Internal Service Funds (see Exhibit B-6)
Operating Revenues			
Charges for Services	\$ 508,439	\$ 6,620,302	\$ 7,128,741
Total Operating Revenues	<u>508,439</u>	<u>6,620,302</u>	<u>7,128,741</u>
Operating Expenses			
Payroll Costs	-	3,313,759	3,313,759
Professional Services	-	1,651,970	1,651,970
Supplies and Materials	-	408,570	408,570
Miscellaneous Operating Expenses	447,038	1,246,003	1,693,041
Total Operating Expenses	<u>447,038</u>	<u>6,620,302</u>	<u>7,067,340</u>
Change in Net Position	<u>61,401</u>	<u>-</u>	<u>61,401</u>
Total Net Position-Beginning	<u>1,350,878</u>	<u>-</u>	<u>1,350,878</u>
Total Net Position-Ending	<u>\$ 1,412,279</u>	<u>\$ -</u>	<u>\$ 1,412,279</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended August 31, 2024

Exhibit D-5

	Workers' Compensation Fund	Facility Charges Fund	Total Internal Service Funds (see Exhibit B-7)
Cash Flows from Operating Activities			
Receipts from interfund services provided	\$ 395,408	\$ 6,620,302	\$ 7,015,710
Payments to employees	-	(3,318,076)	(3,318,076)
Payments to suppliers	-	(3,303,016)	(3,303,016)
Payments for workers' compensation claims	(507,961)	-	(507,961)
Net Cash Provided by (Used In) Operating Activities	<u>(112,553)</u>	<u>(790)</u>	<u>(113,343)</u>
Net increase (decrease) in cash and cash equivalents	(112,553)	(790)	(113,343)
Cash and Cash Equivalents at Beginning of Year	<u>1,051,078</u>	<u>266,333</u>	<u>1,317,411</u>
Cash and Cash Equivalents at End of Year	<u>\$ 938,525</u>	<u>\$ 265,543</u>	<u>\$ 1,204,068</u>
Reconciliation of Operating Income to Net Cash			
Provided by Operating Activities			
Operating income (loss)	\$ 61,401	\$ -	\$ 61,401
Changes in Assets and Liabilities:			
Decrease (increase) in prepaid items	(59,142)	-	(59,142)
Increase (decrease) in accounts payable	-	3,527	3,527
Increase (decrease) in accrued wages payable	-	(4,317)	(4,317)
Increase (decrease) in due to/from other funds	(113,031)	-	(113,031)
Increase (decrease) in claims payable	(1,781)	-	(1,781)
Net Cash Provided by (Used In) Operating Activities	<u>\$ (112,553)</u>	<u>\$ (790)</u>	<u>\$ (113,343)</u>



Other Supplementary
Information





HARRIS COUNTY DEPARTMENT OF EDUCATION

Exhibit E-1

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

For the Year Ended August 31, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local revenues	\$ -	\$ -	\$ 1,611	\$ (1,611)
Total Revenues	<u>-</u>	<u>-</u>	<u>1,611</u>	<u>(1,611)</u>
Expenditures				
Debt Service:				
Principal on Long-Term Debt	2,486,175	2,486,175	1,450,000	1,036,175
Interest on Long-Term Debt	1,363,800	1,363,800	1,036,174	327,626
Bond Issuance Costs	-	-	798,935	(798,935)
Total Expenditures	<u>3,849,975</u>	<u>3,849,975</u>	<u>3,285,109</u>	<u>564,866</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(3,849,975)</u>	<u>(3,849,975)</u>	<u>(3,283,498)</u>	<u>566,477</u>
Other Financing Sources (Uses)				
Transfers In	<u>3,349,975</u>	<u>3,349,975</u>	<u>3,285,109</u>	<u>(64,866)</u>
Total Other Financing Sources (Uses)	<u>3,349,975</u>	<u>3,349,975</u>	<u>3,285,109</u>	<u>(64,866)</u>
Net Change in Fund Balances	<u>(500,000)</u>	<u>(500,000)</u>	<u>1,611</u>	<u>501,611</u>
Fund Balances-Beginning	<u>755,170</u>	<u>755,170</u>	<u>755,170</u>	<u>-</u>
Fund Balances-Ending	<u>\$ 255,170</u>	<u>\$ 255,170</u>	<u>\$ 756,781</u>	<u>\$ 501,611</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended August 31, 2024

Exhibit E-2

Years Ending August 31	Tax Rate		Assessed Value	Beginning Balance	Current Year Levy	Collections & Adjustments	Ending Balance
	Maintenance	Debt Service					
2013 & Prior	Various	-	Various	\$ 151,131	\$ -	\$ 26,240	\$ 124,891
2016	\$ 0.005999	-	\$ 348,957,092,849	45,525	-	2,223	43,302
2017	0.005422	-	388,054,684,618	41,528	-	3,847	37,681
2018	0.005200	-	416,884,796,154	49,894	-	3,973	45,921
2019	0.005195	-	434,078,173,795	53,076	-	6,111	46,965
2020	0.005190	-	445,338,264,373	74,025	-	12,016	62,009
2021	0.005000	-	477,646,161,016	110,765	-	22,763	88,002
2022	0.004993	-	501,765,295,099	152,407	-	47,822	104,585
2023	0.004990	-	511,588,870,404	509,330	-	290,494	218,836
2024	0.004800	-	639,537,499,173	-	30,091,473	29,455,977	635,496
				<u>\$ 1,187,681</u>	<u>\$ 30,091,473</u>	<u>\$ 29,871,466</u>	<u>\$ 1,407,688</u>



Statistical Section



HARRIS COUNTY DEPARTMENT OF EDUCATION

STATISTICAL SECTION (Unaudited)

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HARRIS COUNTY DEPARTMENT OF EDUCATION

INTRODUCTION TO THE STATISTICAL SECTION (Unaudited)

Statistical Tables are used to provide detailed data on the physical, economic, social, and political characteristics of a government. They are intended to provide financial report users with a broader and more complete understanding of the government and its financial affairs than is possible from the basic financial statements.

The information is provided in the following five categories:

Financial Trends – These schedules contain trend information to assist users in understanding and assessing how the Department’s financial position has changed over time.

Revenue Capacity – These schedules contain information to assist users in understanding and assessing the factors affecting the Department’s ability to generate its own-source revenues.

Debt Capacity – These schedules present information to assist users in understanding and assessing the Department’s current level of outstanding debt and the Department’s ability to issue additional debt.

Demographic and Economic Information – These schedules present information to assist users in understanding the environment within which the Department’s financial activity takes place.

Operating Information – These schedules provide contextual information about the Department’s operations and resources to assist readers in using financial statement information to understand and assess the Department’s economic condition.

Statistical Tables usually cover ten fiscal years, unless otherwise noted.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year. Where data is presented from outside the accounting records, the source will be noted.

These tables are unaudited due to the nature of the information contained therein.



Financial Trends







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

Table 1
Page 1 of 2

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Governmental Activities:					
Net investment in capital assets	\$ 69,145,023	\$ 67,374,927	\$ 57,974,197	\$ 54,464,903	\$ 47,221,390
Restricted	-	-	-	-	-
Unrestricted	<u>(15,192,449)</u>	<u>(24,081,724)</u>	<u>(24,016,949)</u>	<u>(24,992,069)</u>	<u>(16,824,748)</u>
Total Governmental Activities	<u>\$ 53,952,574</u>	<u>\$ 43,293,203</u>	<u>\$ 33,957,248</u>	<u>\$ 29,472,834</u>	<u>\$ 30,396,642</u>
Business-Type Activities:					
Unrestricted	<u>\$ 1,753,271</u>	<u>\$ 1,753,271</u>	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Total Business-Type Activities	<u>\$ 1,753,271</u>	<u>\$ 1,753,271</u>	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Total:					
Net investment in capital assets	\$ 69,145,023	\$ 67,374,927	\$ 57,974,197	\$ 54,464,903	\$ 47,221,390
Restricted	-	-	-	-	-
Unrestricted	<u>(13,439,178)</u>	<u>(22,328,453)</u>	<u>(22,516,949)</u>	<u>(23,492,069)</u>	<u>(15,324,748)</u>
Total Net Position	<u>\$ 55,705,845</u>	<u>\$ 45,046,474</u>	<u>\$ 35,457,248</u>	<u>\$ 30,972,834</u>	<u>\$ 31,896,642</u>

