

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDING AUGUST 31, 2025

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ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF
HARRIS COUNTY DEPARTMENT OF EDUCATION

For the Fiscal Year Ended August 31, 2025

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



December 17, 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, 2025 (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, 2025. 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.

James Colbert, Jr. | County School Superintendent

6300 Irvington Boulevard ★ Houston, Texas 77022 ★ Tel: 713.694.6300 ★ www.hcde-texas.org

The Department is a primary governmental unit and is not included in any other government 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. The EFHC is not the primary recipient of HCDE resources. Annually, the department allocates approximately \$200,000 to the EFHC for scholarships, teacher grants and various sponsorships

Organizational Philosophy

The core ideology of Harris County Department of Education outlines the direction of the Department and the expectations 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 aged 5-22 with severe emotional disturbances, mental retardation, pervasive developmental disorders, and other health impairments. The Department serviced **248** and **320** students during fiscal year 2025 and 2024, respectively. This represents a **22.5%** decrease due to AB East pending TEA Review. The Department is projected to serve **300** students for FY 2026.
- Highpoint School serves adjudicated youth by providing intensive counseling and a technology-driven curriculum in a strict disciplinary environment. The Department serviced **407** and **470** students during fiscal year 2025 and 2024, respectively. This represents a **13.4%** decrease due to delays in construction of the new Middle School. The Department is projected to serve nearly **400+** students for FY 2026.
- 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 **7,560** and **7,792** students during fiscal year 2025 and 2024, respectively. This represents a **2.9%** decrease due to lower demand for service contracts. The Department is projecting to serve **7,600** students for FY 2026.
- 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 **1,433** and **1,437** students during fiscal year 2025 and 2024, respectively. This represents a **.27%** decrease. The Department projects to serve **1,400+** students for FY 2026.

- Adult Education Program prepares age 16-plus youths and adults to read and speak English, and/or to complete a high school General Equivalency Diploma (GED) education. The Department serviced **6,669** and **5,635** students during fiscal year 2025 and 2024, respectively. This represents a **18.34%** increase due to higher service demand and a new Adult Ed Building Center. The Department is planning to serve **5,000** students for FY 2026 due to a change in grant restrictions for citizenship documentation.
- Center for After School, Summer and Expanded Learning (CASE) serves elementary, middle, and high school students deliver quality after-school learning opportunities. The Department serviced **18,039** and **15,723** students during fiscal year 2025 and 2024, respectively. This represents a **14.73%** increase due to reduction in funding for after-school programs. The Department is projected to serve over **15,000+** students for FY 2026 due to a reduction in afterschool grant funds.
- 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 **2,635** and **1,299** educators during fiscal years 2025 and 2024, respectively. This is a **102%** increase due to the implementation of new programs initiated by school districts and related TEA funding. The new Center for Educator Success Division projects to service over **1,300+** educators in FY 2026.
- 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 2025 and 2024, the Department serviced **2,609** and **2,390** members, respectively. This is a **9.1%** increase from the previous year. The Department expects to serve over **2,400+** members in FY 2026.
- 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 **216** and **130** members in 2025 and 2024, respectively. This is a **66.1%** increase due to additional demand for services. The Department expects to serve **220** members in FY 2026.
- 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 **142,907** students in 2025 and **55,234** students in 2024 in facilities which safety audits were performed. This is an increase of **158%**, which is due to this year (2025) being the second year of a three-year cycle for TEA-required safety audits. For FY 2026 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.

Tax Abatements

HCDE participates in FTZ (Foreign Trade Zone) and it allows the local economy to take advantage of the tax benefits that reduce or eliminate tax import duties for US importers. As goods are used for competition out of the zone, an import tax is assessed. The benefits to the economy are that it delays the assessment and, in some cases, it is eliminated while in custody. Once the goods are ready for final consumption and taken from the trade zone, then the tax is assessed. This process allows manufacturers to complete their processes until they are able to send goods for consumption.

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 36 percent in general fund revenues from customer fees and charges and 42 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. Only the Irvington Building renovation is still in progress and estimated to be finished during the FY 2026. In FY 2024, the Department issued \$15,095,000 in Maintenance Notes to provide additional funds for the Irvington Building Renovation, furniture and various capital projects.

At the end of the fiscal year, HCDE had a total of \$11,417,503 of unspent proceeds mainly from the 2024 maintenance notes. All projects are in progress and expected to be completed on the next 2 years.

Major Initiatives

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

1. The department planned for a one-time expenditure from the FY2026 fund balance, on the amount of \$934,560, to replace the generator at the Irvington location.
2. The Department continued two other programs into FY 2026 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, 2024. This is the twenty-second (22) consecutive year that the Department has achieved this prestigious award. To be awarded a *Certificate of Achievement*, the Department had to publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable legal requirements.

The Department received its twenty-second (22) 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, 2024. 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, and is waiting for the decision on the application for the PAFR for the fiscal year ended August 31, 2024. 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, 2025. This award is the highest form of recognition in governmental budgeting. Its attainment represents a significant achievement by an organization. This is the seventeen (17) 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 sixteen (16) Meritorious Budget Award for the fiscal year 2024-2025 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 was 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. Application was submitted for the year ended August 31, 2025 and waiting for the results.

Harris County Department of Education also received the TASBO Award of Merit for Purchasing Operations for the year ended August 31, 2024. This was 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. Application was submitted for the year ended August 31, 2025 and waiting for the results.

In FY 2025, 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 tenth (10) 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 **five transparency stars** from the State of Texas for its transparency over traditional finances, debt reporting, contracts and procurement, public pensions and open government and compliance. 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](#)

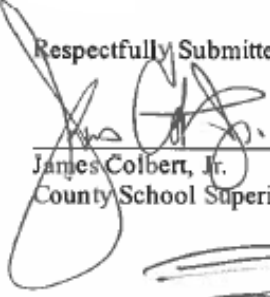
Each of these awards is valid for a period of one year. We believe that our current ACFR and PAFR continues to meet both programs' requirements and we will submit it for determination of eligibility for certificates from both programs again this year.

In addition, in FY 2025 HCDE received the 2025 ASBO International Pinnacle Award for its collaboration and construction of the new Coolwood Head Start Center serving economically disadvantaged families. This is the first time that an ASBO Member receives this prestigious award for the second time. Dr. Jesus Amezcua received this in 2021 and was the lead team member in submitting the application in 2025.

The project was funded by a Health and Human Services Grant and local HCDE funds. Moreover, the project was a collaboration with the City's Parks Board, the private sector and the HCDE Board to come together and make this project a reality. Internally, the Head Start Director, the Construction Director, the Assistant Supt for Business and external consultants collaborated for the completion of the projection and eventual application to ASBO.

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. This is the last of 18 years of preparing award winning financial reports for HCDE by Dr. Jesus Amezcua who is retiring at the end of December 31, 2025. We would like to express our appreciation to all Department and in specific **the talented staff of the Business Office** 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.

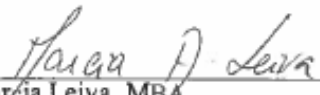
Respectfully Submitted,



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

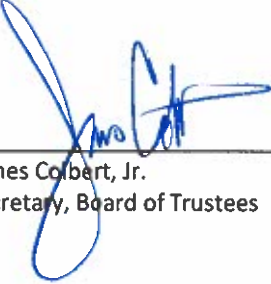
CERTIFICATE OF BOARD

Harris County Department of Education

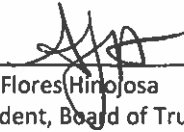
Harris County
County

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, 2025, at a meeting of the Board of Trustees on the 17th day of December 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, 2024.

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, 2024

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, 2024

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.



**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, 2024.

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, 2025

County Board of School Trustees

NAME	TITLE	LENGTH OF SERVICE	TERM EXPIRES
Amy Flores Hinojosa	President	2019	12/31/2028
Richard Cantu	First Vice President	2019	12/31/2030
Erica Davis	Second Vice President	2021	12/31/2026
James Colbert, Jr.	Secretary	2014	Appointed
Andrea Duhon	Member	2019	12/31/2028
Eric Dick	Member	2017	12/31/2030
John McGee	Member	2023	12/31/2030
Silky Joshi-Malik	Member	2025	12/31/2026

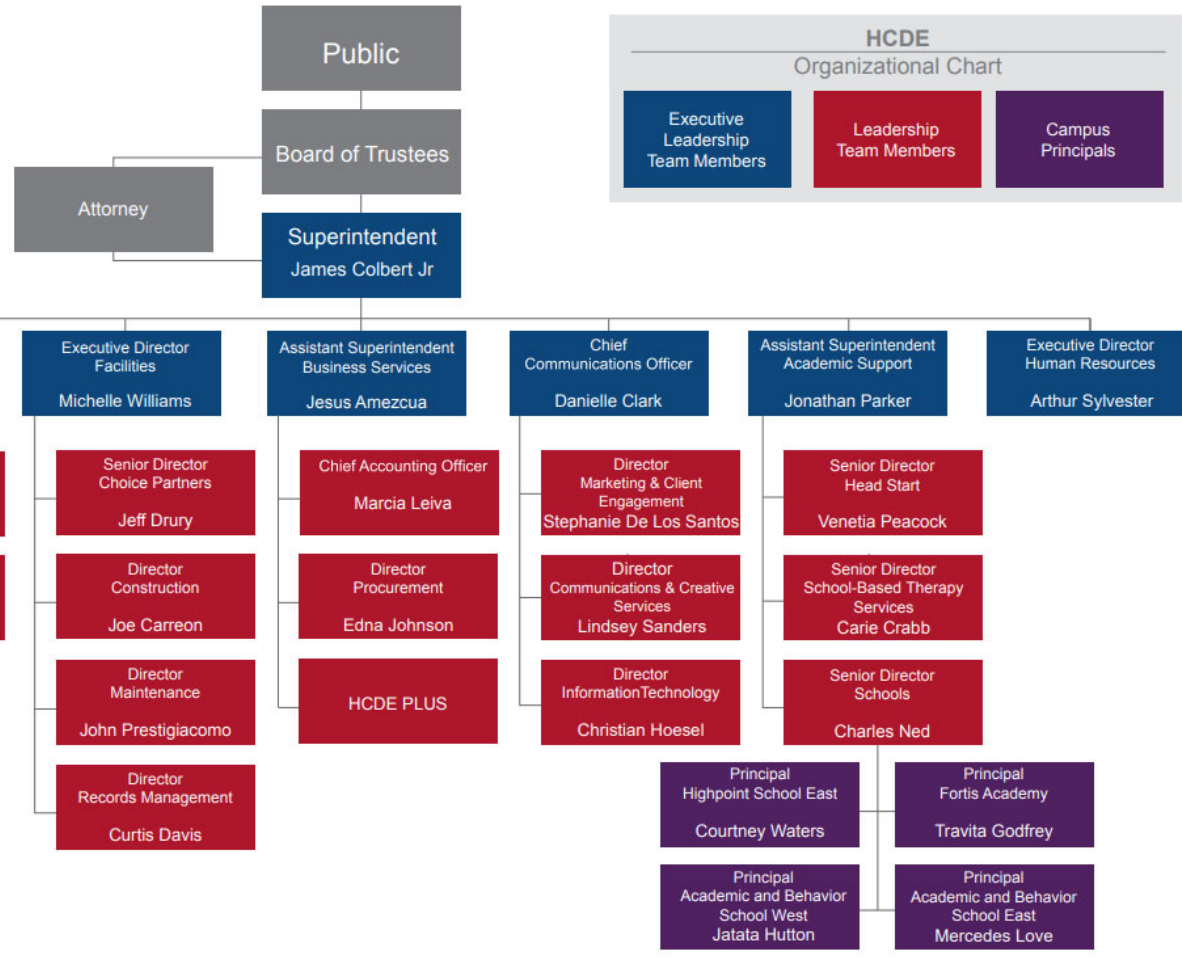
Executive Leadership Team

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, 2025

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, 2025, 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, 2025, 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.

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 December 17, 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.

A handwritten signature in black ink that reads "Whitney Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas
December 17, 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, 2025. 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 \$59,705,835 .
- The Department's net position increased by \$3,999,990 . The primary cause of this increase is related to the increase in revenues from the Choice Partners co-op, an increase in property taxes related to increase in values and an increase in other local revenues.
- As of August 31, 2025, the Department's governmental funds reported combined ending fund balances of \$50,748,933, a decrease of \$4,671,570. The decrease in governmental fund balances was primarily due the progress of capital projects and a decrease in the capital projects fund balance.
- At the end of the fiscal year, the unassigned fund balance in the General Fund was \$24,300,720 or 37.5 percent of the General Fund's total expenditures for this fiscal year.
- The Department's total bonded debt decreased by \$1,729,641 during the fiscal year due to the payment of principal.

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 66 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 \$59,705,835 at August 31, 2025.

Harris County Department of Education Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 61,410,742	\$ 69,353,856	\$ 3,236,575	\$ 2,939,122	\$ 64,647,317	\$ 72,292,978
Capital assets, net	127,282,723	121,262,091	-	-	127,282,723	121,262,091
Total Assets	188,693,465	190,615,947	3,236,575	2,939,122	191,930,040	193,555,069
Deferred outflows - pension/OPEB	16,946,871	18,237,027	-	-	16,946,871	18,237,027
Total Deferred Outflows of Resources	16,946,871	18,237,027	-	-	16,946,871	18,237,027
Current liabilities	7,862,687	11,181,512	1,483,304	1,185,851	9,345,991	12,367,363
Long term liabilities	121,105,551	119,892,917	-	-	121,105,551	119,892,917
Total Liabilities	128,968,238	131,074,429	1,483,304	1,185,851	130,451,542	132,260,280
Deferred inflows - pension/OPEB	18,719,534	23,825,971	-	-	18,719,534	23,825,971
Total Deferred Inflows of Resources	18,719,534	23,825,971	-	-	18,719,534	23,825,971
Net Position:						
Net investment in capital assets	70,273,387	69,145,023	-	-	70,273,387	69,145,023
Unrestricted	(12,320,823)	(15,192,449)	1,753,271	1,753,271	(10,567,552)	(13,439,178)
Total Net Position	\$ 57,952,564	\$ 53,952,574	\$ 1,753,271	\$ 1,753,271	\$ 59,705,835	\$ 55,705,845

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

Net investment in capital assets of \$70,273,387 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 \$10,567,552 .The deficit reported as unrestricted is related to the net pension and OPEB liabilities (\$25,210,681 million and \$19,861,116 million respectively).

The net position of the Department increased by \$3,999,990 for the year ended August 31, 2025. Detail of the change in the Department's net position follows:

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Program Revenues						
Charges for services	\$ 30,739,302	\$ 27,188,786	\$ 11,849,487	\$ 10,709,082	\$ 42,588,789	\$ 37,897,868
Operating grants	33,523,041	39,822,294	-	-	33,523,041	39,822,294
General Revenues						
Property taxes	30,989,265	30,319,237	-	-	30,989,265	30,319,237
Grants and contributions not restricted	1,434,705	2,311,044	-	-	1,434,705	2,311,044
Investment Earnings	2,511,742	2,953,612	-	-	2,511,742	2,953,612
Miscellaneous	7,236,837	2,681,996	36,795	45,000	7,273,632	2,726,996
Total Revenues	106,434,892	105,276,969	11,886,282	10,754,082	118,321,174	116,031,051
Expenses						
Adult Education Program	6,208,386	5,718,834	-	-	6,208,386	5,718,834
Assistant Superintendents	696,701	717,911	-	-	696,701	717,911
Board of Trustees	213,438	214,648	-	-	213,438	214,648
Business Support Services	2,235,592	2,185,620	-	-	2,235,592	2,185,620
Center for After School, Summer & Expanded Learning	8,898,047	9,308,723	-	-	8,898,047	9,308,723
Center for Safe & Secure Schools	1,207,572	967,081	-	-	1,207,572	967,081
Center for Grant Development	639,670	606,025	-	-	639,670	606,025
Choice Partners Cooperatives	-	-	3,200,748	2,788,695	3,200,748	2,788,695
Client Engagement	737,808	670,171	-	-	737,808	670,171
Communications	1,342,341	1,193,868	-	-	1,342,341	1,193,868
Department Wide	10,384,536	6,398,809	-	-	10,384,536	6,398,809
Education Certification & Professional Advancement	7,645	18,936	-	-	7,645	18,936
Education Foundation	200,000	200,000	-	-	200,000	200,000
Facility Support Services	8,125,659	9,100,971	-	-	8,125,659	9,100,971
Head Start Program	21,680,974	22,394,981	-	-	21,680,974	22,394,981
Human Resources	1,289,976	1,243,356	-	-	1,289,976	1,243,356
Interest and Fees-Long-Term Debt	1,961,719	1,614,460	-	-	1,961,719	1,614,460
Purchasing Support Services	816,741	745,211	-	-	816,741	745,211
Community Engagement	141,036	107,930	-	-	141,036	107,930
Records Management Services	2,489,254	1,147,440	-	-	2,489,254	1,147,440
Research & Evaluation Institution	638,778	635,546	-	-	638,778	635,546
Retirement Leave Benefits	299,940	379,701	-	-	299,940	379,701
School Based Therapy Services	13,966,651	13,536,488	-	-	13,966,651	13,536,488
Chief of Staff	348,242	316,136	-	-	348,242	316,136
Special Schools & Services	18,817,318	15,918,886	-	-	18,817,318	15,918,886
Superintendent's Office	722,740	726,226	-	-	722,740	726,226
Technology Support Services	5,043,167	4,557,270	-	-	5,043,167	4,557,270
The Teaching & Learning Center	2,006,505	1,957,757	-	-	2,006,505	1,957,757
Total Expenses	111,120,436	102,582,985	3,200,748	2,788,695	114,321,184	105,371,680
Increase (decrease) in net position before transfers	(4,685,544)	2,693,984	8,685,534	7,965,387	3,999,990	10,659,371
Transfers	8,685,534	7,965,387	(8,685,534)	(7,965,387)	-	-
Increase (decrease) in net position	3,999,990	10,659,371	-	-	3,999,990	10,659,371
Beginning Net Position	53,952,574	43,293,203	1,753,271	1,753,271	55,705,845	45,046,474
Ending Net Position	\$ 57,952,564	\$ 53,952,574	\$ 1,753,271	\$ 1,753,271	\$ 59,705,835	\$ 55,705,845

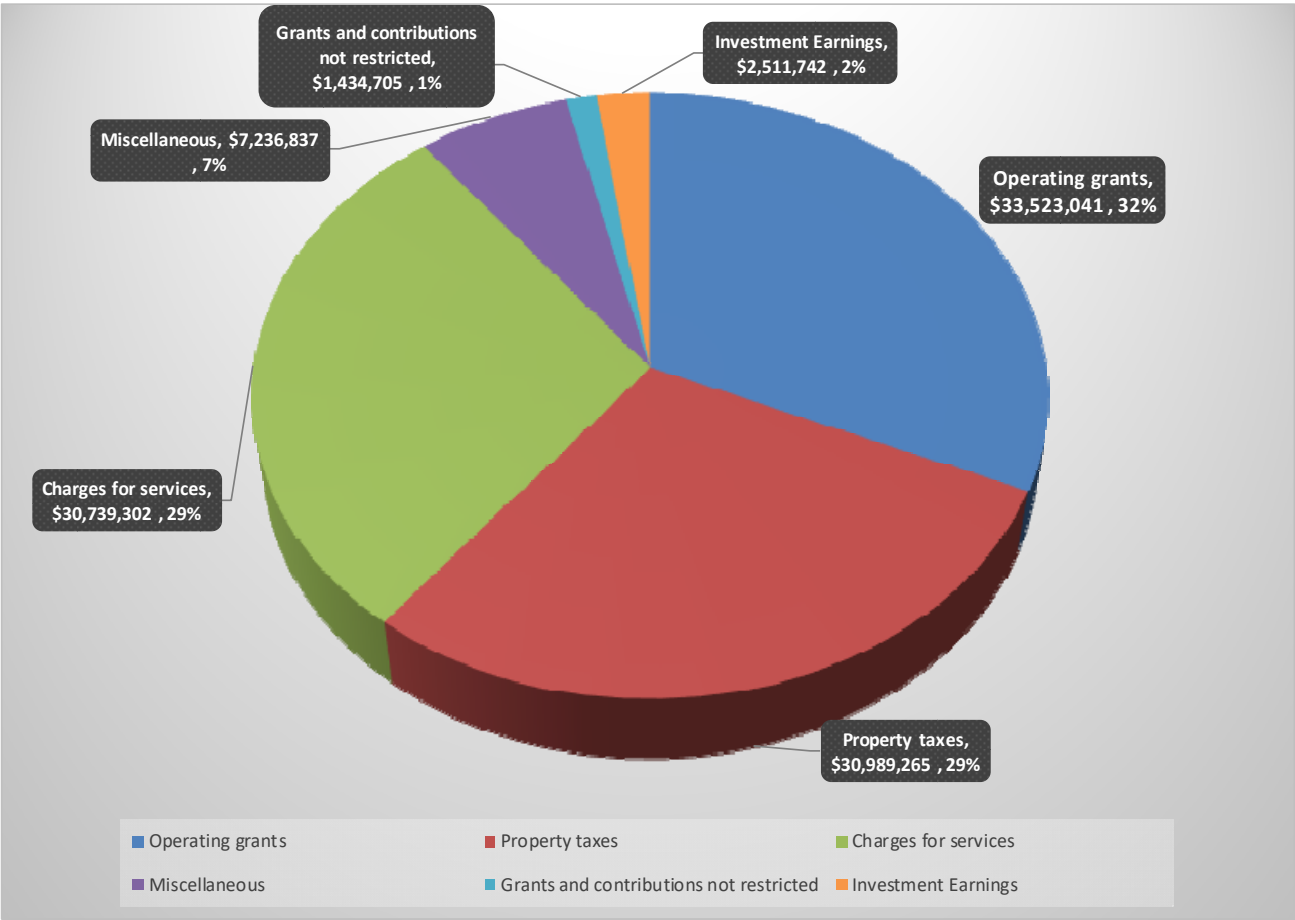
HARRIS COUNTY DEPARTMENT OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (continued)

In fiscal year 2025 property taxes increased (2.2 percent) due to an increase in property values. Grants and contributions decreased overall (15.8 percent) due to a decrease in Headstart funding and CASE funding. Prior year included additional funding for projects that have been completed. A decrease was also noted due to the timing of the grant in the current year. CASE funding decreased due to a slight decrease in participation. Adult education increased due to additional needs.

Expenses increased in total by 8.4 percent. The primary increases are due to an increase in the department-wide costs related to increase in payroll; records management due to increased customer usage and special schools and services as more students participated.

Revenues for the governmental activities are generated primarily from three sources. The first source is comprised of two groups, Operating Grants and Contributions (\$33,523,041) and Grants and Contributions Not Restricted to Specific Program (\$1,434,705) totaling \$34,957,746 , represent 29.5 percent of total revenues. Charges for services from governmental activities (\$30,739,302) and (\$11,886,282) from business-type activities represent 36.0 percent of total revenues. The remaining percent is generated from property taxes (26.2 percent), head start non-federal share and miscellaneous revenues and investment earnings.

Revenues by Source – Governmental Activities
Total \$106,434,892



Revenues for the business-type activities are generated primarily by fees charged to external users of goods and services. Total business-type activities revenues for FY 2025 total \$11,886,282 . This is an increase of 10.5% or \$1,132,200. 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 (\$21,680,974) which represents 19.0 percent of total expenses. The special schools and services (\$18,817,318) represents 16.5 percent and school based therapy (\$13,966,651) represents 12.2 percent. Department Wide expenses (\$10,384,536) represents 9.1 percent and the center for after-school (\$8,898,047) represents 7.8 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 \$50,748,933, in comparison with the prior year of \$55,420,503. The net decrease of the combined fund balances was primarily comprised of a fund balance increase in the general fund of \$2,555,938 and a decrease in the capital projects fund of \$7,227,508. The decrease in the capital projects fund is due to payment for progress of projects. The increase in the general fund can be attributed to the increase in the transfer from Choice Partners. Out of the combined fund balances, \$24,243,141 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 \$298,801, restricted fund balance of \$12,798,719, committed fund balance of \$2,288,291 and assigned fund balance of \$11,119,981. 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 \$24,300,720, while total fund balance was \$37,193,433. 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 37.5 percent of total general fund expenditures, while total fund balance represents 57.5 percent of that same amount.

The fund balance in the general fund increased \$2,555,938 during the current fiscal year primarily due to the transfers from the Choice Partner fund of \$8,685,534.

The fund balance for the PFC Capital Project Funds decreased by \$7,227,508 due to the payment of progress invoices on projects.

Proprietary Fund - the Department's proprietary fund financial statement reflects the Department's enterprise fund and internal service funds for internal services and workers' compensation. 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 \$4,035,610. 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 Department Wide.

At year end local revenues were higher than budgeted from investment income by \$4.9 million. This was offset by tuition and fees being under budget by \$3.3 million with a decrease in services needed and a hold on ABS East. Property taxes were on track with budget. State revenues exceeded budget by \$997 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 \$5,611,060 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:

- \$5,120,250 for Department Wide
- \$375,035 for Business Services

There was a \$ 6,791,775 difference between the final amended budget and actual expenditures. The significant differences are summarized below:

- \$1,714,743 Special Schools and Services under budget
- \$1,661,465 School Based Therapy Services under budget
- \$865,907 Center for Educators under budget
- \$686,660 Department Wide under budget
- \$512,078 Business Services under budget

Capital Assets and Long-Term Liabilities

Capital Assets- At the end of fiscal year 2025, Harris County Department of Education had \$127,282,723 (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 \$6,020,632 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	
	2025	2024
Land	\$ 3,421,266	\$ 3,421,266
Buildings and Improvements	96,922,306	77,963,194
Furniture and Equipment	9,680,023	6,699,084
Construction in Progress	8,038,780	23,136,922
Right-to-use asset	9,220,348	10,041,625
Total	\$ 127,282,723	\$ 121,262,091

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

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

- \$5.2 million increase in construction in progress related to Irvington renovations.
- \$20.2 million moved from construction in progress to buildings related to Coolwood HS 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 \$69,808,055 consisting of \$26,985,000 lease revenue bonds, 28,960,000 in maintenance tax notes and \$5,867,822 in issuance premiums and \$7,995,233 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 \$6,225,699 are related with compensated absences and worker's compensation claims.

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

	Governmental Activities	
	2025	2024
Bonds and Notes Payable	\$ 61,812,822	\$ 63,542,463
Leases payable	7,995,233	8,600,832
Other Long-Term Liabilities	6,225,699	5,949,660
Net Pension Liability (Department Share)	25,210,681	27,707,570
Net OPEB Liability (Department Share)	19,861,116	14,092,392
Total	\$ 121,105,551	\$ 119,892,917

During the year ended August 31, 2025, the Department's total long-term liabilities had a net increase of \$1,212,634 due to changes in the net pension liability and OPEB liability of \$3,271,835 , offset by a decrease in bonds and notes payable of \$1,729,641 .

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 \$26 Billion to \$665 billion for tax year 2024 (FY 2024-2025).
- Property taxes represent 45 percent of the fiscal year 2024-2025 total estimated general fund revenues.
- The unemployment rate for Harris County was 5.0 percent on August 31, 2025, while the nationwide rate averaged 4.3 percent.
- Inflation and other factors have resulted in increases for health insurance, property insurance, electricity and travel reimbursements costs. The Consumer Price index as of August 31, 2025, was 2.9% higher.

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 2026 general fund and the property tax rate. The adopted budget is based on the following significant assumptions:

- Estimated revenues from current tax revenues are \$33,117,193, an increase of 2.9 percent from previous fiscal year 2025 budget of \$32,184,041 based on an increase in property values assessed by the Harris County Appraisal District.
- Fiscal Year 2026 general fund expenditures are budgeted at \$78,900,529, a decrease of 1.8 percent from the amended fiscal year 2025 budget of \$80,354,331. The decrease is related to the decrease of transfers out to support construction and the reduction of revenues from special schools due to the hold from TEA.

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, 2025

Exhibit A-1

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 50,580,366	\$ 1,334,957	\$ 51,915,323
Property taxes receivable (net)	1,459,847	-	1,459,847
Due from other governments	6,637,668	-	6,637,668
Other receivables	1,988,842	1,880,999	3,869,841
Inventories	99,935	-	99,935
Prepaid items	644,084	20,619	664,703
Capital Assets:			
Land	3,421,266	-	3,421,266
Construction in Progress	8,038,780	-	8,038,780
Buildings and improvements, net	96,922,306	-	96,922,306
Furniture and equipment, net	9,680,023	-	9,680,023
Right-to-use assets - buildings, net	9,220,348	-	9,220,348
Total Assets	188,693,465	3,236,575	191,930,040
Deferred Outflows of Resources			
Deferred outflow related to OPEB	9,490,324	-	9,490,324
Deferred outflow related to pension	7,456,547	-	7,456,547
Total Deferred Outflows of Resources	16,946,871	-	16,946,871
Liabilities			
Accounts payable	4,357,723	1,347,791	5,705,514
Payroll deductions payable	1,505,417	-	1,505,417
Accrued wages payable	146,147	254	146,401
Accrued interest payable	97,221	-	97,221
Due to Other Governments	82,709	81,678	164,387
Unearned revenues	1,673,470	53,581	1,727,051
Long-term Liabilities:			
Due within one year	3,338,674	-	3,338,674
Due in more than one year:	72,695,080	-	72,695,080
Net OPEB Liability (Department's Share)	19,861,116	-	19,861,116
Net Pension Liability (Department's Share)	25,210,681	-	25,210,681
Total Liabilities	128,968,238	1,483,304	130,451,542
Deferred Inflows of Resources			
Deferred inflow related to OPEB	18,242,971	-	18,242,971
Deferred inflow related to pension	476,563	-	476,563
Total Deferred inflows of Resources	18,719,534	-	18,719,534
Net Position			
Net investment in capital assets	70,273,387	-	70,273,387
Unrestricted	(12,320,823)	1,753,271	(10,567,552)
Total Net Position	\$ 57,952,564	\$ 1,753,271	\$ 59,705,835

HARRIS COUNTY DEPARTMENT OF EDUCATION

STATEMENT OF ACTIVITIES

For the Year Ended August 31, 2025

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	\$ 6,208,386	\$ -	\$ 5,935,389	\$ (272,997)	\$ -	\$ (272,997)
Assistant Superintendents	696,701	-	-	(696,701)	-	(696,701)
Board of Trustees	213,438	-	-	(213,438)	-	(213,438)
Business Support Services	2,235,592	508,038	-	(1,727,554)	-	(1,727,554)
Center for After School, Summer & Expanded Learning	8,898,047	927,627	6,785,849	(1,184,571)	-	(1,184,571)
Center for Safe & Secure Schools	1,207,572	341,564	97,005	(769,003)	-	(769,003)
Center for Grant Development	639,670	2,050	-	(637,620)	-	(637,620)
Client Engagement	737,808	3,905	-	(733,903)	-	(733,903)
Communications	1,342,341	-	-	(1,342,341)	-	(1,342,341)
Department Wide Education Certification & Professional Advancement	10,384,536	20,009	-	(10,364,527)	-	(10,364,527)
Education Foundation	7,645	7,645	-	-	-	-
Facility Support Services	200,000	-	-	(200,000)	-	(200,000)
Head Start Program	8,125,659	-	-	(8,125,659)	-	(8,125,659)
Human Resources	21,680,974	4,831,329	20,441,506	3,591,861	-	3,591,861
Interest and Fees-Long-Term Debt	1,289,976	-	-	(1,289,976)	-	(1,289,976)
Purchasing Support Services	1,961,719	-	-	(1,961,719)	-	(1,961,719)
Community Engagement	816,741	11,314	-	(805,427)	-	(805,427)
Records Management Services	141,036	-	-	(141,036)	-	(141,036)
Research & Evaluation Institution	2,489,254	1,934,918	-	(554,336)	-	(554,336)
Retirement Leave Benefits	638,778	100,918	-	(537,860)	-	(537,860)
School Based Therapy Services	299,940	-	-	(299,940)	-	(299,940)
Chief of Staff	13,966,651	11,544,608	26,612	(2,395,431)	-	(2,395,431)
Special Schools & Services	348,242	223,016	-	(125,226)	-	(125,226)
Superintendent's Office	18,817,318	9,840,311	236,680	(8,740,327)	-	(8,740,327)
Technology Support Services	722,740	-	-	(722,740)	-	(722,740)
The Teaching & Learning Center	5,043,167	-	-	(5,043,167)	-	(5,043,167)
Total Governmental Activities	<u>2,006,505</u>	<u>442,050</u>	<u>-</u>	<u>(1,564,455)</u>	<u>-</u>	<u>(1,564,455)</u>
Business-Type Activities:						
Choice Partners Cooperative	3,200,748	11,849,487	-	-	8,648,739	8,648,739
Total Business-Type Activities	<u>3,200,748</u>	<u>11,849,487</u>	<u>-</u>	<u>-</u>	<u>8,648,739</u>	<u>8,648,739</u>
Total Primary Government	<u>\$114,321,184</u>	<u>\$ 42,588,789</u>	<u>\$ 33,523,041</u>	<u>(46,858,093)</u>	<u>8,648,739</u>	<u>(38,209,354)</u>
General Revenues:						
Property Taxes, Levied for General Purposes				30,989,265	-	30,989,265
Grants and Contributions Not Restricted to Specific Program				1,434,705	-	1,434,705
Investment Earnings				2,511,742	-	2,511,742
Miscellaneous				7,236,837	36,795	7,273,632
Transfers				<u>8,685,534</u>	<u>(8,685,534)</u>	<u>-</u>
Total General Revenues and Transfers				<u>50,858,083</u>	<u>(8,648,739)</u>	<u>42,209,344</u>
Change in Net Position				3,999,990	-	3,999,990
Net Position-Beginning				<u>53,952,574</u>	<u>1,753,271</u>	<u>55,705,845</u>
Net Position-Ending				<u>\$ 57,952,564</u>	<u>\$ 1,753,271</u>	<u>\$ 59,705,835</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION