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

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

Source: HCDE records

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

Table 1
Page 2 of 2

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Governmental Activities:					
Net investment in					
capital assets	\$ 47,908,866	\$ 43,712,723	\$ 32,428,990	\$ 34,145,710	\$ 32,677,342
Restricted	-	-	-	31,983	31,881
Unrestricted	<u>(18,737,419)</u>	<u>(20,722,390)</u>	<u>26,188,720</u>	<u>20,804,496</u>	<u>17,622,666</u>
Total Governmental Activities	<u>\$ 29,171,447</u>	<u>\$ 22,990,333</u>	<u>\$ 58,617,710</u>	<u>\$ 54,982,189</u>	<u>\$ 50,331,889</u>
Business-Type Activities:					
Unrestricted	<u>\$ 1,000,000</u>	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Business-Type Activities	<u>\$ 1,000,000</u>	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total:					
Net investment in					
capital assets	\$ 47,908,866	\$ 43,712,723	\$ 32,428,990	\$ 34,145,710	\$ 32,677,342
Restricted	-	-	-	31,983	31,881
Unrestricted	<u>(17,737,419)</u>	<u>(20,222,390)</u>	<u>26,188,720</u>	<u>20,804,496</u>	<u>17,622,666</u>
Total Net Position	<u>\$ 30,171,447</u>	<u>\$ 23,490,333</u>	<u>\$ 58,617,710</u>	<u>\$ 54,982,189</u>	<u>\$ 50,331,889</u>

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

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

Source: HCDE records

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

Table 2
Page 1 of 4

	2024	2023	2022	2021	2020
Expenses:					
Governmental Activities:					
Adult Education Program	\$ 5,718,834	\$ 4,723,590	\$ 3,812,902	\$ 4,127,033	\$ 4,638,902
Assistant Superintendents' Offices	717,911	653,506	587,468	603,726	555,259
Board of Trustees	214,648	193,448	196,616	163,700	164,109
Business Support Services	2,185,620	1,750,283	1,734,433	1,998,215	1,985,847
Center for After-School, Summer & Expanded Learning	9,308,723	7,825,748	7,107,362	7,729,357	6,516,679
Center for Safe and Secure Schools	967,081	904,715	614,339	759,146	793,170
Center for School Governance & Fiscal Accountability	-	-	-	-	-
Center for Grant Development	606,025	547,803	481,837	592,331	583,366
Choice Partners Cooperatives	-	-	-	-	-
Client Engagement	670,171	610,378	510,192	462,459	434,571
Communications	1,193,868	970,379	858,665	962,407	832,260
Department Wide	6,398,809	8,615,708	9,612,407	8,725,092	10,549,704
Digital Learning	-	5,363	109,724	288,756	423,384
Early Childhood Intervention	-	-	-	-	-
Education Certification & Professional Advancement	18,936	52,645	594,197	677,435	665,549
Education Foundation	200,000	600,083	508,374	210,543	500,626
Facility Support Services	9,100,971	2,359,085	1,921,454	3,032,471	1,566,862
Head Start Program	22,394,981	20,770,102	18,495,199	20,185,050	20,007,652
Human Resources	1,243,356	1,278,305	1,093,657	1,107,767	1,097,516
Interest and Fees on Long-Term Debt	1,614,460	991,048	1,420,804	1,792,569	230,424
Purchasing Support Services	745,211	688,084	609,380	573,016	581,023
Community Engagement	107,930	106,632	-	-	-
Quality Zone Academy Bonds	-	-	-	-	-
Records Management Services	1,147,440	1,990,600	1,948,569	1,960,988	1,900,490
Research and Evaluation Institute	635,546	520,102	504,843	635,864	612,972
Retirement Leave Benefits	379,701	475,565	269,275	333,844	231,057
Scholastic Arts and Writing Program	-	-	125,409	119,673	142,239
School Based Therapy Services	13,536,488	12,294,402	10,329,423	11,457,283	11,360,389
Chief of Staff	316,136	298,684	246,409	284,899	273,876
Special Schools & Services	15,918,886	15,113,129	13,116,099	13,817,704	12,875,176
Superintendent's Office	726,226	656,650	602,274	623,314	564,677
Technology Support Services	4,557,270	3,936,743	4,113,372	3,982,140	4,090,248
Texas LEARNS	-	-	-	-	-
The Teaching & Learning Center	1,957,757	1,909,600	919,413	916,601	1,144,261
Total Governmental Activities Expenses	102,582,985	90,842,380	82,444,096	88,123,383	85,322,288
Business-Type Activities:					
Choice Partners Cooperatives	2,788,695	2,560,786	2,552,015	2,095,107	1,962,256
Transfer out	7,965,387	4,294,307	5,028,650	4,828,938	3,490,423
Total Business-Type Activities Expenses	10,754,082	6,855,093	7,580,665	6,924,045	5,452,679
Total Expenses	113,337,067	97,697,473	90,024,761	95,047,428	90,774,967

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

Table 2
Page 2 of 4

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Expenses:					
Governmental Activities:					
Adult Education Program	\$ 4,569,273	\$ 1,036,132	\$ 3,873,917	\$ 4,050,032	\$ 3,895,904
Assistant Superintendents' Offices	576,780	550,282	539,630	537,885	517,072
Board of Trustees	177,757	128,396	138,256	131,506	205,134
Business Support Services	1,745,357	1,763,138	1,720,319	1,790,657	1,674,204
Center for After-School, Summer & Expanded Learning	7,090,805	5,934,605	7,289,977	7,315,643	8,468,498
Center for Safe and Secure Schools	1,050,107	86,464	655,108	491,085	623,098
Center for School Governance & Fiscal Accountability	-	-	-	-	70,430
Center for Grant Development	567,705	568,024	555,688	544,990	519,875
Choice Partners Cooperatives	-	-	-	-	1,727,275
Client Engagement	644,546	491,644	374,313	451,521	456,323
Communications	837,090	774,921	858,041	884,274	709,750
Department Wide	6,717,410	6,111,173	7,089,535	6,808,688	5,421,099
Digital Learning	271,230	441,316	1,391,612	368,131	1,450,677
Early Childhood Intervention	-	-	-	-	2,112,772
Education Certification & Professional Advancement	597,579	627,407	678,461	630,272	506,930
Education Foundation	-	-	9,559	199,417	200,398
Facility Support Services	1,038,146	937,572	1,112,896	772,981	981,239
Head Start Program	20,782,352	7,146,626	17,304,932	16,103,236	15,401,901
Human Resources	1,053,283	1,023,212	994,097	943,149	945,021
Interest and Fees on Long-Term Debt	274,948	330,095	602,708	310,720	480,219
Purchasing Support Services	566,986	494,421	494,804	477,229	402,651
Community Engagement	-	-	-	-	-
Quality Zone Academy Bonds	-	-	-	6,281	-
Records Management Services	2,005,229	1,921,547	1,627,074	1,656,361	1,777,447
Research and Evaluation Institute	569,157	597,668	579,394	515,936	460,493
Retirement Leave Benefits	118,233	124,832	358,964	322,795	288,606
Scholastic Arts and Writing Program	139,108	99,932	101,618	102,702	88,126
School Based Therapy Services	10,709,672	10,328,779	9,790,720	9,375,763	8,686,191
Chief of Staff	268,564	239,431	291,630	189,323	130,936
Special Schools & Services	12,743,363	11,535,687	11,091,019	10,865,891	11,270,451
Superintendent's Office	523,018	443,456	448,785	385,255	432,322
Technology Support Services	4,098,566	3,381,097	3,446,066	5,052,094	4,115,775
Texas LEARNS	-	-	-	-	-
The Teaching & Learning Center	1,351,221	1,262,855	1,240,775	1,068,452	1,185,444
Total Governmental Activities Expenses	<u>81,087,485</u>	<u>58,380,712</u>	<u>74,659,898</u>	<u>72,352,269</u>	<u>75,206,261</u>
Business-Type Activities:					
Choice Partners Cooperatives	2,083,863	1,844,392	1,783,195	1,879,446	-
Transfer out	5,805,811	2,803,104	2,588,083	2,547,458	-
Total Business-Type Activities Expenses	<u>7,889,674</u>	<u>4,647,496</u>	<u>4,371,278</u>	<u>4,426,904</u>	<u>-</u>
Total Expenses	<u>88,977,159</u>	<u>63,028,208</u>	<u>79,031,176</u>	<u>76,779,173</u>	<u>75,206,261</u>

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

Table 2
Page 3 of 4

	2024	2023	2022	2021	2020
Program Revenues:					
Governmental Activities:					
Charges for services:					
Adult Education Program	\$ -	\$ -	\$ -	\$ 14,436	\$ -
Business Support Services	722,679	167,483	164,415	132,721	245,754
Center for After-School, Summer & Expanded Learning	85,238	80,261	112,650	74,810	83,560
Center for Safe and Secure Schools	232,556	735,327	276,774	271,773	273,972
Center for Grant Development	1,360	1,305	120	1,455	1,515
Choice Facility Partners (1)	-	-	-	-	-
Client Engagement	-	-	-	-	-
Department Wide	-	1,109,158	207,672	411,395	35,711
Digital Learning	-	200	-	-	-
Early Childhood Intervention	-	-	-	-	-
Education Certification & Professional Advancement	-	-	111,998	226,387	113,982
Head Start Program	-	-	-	-	140
Purchasing Support Services	-	-	-	-	-
Records Management Services	1,815,069	1,777,184	1,890,422	1,781,590	1,868,784
Research and Evaluation Institute	-	104,500	79,500	149,500	91,499
Scholastic Arts and Writing Program	-	-	-	-	-
School Based Therapy Services	11,178,474	10,441,275	9,359,728	9,368,648	8,892,942
Special Schools & Services	12,863,988	9,417,696	7,850,166	8,001,312	9,022,523
Technology Support Services	-	-	-	-	-
The Teaching & Learning Center	289,422	309,823	707,601	572,791	828,920
Total Charges for Services	27,188,786	24,144,212	20,761,046	21,006,818	21,459,302
Operating Grants and Contributions	39,822,294	35,061,449	24,480,552	27,289,087	25,663,841
General Revenues					
Property taxes, levied for general purposes	30,319,237	27,994,844	25,366,674	25,178,251	23,870,492
Grants and contributions not restricted to specific program	2,311,044	3,031,546	4,389,700	2,703,105	5,610,709
Investment earnings	2,953,612	1,677,020	168,995	26,124	434,601
Miscellaneous income	2,681,996	3,974,957	4,632,893	6,167,249	6,018,115
Transfers	7,965,387	4,294,307	5,028,650	4,828,938	3,490,423
Total Governmental Activities Revenues	113,242,356	100,178,335	84,828,510	87,199,572	86,547,483
Business-Type Activities:					
Charges for services:					
Choice Partners Cooperative	10,709,082	7,108,364	7,580,665	6,924,045	5,952,679
Miscellaneous income	45,000	-	-	-	-
Total Revenues-Business Type Activities	10,754,082	7,108,364	7,580,665	6,924,045	5,952,679
Total Revenues	123,996,438	107,286,699	92,409,175	94,123,617	92,500,162
Change in Net Position					
Total Primary Government	\$ 10,659,371	\$ 9,589,226	\$ 2,384,414	\$ (923,811)	\$ 1,725,195

(1) In FY 2016 Choice Partners was accounted for as an enterprise fund.
Source: HCDE records

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

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	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Program Revenues:					
Governmental Activities:					
Charges for services:					
Adult Education Program	\$ -	\$ -	\$ -	\$ -	\$ -
Business Support Services	55,098	4,590	58,597	284,473	169,052
Center for After-School, Summer & Expanded Learning	94,748	89,994	9,506	11,800	29,015
Center for Safe and Secure Schools	229,396	187,729	502,661	117,350	120,735
Center for Grant Development	2,495	865	840	2,275	2,495
Choice Facility Partners (1)	-	-	-	-	3,201,052
Client Engagement	-	-	-	-	1,400
Department Wide	43,979	28,480	20,215	12,963	13,824
Digital Learning	12,085	25,755	41,745	61,015	83,160
Early Childhood Intervention	-	-	-	-	108,208
Education Certification & Professional Advancement	204,520	228,979	206,289	252,270	255,109
Head Start Program	20	250	-	-	-
Purchasing Support Services	-	-	-	5,559	3,563
Records Management Services	1,687,681	1,894,771	1,563,165	1,569,386	1,558,589
Research and Evaluation Institute	80,786	79,249	2,002	48,644	39,823
Scholastic Arts and Writing Program	-	-	-	40,449	26,155
School Based Therapy Services	8,981,971	8,888,790	8,552,308	8,633,429	8,151,129
Special Schools & Services	8,880,541	8,327,481	8,433,065	7,439,987	7,849,458
Technology Support Services	1,200	9,850	17,440	61,296	227,846
The Teaching & Learning Center	1,236,917	731,899	734,437	773,405	945,650
Total Charges for Services	<u>21,511,437</u>	<u>20,498,682</u>	<u>20,142,270</u>	<u>19,314,301</u>	<u>22,786,263</u>
Operating Grants and Contributions	26,730,731	18,289,999	23,509,189	23,307,323	25,840,048
General Revenues					
Property taxes, levied for general purposes	23,040,994	22,494,557	21,723,798	21,059,842	21,041,087
Grants and contributions not restricted to specific program	3,901,877	2,439,712	4,804,746	5,560,503	5,077,413
Investment earnings	993,098	554,708	170,480	60,751	13,331
Miscellaneous income	5,284,651	4,988,233	5,356,853	5,152,391	4,462,989
Transfers	5,805,811	2,803,104	2,588,083	2,547,458	-
Total Governmental Activities Revenues	<u>87,268,599</u>	<u>72,068,995</u>	<u>78,295,419</u>	<u>77,002,569</u>	<u>79,221,131</u>
Business-Type Activities:					
Charges for services:					
Choice Partners Cooperative	8,389,674	5,147,496	4,371,278	4,426,904	-
Miscellaneous income	-	-	-	-	-
Total Revenues-Business Type Activities	<u>8,389,674</u>	<u>5,147,496</u>	<u>4,371,278</u>	<u>4,426,904</u>	<u>-</u>
Total Revenues	<u>95,658,273</u>	<u>77,216,491</u>	<u>82,666,697</u>	<u>81,429,473</u>	<u>79,221,131</u>
Change in Net Position					
Total Primary Government	<u>\$ 6,681,114</u>	<u>\$ 14,188,283</u>	<u>\$ 3,635,521</u>	<u>\$ 4,650,300</u>	<u>\$ 4,014,870</u>

(1) In FY 2016 Choice Partners was accounted for as an enterprise fund.
Source: HCDE records

HARRIS COUNTY DEPARTMENT OF EDUCATION
FUND BALANCE OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

Table 3
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	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
General Fund:					
Nonspendable	\$ 234,662	\$ 144,887	\$ 219,796	\$ 266,062	\$ 177,243
Restricted	-	-	-	-	-
Committed	2,988,291	2,514,976	2,014,976	2,014,976	2,014,976
Assigned	9,120,200	6,120,200	6,149,729	6,770,790	13,540,000
Unassigned	22,294,342	16,918,498	17,534,563	17,032,101	17,103,242
Total General Fund	<u>\$ 34,637,495</u>	<u>\$ 25,698,561</u>	<u>\$ 25,919,064</u>	<u>\$ 26,083,929</u>	<u>\$ 32,835,461</u>
All Other Governmental Funds:					
Nonspendable	\$ -	\$ 68,997	\$ 112,416	\$ 238,934	\$ 9,898
Restricted, reported in:					
PFC Capital Projects Fund	20,026,227	16,156,473	34,705,560	51,751,156	2,939,650
Assigned, reported in:					
Debt Service Fund	756,781	755,170	1,367,956	2,500,000	-
Unassigned	-	(68,997)	(112,416)	(238,934)	(9,898)
Total All Other Governmental Funds	<u>\$ 20,783,008</u>	<u>\$ 16,911,643</u>	<u>\$ 36,073,516</u>	<u>\$ 54,251,156</u>	<u>\$ 2,939,650</u>

Source: HCDE records.

HARRIS COUNTY DEPARTMENT OF EDUCATION
FUND BALANCE OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

Table 3
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	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Fund:					
Nonspendable	\$ 169,805	\$ 128,037	\$ 163,555	\$ 159,613	\$ 163,462
Restricted	-	-	-	-	6,281
Committed	2,014,976	2,014,976	1,575,000	6,200,000	6,721,446
Assigned	9,499,397	9,499,397	9,363,629	7,538,285	5,185,416
Unassigned	20,930,182	17,769,755	17,020,303	17,022,340	15,826,627
Total General Fund	<u>\$ 32,614,360</u>	<u>\$ 29,412,165</u>	<u>\$ 28,122,487</u>	<u>\$ 30,920,238</u>	<u>\$ 27,903,232</u>
All Other Governmental Funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted, reported in:					
PFC Capital Projects Fund	10,600,127	11,219,387	10,874,006	31,983	31,881
Assigned, reported in:					
Debt Service Fund	-	-	-	-	-
Unassigned	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 10,600,127</u>	<u>\$ 11,219,387</u>	<u>\$ 10,874,006</u>	<u>\$ 31,983</u>	<u>\$ 31,881</u>

Source: HCDE records.