Exhibit B-1

BALANCE SHEET
GOVERNMENTAL FUNDS
August 31, 2025

	General Fund	County Connections	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 32,680,571	\$ -	\$ 14,664,559	\$ 2,036,850	\$ 49,381,980
Property taxes receivable	1,489,640	-	-	-	1,489,640
Allowance for uncollectible taxes	(29,793)	-	-	-	(29,793)
Due from other governments	440,478	1,473,942	-	4,723,248	6,637,668
Due from other funds	4,030,445	-	-	-	4,030,445
Other receivables	2,368,206	-	-	20,129	2,388,335
Allowance for uncollectible receivables	(400,000)	-	-	-	(400,000)
Inventories	99,935	-	-	-	99,935
Prepaid Items	141,287	-	-	57,579	198,866
Total Assets	\$ 40,820,769	\$ 1,473,942	\$ 14,664,559	\$ 6,837,806	\$ 63,797,076
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts payable	\$ 535,344	\$ 282,323	\$ 1,865,840	\$ 1,484,868	\$ 4,168,375
Payroll Deductions Payable	1,475,417	-	-	30,000	1,505,417
Accrued wages payable	58,866	26	-	68,988	127,880
Due to other funds	-	1,191,593	-	2,838,852	4,030,445
Due to other governments	82,709	-	-	-	82,709
Due to others	-	-	-	-	-
Unearned revenues-other	15,153	-	-	1,658,317	1,673,470
Total Liabilities	2,167,489	1,473,942	1,865,840	6,081,025	11,588,296
Deferred Inflows of Resources					
Unavailable revenue-property taxes	1,459,847	-	-	-	1,459,847
Total Deferred Inflows of Resources	1,459,847	-	-	-	1,459,847
Fund Balances:					
Nonspendable:					
Inventory	99,935	-	-	-	99,935
Prepaid Items	141,287	-	-	57,579	198,866
Restricted:					
PFC Construction Projects	-	-	12,798,719	-	12,798,719
Committed:					
Capital Projects	1,114,976	-	-	-	1,114,976
Retirement Employee Leave	973,315	-	-	-	973,315
Unemployment Liability	200,000	-	-	-	200,000
Assigned:					
Building & Vehicle Replacement Acquisition	1,265,200	-	-	-	1,265,200
Asset Replacement & Acquisition	2,500,000	-	-	-	2,500,000
PFC Lease Payment	5,098,000	-	-	-	5,098,000
Computer Lease Program	1,000,000	-	-	-	1,000,000
New Program Initiative	500,000	-	-	-	500,000
Debt Service	-	-	-	756,781	756,781
Unassigned	24,300,720	-	-	(57,579)	24,243,141
Total Fund Balances	37,193,433	-	12,798,719	756,781	50,748,933
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 40,820,769	\$ 1,473,942	\$ 14,664,559	\$ 6,837,806	\$ 63,797,076

HARRIS COUNTY DEPARTMENT OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
August 31, 2025

Exhibit B-2

Total Fund Balances-Governmental Funds (Exhibit B-1) \$ 50,748,933

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	172,300,499
Accumulated depreciation/amortization	(45,017,776)
Capital assets, net of accumulated depreciation	<u>127,282,723</u>

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	7,456,547
Deferred inflows - pensions	(476,563)
Deferred outflows - OPEB	9,490,324
Deferred inflows - OPEB	(18,242,971)
Total deferred outflows and inflows related to postemployment benefits	<u>(1,772,663)</u>

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds. 1,459,847

The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position. 1,402,126

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	(55,945,000)
Lease liability	(7,995,233)
Accrued Interest on Bonds and Notes Payable	(97,221)
Premium on Bonds	(5,867,822)
Net Pension Liability	(25,210,681)
Net OPEB Liability	(19,861,116)
Compensated Absences	(6,191,329)
Total long-term liabilities	<u>(121,168,402)</u>

Total Net Position-Governmental Activities (Exhibit A-1) \$ 57,952,564

HARRIS COUNTY DEPARTMENT OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
For the Year Ended August 31, 2025

Exhibit B-3

	General Fund	County Connections	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Local and Intermediate Sources	\$ 57,154,020	\$ -	\$ 573,729	\$ 6,396,249	\$ 64,123,998
State Programs	4,912,160	-	-	-	4,912,160
Federal Programs	2,639,059	1,826,489	-	29,213,325	33,678,873
Total Revenues	64,705,239	1,826,489	573,729	35,609,574	102,715,031
Expenditures					
Current:					
Adult Education Program	645,355	-	-	5,649,637	6,294,992
Assistant Superintendents	719,090	-	-	-	719,090
Board of Trustees	215,815	-	-	-	215,815
Business Support Services	2,291,690	-	-	380	2,292,070
Center for After-School, Summer & Expanded Learning	882,407	1,826,489	-	6,516,153	9,225,049
Center for Texas Grants Development	660,123	-	-	-	660,123
Center for Safe & Secure Schools	938,177	-	-	303,161	1,241,338
Client Engagement	754,990	-	-	3,905	758,895
Communications	1,376,958	-	-	-	1,376,958
Department Wide	10,271,733	-	-	-	10,271,733
Education Certification & Professional Advancement	-	-	-	7,645	7,645
Education Foundation	200,000	-	-	-	200,000
Facility Support Services	219,658	-	3,007,806	-	3,227,464
Head Start Program	713	-	-	23,125,458	23,126,171
Human Resources	1,327,474	-	-	-	1,327,474
Purchasing Support Services	841,278	-	-	-	841,278
Community Engagement	145,202	-	-	-	145,202
Records Management Services	2,490,533	-	-	-	2,490,533
Research & Evaluation Institute	660,765	-	-	-	660,765
Retirement Leave Benefits	299,940	-	-	-	299,940
Scholastic Arts & Writing Program	-	-	-	7,500	7,500
School Based Therapy Services	14,413,519	-	-	54,163	14,467,682
Special Assistant to Superintendent	347,460	-	-	16,860	364,320
Special Schools & Services	16,667,001	-	-	527,191	17,194,192
Superintendent's Office	740,077	-	-	-	740,077
Special Schools Administration	952,400	-	-	-	952,400
Technology Support Services	4,740,792	-	-	131,647	4,872,439
The Teaching & Learning Center	1,924,700	-	-	-	1,924,700
Debt Service:					
Principal on Long-Term Debt	-	-	-	1,480,000	1,480,000
Interest on Long-Term Debt	-	-	-	1,956,960	1,956,960
Bond Issuance Costs & Fees-MTN	-	-	-	254,400	254,400
Capital Outlay:					
Facilities acquisition and construction	-	-	6,474,930	-	6,474,930
Total Expenditures	64,727,850	1,826,489	9,482,736	40,035,060	116,072,135
Excess (Deficiency) of Revenues Over (Under) Expenditures	(22,611)	-	(8,909,007)	(4,425,486)	(13,357,104)
Other Financing Sources (Uses)					
Transfers In	8,793,485	-	1,789,450	4,425,486	15,008,421
Transfers Out	(6,214,936)	-	(107,951)	-	(6,322,887)
Total Other Financing Sources (Uses)	2,578,549	-	1,681,499	4,425,486	8,685,534
Net Change in Fund Balances	2,555,938	-	(7,227,508)	-	(4,671,570)
Fund Balances-Beginning	34,637,495	-	20,026,227	756,781	55,420,503
Fund Balances-Ending	\$ 37,193,433	\$ -	\$ 12,798,719	\$ 756,781	\$ 50,748,933

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, 2025

Exhibit B-4

Total Net Change in Fund Balances-Governmental Funds (Exhibit B-3): \$ (4,671,570)

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	10,050,259
Depreciation/amortization	(4,059,935)
Disposal of assets	30,308

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.

80,312

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.

Principal paid on bonds	1,480,000
Principal paid on lease	605,599

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.

Amortization of bond premium	249,641
Compensated absences	(298,917)
Changes in net pension liabilities and related deferred outflows and inflows of resources	(2,392,671)
Changes in net OPEB liabilities and related deferred outflows and inflows of resources	2,937,117

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.

(10,153)

Change in Net Position of Governmental Activities (Exhibit A-2): \$ 3,999,990

HARRIS COUNTY DEPARTMENT OF EDUCATION

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

August 31, 2025

Exhibit B-5

	Business-Type Activities	Governmental Activities
	Choice Partners	Internal Service Funds
Assets		
Current Assets:		
Cash and cash equivalents	\$ 1,334,957	\$ 1,198,386
Due from Vendors	1,880,999	507
Prepaid Items	20,619	445,218
Total Assets	3,236,575	1,644,111
Liabilities		
Current Liabilities:		
Accounts payable	1,347,791	189,348
Accrued wages payable	254	18,267
Claims Payable - due within one year	-	34,370
Due to other governments	81,678	-
Unearned Revenues	53,581	-
Total Liabilities	1,483,304	241,985
Net Position		
Unrestricted	1,753,271	1,402,126
Total Net Position	\$ 1,753,271	\$ 1,402,126

HARRIS COUNTY DEPARTMENT OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
For the Year Ended August 31, 2025

Exhibit B-6

	Business-Type Activities	Governmental Activities
	Choice Partners	Internal Service Funds
Operating Revenues		
Charges for Services	\$ 11,886,282	\$ 7,224,728
Total Operating Revenues	11,886,282	7,224,728
Operating Expenses		
Payroll Costs	1,956,596	3,390,137
Professional Services	663,352	1,601,307
Supplies and Materials	91,031	426,159
Administrative	140,887	1,817,278
Facility Support Charges	68,411	-
Travel and Meeting Costs	150,674	-
Advertising and Notices	129,797	-
Total Operating Expenses	3,200,748	7,234,881
Operating Income (Loss) Before Transfers	8,685,534	(10,153)
Transfer Out	(8,685,534)	-
Change in net position	-	(10,153)
Total Net Position-Beginning	1,753,271	1,412,279
Total Net Position-Ending	\$ 1,753,271	\$ 1,402,126

HARRIS COUNTY DEPARTMENT OF EDUCATION
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended August 31, 2025

Exhibit B-7

	Business-Type Activities	Governmental Activities
	Choice Partners	Internal Service Funds
Cash Flows from Operating Activities		
Receipts from customers	\$ 11,926,956	\$ -
Payments for operating activities with other funds	-	7,224,728
Payments to employees	(1,956,364)	(3,396,596)
Payments to suppliers	(995,666)	(3,374,204)
Payments for workers' compensation claims	-	(459,610)
Net Cash Provided by (Used By) Operating Activities	<u>8,974,926</u>	<u>(5,682)</u>
Cash Flows for Noncapital Financing Activities		
Transfer to General Fund	(8,685,534)	-
Net Cash Flows provided by (used for) Noncapital Financing Activities	<u>(8,685,534)</u>	<u>-</u>
Net change in cash and cash equivalents	289,392	(5,682)
Cash and Cash Equivalents at Beginning of Year	<u>1,045,565</u>	<u>1,204,068</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,334,957</u>	<u>\$ 1,198,386</u>
Reconciliation of Operating Income to Net Cash		
Provided by (Used for) Operating Activities:		
Operating income	\$ 8,685,534	\$ (10,153)
Changes in Assets and Liabilities:		
Decrease (increase) in prepaid items	(2,803)	85,784
Decrease (increase) in accounts receivable	(5,258)	(507)
Increase (decrease) in accounts payable	206,414	(51,469)
Increase (decrease) in accrued wages payable	232	(6,459)
Increase (decrease) in claims payable	-	(22,878)
Increase (decrease) in due to others	44,875	-
Increase (decrease) in unearned revenues	45,932	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 8,974,926</u>	<u>\$ (5,682)</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
August 31, 2025

Exhibit B-8

	<u>Custodial Fund</u>
Assets	
Cash and cash equivalents	\$ 60,622
Total Assets	<u>\$ 60,622</u>
Liabilities	
Accounts payable	\$ 170
Total Liabilities	<u>\$ 170</u>
Net Position	<u><u>\$ 60,452</u></u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended August 31, 2025

Exhibit B-9

	<u>Custodial Fund</u>
Additions	
Contributions	\$ 8,235
Total Additions	<u>8,235</u>
Deductions	
Payments	<u>3,453</u>
Total Deductions	<u>3,453</u>
Change in fiduciary net position	4,782
Beginning Net Position	<u>55,670</u>
Ending Net Position	<u>\$ 60,452</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 net position 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 balance, 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.

County Connections Program, a Special Revenue Fund, is used to account for funds granted for the CASE program by the United States Department of Treasury.

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, 2025. 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 2024 (fiscal year 2025) was \$0.004799 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.

If there is a constraint on how the eventual proceeds can be spent, the fund balance is classified to reflect that constraint (restricted, committed, or assigned), rather than included as part of nonspendable fund balance.

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. 101, Compensated Absences, was issued in June 2022. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The requirements of this Statement did not result in a material change to the financial statements as existing policies for compensated absences were substantially consistent with the new guidance; therefore, no restatement or significant adjustments were necessary.

GASB issued Statement No. 102, Certain Risk Disclosures, in December 2023. The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The requirements of this statement were implemented in fiscal year 2025 and there was no impact to 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.

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.

Note 3 - Deposits and Investments (continued)

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 2025, the Department invested in the Texas Local Government Investment Pool (TexPool), Lone Star Investment Pool, and Texas Short Term Asset Reserve Program (TexSTAR) and Texas CLASS. These external pools operate like a "2a-7" pool (except TexSTAR) and these investments are carried at amortized cost in accordance with GASB 31. The fair value of the Department's position in the above pools is the same as the value of the pool shares.

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

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

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

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

Note 3 - Deposits and Investments (continued)

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.

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, 2025, the carrying amount of the Department's deposits was \$1,798,145 and the bank balance was \$2,491,688. The Department's entire bank balance on August 31, 2025, was not exposed to custodial credit risk because it was fully insured and collateralized with securities held by the Department's agent in the Department's name.

Custodial credit risk-investments

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

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

Note 3 - Deposits and Investments (continued)

Custodial credit risk-investments (continued)

As of August 31, 2025, the Department held the following deposits (cash) and investments:

	Fair Value/Amortized Cost	Weighted Average Maturity (Days)	Percentage of Portfolio	S&P Credit Quality Rating
Cash and Cash Equivalents				
Governmental Activities				
Cash and Deposits	\$ 402,566		0.77%	N/A
Public Funds Investment Pools:				
TexSTAR	11,260,223	47	21.66%	AAAm
Lone Star	18,106,501	26	34.84%	AAAm
TexPool	12,159,529	42	23.39%	AAAm
Texas Class	8,651,547	44	16.65%	AAAm
Total Public Funds Investment Pools:	50,177,800			
Total Governmental Activities	50,580,366			
Business-Type Activities				
Cash and Deposits	1,334,957		2.57%	N/A
Total Business-Type Activities	1,334,957			
Fiduciary Funds - Cash and Deposits	60,622		0.12%	N/A
Total Cash and Cash Equivalents	\$ 51,975,945		100.00%	
Portfolio Weighted Average Maturity		36		

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:

	General Fund	County Connections	Nonmajor & Other Funds	Choice Partners	Total
Receivables:					
Property taxes	\$ 1,489,640	\$ -	\$ -	\$ -	\$ 1,489,640
Due from other governments:					
Local	-	-	224,493	-	224,493
Federal	440,478	1,473,942	4,498,755	-	6,413,175
Other receivables	2,368,206	-	20,129	2,152,813	4,541,148
Gross Receivables	4,298,324	1,473,942	4,743,377	2,152,813	12,668,456
Less: Allowance for uncollectible taxes	(29,793)	-	-	-	(29,793)
Less: Allowance for uncollectible receivables	(400,000)	-	-	(271,814)	(671,814)
	<u>\$ 3,868,531</u>	<u>\$ 1,473,942</u>	<u>\$ 4,743,377</u>	<u>\$ 1,880,999</u>	<u>\$ 11,966,849</u>

Note 4 - Receivables (continued)

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, 2025, 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)	\$ 1,459,847	\$ -
Grant Revenues Received but not Expended	-	1,651,637
Other	-	21,833
Total Deferred Inflows of Resources/Unearned Revenue for Governmental Funds	<u><u>\$ 1,459,847</u></u>	<u><u>\$ 1,673,470</u></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, 2025, consisted of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Funds:		
General Fund	\$ 4,030,445	\$ -
County Connections	-	1,191,593
Non-Major Funds	-	2,838,852
Total Governmental Funds	<u><u>\$ 4,030,445</u></u>	<u><u>\$ 4,030,445</u></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, 2025:

\$ 1,789,450	From the General Fund to Capital Projects
	From the General Fund to the Non-Major Funds to fund the local match and
4,425,486	routine debt service payments
107,951	From the Capital Projects Fund to the General Fund
	From the Non-Major Funds to the General Fund
8,685,534	From the Enterprise fund to the General Fund to support HCDE programs
<u><u>\$ 15,008,421</u></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, 2025, are as follows:

	Beginning Balance	Additions	Transfers	Disposals	Ending Balance
Governmental Activities:					
Capital Assets, Not Being Depreciated/Amortized:					
Land-General Fund -GF	\$ 2,063,923	\$ -	\$ -	\$ -	\$ 2,063,923
Land-Public Facility Corporation -PFC	1,357,343	-	-	-	1,357,343
Construction in Progress	23,136,922	5,253,891	(20,352,033)	-	8,038,780
Total Capital Assets, Not Being Depreciated/Amortized	26,558,188	5,253,891	(20,352,033)	-	11,460,046
Capital Assets Being Depreciated/Amortized:					
Buildings and Improvements-GF	34,627,707	916,302	20,280,704	(5,000)	55,819,713
Buildings and Improvements-PFC	69,809,918	24,897	-	-	69,834,815
Furniture and Equipment-GF	18,984,409	3,855,169	71,329	(12,800)	22,898,107
Lease assets	12,287,818	-	-	-	12,287,818
Total Capital Assets, Being Depreciated/Amortized	135,709,852	4,796,368	20,352,033	(17,800)	160,840,453
Less Accumulated Depreciated/Amortized for:					
Building and Improvements-GF	(13,461,361)	(814,608)	-	4,250	(14,271,719)
Building and Improvements-PFC	(13,013,070)	(1,447,433)	-	-	(14,460,503)
Furniture and Equipment-GF	(12,285,325)	(976,617)	-	43,858	(13,218,084)
Lease assets	(2,246,193)	(821,277)	-	-	(3,067,470)
Total Accumulated Depreciation/Amortization	(41,005,949)	(4,059,935)	-	48,108	(45,017,776)
Total Capital Assets, Being Depreciated/Amortized, Net	94,703,903	736,433	20,352,033	30,308	115,822,677
Total Governmental Activities					
Capital Assets, Net	\$ 121,262,091	\$ 5,990,324	\$ -	\$ 30,308	\$ 127,282,723

Construction Commitments

The Department has active construction projects as of August 31, 2025 are shown below:

Project	Budget	In Progress	Remaining Budget
Fortis Academy	\$ 650,000	\$ 23,315	\$ 626,685
Highpoint East Improvements	9,541,714	8,015,465	1,526,249
	<u>\$ 10,191,714</u>	<u>\$ 8,038,780</u>	<u>\$ 2,152,934</u>

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

Governmental Activities

Superintendent's Office	\$ 1,577
Facilities Acquisition and Construction	901,982
Technology Support Services	372,023
Department Wide	32,861
Special Schools and Services	1,118,176
Adult Education Program	397,617
Head Start Program	1,121,879
Center for After-School, Summer and Expanded Learning	3,789
Communications	10,945
Records Management Services	99,086
Total Depreciation/Amortization Expense	\$ 4,059,935

Note 6 - Capital Assets (continued)

Governmental Activities (continued)

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	\$ 127,282,723
Capital related debt:	
Lease Revenue Bonds	(26,985,000)
Maintenance Tax Notes	(28,960,000)
Issuance Premiums	(5,867,822)
Right-to-use lease liability	(7,995,233)
Unspent debt proceeds	14,664,559
Accounts payable and other liabilities (capital related)	<u>(1,865,840)</u>
Total Net Investment in Capital Assets	<u>\$ 70,273,387</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	\$ 28,465,000	\$ -	\$ (1,480,000)	\$ 26,985,000	\$ 1,525,000
Maintenance Tax Notes	28,960,000	-	-	28,960,000	-
Plus:					
Issuance Premiums	6,117,463	-	(249,641)	5,867,822	-
Right-to-use lease liability	8,600,832	-	(605,599)	7,995,233	608,025
Total Bonds and Notes Payable, Net	<u>72,143,295</u>	<u>-</u>	<u>(2,335,240)</u>	<u>69,808,055</u>	<u>2,133,025</u>
Workers' Compensation	57,248	436,732	(459,610)	34,370	34,370
Compensated Absences	5,892,412	1,249,461	(950,544)	6,191,329	1,171,279
Net OPEB Liability (Department's Share)	14,092,392	5,768,724	-	19,861,116	-
Net Pension Liability (Department's Share)	27,707,570	-	(2,496,889)	25,210,681	-
Total Long-term Liabilities	<u>\$ 119,892,917</u>	<u>\$ 7,454,917</u>	<u>\$ (6,242,283)</u>	<u>\$ 121,105,551</u>	<u>\$ 3,338,674</u>

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

Note 7 - Long-Term Liabilities (continued)

B. Bonds and Notes

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

In previous years the Department has issued maintenance tax notes for the maintenance, renovation, and equipment of the Department's facilities. The maintenance tax notes 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.

The Department's general obligation maintenance tax debt payable and lease revenue as of August 31, 2025, 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	\$ 1,480,000	\$ -	\$ (740,000)	\$ 740,000
2020	Lease Revenue Bond	27,715,000	2.00-5.00%	2/15/2045	26,985,000	-	(740,000)	26,245,000
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					57,425,000	-	(1,480,000)	55,945,000
	Plus: Issuance Premiums				6,117,463	-	(249,641)	5,867,822
Totals					<u>\$ 63,542,463</u>	<u>\$ -</u>	<u>\$ (1,729,641)</u>	<u>\$ 61,812,822</u>

Note 7 - Long-Term Liabilities (continued)

B. Bonds and Notes (continued)

The following tables summarize by type the annual debt service requirements of the outstanding debt issues at August 31, 2025 to maturity.

Lease Revenue Bonds (PFC Long-term Debt)				Maintenance Tax Notes		
Years Ending August 31	Principal	Interest	Total Requirements	Principal	Interest	Total Requirements
2026	\$ 1,525,000	\$ 936,604	\$ 2,461,604	\$ -	\$ 1,224,200	\$ 1,224,200
2027	880,000	888,762	1,768,762	1,195,000	1,194,325	2,389,325
2028	930,000	843,512	1,773,512	1,280,000	1,132,450	2,412,450
2029	930,000	797,012	1,727,012	1,390,000	1,065,700	2,455,700
2030	970,000	749,512	1,719,512	1,470,000	994,200	2,464,200
2031-2035	5,410,000	3,112,710	8,522,710	8,485,000	3,906,850	12,391,850
2036-2040	6,350,000	2,254,055	8,604,055	10,015,000	2,082,825	12,097,825
2041-2045	9,990,000	970,375	10,960,375	5,125,000	428,450	5,553,450
Totals	\$ 26,985,000	\$ 10,552,542	\$ 37,537,542	\$ 28,960,000	\$ 12,029,000	\$ 40,989,000

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
2026	\$ 1,525,000	\$ 2,160,804	\$ 3,685,804
2027	2,075,000	2,083,087	4,158,087
2028	2,210,000	1,975,962	4,185,962
2029	2,320,000	1,862,712	4,182,712
2030	2,440,000	1,743,712	4,183,712
2031-2035	13,895,000	7,019,560	20,914,560
2036-2040	16,365,000	4,336,880	20,701,880
2041-2045	15,115,000	1,398,825	16,513,825
Totals	\$ 55,945,000	\$ 22,581,542	\$ 78,526,542

Note 7 - Long-Term Liabilities (continued)

C. Lease liabilities

Lease liabilities qualifying under *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, 2025 to maturity

Years Ending August 31	Principal	Interest	Total Requirements
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	599,622	21,270	620,892
2031 - 2035	2,885,084	70,524	2,955,608
2036 - 2040	1,753,611	22,574	1,776,185
2041 - 2043	353,861	2,008	355,869
Totals	\$ 7,995,233	\$ 225,389	\$ 8,220,622

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, 2025 follows:

Fund	Amount
Medicaid Administrative Claiming Program	\$ 19,112
FEMA	8,193
Indirect Costs:	
STOP School Violence Grant	4,098
Covid - 19 - Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) - County Connection Program	146,118
Adult Education Basic Grants to States - Regular	3,913
Adult Education Basic Grants to States - Regular	241,792
Adult Education Basic Grants to States - English Literacy & Civics Education	22,107
21st Century Community Learning Centers	10,439
21st Century Community Learning Centers	20,547
Prairie View Grant	15,369
Head Start	809,211
Early Head Start/Child Care Partnership	506,207
Head Start	831,953
	\$ 2,639,059

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.

Note 9 - Shared Service Arrangements (continued)

After School Partnership Program - During fiscal year 2025, 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:

Members	Expenditures
<i>Fiscal Agent -</i>	
HCDE	\$ 1,875,931
<i>Pass-Through Expenditures -</i>	
School Districts:	
Alief ISD - 9 Campuses	137,806
Clear Creek ISD - 1 Campus	10,000
Galen Park ISD - 1 Campus	10,000
Houston ISD- 3 Campuses	70,000
Humble ISD - 2 Campuses	20,000
Pasadena ISD- 1 Campus	30,000
Sheldon ISD - 1 Campus	30,000
Charter Schools:	
Academy for Accelerated Learning - 3 Campuses	112,500
Southwest Public Schools - 2 Campuses	64,022
Baker Ripley	10,000
AAMA, Inc	5,659
Total Pass-through Expenditures	499,987
Local contributions	(467,484)
Grand Total Expenditures	\$ 1,908,434

21st Century Community Learning Centers - During fiscal year 2025, 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:

Members	Expenditures
<i>Fiscal Agent -</i>	
HCDE	\$ 1,935,035
<i>Pass-Through Expenditures -</i>	
School Districts:	
Alief ISD- 2 Campuses	51,127
AAMA, Inc - 1 Campus	18,341
Baker Ripley - 1 Campus	23,289
Clear Creek ISD - 1 Campus	35,000
Crosby ISD - 2 Campuses	129,564
Galena Park ISD - 3 Campus	222,812
Houston ISD - 3 Campus	197,368
Humble ISD - 2 Campuses	51,768
Sheldon ISD - 2 Campus	185,556
Spring ISD - 1 Campus	76,510
Southwest Public Schools - 1 Campus	93,570
Total Pass-Through Expenditures	1,084,905
Grand Total Expenditures	\$ 3,019,940

Note 9 - Shared Service Arrangements (continued)

County Connections - During fiscal year 2025, the Department was the fiscal agent for Harris County in a SSA whose U.S. Department of Treasury funding is passed through Harris County. The following table shows the members participating in the program:

Members	Expenditures
<i>Fiscal Agent -</i>	
HCDE	\$ 348,419
<i>Pass-Through Expenditures -</i>	
<i>Precincts:</i>	
19208 CHINESE COMMUNITY CENTER	24,000
24788 THE ENSEMBLE THEATRE	12,450
64735 YMCA OF GREATER HOUSTON AREA	60,000
80891 ART LEAGUE HOUSTON	20,000
80898 THE ARTIST BOAT INC	23,000
81964 YOUNG AUDIENCES OF HOUSTON	54,000
82039 BE A CHAMPION INC	17,000
82067 WESLEY COMMUNITY CENTER INC	15,000
83,687 PRECINCT2 PRECINCT2GETHER INC	24,000
83938 DA CAMERA SOCIETY OF TEXAS	5,250
84089 THE WOODS PROJECT INC.	96,000
84835 RECIPE FOR SUCCESS FOUNDATION	18,200
85132 MULTICULTURAL EDUCATION AND	20,000
85551 PARTNERSHIP FOR THE ADVANCEMENT &	23,000
86092 HOUSTON YOUTH SYMPHONY AND BALLET	9,027
86443 FAMILY POINT RESOURCES	7,000
86448 JULIA C HESTER HOUSE INC	20,000
86457 COLLEGE COMMUNITY CAREER INC	52,000
86521 BOYS AND GIRLS CLUBS OF GREATER	50,000
86827 WORLD YOUTH FOUNDATION INC	6,000
86848 HYPE FREEDOM SCHOOL INC	24,000
86882 COMMUNITY FAMILY CENTERS	20,000
86885 LIVING WORD CHRISTIAN ACADEMY	23,000
87007 NEWSRING	10,250
87181 FELLOWSHIP OF PURPOSE EARLY CHILDHOOD	23,000
87193 COMP-U-DOPT INC	6,840
87196 JILLIAN SIMMONS	40,000
87217 SEWA INTERNATIONAL INC	21,330
87445 HOUSTON REVISION	23,000
87543 CIVIC HEART COMMUNITY SERVICES	30,000
87547 RARA FOUNDATION	16,000
87817 PROMOTERS OF EDUCATIONS AWARENESS	2,447
87846 DIAZ MUSIC INSTITUTE	86,625

Note 9 - Shared Service Arrangements (continued)

County Connections (continued)

Members	Expenditures
88107 NEIGHBORS IN ACTION, INC	\$ 16,800
88132 GIRLS INCORPORATED OF GREATER HOUSTON	39,581
88413 HOUSTON CENTER FOR PHOTOGRAPHY	117
88414 EZ KIDS CREATIVITY SHELL	20,000
88671 AMERICAN FESTIVAL FOR THE ARTS	20,000
88745 SISTERS EMPOWRING S.I.S.T.A.S. INC.	17,000
88837 U.S. DREAM ACADEMY INC	20,000
88848 MEN INC	10,000
88859 PERFECT CONNECTION	16,000
88862 MY CONNECT COMMUNITY	24,000
88873 AVENUE COMMUNITY DEVELOPMENT CORP	8,500
88876 CONSUMER ENERGY EDUCATION	48,000
89011 AGAPE CHRISTIAN FELLOWSHIP CHURCH	12,600
89013 SAFE DIVERSITY COMMUNITIES	3,000
89015 INSTITUTE FOR CIVIC EDUCATION IN VN	24,000
89154 BENCHERI EDUCATIONAL CENTER	15,000
89159 JS & D SPORTS DEVELOPMENT OUTREACH	12,000
89160 DANCE ANOTHER WORLD	3,625
89161 TWST4GIRLS	91,625
89167 BARRETT ECONOMIC & COMMUNITY	19,998
89189 RSA OF DANCE & PERFORMING ARTS	20,000
89335 THE CENTER FOR PURSUIT	6,147
89358 INTERTWINED	8,450
89359 YUTH UNITED THROUGH HEARTZ	20,000
89385 GORDON EDUCATION INITIATIVES FOR	53,000
89511 LEGEND DO LIVE	20,000
89591 MONARCH ACADEMY	50,000
89669 TODAY'S YOUTH	8,000
90052 HOUSTON GRAND OPERA ASSOCIATION INC	3,000
90148 BRICKS FOUNDATION	20,325
90158 THE SANDERS HAND	16,000
90298 THE PARENT TEACHER COLLABORATIVE CO	15,000
90510 AUTISM MEETS FAITH	40,000
90538 PROJECT ROW HOUSES	20,000
90539 THE ANDERSON CENTER FOR THE ARTS	20,000
Total Pass-Through Expenditures	1,624,187
Grand Total Expenditures	\$ 1,972,606

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:

	Final Budget	Actual
State mandated programs (TRS on behalf, etc.)	\$ 3,400,000	\$ 4,382,360
Professional services	1,793,246	1,239,697
General Supplies	995,176	158,546
Facility support charges	2,829,257	2,553,358
Miscellaneous operating	929,513	721,961
Personnel attrition	666,151	1,215,811
Total	\$ 10,613,343	\$ 10,271,733

Note 11 - Risk Management

- A. Health Insurance** - During the year ending August 31, 2025, 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.