HARRIS COUNTY DEPARTMENT OF EDUCATION
CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
(Modified Accrual Basis of Accounting)
(Unaudited)

Table 4
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	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021*</u>	<u>2020*</u>
Total Revenues	\$ 107,173,181	\$ 99,505,701	\$ 82,834,346	\$ 82,021,081	\$ 79,284,172
Total Expenditures	<u>118,864,940</u>	<u>125,669,693</u>	<u>106,205,501</u>	<u>89,444,277</u>	<u>89,444,277</u>
Excess (deficiency) of revenues over(under) expenditures:	<u>(11,691,759)</u>	<u>(26,163,992)</u>	<u>(23,371,155)</u>	<u>(7,423,196)</u>	<u>(10,160,105)</u>
Other Financing Sources (Uses)					
Lease revenue bond refunding	-	-	-	-	-
Payment on bond refunding escrow agent	-	-	-	-	-
Lease revenue bond issued	-	-	-	27,715,000	-
Premium on lease revenue bond	-	-	-	2,206,798	-
Maintenance tax notes issued	15,095,000	-	-	13,865,000	-
Premium on maintenance tax notes	1,441,671	2,487,309	-	3,405,317	-
Transfers in	12,004,162	11,898,303	11,627,842	18,739,249	9,763,310
Transfers out	<u>(4,038,775)</u>	<u>(7,603,996)</u>	<u>(6,599,192)</u>	<u>(13,948,194)</u>	<u>(6,272,887)</u>
Total Other Financing Sources (Uses)	<u>24,502,058</u>	<u>6,781,616</u>	<u>5,028,650</u>	<u>51,983,170</u>	<u>3,490,423</u>
Net Change in Fund Balances	<u>\$ 12,810,299</u>	<u>\$ (19,382,376)</u>	<u>\$ (18,342,505)</u>	<u>\$ 44,559,974</u>	<u>\$ (6,669,682)</u>

Source: HCDE records.

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

HARRIS COUNTY DEPARTMENT OF EDUCATION
CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
(Modified Accrual Basis of Accounting)
(Unaudited)

Table 4
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	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Revenues	\$ 79,771,645	\$ 78,200,293	\$ 75,335,740	\$ 73,253,550	\$ 79,276,809
Total Expenditures	<u>90,213,971</u>	<u>82,995,395</u>	<u>79,368,338</u>	<u>76,879,551</u>	<u>72,783,901</u>
Excess (deficiency) of revenues over(under) expenditures:	<u>(10,442,326)</u>	<u>(4,795,102)</u>	<u>(4,032,598)</u>	<u>(3,626,001)</u>	<u>6,492,908</u>
Other Financing Sources (Uses)					
Lease revenue bond refunding	-	-	-	-	4,255,000
Payment on bond refunding escrow agent	-	-	-	-	(5,074,619)
Lease revenue bond issued	-	-	-	-	-
Premium on lease revenue bond	-	-	-	-	-
Maintenance tax notes issued	-	-	7,000,000	-	-
Premium on maintenance tax notes	-	-	-	-	-
Transfers in	11,635,782	8,573,483	11,267,601	5,799,651	4,752,664
Transfers out	<u>(5,829,097)</u>	<u>(57,703,789)</u>	<u>(8,679,518)</u>	<u>(3,252,192)</u>	<u>(4,752,664)</u>
Total Other Financing Sources (Uses)	<u>5,806,685</u>	<u>(49,130,306)</u>	<u>9,588,083</u>	<u>2,547,459</u>	<u>(819,619)</u>
Net Change in Fund Balances	<u>\$ (4,635,641)</u>	<u>\$ (53,925,408)</u>	<u>\$ 5,555,485</u>	<u>\$ (1,078,542)</u>	<u>\$ 5,673,289</u>

Source: HCDE records.

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

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

Table 5
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	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Local Sources:					
Charges for services	\$ 27,190,432	\$ 22,888,414	\$ 20,489,236	\$ 20,500,078	\$ 21,358,795
Property taxes, levied					
for general purposes	30,103,630	27,771,515	25,368,044	25,086,237	23,707,501
Local grants	7,488,956	4,384,519	4,589,937	3,575,107	4,761,166
Miscellaneous income	2,905,199	5,004,814	512,947	3,187,030	951,905
Total Local Sources	<u>67,688,217</u>	<u>60,049,262</u>	<u>50,960,164</u>	<u>52,348,452</u>	<u>50,779,367</u>
State Sources:					
State aid grants	529,800	529,800	529,800	529,800	548,616
On-behalf payments	3,941,476	3,295,407	3,019,944	2,815,070	3,036,198
Total State Sources	<u>4,471,276</u>	<u>3,825,207</u>	<u>3,549,744</u>	<u>3,344,870</u>	<u>3,584,814</u>
Federal Sources:	<u>35,013,688</u>	<u>35,631,232</u>	<u>28,324,438</u>	<u>26,327,759</u>	<u>24,919,991</u>
Total Revenues	<u>\$ 107,173,181</u>	<u>\$ 99,505,701</u>	<u>\$ 82,834,346</u>	<u>\$ 82,021,081</u>	<u>\$ 79,284,172</u>

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

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

Table 5
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	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Local Sources:					
Charges for services	\$ 21,511,437	\$ 20,383,705	\$ 20,043,478	\$ 19,213,400	\$ 22,543,051
Property taxes, levied					
for general purposes	23,051,892	22,514,793	21,751,923	21,141,146	21,107,977
Local grants	5,272,056	4,766,262	5,355,621	5,086,589	5,049,186
Miscellaneous income	<u>1,023,752</u>	<u>892,026</u>	<u>270,504</u>	<u>164,439</u>	<u>267,098</u>
Total Local Sources	<u>50,859,137</u>	<u>48,556,786</u>	<u>47,421,526</u>	<u>45,605,574</u>	<u>48,967,312</u>
State Sources:					
State aid grants	780,488	2,352,287	2,260,853	2,810,044	3,182,302
On-behalf payments	<u>2,508,668</u>	<u>2,396,189</u>	<u>2,290,135</u>	<u>2,215,370</u>	<u>2,099,190</u>
Total State Sources	<u>3,289,156</u>	<u>4,748,476</u>	<u>4,550,988</u>	<u>5,025,414</u>	<u>5,281,492</u>
Federal Sources:	<u>25,623,352</u>	<u>24,895,031</u>	<u>23,363,226</u>	<u>22,622,562</u>	<u>25,028,005</u>
Total Revenues	<u>\$ 79,771,645</u>	<u>\$ 78,200,293</u>	<u>\$ 75,335,740</u>	<u>\$ 73,253,550</u>	<u>\$ 79,276,809</u>

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

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

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	2024	2023	2022	2021	2020
Adult Education Program	\$ 5,310,207	\$ 4,945,456	\$ 4,147,759	\$ 3,968,609	\$ 4,429,807
Assistant Superintendents' Offices	736,926	716,854	650,043	595,537	550,259
Board of Trustees	216,670	197,362	203,356	162,520	164,109
Business Support Services	2,229,478	1,834,358	1,877,350	1,977,239	1,976,847
Center for After School, Summer & Expanded Learning	9,445,756	8,008,649	7,433,846	7,619,554	6,431,634
Center for Safe & Secure Schools	622,846	940,995	659,865	747,630	782,170
Center for School Gov & Fiscal Accountability	-	-	-	-	-
Center for Grant Development	990,420	581,303	535,226	584,083	578,366
Choice Partners Cooperatives (1) (2)	-	-	-	-	-
Communications & Client Engagement	1,910,411	1,668,930	1,509,021	1,404,604	1,256,174
Department Wide	9,813,915	8,894,655	8,459,633	8,666,966	7,137,853
Digital Learning	-	804,950	1,061,689	290,827	450,124
Early Childhood Intervention	-	-	-	-	-
Education Certification & Professional Advancement	18,936	52,645	642,956	677,435	660,549
Education Foundation	200,000	600,083	508,374	210,543	500,600
Facility Support Services	10,014,684	22,370,386	18,420,989	163,536	282,427
Head Start Program	26,369,147	29,998,656	20,223,322	20,492,126	19,245,331
Human Resources	1,273,693	1,342,823	1,192,545	1,094,473	1,092,516
Principal Certification	-	-	-	2,780	-
Purchasing Support Services (1)	764,596	728,248	674,840	573,016	576,023
Community Engagement	111,082	113,733	-	-	-
Quality Zone Academy Bonds (QZAB)	-	-	-	-	-
Records Management Services	2,068,635	2,005,842	1,969,477	1,889,657	1,818,947
Research & Evaluation Institute	652,919	551,004	558,838	627,825	607,972
Retirement Leave Benefits	379,701	475,565	269,275	333,844	231,057
Scholastic Arts & Writing Program	-	-	133,968	118,381	142,239
School Based Therapy Services	14,052,503	13,046,329	11,486,094	11,332,185	11,135,002
Chief of Staff/Special Assistant to the Superintendent	327,178	318,001	276,167	280,940	273,876
Special Schools & Services	17,117,690	14,234,654	12,461,576	12,876,450	19,870,365
Superintendent's Office	741,678	688,994	675,534	622,806	559,169
Technology Support Services	4,310,434	3,934,848	3,906,227	3,742,971	3,561,381
The Teaching & Learning Center	2,006,207	2,002,737	1,002,978	899,159	1,142,292
PFC Capital Projects	3,255,227	340,876	-	2,837,998	1,839,271
Debt Service:					
Principal Payments	2,053,180	3,018,598	3,613,061	2,756,428	2,706,429
Interest & Fees	1,071,886	1,252,159	1,651,492	1,243,827	211,182
Bond Issuance Costs & Fees	798,935	-	-	650,328	-
Total Expenditures	\$ 118,864,940	\$ 125,669,693	\$ 106,205,501	\$ 89,444,277	\$ 90,213,971
Debt Service as a Percentage of					
Non-Capital Expenditures	2.63%	4.47%	5.94%	4.57%	3.61%

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

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

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

Source: HCDE records.