	Year Ended 8/31/2024	Year Ended 8/31/2025
Unpaid Claims, Beginning of Fiscal Year	\$ 59,029	\$ 57,248
Claims payments	(1,781)	(22,878)
Unpaid Claims, End of Fiscal Year	\$ 57,248	\$ 34,370

Note 12 - Defined Benefit Pension Plan

Plan Description

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

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

Pension Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. The report may be obtained on the internet at https://www.trs.texas.gov/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 through 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:

	<u>Contribution Rates</u>	
	<u>September 1, 2024</u>	<u>Current Fiscal Year</u>
	<u>to August 31, 2025</u>	<u>Contributions</u>
Member	8.25%	4,666,777
Non-employer contributing agency	8.25%	3,455,839
Employers	8.25%	2,344,486

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, 2024 actuarial valuation was determined using the following actuarial assumptions:

Component	Result
Valuation Date	August 31, 2023, rolled forward to August 31, 2024
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 2024	3.87% - The source for the rate is the Bond Buyers 20 Index which represents the estimated yield of a portfolio of 20 general obligation bonds maturing in 20 years based on a survey of municipal bond traders.
Last year ending August 31 in Projection Period (100 years)	2123
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, 2024. For a full description of these assumptions please see the actuarial valuation report dated November 21, 2024.

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, 2024 are summarized below:

Asset Class	Target Allocation²	Long-Term Expected Geometric Real Rate of Return³	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	4.40%	1.00%
Non-U.S. Developed	13.00%	4.20%	0.80%
Emerging Markets	9.00%	5.20%	0.70%
Private Equity ¹	14.00%	6.70%	1.20%
Stable Value			
Government Bonds	16.00%	1.90%	0.40%
Absolute Return ¹	0.00%	4.00%	0.00%
Stable Value Hedge Funds	5.00%	3.00%	0.20%
Real Return			
Real Estate	15.00%	6.60%	1.20%
Energy, Natural Resources & Infrastructure	6.00%	5.60%	0.40%
Commodities	0.00%	2.50%	0.00%
Risk Parity	8.00%	4.00%	0.40%
Asset Allocation Leverage			
Cash	2.00%	1.00%	0.00%
Asset Allocation Leverage	-6.00%	1.30%	-0.10%
Inflation Expectation			2.40%
Volatility Drag ⁴			-0.70%
Expected Return	100.00%		7.90%

1 Absolute Return includes Credit Sensitive Investments.

2 Target allocations are based on the fiscal year 2024 policy model.

3 Capital Market Assumptions (CMA) come from 2024 AAA Study CMA Survey (as of 12/31/2023)

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	\$ 40,267,846	\$ 25,210,681	\$ 12,734,750

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, 2025, the Department reported a liability of \$25,210,681 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	\$ 25,210,681
State's proportionate share that is associated with the District	<u>33,332,207</u>
Total	<u><u>\$ 58,542,888</u></u>

The net pension liability was measured as of August 31, 2023 and rolled forward to August 31, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2023, thru August 31, 2024.

At August 31, 2024, the Department's proportion of the collective net pension liability was 0.0413% which was an increase of 0.0010% from its proportion measured as of August 31, 2023.

For the year ended August 31, 2025, the Department recognized pension expense of \$4,755,122 . The Department also recognized an additional on-behalf revenue and expense of \$3,983,756 representing for support provided by the State.

At August 31, 2025, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,389,578	\$ (196,833)
Changes of assumption	1,301,681	(174,511)
Net difference between projected and actual earnings on pension plan investments	153,247	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,267,556	(105,219)
District contributions subsequent to the measurement date of the net pension liability	<u>2,344,485</u>	<u>-</u>
Total	<u><u>\$ 7,456,547</u></u>	<u><u>\$ (476,563)</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 \$2,344,486 will be recognized as a reduction of the net pension liability in the year ended August 31, 2026. 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>
2026	\$ 1,300,335	\$ 3,335,164
2027	3,178,668	156,496
2028	494,698	(338,202)
2029	(478,874)	140,672
2030	140,672	-
	<u>\$ 4,635,499</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 TRS-Care's fiduciary net position is available in the separately issued TRS Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the internet at <https://www.trs.texas.gov/learning-resources/publications>, or by writing to TRS at attention Finance Division, PO BOX 149676, Austin, TX, 78714-0185, or by calling 1-800-223-8778.

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		Contribution
	September 1, 2024		
	to August 31, 2025		Amounts
Active Employee	0.65%	\$	367,643
Non-Employer Contributing Entity (State)	1.25%		941,543
District:			
District, Excluding Federal/Private Funding	0.75%		425,815
Federal/Private Funding	1.25%		174,288
Total District			600,103
Total		\$	1,909,289

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, 2023. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2024. The actuarial valuation was determined using the following actuarial assumptions:

Component	Result
Valuation Date	August 31, 2023, rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.87% as of August 31, 2024
Aging Factors	Based on the Society of Actuaries' 2013 Study "Health Care Costs - From Birth to Death".
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 rate was 6.75 percent for non-Medicare retirees. For Medicare retirees, trend rates are higher in the first two years due to anticipated growth but thereafter match those of non-Medicare retirees. The initial prescription drug trend rate was 7.25 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 11 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, 2023 TRS pension actuarial valuation that was rolled forward to August 31, 2024: (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 3.87% 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.

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

Discount Rate (continued)

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.

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 (3.87%) in measuring the Net OPEB Liability.

	Discount Rate		
	1% Decrease	Current Rate	1% Increase
	2.87%	3.87%	4.87%
District's proportional share of the net OPEB liability	\$ 23,595,934	\$ 19,861,116	\$ 16,843,327

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

At August 31, 2025, the Department reported a liability of \$19,861,116 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	\$ 19,861,116
State's proportionate share that is associated with the District	24,885,709
Total	<u>\$ 44,746,825</u>

The Net OPEB Liability was measured as of August 31, 2023 and rolled forward to August 31, 2024 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, 2023 through August 31, 2024.

At August 31, 2024, the Department's proportion of the collective Net OPEB Liability was 0.0654% which was an increase of 0.0622% from its proportion measured as of August 31, 2023.

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	\$ 16,173,930	\$ 19,861,116	\$ 24,665,886

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

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

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 tables used to model the impact of aging on the underlying claims were revised.

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

For the year ended August 31, 2025, the Department recognized negative OPEB expense of (\$2,350,099). The Department also recognized negative on-behalf expense and revenue of (\$3,234,683) for support provided by the State.

At August 31, 2025, the Department reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 3,806,709	\$ (9,911,773)
Changes of assumption	2,541,988	(6,480,452)
Net difference between projected and actual earnings on OPEB plan investments	-	(55,618)
Changes in proportion and differences between District contributions and proportionate share of contributions	2,541,524	(1,795,128)
District contributions subsequent to the measurement date of the net OPEB liability	600,103	-
Total	\$ 9,490,324	\$ (18,242,971)

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:

Fiscal Year	OPEB Expense Amount	Balance of Deferred Outflows (Inflows)
2026	\$ (2,867,067)	\$ (6,485,683)
2027	(1,967,532)	(4,518,151)
2028	(2,239,119)	(2,279,032)
2029	(1,943,882)	(335,150)
2030	(944,763)	609,613
Thereafter	609,613	-
	\$ (9,352,750)	

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

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

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, 2025, August 31, 2024 and August 31, 2023, the subsidy payments received by TRS-Care on behalf of the District were \$408,731, \$299,809, and \$268,200, 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, 2025.

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, 2025.

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

Note 16 - Tax Abatements (continued)

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

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

During fiscal year 2024, inventory within the Foreign Trade Zone totaled 1.022 billion. The Department received tax equivalency payments of \$56,984 from Exxon Mobil Inc., Magellen Terminals, Sigma Tube, Houston Refining LLP, Dixie Cullen, Nobel Drilling, Cosentino, 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, 2025

Exhibit C-1

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Local and Intermediate Sources	\$ 62,868,078	\$ 62,083,688	\$ 57,154,020	\$ (4,929,668)
State Programs	3,915,000	3,915,000	4,912,160	997,160
Federal Programs	2,676,232	2,676,232	2,639,059	(37,173)
Total Revenues	69,459,310	68,674,920	64,705,239	(3,969,681)
Expenditures				
Current:				
Adult Education Program	613,114	660,614	645,355	15,259
Assistant Superintendents	770,362	770,362	719,090	51,272
Board of Trustees	190,690	240,690	215,815	24,875
Business Support Services	2,428,733	2,803,768	2,291,690	512,078
Center for After-School, Summer & Expanded Learning	910,835	899,085	882,407	16,678
Center for Texas Grants Development	667,509	667,509	660,123	7,386
Center for Safe & Secure Schools	1,159,909	1,017,109	938,177	78,932
Client Engagement	790,403	790,403	754,990	35,413
Communications	1,481,510	1,490,110	1,376,958	113,152
Department Wide	10,003,593	10,958,393	10,271,733	686,660
Education Foundation	200,000	200,000	200,000	-
Facility Support Services	275,727	275,727	219,658	56,069
Head Start Program	8,000	8,000	713	7,287
Human Resources	1,459,467	1,456,467	1,327,474	128,993
Purchasing Support Services	986,845	998,070	841,278	156,792
Community Engagement	147,007	147,007	145,202	1,805
Records Management Services	2,593,961	2,593,961	2,490,533	103,428
Research & Evaluation Institute	705,994	705,994	660,765	45,229
Retirement Leave Benefits	200,000	350,000	299,940	50,060
School Based Therapy Services	16,074,483	16,074,983	14,413,519	1,661,464
Special Assistant to Superintendent	357,775	357,775	347,460	10,315
Special Schools & Services	18,390,244	18,381,744	16,667,001	1,714,743
Superintendent's Office	783,497	783,497	740,077	43,420
Special Schools Administration	1,001,012	1,011,012	952,400	58,612
Technology Support Services	5,082,738	5,086,738	4,740,792	345,946
The Teaching & Learning Center	2,790,607	2,790,607	1,924,700	865,907
Total Expenditures	70,074,015	71,519,625	64,727,850	6,791,775
Excess (Deficiency) of Revenues Over (Under) Expenditures	(614,705)	(2,844,705)	(22,611)	2,822,094
Other Financing Sources (Uses)				
Transfers In	5,283,961	8,118,961	8,793,485	(674,524)
Transfers Out	(4,669,256)	(6,849,706)	(6,214,936)	(634,770)
Total Other Financing Sources (Uses)	614,705	1,269,255	2,578,549	(1,309,294)
Net Change in Fund Balances	-	(1,575,450)	2,555,938	4,131,388
Fund Balances-Beginning	34,637,495	34,637,495	34,637,495	-
Fund Balances-Ending	\$ 34,637,495	\$ 33,062,045	\$ 37,193,433	\$ 4,131,388

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 and in accordance with approved policies. Amendments are presented to the Board at its regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the meeting, and are not made after fiscal year end as required by law. During the year, the budget was amended as necessary. Each budget is controlled by the respective budget manager. Expenditures may not legally exceed budgeted appropriations, as amended. Unexpended appropriations lapse at fiscal year-end.

Budget Comparisons

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

The revenue budget, including other resources, decreased \$129,840.

There was a \$6,791,775 difference between the final amended budget and actual expenditures. The significant differences are summarized below:

- \$1,661,464 School Based Therapy Services under budget
- \$1,714,743 Special Schools and Services under budget

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

Exhibit C-3

	2024	2023	2022	2021	2020
Department's Proportion of The Net Pension Liability	0.0413%	0.0403%	0.0388%	0.0381%	0.0387%
Department's proportionate share of the net pension liability	\$ 25,210,681	\$ 27,707,570	\$ 23,049,581	\$ 9,704,199	\$ 20,739,553
State's proportionate share of the net pension liability associated with the Department	33,332,207	35,872,758	30,082,125	23,454,144	29,548,731
Total	\$ 58,542,888	\$ 63,580,328	\$ 53,131,706	\$ 33,158,343	\$ 50,288,284
Department's Covered Payroll (for Measurement Year)	\$ 54,170,357	\$ 49,220,298	\$ 44,726,679	\$ 44,522,188	\$ 43,144,177
Department's proportionate share of the net pension liability as a percentage of its covered payroll	46.5%	56.3%	51.5%	21.8%	48.1%
Plan's fiduciary net position as a percentage of the total pension liability	77.51%	73.15%	75.65%	88.79%	75.54%
Plan's net pension liability as a percentage of covered payroll	102.39%	122.32%	112.72%	51.08%	110.36%
	2019	2018	2017	2016	2015
Department's Proportion of The Net Pension Liability	0.0248%	0.0238%	0.0243%	0.0233%	0.0234%
Department's proportionate share of the net pension liability	\$ 12,914,733	\$ 13,093,794	\$ 7,762,844	\$ 8,794,281	\$ 8,260,418
State's proportionate share of the net pension liability associated with the Department	28,729,606	31,109,264	18,522,260	22,088,591	21,177,189
Total	\$ 41,644,339	\$ 44,203,058	\$ 26,285,104	\$ 30,882,872	\$ 29,437,607
Department's Covered Payroll (for Measurement Year)	\$ 41,843,653	\$ 39,733,893	\$ 38,995,847	\$ 37,264,186	\$ 35,960,896
Department's proportionate share of the net pension liability as a percentage of its covered payroll	30.9%	33.0%	19.9%	23.6%	23.0%
Plan's fiduciary net position as a percentage of the total pension liability	75.24%	73.74%	82.17%	78.00%	78.43%
Plan's net pension liability as a percentage of covered payroll	114.93%	126.11%	75.93%	92.75%	91.94%

HARRIS COUNTY DEPARTMENT OF EDUCATION
Exhibit C-4
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DEPARTMENT'S PENSION RETIREMENT CONTRIBUTIONS
Teachers Retirement System of Texas
Last Ten Fiscal Years Ended August 31

	2025	2024	2023	2022	2021
Contractually required contributions	\$ 2,344,486	\$ 2,307,859	\$ 2,066,724	\$ 1,805,791	\$ 1,629,799
Contributions in relation to the contractually required contributions	<u>2,344,486</u>	<u>2,307,859</u>	<u>2,066,724</u>	<u>1,805,791</u>	<u>1,629,799</u>
Contribution Deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Department's covered payroll	\$ 56,568,026	\$ 54,170,357	\$ 49,220,298	\$ 44,726,679	\$ 44,522,188
Contributions as a percentage of covered payroll	4.14%	4.26%	4.20%	4.04%	3.66%
	2020	2019	2018	2017	2015
Contractually required contributions	\$ 1,599,915	\$ 867,842	\$ 799,557	\$ 794,101	\$ 741,368
Contributions in relation to the contractually required contributions	<u>1,599,915</u>	<u>867,842</u>	<u>799,557</u>	<u>794,101</u>	<u>741,368</u>
Contribution Deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Department's covered payroll	\$ 43,144,177	\$ 41,843,651	\$ 39,733,893	\$ 38,995,847	\$ 37,264,186
Contributions as a percentage of covered payroll	3.71%	2.07%	2.01%	2.04%	1.99%

HARRIS COUNTY DEPARTMENT OF EDUCATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PENSION
For the Year Ended August 31, 2025

Exhibit C-5

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	Changes
2017	None
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.
2019	None
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.
2021	The public education employer contribution rate changed from 1.5% in 2020 to 1.6% in 2021.
2022	The discount rate changed from 7.25% to 7.00%.
2023	None
2024	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 Eight Measurement Years Ended August 31

Exhibit C-6

	2024	2023	2022	2021
Department's Proportion of the Net OPEB Liability	0.0654%	0.0637%	0.0605%	0.0604%
Department's proportionate share of the net OPEB liability	\$ 19,861,116	\$ 14,092,392	\$ 14,480,782	\$ 23,306,574
State's proportionate share of the net OPEB liability associated with the Department	<u>24,885,709</u>	<u>17,004,637</u>	<u>17,664,280</u>	<u>31,225,616</u>
Total	<u>\$ 44,746,825</u>	<u>\$ 31,097,029</u>	<u>\$ 32,145,062</u>	<u>\$ 54,532,190</u>
Department's covered payroll (for Measurement Year)	\$ 54,170,357	\$ 49,220,298	\$ 44,726,679	\$ 44,726,679
Department's proportionate share of the net OPEB liability as a percentage of its covered payroll	36.7%	28.6%	32.4%	52.1%
Plan's fiduciary net position as a percentage of the total OPEB liability	13.70%	14.94%	11.52%	6.18%
Plan's net OPEB liability as a percentage of covered payroll	67.98%	51.86%	59.10%	100.13%
	2020	2019	2018	2017
Department's Proportion of the Net OPEB Liability	0.0628%	0.0618%	0.0646%	0.0647%
Department's proportionate share of the net OPEB liability	\$ 23,854,417	\$ 31,296,144	\$ 32,234,768	\$ 28,124,225
State's proportionate share of the net OPEB liability associated with the Department	<u>32,054,618</u>	<u>41,585,578</u>	<u>26,283,149</u>	<u>23,468,900</u>
Total	<u>\$ 55,909,035</u>	<u>\$ 72,881,722</u>	<u>\$ 58,517,917</u>	<u>\$ 51,593,125</u>
Department's covered payroll (for Measurement Year)	\$ 44,522,188	\$ 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	55.3%	74.8%	81.1%	72.1%
Plan's fiduciary net position as a percentage of the total OPEB liability	4.99%	2.66%	1.57%	0.91%
Plan's net OPEB liability as a percentage of covered payroll	101.46%	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

	2025	2024	2023	2022	2021
Contractually required contributions	\$ 600,103	\$ 607,478	\$ 546,407	\$ 493,874	\$ 471,916
Contributions in relation to the contractually required contributions	<u>600,103</u>	<u>607,478</u>	<u>546,407</u>	<u>493,874</u>	<u>471,916</u>
Contribution Deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Department's covered payroll	\$56,568,026	\$54,170,357	\$49,220,298	\$44,726,679	\$44,522,188
Contributions as a percentage of covered payroll	1.06%	1.12%	1.11%	1.10%	1.06%
	2020	2019	2018	2017	2015
Contractually required contributions	\$ 477,510	\$ 466,951	\$ 445,167	\$ 339,056	\$ 328,635
Contributions in relation to the contractually required contributions	<u>477,510</u>	<u>466,951</u>	<u>445,167</u>	<u>339,056</u>	<u>328,635</u>
Contribution Deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Department's covered payroll	\$43,144,177	\$41,843,651	\$39,733,893	\$38,995,847	\$37,264,186
Contributions as a percentage of covered payroll	1.11%	1.12%	1.12%	0.87%	0.88%

HARRIS COUNTY DEPARTMENT OF EDUCATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - OPEB
For the Year Ended August 31, 2025

Exhibit C-8

OPEB Changes of Assumptions

Measurement Year	Discount Rate	Other Changes
2017	3.42%	Updated the health care trend rate assumption, and revised demographic and economic assumptions based on the TRS experience study.
2018	3.69%	Lowered the participation rates and updated the health care trend rate assumption.
2019	2.63%	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.
2020	2.33%	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.
2021	1.95%	N/A
2022	3.91%	Lowered the participation rates, and updated the healthcare trend rate assumption.
2023	4.13%	Revised demographic and economic assumptions based on the TRS experience study.
2024	3.87%	The tables used to model the impact of aging on the underlying claims were revised.





Harris County
Department of
Education

CASE
for **Kids**
Center for International Summer and Global



Harris County
Department of
Education

CASE
for **Kids**
Center for International Summer and Global

CASE
for **Kids**
Center for International Summer and Global

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
- 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 and Early Head Start federal grants.

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

Center for Safe and Secure Schools – Accounts on a project basis, for federal funds from the U.S. Department of Justice.

- STOP School Violence

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.

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, 2025

Exhibit D-1
Page 1 of 8

	Special Revenue Funds			
	Head Start Program	Head Start - Training and Tech Assist	Head Start - Construction	Stop School Violence Grant
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other governments	1,029,974	18,295	-	97,004
Other receivables	-	-	-	-
Prepaid Items	42,437	-	-	-
Total Assets	\$ 1,072,411	\$ 18,295	\$ -	\$ 97,004
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 174,563	\$ 8,009	\$ -	\$ 32,450
Accrued wages payable	-	-	-	-
Accrued wages payable	5,344	-	-	76
Due to other funds	892,504	10,286	-	64,478
Unearned Revenues	-	-	-	-
Total Liabilities	1,072,411	18,295	-	97,004
Fund Balances:				
Assigned:				
Debt Service	-	-	-	-
Total Fund Balances	-	-	-	-
Total Liabilities and Fund Balances	\$ 1,072,411	\$ 18,295	\$ -	\$ 97,004

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
August 31, 2025

Exhibit D-1
Page 2 of 8

	Special Revenue Funds			
	Head Start CARES Relief Fund	Early Head Start Operations	Early Head Start - TT&A	TWC Adult Education
Assets				
Cash and cash equivalents	\$ 407,351	\$ -	\$ -	\$ -
Due from other governments	-	596,036	17,283	609,837
Other receivables	-	-	-	-
Prepaid Items	-	15,142	-	-
Total Assets	<u>\$ 407,351</u>	<u>\$ 611,178</u>	<u>\$ 17,283</u>	<u>\$ 609,837</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 255,458	\$ 9,358	\$ 71,085
Accrued wages payable	-	-	-	-
Accrued wages payable	-	39	-	53,788
Due to other funds	-	355,681	7,925	484,964
Unearned Revenues	407,351	-	-	-
Total Liabilities	<u>407,351</u>	<u>611,178</u>	<u>17,283</u>	<u>609,837</u>
Fund Balances:				
Assigned:				
Debt Service	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 407,351</u>	<u>\$ 611,178</u>	<u>\$ 17,283</u>	<u>\$ 609,837</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
August 31, 2025

Exhibit D-1
Page 3 of 8

	Special Revenue Funds			
	TWC Adult ED - El Civics	Prairie View	21st Century Cycle 12	21st Century Cycle 11
Assets				
Cash and cash equivalents	\$ -	\$ 30,000	\$ -	\$ -
Due from other governments	53,343	-	575,884	197,681
Other receivables	-	-	-	-
Prepaid Items	-	-	-	-
Total Assets	\$ 53,343	\$ 30,000	\$ 575,884	\$ 197,681
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 12,545	\$ -	\$ 477,994	\$ 59,029
Accrued wages payable	-	30,000	-	-
Accrued wages payable	5,334	-	12	4,392
Due to other funds	35,464	-	97,878	134,260
Unearned Revenues	-	-	-	-
Total Liabilities	53,343	30,000	575,884	197,681
Fund Balances:				
Assigned:				
Debt Service	-	-	-	-
Total Fund Balances	-	-	-	-
Total Liabilities and Fund Balances	\$ 53,343	\$ 30,000	\$ 575,884	\$ 197,681

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
August 31, 2025

Exhibit D-1
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	Special Revenue Funds			
	Texas Council Dev. Disability	Federal CASE After School Partnership	Head Start Op & Training	EPP Grant
Assets				
Cash and cash equivalents	\$ -	\$ 155,311	\$ -	\$ 46,174
Due from other governments	-	792,128	511,290	-
Other receivables	-	-	20,129	-
Prepaid Items	-	-	-	-
Total Assets	\$ -	\$ 947,439	\$ 531,419	\$ 46,174
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 256,467	\$ 500	\$ -
Accrued wages payable	-	-	-	-
Accrued wages payable	-	3	-	-
Due to other funds	-	-	530,919	-
Unearned Revenues	-	690,969	-	46,174
Total Liabilities	-	947,439	531,419	46,174
Fund Balances:				
Assigned:				
Debt Service	-	-	-	-
Total Fund Balances	-	-	-	-
Total Liabilities and Fund Balances	\$ -	\$ 947,439	\$ 531,419	\$ 46,174

HARRIS COUNTY DEPARTMENT OF EDUCATION
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Exhibit D-1
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	Special Revenue Funds			
	Houston Endowment - CES	Houston Endowment Grant	Your Voice Matters	Prairie View In- Kind
Assets				
Cash and cash equivalents	\$ 59,397	\$ 160,888	\$ 87,252	\$ -
Due from other governments	-	-	-	-
Other receivables	-	-	-	-
Prepaid Items	-	-	-	-
Total Assets	<u>\$ 59,397</u>	<u>\$ 160,888</u>	<u>\$ 87,252</u>	<u>\$ -</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,044	\$ -	\$ 93	\$ -
Accrued wages payable	-	-	-	-
Accrued wages payable	-	-	-	-
Due to other funds	-	-	-	-
Unearned Revenues	58,353	160,888	87,159	-
Total Liabilities	<u>59,397</u>	<u>160,888</u>	<u>87,252</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>\$ 59,397</u>	<u>\$ 160,888</u>	<u>\$ 87,252</u>	<u>\$ -</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
August 31, 2025

Exhibit D-1
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	Special Revenue Funds			
	CASE - City of Houston	Your Voice Matters - In- Kind	Early Head Start In-Kind	Head Start In- Kind
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 998	\$ 31,208
Due from other governments	224,493	-	-	-
Other receivables	-	-	-	-
Prepaid Items	-	-	-	-
Total Assets	<u>\$ 224,493</u>	<u>\$ -</u>	<u>\$ 998</u>	<u>\$ 31,208</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued wages payable	-	-	-	-
Accrued wages payable	-	-	-	-
Due to other funds	224,493	-	-	-
Unearned Revenues	-	-	998	31,208
Total Liabilities	<u>224,493</u>	<u>-</u>	<u>998</u>	<u>31,208</u>
Fund Balances:				
Assigned:				
Debt Service	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 224,493</u>	<u>\$ -</u>	<u>\$ 998</u>	<u>\$ 31,208</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
August 31, 2025

Exhibit D-1
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	Special Revenue Funds			
	Head Start Op & Training In- Kind 2	Leadership Academy	Hogg Found	Local Grants
Assets				
Cash and cash equivalents	\$ -	\$ 123,773	\$ 342	\$ 177,375
Due from other governments	-	-	-	-
Other receivables	-	-	-	-
Prepaid Items	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 123,773</u>	<u>\$ 342</u>	<u>\$ 177,375</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 123,773	\$ -	\$ 2,500
Accrued wages payable	-	-	-	-
Accrued wages payable	-	-	-	-
Due to other funds	-	-	-	-
Unearned Revenues	-	-	342	174,875
Total Liabilities	<u>-</u>	<u>123,773</u>	<u>342</u>	<u>177,375</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>\$ 123,773</u>	<u>\$ 342</u>	<u>\$ 177,375</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
August 31, 2025

Exhibit D-1
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	Total Special Revenue Funds	Debt Service Fund	Nonmajor Governmental Funds (See Exhibit B-1)
Assets			
Cash and cash equivalents	\$ 1,280,069	\$ 756,781	\$ 2,036,850
Due from other governments	4,723,248	-	4,723,248
Other receivables	20,129	-	20,129
Prepaid Items	57,579	-	57,579
Total Assets	<u>\$ 6,081,025</u>	<u>\$ 756,781</u>	<u>\$ 6,837,806</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 1,484,868	\$ -	\$ 1,484,868
Accrued wages payable	30,000	-	30,000
Accrued wages payable	68,988	-	68,988
Due to other funds	2,838,852	-	2,838,852
Unearned Revenues	1,658,317	-	1,658,317
Total Liabilities	<u>6,081,025</u>	<u>-</u>	<u>6,081,025</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>\$ 6,081,025</u>	<u>\$ 756,781</u>	<u>\$ 6,837,806</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
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Exhibit D-2
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	Special Revenue Funds			
	Head Start Program	Head Start - Training and Tech Assist	Head Start - Construction	Stop School Violence Grant
Revenues				
Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
Federal Programs	6,966,352	62,484	199,796	97,005
Total Revenues	<u>6,966,352</u>	<u>62,484</u>	<u>199,796</u>	<u>97,005</u>
Expenditures				
Current:				
Adult Education Program	-	-	-	-
Business Support Services	-	-	-	-
Center for After-School, Summer & Expanded Learning	-	-	-	-
Center for Texas Grants Development	-	-	-	97,005
Client Engagement	-	-	-	-
Education Certification & Professional Advancement	-	-	-	-
Head Start Program	6,966,352	62,484	199,796	-
School Based Therapy Services	-	-	-	-
Special Schools Administration	-	-	-	-
Special Assistant to Superintendent	-	-	-	-
Special Schools & Services	-	-	-	-
The Teaching & Learning Center	-	-	-	-
Debt Service:				
Principal on Long-Term Debt	-	-	-	-
Interest on Long-Term Debt	-	-	-	-
Bond Issuance Costs & Fees-QZAB & MTN	-	-	-	-
Total Expenditures	<u>6,966,352</u>	<u>62,484</u>	<u>199,796</u>	<u>97,005</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
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NON-MAJOR GOVERNMENTAL FUNDS
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Exhibit D-2
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	Special Revenue Funds			
	Head Start CARES Relief Fund	Early Head Start Operations	Early Head Start - TT&A	TWC Adult Education
Revenues				
Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
Federal Programs	-	4,572,251	40,354	4,728,800
Total Revenues	-	4,572,251	40,354	4,728,800
Expenditures				
Current:				
Adult Education Program	-	-	-	4,728,800
Business Support Services	-	-	-	-
Center for After-School, Summer & Expanded Learning	-	-	-	-
Center for Texas Grants Development	-	-	-	-
Client Engagement	-	-	-	-
Education Certification & Professional Advancement	-	-	-	-
Head Start Program	-	4,572,251	40,354	-
School Based Therapy Services	-	-	-	-
Special Schools Administration	-	-	-	-
Special Assistant to Superintendent	-	-	-	-
Special Schools & Services	-	-	-	-
The Teaching & Learning Center	-	-	-	-
Debt Service:				
Principal on Long-Term Debt	-	-	-	-
Interest on Long-Term Debt	-	-	-	-
Bond Issuance Costs & Fees-QZAB & MTN	-	-	-	-
Total Expenditures	-	4,572,251	40,354	4,728,800
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
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NON-MAJOR GOVERNMENTAL FUNDS
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Exhibit D-2

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	Special Revenue Funds			
	TWC Adult ED - El Civics	Prairie View	21st Century Cycle 12	21st Century Cycle 11
Revenues				
Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
Federal Programs	920,837	236,680	1,691,683	1,328,257
Total Revenues	<u>920,837</u>	<u>236,680</u>	<u>1,691,683</u>	<u>1,328,257</u>
Expenditures				
Current:				
Adult Education Program	920,837	-	-	-
Business Support Services	-	-	-	-
Center for After-School, Summer & Expanded Learning	-	-	1,691,683	1,328,257
Center for Texas Grants Development	-	-	-	-
Client Engagement	-	-	-	-
Education Certification & Professional Advancement	-	-	-	-
Head Start Program	-	-	-	-
School Based Therapy Services	-	-	-	-
Special Schools Administration	-	6,013	-	-
Special Assistant to Superintendent	-	-	-	-
Special Schools & Services	-	246,056	-	-
The Teaching & Learning Center	-	-	-	-
Debt Service:				
Principal on Long-Term Debt	-	-	-	-
Interest on Long-Term Debt	-	-	-	-
Bond Issuance Costs & Fees-QZAB & MTN	-	-	-	-
Total Expenditures	<u>920,837</u>	<u>252,069</u>	<u>1,691,683</u>	<u>1,328,257</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(15,389)</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In	-	15,389	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>15,389</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
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AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
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	Special Revenue Funds			
	Texas Council Dev. Disability	Federal CASE After School Partnership	Head Start Op & Training	EPP Grant
Revenues				
Local and Intermediate Sources	\$ -	\$ -	\$ 3,965	\$ 7,645
Federal Programs	7,500	1,908,434	6,452,892	-
Total Revenues	<u>7,500</u>	<u>1,908,434</u>	<u>6,456,857</u>	<u>7,645</u>
Expenditures				
Current:				
Adult Education Program	-	-	-	-
Business Support Services	-	-	-	-
Center for After-School, Summer & Expanded Learning	-	2,375,918	-	-
Center for Texas Grants Development	-	-	-	-
Client Engagement	-	-	-	-
Education Certification & Professional Advancement	-	-	-	7,645
Head Start Program	-	-	6,456,857	-
School Based Therapy Services	7,500	-	-	-
Special Schools Administration	-	-	-	-
Special Assistant to Superintendent	-	-	-	-
Special Schools & Services	-	-	-	-
The Teaching & Learning Center	-	-	-	-
Debt Service:				
Principal on Long-Term Debt	-	-	-	-
Interest on Long-Term Debt	-	-	-	-
Bond Issuance Costs & Fees-QZAB & MTN	-	-	-	-
Total Expenditures	<u>7,500</u>	<u>2,375,918</u>	<u>6,456,857</u>	<u>7,645</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(467,484)</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In	-	467,484	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>467,484</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
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AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
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Exhibit D-2