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

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	2019	2018	2017	2016	2015
Adult Education Program	\$ 4,242,673	\$ 4,926,751	\$ 3,897,009	\$ 4,068,869	\$ 3,932,144
Assistant Superintendents' Offices	567,780	550,282	534,595	533,135	514,795
Board of Trustees	177,757	128,396	138,343	131,482	205,738
Business Support Services	1,726,357	1,733,238	1,711,576	1,783,858	1,660,485
Center for After School, Summer & Expanded Learning	6,932,667	7,415,860	7,320,521	7,344,632	8,491,605
Center for Safe & Secure Schools	617,861	458,510	647,093	473,676	625,609
Center for School Gov & Fiscal Accountability	-	-	-	-	70,604
Center for Grant Development	558,705	558,169	550,918	540,539	513,827
Choice Partners Cooperatives (1) (2)	-	-	-	-	1,731,034
Communications & Client Engagement	1,458,957	1,248,256	1,215,481	1,324,033	1,152,090
Department Wide	6,727,446	6,051,002	6,862,145	5,867,987	5,540,253
Digital Learning	244,380	406,107	1,345,415	1,662,289	1,375,220
Early Childhood Intervention	-	-	-	-	2,116,246
Education Certification & Professional Advancement	588,579	616,559	673,466	625,469	507,114
Education Foundation	-	-	9,812	199,603	201,041
Facility Support Services	1,025,227	1,332,808	730,324	449,188	1,288,233
Head Start Program	19,314,914	18,963,042	17,455,113	16,439,375	16,396,415
Human Resources	1,044,283	998,178	986,813	935,877	935,662
Principal Certification	-	-	-	-	-
Purchasing Support Services (1)	538,986	488,359	487,590	472,964	397,278
Printing & Visual Communication	-	-	-	-	-
Community Engagement	-	-	-	6,281	-
Records Management Services	1,917,340	1,826,139	1,557,380	1,519,616	1,652,481
Research & Evaluation Institute	560,157	590,450	575,247	512,665	456,317
Retirement Leave Benefits	118,233	124,832	358,964	322,795	288,606
Scholastic Arts & Writing Program	139,108	99,932	101,187	102,115	87,516
School Based Therapy Services	10,550,740	10,317,233	9,701,864	9,292,131	8,558,847
Chief of Staff/Special Assistant to the Superintendent	269,039	239,431	289,057	187,574	131,149
Special Schools & Services	14,996,466	12,610,677	11,657,915	10,452,501	10,791,044
Superintendent's Office	513,510	443,456	445,967	382,543	429,179
Technology Support Services	3,690,024	2,860,974	3,028,436	3,686,311	4,302,817
The Teaching & Learning Center	1,324,710	1,235,105	1,229,426	1,058,193	1,181,660
PFC Capital Projects	-	-	-	-	-
Debt Service:					
Principal Payments	2,886,429	2,826,429	2,781,429	2,106,429	2,131,429
Interest & Fees	263,067	318,163	352,303	301,771	307,049
Bond Issuance Costs & Fees	-	-	234,162	-	171,523
Total Expenditures	\$ 82,995,395	\$ 79,368,338	\$ 76,879,551	\$ 72,783,901	\$ 78,145,010
Debt Service as a Percentage of					
Non-Capital Expenditures	3.98%	4.07%	4.17%	3.37%	3.23%

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

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

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

Source: HCDE records.





Revenue Capacity





HARRIS COUNTY DEPARTMENT OF EDUCATION
SCHEDULE OF PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS
(Unaudited)

Table 7

Fiscal Year Ended August 31	Net Tax Levy for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Net Tax Levy		Amount	Percent of Total Tax Collections to Net Tax Levy
2024	\$ 30,819,114	\$ 30,183,617	97.94%	\$ -	\$ 30,183,617	97.94%
2023	28,238,131	27,728,801	98.20%	290,494	28,019,295	99.23%
2022	25,583,859	25,198,781	98.49%	280,493	25,479,274	99.59%
2021	25,252,221	24,822,724	98.30%	341,495	25,164,219	99.65%
2020	23,937,452	23,455,450	97.99%	419,993	23,875,443	99.74%
2019	23,187,623	22,764,706	98.18%	375,952	23,140,658	99.80%
2018	22,230,715	21,937,173	98.68%	247,621	22,184,794	99.79%
2017	21,678,010	21,412,201	98.77%	228,128	21,640,329	99.83%
2016	21,040,325	20,736,926	98.56%	260,097	20,997,023	99.79%
2015	20,933,936	20,660,459	98.69%	232,883	20,893,342	99.81%

Source: Harris County Central Appraisal District provides HCDE with appraised values for properties within HCDE's taxing authority.

HARRIS COUNTY DEPARTMENT OF EDUCATION
PROPERTY TAX RATES, ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(Rates per \$100 of Assessed Value)
(Unaudited)

Table 8
Page 1 of 2

Taxing Authority	2024	2023	2022	2021	2020
Department Direct Rate:					
HCDE ^(a)	\$0.004800	\$0.004900	\$0.004990	\$0.004993	\$0.005000
Overlapping Rates Jurisdictions:					
Harris County (HC)	0.3501	0.3501	0.3370	0.3912	0.4071
HC Flood Control District	0.0311	0.0311	0.0306	0.0314	0.0279
Port of Houston Authority	0.0057	0.0057	0.0080	0.0099	0.0107
HC Hospital District	0.1434	0.1431	0.1483	0.1667	0.1659
Cities:					
Baytown	0.7200	0.7200	0.7500	0.7952	0.8020
Bellaire	0.4370	0.4370	0.4473	0.4473	0.4473
Deer Park	0.7200	0.7200	0.7200	0.7200	0.7200
Houston	0.5192	0.5192	0.5336	0.5618	0.5679
LaPorte	0.7100	0.7100	0.7100	0.7100	0.7100
League City	0.3690	0.3950	0.5284	0.5150	0.5486
Missouri City	0.5708	0.5708	0.5738	0.5980	0.6300
Pasadena	0.4555	0.4555	0.4976	0.5337	0.5703
Pearland	0.6554	0.6554	0.7200	0.7200	0.7412
Seabrook	0.4578	0.4578	0.4765	0.5436	0.5520
South Houston	0.5527	0.5527	0.6334	0.6981	0.6999
Webster	0.3339	0.3339	0.3648	0.3736	0.3620
West University Place	0.2608	0.2608	0.2774	0.2941	0.3092
Taxing Authority	2024	2023	2022	2021	2020
School Districts and Junior Colleges:					
Aldine	1.0363	1.0363	1.2744	1.2744	1.3471
Alief	0.9867	0.9867	1.2048	1.2048	1.2441
Clear Creek	0.9746	0.9746	1.1146	1.2659	1.3100
Cypress-Fairbanks	1.0811	1.0811	1.2948	1.3556	1.3700
Deer Park	1.1213	1.1213	1.2822	1.3496	1.4151
Galena Park	1.1319	1.1319	1.3542	1.4581	1.4717
Goose Creek	1.0825	1.0825	1.2817	1.3411	1.3543
Houston	0.8683	0.8683	1.0372	1.1331	1.1367
Humble	1.1075	1.1075	1.2929	1.3841	1.4184
Katy	1.1194	1.1194	1.3048	1.3888	1.4431
Klein	1.0316	1.0316	1.2300	1.3373	1.3600
LaPorte	0.9739	0.9739	1.2565	1.2697	1.2800
North Forest	N/A	N/A	N/A	N/A	N/A
Lone Star College *	0.1076	0.1076	0.1078	0.1078	0.1078
Pasadena	1.1382	1.1382	1.3353	1.3830	1.3784
Pearland	1.1373	1.1373	1.3027	1.3185	1.3956
San Jacinto Jr. College	0.1462	0.1462	0.1556	0.1694	0.1782
Sheldon	1.2575	1.2575	1.4550	1.5016	1.4484
Spring	1.1092	1.1092	1.2546	1.3843	1.4300
Spring Branch	1.0789	1.0789	1.2688	1.3073	1.3210
Tomball	1.0652	1.0652	1.2300	1.2900	1.2900