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	Special Revenue Funds			
	Houston Endowment - CES	Houston Endowment Grant	Your Voice Matters	Prairie View In- Kind
Revenues				
Local and Intermediate Sources	\$ 91,647	\$ 85,243	\$ 202,317	\$ 328,061
Federal Programs	-	-	-	-
Total Revenues	<u>91,647</u>	<u>85,243</u>	<u>202,317</u>	<u>328,061</u>
Expenditures				
Current:				
Adult Education Program	-	-	-	-
Business Support Services	-	-	-	-
Center for After-School, Summer & Expanded Learning	-	85,243	-	-
Center for Texas Grants Development	-	-	200,444	-
Client Engagement	-	-	-	-
Education Certification & Professional Advancement	-	-	-	-
Head Start Program	-	-	-	-
School Based Therapy Services	-	-	-	-
Special Schools Administration	-	-	-	48,150
Special Assistant to Superintendent	-	-	1,873	-
Special Schools & Services	-	-	-	279,911
The Teaching & Learning Center	91,647	-	-	-
Debt Service:				
Principal on Long-Term Debt	-	-	-	-
Interest on Long-Term Debt	-	-	-	-
Bond Issuance Costs & Fees-QZAB & MTN	-	-	-	-
Total Expenditures	<u>91,647</u>	<u>85,243</u>	<u>202,317</u>	<u>328,061</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
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Exhibit D-2

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	Special Revenue Funds			
	CASE - City of Houston	Your Voice Matters - In- Kind	Early Head Start In-Kind	Head Start In- Kind
Revenues				
Local and Intermediate Sources	\$ 769,978	\$ 20,699	\$ 453,108	\$ 2,026,095
Federal Programs	-	-	-	-
Total Revenues	<u>769,978</u>	<u>20,699</u>	<u>453,108</u>	<u>2,026,095</u>
Expenditures				
Current:				
Adult Education Program	-	-	-	-
Business Support Services	-	-	-	-
Center for After-School, Summer & Expanded Learning	769,978	-	-	-
Center for Texas Grants Development	-	5,712	-	-
Client Engagement	-	-	-	-
Education Certification & Professional Advancement	-	-	-	-
Head Start Program	-	-	453,108	2,026,095
School Based Therapy Services	-	-	-	-
Special Schools Administration	-	-	-	-
Special Assistant to Superintendent	-	14,987	-	-
Special Schools & Services	-	-	-	-
The Teaching & Learning Center	-	-	-	-
Debt Service:				
Principal on Long-Term Debt	-	-	-	-
Interest on Long-Term Debt	-	-	-	-
Bond Issuance Costs & Fees-QZAB & MTN	-	-	-	-
Total Expenditures	<u>769,978</u>	<u>20,699</u>	<u>453,108</u>	<u>2,026,095</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
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NON-MAJOR GOVERNMENTAL FUNDS
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Exhibit D-2

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	Special Revenue Funds			
	Head Start Op & Training In- Kind 2	Leadership Academy	Hogg Found	Local Grants
Revenues				
Local and Intermediate Sources	\$ 2,137,561	\$ -	\$ 7,832	\$ 262,098
Federal Programs	-	-	-	-
Total Revenues	<u>2,137,561</u>	<u>-</u>	<u>7,832</u>	<u>262,098</u>
Expenditures				
Current:				
Adult Education Program	-	-	-	-
Business Support Services	-	-	-	380
Center for After-School, Summer & Expanded Learning	-	251,253	-	13,821
Center for Texas Grants Development	-	-	-	-
Client Engagement	-	-	-	3,905
Education Certification & Professional Advancement	-	-	-	-
Head Start Program	2,137,561	-	7,832	202,768
School Based Therapy Services	-	-	-	-
Special Schools Administration	-	-	-	-
Special Assistant to Superintendent	-	-	-	-
Special Schools & Services	-	-	-	1,224
The Teaching & Learning Center	-	-	-	40,000
Debt Service:				
Principal on Long-Term Debt	-	-	-	-
Interest on Long-Term Debt	-	-	-	-
Bond Issuance Costs & Fees-QZAB & MTN	-	-	-	-
Total Expenditures	<u>2,137,561</u>	<u>251,253</u>	<u>7,832</u>	<u>262,098</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(251,253)</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In	-	251,253	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>251,253</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
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Exhibit D-2
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	Total Special Revenue Funds	Debt Service Fund	Nonmajor Governmental Funds (See Exhibit B-1)
Revenues			
Local and Intermediate Sources	\$ 6,396,249	\$ -	\$ 6,396,249
Federal Programs	29,213,325	-	29,213,325
Total Revenues	<u>35,609,574</u>	<u>-</u>	<u>35,609,574</u>
Expenditures			
Current:			
Adult Education Program	5,649,637	-	5,649,637
Business Support Services	380	-	380
Center for After-School, Summer & Expanded Learning	6,516,153	-	6,516,153
Center for Texas Grants Development	303,161	-	303,161
Client Engagement	3,905	-	3,905
Education Certification & Professional Advancement	7,645	-	7,645
Head Start Program	23,125,458	-	23,125,458
School Based Therapy Services	7,500	-	7,500
Special Schools Administration	54,163	-	54,163
Special Assistant to Superintendent	16,860	-	16,860
Special Schools & Services	527,191	-	527,191
The Teaching & Learning Center	131,647	-	131,647
Debt Service:			
Principal on Long-Term Debt	-	1,480,000	1,480,000
Interest on Long-Term Debt	-	1,956,960	1,956,960
Bond Issuance Costs & Fees-QZAB & MTN	-	254,400	254,400
Total Expenditures	<u>36,343,700</u>	<u>3,691,360</u>	<u>40,035,060</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(734,126)</u>	<u>(3,691,360)</u>	<u>(4,425,486)</u>
Other Financing Sources (Uses)			
Transfers In	734,126	3,691,360	4,425,486
Total Other Financing Sources (Uses)	<u>734,126</u>	<u>3,691,360</u>	<u>4,425,486</u>
Net Change in Fund Balances	-	-	-
Fund Balances-Beginning	<u>-</u>	<u>756,781</u>	<u>756,781</u>
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, 2025

Exhibit D-3

	Workers' Compensation Fund	Facility Charges Fund	Total Internal Service Funds (see Exhibit B-5)
Assets			
Current Assets:			
Cash and cash equivalents	\$ 991,278	\$ 207,108	\$ 1,198,386
Due from Vendors	-	507	507
Prepaid items	445,218	-	445,218
Total Assets	<u>1,436,496</u>	<u>207,615</u>	<u>1,644,111</u>
Liabilities			
Current Liabilities:			
Accounts payable	-	189,348	189,348
Accrued wages payable	-	18,267	18,267
Claims payable - due within one year	34,370	-	34,370
Total Liabilities	<u>34,370</u>	<u>207,615</u>	<u>241,985</u>
Net Position			
Unrestricted	1,402,126	-	1,402,126
Total Net Position	<u>\$ 1,402,126</u>	<u>\$ -</u>	<u>\$ 1,402,126</u>

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, 2025

Exhibit D-4

	Workers'	Facility	Total
	Compensation	Charges	Internal Service
	Fund	Fund	Funds (see
			Exhibit B-6)
Operating Revenues			
Charges for Services	\$ 512,363	\$ 6,712,365	\$ 7,224,728
Total Operating Revenues	<u>512,363</u>	<u>6,712,365</u>	<u>7,224,728</u>
Operating Expenses			
Payroll Costs	-	3,390,137	3,390,137
Professional Services	-	1,601,307	1,601,307
Supplies and Materials	-	426,159	426,159
Administrative	522,516	1,294,762	1,817,278
Total Operating Expenses	<u>522,516</u>	<u>6,712,365</u>	<u>7,234,881</u>
Change in Net Position	(10,153)	-	(10,153)
Total Net Position-Beginning	<u>1,412,279</u>	<u>-</u>	<u>1,412,279</u>
Total Net Position-Ending	<u>\$ 1,402,126</u>	<u>\$ -</u>	<u>\$ 1,402,126</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended August 31, 2025

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	\$ 512,363	\$ 6,712,365	\$ 7,224,728
Payments to employees	-	(3,396,596)	(3,396,596)
Payments to suppliers	-	(3,374,204)	(3,374,204)
Payments for workers' compensation claims	(459,610)	-	(459,610)
Net Cash Provided by (Used In) Operating Activities	<u>52,753</u>	<u>(58,435)</u>	<u>(5,682)</u>
Net increase (decrease) in cash and cash equivalents	52,753	(58,435)	(5,682)
Cash and Cash Equivalents at Beginning of Year	<u>938,525</u>	<u>265,543</u>	<u>1,204,068</u>
Cash and Cash Equivalents at End of Year	<u>\$ 991,278</u>	<u>\$ 207,108</u>	<u>\$ 1,198,386</u>
Reconciliation of Operating Income to Net Cash			
Provided by Operating Activities			
Operating income (loss)	\$ (10,153)	\$ -	\$ (10,153)
Changes in Assets and Liabilities:			
Decrease (increase) in prepaid items	85,784	-	85,784
Decrease (increase) in accounts receivable	-	(507)	(507)
Increase (decrease) in accounts payable	-	(51,469)	(51,469)
Increase (decrease) in accrued wages payable	-	(6,459)	(6,459)
Increase (decrease) in claims payable	(22,878)	-	(22,878)
Net Cash Provided by (Used In) Operating Activities	<u>\$ 52,753</u>	<u>\$ (58,435)</u>	<u>\$ (5,682)</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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Local revenues	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Debt Service:				
Principal on Long-Term Debt	1,480,000	1,480,000	1,480,000	-
Interest on Long-Term Debt	1,956,960	1,956,960	1,956,960	-
Other debt service	254,400	254,400	254,400	-
Total Expenditures	3,691,360	3,691,360	3,691,360	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,691,360)	(3,691,360)	(3,691,360)	-
Other Financing Sources (Uses)				
Transfers In	3,718,469	3,718,469	3,691,360	(27,109)
Total Other Financing Sources (Uses)	3,718,469	3,718,469	3,691,360	(27,109)
Net Change in Fund Balances	27,109	27,109	-	(27,109)
Fund Balances-Beginning	756,781	756,781	756,781	-
Fund Balances-Ending	\$ 783,890	\$ 783,890	\$ 756,781	\$ (27,109)

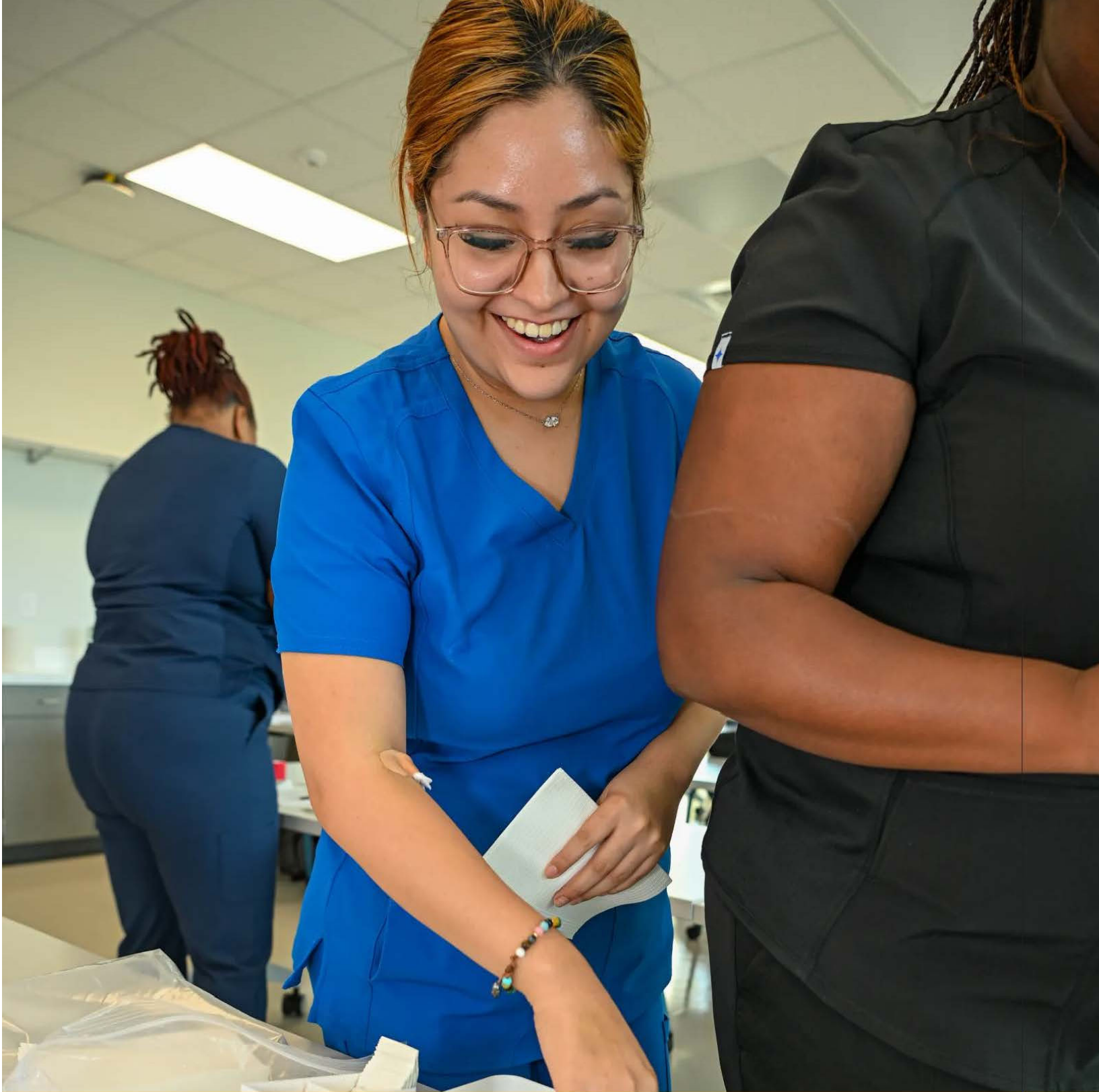
HARRIS COUNTY DEPARTMENT OF EDUCATION

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

For the Year Ended August 31, 2025

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	\$ 168,193	\$ -	\$ 33,741	\$ 134,452
2017	\$ 0.005422	-	\$ 388,054,684,618	37,681	-	2,132	35,549
2018	0.005200	-	416,884,796,154	45,921	-	2,700	43,221
2019	0.005195	-	434,078,173,795	46,965	-	4,265	42,700
2020	0.005190	-	445,338,264,373	62,009	-	7,373	54,636
2021	0.005000	-	477,646,161,016	88,002	-	16,361	71,641
2022	0.004993	-	501,765,295,099	104,585	-	21,782	82,803
2023	0.004990	-	511,588,870,404	218,836	-	86,950	131,886
2024	0.004800	-	639,537,499,173	635,496	-	366,839	268,657
2025	0.004799	-	653,363,198,127	-	30,315,911	29,691,816	624,095
				<u>\$ 1,407,688</u>	<u>\$ 30,315,911</u>	<u>\$ 30,233,959</u>	<u>\$ 1,489,640</u>



Statistical Section

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

	2025	2024	2023	2022	2021
Governmental Activities:					
Net investment in capital assets	\$ 70,273,387	\$ 69,145,023	\$ 67,374,927	\$ 57,974,197	\$ 54,464,903
Restricted	-	-	-	-	-
Unrestricted	(12,320,823)	(15,192,449)	(24,081,724)	(24,016,949)	(24,992,069)
Total Governmental Activities	\$ 57,952,564	\$ 53,952,574	\$ 43,293,203	\$ 33,957,248	\$ 29,472,834
Business-Type Activities:					
Unrestricted	\$ 1,753,271	\$ 1,753,271	\$ 1,753,271	\$ 1,500,000	\$ 1,500,000
Total Business-Type Activities	\$ 1,753,271	\$ 1,753,271	\$ 1,753,271	\$ 1,500,000	\$ 1,500,000
Net Position					
Net investment in capital assets	\$ 70,273,387	\$ 69,145,023	\$ 67,374,927	\$ 57,974,197	\$ 54,464,903
Restricted	-	-	-	-	-
Unrestricted	(10,567,552)	(13,439,178)	(22,328,453)	(22,516,949)	(23,492,069)
Total Net Position	\$ 59,705,835	\$ 55,705,845	\$ 45,046,474	\$ 35,457,248	\$ 30,972,834

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

	2020	2019	2018	2017	2016
Governmental Activities:					
Net investment in					
capital assets	\$ 47,221,390	\$ 47,908,866	\$ 43,712,723	\$ 32,428,990	\$ 34,145,710
Restricted	-	-	-	-	31,983
Unrestricted	(16,824,748)	(18,737,419)	(20,722,390)	26,188,720	20,804,496
Total Governmental Activities	\$ 30,396,642	\$ 29,171,447	\$ 22,990,333	\$ 58,617,710	\$ 54,982,189
Business-Type Activities:					
Unrestricted	\$ 1,500,000	\$ 1,000,000	\$ 500,000	\$ -	\$ -
Total Business-Type Activities	\$ 1,500,000	\$ 1,000,000	\$ 500,000	\$ -	\$ -
Net Position					
Net investment in					
capital assets	\$ 47,221,390	\$ 47,908,866	\$ 43,712,723	\$ 32,428,990	\$ 34,145,710
Restricted	-	-	-	-	31,983
Unrestricted	(15,324,748)	(17,737,419)	(20,222,390)	26,188,720	20,804,496
Total Net Position	\$ 31,896,642	\$ 30,171,447	\$ 23,490,333	\$ 58,617,710	\$ 54,982,189