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

* Formerly North Harris Montgomery Community College

Source: Harris County Central Appraisal District

HARRIS COUNTY DEPARTMENT OF EDUCATION
PROPERTY TAX RATES, ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(Rates per \$100 of Assessed Value)
(Unaudited)

Table 8
Page 2 of 2

Taxing Authority	2019	2018	2017	2016	2015
Department Direct Rate:					
HCDE ^(a)	\$0.005190	\$0.005195	\$0.005200	\$0.00542	\$0.00600
Overlapping Rates Jurisdictions:					
Harris County (HC)	0.4186	0.4180	0.4166	0.4192	0.4173
HC Flood Control District	0.0288	0.0283	0.0283	0.0273	0.0273
Port of Houston Authority	0.0116	0.0116	0.0133	0.0134	0.0153
HC Hospital District	0.1711	0.1711	0.1718	0.1700	0.1700
Cities:					
Baytown	0.8220	0.8220	0.8220	0.8220	0.8220
Bellaire	0.4313	0.4159	0.3874	0.3805	0.3936
Deer Park	0.7200	0.7200	0.7200	0.7144	0.7200
Houston	0.5883	0.5842	0.5864	0.6011	0.6310
LaPorte	0.7100	0.7100	0.7100	0.7100	0.7100
League City	0.5638	0.5650	0.5700	0.5735	0.5970
Missouri City	0.6300	0.6000	0.5601	0.5447	0.5650
Pasadena	0.6154	0.5754	0.5754	0.5754	0.5769
Pearland	0.7092	0.6851	0.6812	0.7053	0.7121
Seabrook	0.5520	0.5749	0.5652	0.6126	0.6400
South Houston	0.6505	0.6433	0.6322	0.6995	0.6445
Webster	0.3479	0.3173	0.2845	0.2345	0.2487
West University Place	0.3168	0.3168	0.3168	0.3318	0.3617
Taxing Authority	2019	2018	2017	2016	2015
School Districts and Junior Colleges:					
Aldine	1.4359	1.3734	1.3234	1.2859	1.2858
Alief	1.3300	1.3300	1.3050	1.2800	1.2800
Clear Creek	1.4000	1.4000	1.4000	1.4000	1.4000
Cypress-Fairbanks	1.4400	1.4400	1.4400	1.4400	1.4400
Deer Park	1.5387	1.5567	1.5567	1.5567	1.5567
Galena Park	1.5733	1.5633	1.5633	1.5134	1.5134
Goose Creek	1.4319	1.4319	1.4319	1.4319	1.4319
Houston	1.2067	1.2067	1.2067	1.1967	1.1967
Humble	1.5200	1.5200	1.5200	1.5200	1.5200
Katy	1.5166	1.5166	1.5166	1.5166	1.5266
Klein	1.4300	1.4300	1.4300	1.4100	1.3900
LaPorte	1.3800	1.3800	1.4200	1.4500	1.4500
North Forest	N/A	N/A	N/A	N/A	N/A
Lone Star College *	0.1078	0.1078	0.1078	0.1079	0.1081
Pasadena	1.4800	1.4800	1.3500	1.3500	1.3500
Pearland	1.4156	1.4156	1.4156	1.4156	1.4157
San Jacinto Jr. College	0.1793	0.1833	0.1824	0.1758	0.1856
Sheldon	1.4700	1.4700	1.4100	1.4100	1.4300
Spring	1.5100	1.5100	1.4700	1.4700	1.5100
Spring Branch	1.3945	1.3945	1.3945	1.3945	1.3945
Tomball	1.3400	1.3400	1.3400	1.3400	1.3600

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

* Formerly North Harris Montgomery Community College

Source: Harris County Central Appraisal District

HARRIS COUNTY DEPARTMENT OF EDUCATION
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Amounts Expressed in Thousands)
(Unaudited)

Table 9

Fiscal Year Ended Aug. 31	Real Property Value		Personal Property Value		Less: Exemptions	Adjusted Assessed Value	HCDE Tax Rates
	Residential	Commercial	Residential	Commercial			
2024	\$ 464,061,624	\$ 209,225,698	\$ 893,751	\$ 165,665,129	\$ 200,278,003	\$ 639,568,199	0.004800
2023	410,467,169	194,418,288	720,151	146,109,150	177,389,936	574,324,822	0.004900
2022	270,473,315	191,149,654	137,629,943	69,822,459	157,486,500	511,588,871	0.004900
2021	252,099,576	204,955,981	150,676,796	45,005,320	146,995,988	505,741,685	0.004993
2020	243,096,335	231,361,699	85,718,615	54,500,076	137,030,564	477,646,161	0.005000
2019	224,983,572	192,041,232	102,407,056	51,115,449	125,209,044	445,338,265	0.005190
2018	212,045,562	198,126,505	50,888,644	43,362,660	70,345,198	434,078,174	0.005195
2017	209,213,537	187,383,708	84,565,308	41,903,961	110,181,699	412,884,815	0.005200
2016	194,080,210	184,129,876	73,005,880	45,005,320	108,166,600	388,054,686	0.005422
2015	163,634,124	183,843,138	51,916,325	50,762,171	101,198,666	348,957,093	0.005999

Source: Harris County Central Appraisal District

HARRIS COUNTY DEPARTMENT OF EDUCATION

Table 10

PRINCIPAL TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

(Amounts in Thousands)

(Unaudited)

Taxpayers	2024			2015		
	2023 Taxable Value ^(a)	Rank	Percentage of Total 2021 Taxable Value ^(b)	2015 Taxable Value ^(a)	Rank	Percentage of Total 2015 Taxable Value ^(c)
Centerpoint Energy, Inc.	\$ 5,128,946	1	0.80%	\$ 2,780,025	2	0.80%
Exxon Mobil Corporation	4,648,561	2	0.73%	3,224,580	1	0.92%
Chevron Phillips Chemical CO LP	3,582,258	3	0.56%	2,156,757	5	0.62%
Lyondell Chemical (d)	2,570,845	4	0.40%	2,447,954	4	0.70%
Equistar Chemicals LP	1,963,001	5	0.31%	-		
Shell Oil Co	1,246,146	6	0.19%	2,502,412	3	0.72%
Phillips 66 Company	1,163,407	7	0.18%	-		
Palmetto Transoceanic LLC	1,121,239	8	0.18%	-		
Wal Mart	1,073,237	9	0.17%	-		
HEB Grocery Co LP	1,026,928	10	0.16%	-		
NOV Wilson LP	-			1,237,770	6	0.35%
Crescent Real State	-			1,217,931	7	0.35%
Houston Refining (d)	-			-		
Cousins Greenway	-			1,013,393	8	0.29%
Hewlett Packard	-			965,729	9	0.28%
BP Amoco	-			917,216	10	0.26%
Total	<u>\$ 23,524,568</u>		<u>3.68%</u>	<u>\$ 18,463,767</u>		<u>5.29%</u>

Source: Harris County Central Appraisal District and HCDE 2013 ACFR

- (a) Amounts for these taxpayers do not include taxable valuations, which may be substantial, attributable to certain subsidiaries and affiliates which are not grouped on the tax rolls with the taxpayers shown.
- (b) Based on total taxable value as of August 2020
- (c) Based on total taxable value as of August 2015
- (d) Lyondell Chemical filed for Chapter 11 bankruptcy on January 6, 2009. It is not certain whether all taxes owed by Lyondell Chemical and its related entities Houston Refining and Equistar Chemical LP will be paid.





Debt Capacity







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

Table 11
Page 1 of 2

Fiscal Year Ended Aug. 31	Gross Bonded Debt (1)	Lease Liability	Less Restricted For Debt Service (2)	Net Bonded Debt	Taxable/Assessed Property Values (amounts in thousands) (3)
2024	\$ 63,542,463	\$ 8,600,832	\$ -	\$ 72,143,295	\$ 639,568,199
2023	48,705,432	9,204,012	-	57,909,444	574,324,822
2022	51,464,163	7,228,876	-	58,693,039	511,588,871
2021	54,857,899	-	-	54,857,899	505,741,685
2020	10,612,282	-	-	10,612,282	505,741,685
2019	13,310,713	-	-	13,310,713	477,646,161
2018	16,197,142	-	-	16,197,142	445,338,265
2017	19,053,624	-	-	19,053,624	434,078,174
2016	14,844,750	-	-	14,844,750	412,884,815
2015	16,959,914	-	-	16,959,914	388,054,686

Notes:

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

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

Table 11
page 2 of 2

Fiscal Year Ended Aug. 31	Ratio of Net Bonded Debt to Assessed Values	Personal Income (amounts in thousands) (4)	Percent of Personal Income	Population(5)	Debt per Capita
2024	0.0113%	\$ 330,617,356	0.2182%	4,826,539	\$14.95
2023	0.0101%	325,438,872	0.1779%	4,780,913	\$12.11
2022	0.0101%	311,430,719	0.1885%	4,728,030	\$12.41
2021	0.0108%	291,723,832	0.1880%	4,731,145	\$11.60
2020	0.0108%	285,160,839	0.0372%	4,767,540	\$11.51
2019	0.0021%	282,809,166	0.0471%	4,713,325	\$2.25
2018	0.0028%	265,351,328	0.0610%	4,652,980	\$2.86
2017	0.0036%	247,482,118	0.0770%	4,589,928	\$3.53
2016	0.0044%	240,752,454	0.0617%	4,538,028	\$4.20
2015	0.0036%	252,694,912	0.0671%	4,441,370	\$3.34

Notes:

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

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

Table 12

Year Ended August 31	Principal and Interest			Governmental Funds Expenditures	Ratio of Bonded Debt Expenditures to Governmental Funds Expenditures
	Bonds, Notes & Leases Payable Expenditures	Capital Acquisition Program	Total Debt Expenditures		
2024	\$ 3,125,066	\$ -	\$ 3,125,066	\$ 118,864,940	2.63%
2023	4,270,757	-	4,270,757	125,669,693	3.40%
2022	4,790,544	-	4,790,544	106,205,501	4.51%
2021	4,000,255	-	4,000,255	89,444,277	4.46%
2020	2,917,611	-	2,917,611	90,213,971	3.23%
2019	3,149,496	-	3,149,496	82,995,395	3.79%
2018	3,144,592	-	3,144,592	79,368,338	3.96%
2017	3,133,732	-	3,133,732	76,879,551	4.08%
2016	2,408,200	-	2,408,200	72,783,901	3.31%
2015	2,438,478	-	2,438,478	78,145,010	3.12%

Source: HCDE records.

HARRIS COUNTY DEPARTMENT OF EDUCATION
ESTIMATED COUNTY-WIDE DIRECT AND OVERLAPPING BONDED DEBT
August 31, 2024
(Unaudited)

Table 13

	Percentage Applicable to Name of Government	Net Debt (Thousands)
<u>OVERLAPPING</u>		
County-Wide Jurisdictions:		
Harris County (9/30/23)	100.00%	\$ 1,845,761
Harris County Flood Control District (9/30/23)	100.00%	1,465,957
Port of Houston Authority (9/30/23)	100.00%	<u>445,749</u>
Total County-Wide Direct Debt		<u>\$ 3,757,467</u>
Cities:		
Houston (06/30/2023)	100.00%	\$ 3,089,640
Other cities (a)	Various	<u>912,894</u>
Sub-Total Cities		<u>\$ 4,002,534</u>
School Districts and Junior Colleges: (b)	Various	<u>20,019,752</u>
Utility Districts (c)	100.00%	<u>7,865,065</u>
Total Overlapping Debt:		<u>\$ 35,644,818</u>
Total Direct HCDE (e)		<u>\$ 63,542</u>
Total Direct and Overlapping Debt (Estimated \$7,398 Per Capita) (d,e)		<u><u>\$ 35,708,360</u></u>

- (a) Aggregate net debt of 15 cities, each of which had a net debt of less than \$10,000,000.
- (b) Aggregate of 3 school, each of which had a net debt of less than \$25,000,000.
- (c) Estimated aggregate net debt of several hundred utility districts. Source: Municipal Advisory Council (MAC).
- (d) Census Bureau population estimated 4,826,539. Source: Bureau of the Census.
- (e) Net debt for HCDE includes the following:

Lease Revenue Bonds (Net)	\$ 28,465,000
Maintenance Notes	28,960,000
Issuance Premiums	<u>6,117,463</u>
Total Direct HCDE Debt	<u><u>\$ 63,542,463</u></u>

Source: Harris County, Texas. The table reflects bonds outstanding as of various dates. Certain entities may have issued substantial amounts of bonds since the latest available data and may have capital improvements programs requiring the issuance of a substantial amount of additional bonds. The Harris County Department of Education has the same geographical boundaries as the Harris County.





Demographic & Economic Information



HARRIS COUNTY DEPARTMENT OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Table 14

Calendar Year	Population ^(a)	Unemployment Rate ^(a)	Personal Income ^(a)	Per Capita Income
2024	4,826,539	4.40%	\$ 330,617,356,000	\$ 68,500
2023	4,780,913	4.20%	325,438,872,000	68,070
2022	4,728,030	6.50%	311,430,719,000	65,869
2021	4,731,145	6.10%	291,723,832,000	60,183
2020	4,767,540	10.00%	285,160,839,000	59,813
2019	4,713,325	3.80%	282,809,166,000	60,002
2018	4,652,980	4.40%	265,351,328,000	57,028
2017	4,589,928	4.10%	247,482,118,000	53,919
2016	4,538,028	4.80%	240,752,454,000	53,052
2015	4,441,370	4.60%	252,694,912,000	56,896

Sources: (a) The County Information Program, Texas Association of Counties
 Population and unemployment rate is previous year information.

HARRIS COUNTY DEPARTMENT OF EDUCATION

MISCELLANEOUS STATISTICAL DATA

August 31, 2024

(Unaudited)

Table 15

The Department was created by the Texas State Legislature, and is located in Houston in Harris County, Texas.

Year Created	1889
Location of administrative offices	6300 Irvington Blvd. Houston, Texas 77022
County Seat	Houston
Largest City in Texas	Houston
Fifth largest city in the United States (a)	Houston
Number of school districts in primary service area	25
2019 estimate Population of Harris County, Texas (b)	4,738,253
Area of Harris County, Texas (b)	1,778 square miles
2020 Employment by Major Industry: (a)	
Mining and Logging	64,500
Construction	207,100
Manufacturing	209,600
Trade, Transportation, and Utilities	615,000
Information	28,200
Financial Activities	165,200
Professional and Business Services	483,400
Educational and Health Services	394,500
Leisure and Hospitality	279,700
Other Services	104,100
Government	412,100
2015-2019 Median household income: (b)	
State of Texas	\$ 61,874
Harris County	\$ 61,705
August 2019 Unemployment Rate (c)	
State of Texas	3.6%
Harris County	3.9%
2015-2019 Median value of owner occupied housing units: (b)	
State of Texas	\$ 172,500
Harris County	\$ 175,700

- Sources: (a) Bureau of Labor Statistics
 (b) U. S. Bureau of the Census
 (c) Texas Association of Counties

HARRIS COUNTY DEPARTMENT OF EDUCATION

PRINCIPAL EMPLOYEES

CURRENT YEAR AND TEN YEARS AGO

(Unaudited)

Table 16

2024	2015
Employer	Employer
Amazon	Baylor College of Medicine
CHI St. Luke's Health	Exxon Mobil Corp
HCA Houston Healthcare	Houston Methodist
H-E-B	Kroger
Houston Methodist	Memorial Hermann Health System
Kroger	National Oilwell Varco
Memorial Hermann Health System	Shell Oil Company
Schlumberger	United Airlines
SLB	UT MD Anderson Cancer Center
Texas Childrens Hospital	UT Medical Branch - Galveston
University of Houston	
UT Health Science Center	
UT Medical Branch Health System	
Walmart	
Wood Group	
Totals	

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

Note: Starting with fiscal year 2024 number of employers percentage of total employment is not available for disclosure.

Prior year information has been modified to the format consistent with current year fiscal year for presentation purposes.





Operating Information







HARRIS COUNTY DEPARTMENT OF EDUCATION
DEPARTMENT EMPLOYEES BY PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)

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	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Adult Education	180.0	115.0	81.1	72.0	73.3
Assistant Superintendents' Offices	4.0	6.0	6.0	6.0	6.0
Alternative Certification	5.5	5.5	5.5	5.0	5.5
Business Support Services	20.5	18.0	17.0	15.0	17.0
Board of Trustees	1.0	1.0	1.0	1.0	1.0
Center for After School, Summer and Expanded Learning	61.0	51.5	51.5	24.0	26.0
Center for Safe & Secure Schools	7.0	7.0	4.0	5.0	5.0
Center for School Governance & Fiscal Accountability	-	-	-	-	-
Choice Partners Cooperative	19.5	19.0	19.5	19.0	19.5
Client Engagement	6.0	6.0	4.5	5.0	3.9
Communications	12.0	10.0	10.0	9.0	9.6
Digital Learning & Instructional Technology	-	-	-	-	-
Facility Support Services	69.5	47.0	49.0	49.0	51.0
Head Start Program	306.5	292.0	311.5	242.0	293.0
Human Resources	11.0	10.0	10.0	10.0	10.0
Purchasing Support	8.0	8.0	7.0	7.0	6.0
Records Management Services	15.0	15.0	15.0	14.0	15.0
Research & Evaluation	7.0	7.0	7.0	7.0	7.0
Resource Development	6.0	6.0	6.0	6.0	6.0
School Based Therapy Services	175.2	152.0	146.4	157.0	143.9
Special Schools Program	211.0	180.0	176.0	155.0	174.0
Superintendent's Office	2.0	2.0	2.0	2.0	2.0
Digital Learning and Innovation	1.5	1.8	1.8	1.8	2
Technology Support Services	27.0	24.0	-	23.0	24.0
Texas Virtual School Network	-	-	-	-	-
The Teaching and Learning Center	-	10.8	10.8	7.0	10.8
Total:	<u>1,156.2</u>	<u>994.6</u>	<u>942.6</u>	<u>841.8</u>	<u>911.3</u>

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

Source: HCDE records.

HARRIS COUNTY DEPARTMENT OF EDUCATION
DEPARTMENT EMPLOYEES BY PROGRAM
LAST NINE FISCAL YEARS
(Unaudited)

Table 17
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	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Adult Education	73.3	73.3	75.3	75.3	78.7
Assistant Superintendents' Offices	6.0	6.0	5.0	4.0	3.5
Alternative Certification	5.5	5.5	5.5	5.5	4.0
Business Support Services	16.5	16.5	16.5	16.5	15.5
Board of Trustees	1.0	1.0	0.5	0.5	0.5
Center for After School, Summer and Expanded Learning	20.0	21.0	22.2	22.2	13.0
Center for Safe & Secure Schools	3.0	4.0	3.0	3.0	3.5
Center for School Governance & Fiscal Accountability	-	-	-	-	1
Choice Partners Cooperative	18.4	18.4	15.4	15.4	15.0
Client Engagement	6.0	6.0	4.6	4.6	4.0
Communications	8.6	8.6	9.0	9.0	6.0
Digital Learning & Instructional Technology	-	-	-	-	1.0
Facility Support Services	51.5	51.5	51.5	51.5	51.5
Head Start Program	288.0	288.0	285.0	285.0	258.5
Human Resources	10.0	10.0	10.0	10.0	9.5
Purchasing Support	6.0	6.0	6.0	6.0	6.0
Records Management Services	14.0	14.0	13.0	13.0	12.0
Research & Evaluation	7.0	7.0	7.0	7.0	6.0
Resource Development	6.0	6.0	6.0	6.0	6.0
School Based Therapy Services	141.9	141.9	138.3	138.3	206.0
Special Schools Program	168.0	168.0	158.3	155.0	157.0
Superintendent's Office	2.0	2.0	1.5	2.5	2.0
Digital Learning and Innovation	2	2	1.7	-	3
Technology Support Services	21.0	21.0	21.0	22.0	24.0
Texas Virtual School Network	-	-	15.0	15.0	18.0
The Teaching and Learning Center	10.5	10.5	11.8	12.5	9.8
Total:	<u>886.2</u>	<u>888.2</u>	<u>883.4</u>	<u>879.8</u>	<u>914.5</u>

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

Source: HCDE records.

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

Table 18

Programs	Services Provided
Adult Education	Administers grants
Assistant Superintendents' Offices	Support/administrative
Board of Trustees	Governance
Business Support Services	Support/administrative
Center for After-School, Summer and Expanded Learning (CASE)	Administer grants for after-school programs at school districts and charter schools
Center for Grant Development	Internal support for grants/resources acquisition
Center for Safe & Secure Schools	Campus security review and training
Chief of Staff	Support/public information
Client Engagement	Internal support for grants/resources acquisition
Communications	Support/public information
Department Wide	Support
Digital Education & Innovations	Provide online courses to teachers
Educator Certification & Advancement	Training for teacher and principal candidates
Facility Support Services	Support
Head Start Program	Administer grant programs
Human Resources	Support
Purchasing Support Services	Internal purchasing
Records Management Services	Records retention cooperative
Research & Evaluation Institute	Research support services
Retirement Leave Benefits	Retirement benefits program
Scholastic Arts & Writing Program	Administer regional program for Texas Students
School-based Therapy Services	Therapy services and grant programs
Special Schools Services	Contract instruction for special-population students
Superintendent's Office	Support/administrative
Technology Support Services	Support
Teaching & Learning Center	Professional development training Therapy services and grant programs
COMPONENT UNIT:	
Education Foundation of Harris County	Fund-raising and grants

Source: HCDE records.

Site #	Building/ Purpose	Location/ City	Year Built	Put Into Service	Square Footage
(1) Administration:					
1.	Ronald W. Reagan Building	North Houston, TX	1988	1988	69,534
2.	North Post Oak Building	North Houston, TX	1995	2006	372,600
	Conference Center and Parking Garage	North Houston, TX	2002	2002	20,994
3.	Parking Garage	North Houston, TX	2002	2002	154,000
4.	Caplin Warehouse	Northeast Houston, TX	1999	1999	16,500
5.	Melbourne Warehouse	North Houston, TX	2005	2005	5,000
6.	Science Building	North Houston, TX	2010	2010	2,000
(2) Schools:					
7.	Old Academic & Behavior Center (ABC)-East	Southeast Houston, TX	1980	1982	39,850
8.	Old ABC-West	Southwest Houston, TX	1980	1998	21,251
	High Point-Middle School	Northeast Houston, TX	2023	2023	21,212
9.	High Point-High School	Northeast Houston, TX	1970	1995	27,280
10.	Fortis Academy	Northwest Houston, TX	1997	1997	20,057
11.	New ABC-West	Southwest Houston, TX	2020	2020	47,970
	New ABS East	Southeast Houston, TX	2023	2023	43,000
	New Adult Ed Center	North Houston, TX	2023	2023	52,800
(3) Head Start Program:					
12.	Baytown	Baytown, TX			
	Barret Station Early Head Start	Crosby, TX	2019	2019	19,954
	Barret Station Early Head Start	Crosby, TX	2023	2023	2,660
13.	Barrett Station Center Head Start	La Porte, TX	2002	2002	4,680
14.	La Porte Center	Houston, Texas	1999	1999	7,516
15.	Pugh Center	Humble, Texas	2000	2000	3,300
16.	Humble Center Head Start	Humble, Texas	2015	2015	4,423
17.	Humble Center Early Head Start		2023	2023	4,611
(4) Other Services:					
18.	Printing and Visual Communications	North Houston, TX	2001	2001	16,500
19.	Crosstimbers Records Storage Facility	North Houston, TX	1980	1996	18,000

Notes:

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

This is an overview of the direct services to students of all ages provided by HCDE in response to the needs of the schools and the students in the primary service area of Harris County, Texas.

HARRIS COUNTY, TEXAS AND 25 SCHOOL DISTRICTS

The HCDE primary service area covers school districts and charter schools across 1,700 square miles.

HCDE SPECIAL SCHOOL LOCATIONS

HCDE operates three alternative education programs at 4 sites, including:

- Academic and Behavior Centers (ABCs) provide educational programs for students ages 5-21 with emotional disturbances, mental retardation, and pervasive developmental disturbances from customer school districts;
- Highpoint Schools provide long-term educational services for expelled and/or adjudicated students from customer school districts; and
- Fortis Academy help students who have completed a substance abuse or dependency rehabilitation program continue their high school education in a sober environment.

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

HCDE HEAD START LOCATIONS

HCDE administers the Area I Head Start program at fifteen (15) neighborhood centers across the north, east, and southeast portion of Harris County, Texas and five Early Head Start Program and six Early Head Start Community Partners.

HCDE CASE SCHOOLS LOCATIONS

The Center for After School, Summer and Expanded Learning (CASE) Division is fiscal agent for numerous after school programs in client independent school districts and charter schools. Additional location information is available in Notes to the Basic Financial Statements, Note 9- Shared Service Arrangements.

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

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





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

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

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

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

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

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