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

	2025	2024	2023	2022	2021
Expenses:					
Governmental Activities:					
Adult Education Program	\$ 6,208,386	\$ 5,718,834	\$ 4,723,590	\$ 3,812,902	\$ 4,127,033
Assistant Superintendents' Offices	696,701	717,911	653,506	587,468	603,726
Board of Trustees	213,438	214,648	193,448	196,616	163,700
Business Support Services	2,235,592	2,185,620	1,750,283	1,734,433	1,998,215
Center for After-School, Summer & Expanded Learning	8,898,047	9,308,723	7,825,748	7,107,362	7,729,357
Center for Safe and Secure Schools	1,207,572	967,081	904,715	614,339	759,146
Center for Grant Development	639,670	606,025	547,803	481,837	592,331
Client Engagement	737,808	670,171	610,378	510,192	462,459
Communications	1,342,341	1,193,868	970,379	858,665	962,407
Department Wide	10,384,536	6,398,809	8,615,708	9,612,407	8,725,092
Digital Learning	-	-	5,363	109,724	288,756
Education Certification & Professional Advancement	7,645	18,936	52,645	594,197	677,435
Education Foundation	200,000	200,000	600,083	508,374	210,543
Facility Support Services	8,125,659	9,100,971	2,359,085	1,921,454	3,032,471
Head Start Program	21,680,974	22,394,981	20,770,102	18,495,199	20,185,050
Human Resources	1,289,976	1,243,356	1,278,305	1,093,657	1,107,767
Interest and Fees on Long-Term Debt	1,961,719	1,614,460	991,048	1,420,804	1,792,569
Purchasing Support Services	816,741	745,211	688,084	609,380	573,016
Community Engagement	141,036	107,930	106,632	-	-
Quality Zone Academy Bonds	-	-	-	-	-
Records Management Services	2,489,254	1,147,440	1,990,600	1,948,569	1,960,988
Research and Evaluation Institute	638,778	635,546	520,102	504,843	635,864
Retirement Leave Benefits	299,940	379,701	475,565	269,275	333,844
Scholastic Arts and Writing Program	-	-	-	125,409	119,673
School Based Therapy Services	13,966,651	13,536,488	12,294,402	10,329,423	11,457,283
Chief of Staff	348,242	316,136	298,684	246,409	284,899
Special Schools & Services	18,817,318	15,918,886	15,113,129	13,116,099	13,817,704
Superintendent's Office	722,740	726,226	656,650	602,274	623,314
Technology Support Services	5,043,167	4,557,270	3,936,743	4,113,372	3,982,140
The Teaching & Learning Center	2,006,505	1,957,757	1,909,600	919,413	916,601
Total Governmental Activities Expenses	111,120,436	102,582,985	90,842,380	82,444,096	88,123,383
Business-Type Activities:					
Choice Partners Cooperatives	3,200,748	2,788,695	2,560,786	2,552,015	2,095,107
Transfer out	8,685,534	7,965,387	4,294,307	5,028,650	4,828,938
Total Business-Type Activities Expenses	11,886,282	10,754,082	6,855,093	7,580,665	6,924,045
Total Expenses	123,006,718	113,337,067	97,697,473	90,024,761	95,047,428

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

Table 2
Page 2 of 4

	2020	2019	2018	2017	2016
Expenses:					
Governmental Activities:					
Adult Education Program	\$ 4,638,902	\$ 4,569,273	\$ 1,036,132	\$ 3,873,917	\$ 4,050,032
Assistant Superintendents' Offices	555,259	576,780	550,282	539,630	537,885
Board of Trustees	164,109	177,757	128,396	138,256	131,506
Business Support Services	1,985,847	1,745,357	1,763,138	1,720,319	1,790,657
Center for After-School, Summer & Expanded Learning	6,516,679	7,090,805	5,934,605	7,289,977	7,315,643
Center for Safe and Secure Schools	793,170	1,050,107	86,464	655,108	491,085
Center for Grant Development	583,366	567,705	568,024	555,688	544,990
Client Engagement	434,571	644,546	491,644	374,313	451,521
Communications	832,260	837,090	774,921	858,041	884,274
Department Wide	10,549,704	6,717,410	6,111,173	7,089,535	6,808,688
Digital Learning	423,384	271,230	441,316	1,391,612	368,131
Education Certification & Professional Advancement	665,549	597,579	627,407	678,461	630,272
Education Foundation	500,626	-	-	9,559	199,417
Facility Support Services	1,566,862	1,038,146	937,572	1,112,896	772,981
Head Start Program	20,007,652	20,782,352	7,146,626	17,304,932	16,103,236
Human Resources	1,097,516	1,053,283	1,023,212	994,097	943,149
Interest and Fees on Long-Term Debt	230,424	274,948	330,095	602,708	310,720
Purchasing Support Services	581,023	566,986	494,421	494,804	477,229
Community Engagement	-	-	-	-	-
Quality Zone Academy Bonds	-	-	-	-	6,281
Records Management Services	1,900,490	2,005,229	1,921,547	1,627,074	1,656,361
Research and Evaluation Institute	612,972	569,157	597,668	579,394	515,936
Retirement Leave Benefits	231,057	118,233	124,832	358,964	322,795
Scholastic Arts and Writing Program	142,239	139,108	99,932	101,618	102,702
School Based Therapy Services	11,360,389	10,709,672	10,328,779	9,790,720	9,375,763
Chief of Staff	273,876	268,564	239,431	291,630	189,323
Special Schools & Services	12,875,176	12,743,363	11,535,687	11,091,019	10,865,891
Superintendent's Office	564,677	523,018	443,456	448,785	385,255
Technology Support Services	4,090,248	4,098,566	3,381,097	3,446,066	5,052,094
The Teaching & Learning Center	1,144,261	1,351,221	1,262,855	1,240,775	1,068,452
Total Governmental Activities Expenses	85,322,288	81,087,485	58,380,712	74,659,898	72,352,269
Business-Type Activities:					
Choice Partners Cooperatives	1,962,256	2,083,863	1,844,392	1,783,195	1,879,446
Transfer out	3,490,423	5,805,811	2,803,104	2,588,083	2,547,458
Total Business-Type Activities Expenses	5,452,679	7,889,674	4,647,496	4,371,278	4,426,904
Total Expenses	90,774,967	88,977,159	63,028,208	79,031,176	76,779,173

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

Table 2
Page 3 of 4

	2025	2024	2023	2022	2021
Program Revenues:					
Governmental Activities:					
Charges for services:					
Adult Education Program	\$ -	\$ -	\$ -	\$ -	\$ 14,436
Business Support Services	508,038	722,679	167,483	164,415	132,721
Center for After-School, Summer & Expanded Learning	927,627	85,238	80,261	112,650	74,810
Center for Safe and Secure Schools	341,564	232,556	735,327	276,774	271,773
Center for Grant Development	2,050	1,360	1,305	120	1,455
Client Engagement	3,905	-	-	-	-
Department Wide	20,009	-	1,109,158	207,672	411,395
Digital Learning	-	-	200	-	-
Education Certification & Professional Advancement	7,645	-	-	111,998	226,387
Head Start Program	4,831,329	-	-	-	-
Purchasing Support Services	11,314	-	-	-	-
Records Management Services	1,934,918	1,815,069	1,777,184	1,890,422	1,781,590
Research and Evaluation Institute	100,918	-	104,500	79,500	149,500
Scholastic Arts and Writing Program	-	-	-	-	-
School Based Therapy Services	11,544,608	11,178,474	10,441,275	9,359,728	9,368,648
Special Assistant to Superintendent	223,016	-	-	-	-
Special Schools & Services	9,840,311	12,863,988	9,417,696	7,850,166	8,001,312
Technology Support Services	-	-	-	-	-
The Teaching & Learning Center	442,050	289,422	309,823	707,601	572,791
Total Charges for Services	30,739,302	27,188,786	24,144,212	20,761,046	21,006,818
Operating Grants and Contributions	33,523,041	39,822,294	35,061,449	24,480,552	27,289,087
General Revenues					
Property taxes, levied for general purposes	30,989,265	30,319,237	27,994,844	25,366,674	25,178,251
Grants and contributions not restricted to specific program	1,434,705	2,311,044	3,031,546	4,389,700	2,703,105
Investment earnings	2,511,742	2,953,612	1,677,020	168,995	26,124
Miscellaneous income	7,236,837	2,681,996	3,974,957	4,632,893	6,167,249
Transfers	8,685,534	7,965,387	4,294,307	5,028,650	4,828,938
Total Governmental Activities Revenues	115,120,426	113,242,356	100,178,335	84,828,510	87,199,572
Business-Type Activities:					
Charges for services:					
Choice Partners Cooperative	11,849,487	10,709,082	7,108,364	7,580,665	6,924,045
Miscellaneous income	36,795	45,000	-	-	-
Total Revenues-Business Type Activities	11,886,282	10,754,082	7,108,364	7,580,665	6,924,045
Total Revenues	127,006,708	123,996,438	107,286,699	92,409,175	94,123,617
Change in Net Position					
Total Primary Government	\$ 3,999,990	\$ 10,659,371	\$ 9,589,226	\$ 2,384,414	\$ (923,811)

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

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

Table 2
Page 4 of 4

	2020	2019	2018	2017	2016
Program Revenues:					
Governmental Activities:					
Charges for services:					
Adult Education Program	\$ -	\$ -	\$ -	\$ -	\$ -
Business Support Services	245,754	55,098	4,590	58,597	284,473
Center for After-School, Summer & Expanded Learning	83,560	94,748	89,994	9,506	11,800
Center for Safe and Secure Schools	273,972	229,396	187,729	502,661	117,350
Center for Grant Development	1,515	2,495	865	840	2,275
Client Engagement	-	-	-	-	-
Department Wide	35,711	43,979	28,480	20,215	12,963
Digital Learning	-	12,085	25,755	41,745	61,015
Education Certification & Professional Advancement	113,982	204,520	228,979	206,289	252,270
Head Start Program	140	20	250	-	-
Purchasing Support Services	-	-	-	-	5,559
Records Management Services	1,868,784	1,687,681	1,894,771	1,563,165	1,569,386
Research and Evaluation Institute	91,499	80,786	79,249	2,002	48,644
Scholastic Arts and Writing Program	-	-	-	-	40,449
School Based Therapy Services	8,892,942	8,981,971	8,888,790	8,552,308	8,633,429
Special Assistant to Superintendent	-	-	-	-	-
Special Schools & Services	9,022,523	8,880,541	8,327,481	8,433,065	7,439,987
Technology Support Services	-	1,200	9,850	17,440	61,296
The Teaching & Learning Center	828,920	1,236,917	731,899	734,437	773,405
Total Charges for Services	21,459,302	21,511,437	20,498,682	20,142,270	19,314,301
Operating Grants and Contributions	25,663,841	26,730,731	18,289,999	23,509,189	23,307,323
General Revenues					
Property taxes, levied for general purposes	23,870,492	23,040,994	22,494,557	21,723,798	21,059,842
Grants and contributions not restricted to specific program	5,610,709	3,901,877	2,439,712	4,804,746	5,560,503
Investment earnings	434,601	993,098	554,708	170,480	60,751
Miscellaneous income	6,018,115	5,284,651	4,988,233	5,356,853	5,152,391
Transfers	3,490,423	5,805,811	2,803,104	2,588,083	2,547,458
Total Governmental Activities Revenues	86,547,483	87,268,599	72,068,995	78,295,419	77,002,569
Business-Type Activities:					
Charges for services:					
Choice Partners Cooperative	5,952,679	8,389,674	5,147,496	4,371,278	4,426,904
Miscellaneous income	-	-	-	-	-
Total Revenues-Business Type Activities	5,952,679	8,389,674	5,147,496	4,371,278	4,426,904
Total Revenues	92,500,162	95,658,273	77,216,491	82,666,697	81,429,473
Change in Net Position					
Total Primary Government	\$ 1,725,195	\$ 6,681,114	\$ 14,188,283	\$ 3,635,521	\$ 4,650,300

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

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

Table 3
Page 1 of 2

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
General Fund:					
Nonspendable	\$ 241,222	\$ 234,662	\$ 144,887	\$ 219,796	\$ 266,062
Committed	2,288,291	2,988,291	2,514,976	2,014,976	2,014,976
Assigned	10,363,200	9,120,200	6,120,200	6,149,729	6,770,790
Unassigned	<u>24,300,720</u>	<u>22,294,342</u>	<u>16,918,498</u>	<u>17,534,563</u>	<u>17,032,101</u>
Total General Fund	<u><u>\$ 37,193,433</u></u>	<u><u>\$ 34,637,495</u></u>	<u><u>\$ 25,698,561</u></u>	<u><u>\$ 25,919,064</u></u>	<u><u>\$ 26,083,929</u></u>
All Other Governmental Funds:					
Nonspendable	\$ 57,579	\$ -	\$ 68,997	\$ 112,416	\$ 238,934
Restricted, reported in:					
PFC Capital Projects Fund	12,798,719	20,026,227	16,156,473	34,705,560	51,751,156
Assigned, reported in:					
Debt Service Fund	756,781	756,781	755,170	1,367,956	2,500,000
Unassigned	<u>(57,579)</u>	<u>-</u>	<u>(68,997)</u>	<u>(112,416)</u>	<u>(238,934)</u>
Total All Other Governmental Funds	<u><u>\$ 13,555,500</u></u>	<u><u>\$ 20,783,008</u></u>	<u><u>\$ 16,911,643</u></u>	<u><u>\$ 36,073,516</u></u>	<u><u>\$ 54,251,156</u></u>

Source: HCDE records.

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

Table 3
Page 2 of 2

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Fund:					
Nonspendable	\$ 177,243	\$ 169,805	\$ 128,037	\$ 163,555	\$ 159,613
Committed	2,014,976	2,014,976	2,014,976	1,575,000	6,200,000
Assigned	13,540,000	9,499,397	9,499,397	9,363,629	7,538,285
Unassigned	<u>17,103,242</u>	<u>20,930,182</u>	<u>17,769,755</u>	<u>17,020,303</u>	<u>17,022,340</u>
Total General Fund	<u><u>\$ 32,835,461</u></u>	<u><u>\$ 32,614,360</u></u>	<u><u>\$ 29,412,165</u></u>	<u><u>\$ 28,122,487</u></u>	<u><u>\$ 30,920,238</u></u>
All Other Governmental Funds:					
Nonspendable	\$ 9,898	\$ -	\$ -	\$ -	\$ -
Restricted, reported in:					
PFC Capital Projects Fund	2,939,650	10,600,127	11,219,387	10,874,006	31,983
Assigned, reported in:					
Debt Service Fund	-	-	-	-	-
Unassigned	<u>(9,898)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u><u>\$ 2,939,650</u></u>	<u><u>\$ 10,600,127</u></u>	<u><u>\$ 11,219,387</u></u>	<u><u>\$ 10,874,006</u></u>	<u><u>\$ 31,983</u></u>

Source: HCDE records.

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

Table 4
Page 1 of 2

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022*</u>	<u>2021*</u>
Total Revenues	\$ 102,715,031	\$ 107,173,181	\$ 99,505,701	\$ 82,834,346	\$ 82,021,081
Total Expenditures	<u>116,072,135</u>	<u>118,864,940</u>	<u>125,669,693</u>	<u>106,205,501</u>	<u>89,444,277</u>
Excess (deficiency) of revenues over(under) expenditures:	<u>(13,357,104)</u>	<u>(11,691,759)</u>	<u>(26,163,992)</u>	<u>(23,371,155)</u>	<u>(7,423,196)</u>
Other Financing Sources (Uses)					
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	15,008,421	12,004,162	11,898,303	11,627,842	18,739,249
Transfers out	<u>(6,322,887)</u>	<u>(4,038,775)</u>	<u>(7,603,996)</u>	<u>(6,599,192)</u>	<u>(13,948,194)</u>
Total Other Financing Sources (Uses)	<u>8,685,534</u>	<u>24,502,058</u>	<u>6,781,616</u>	<u>5,028,650</u>	<u>51,983,170</u>
Net Change in Fund Balances	<u>\$ (4,671,570)</u>	<u>\$ 12,810,299</u>	<u>\$ (19,382,376)</u>	<u>\$ (18,342,505)</u>	<u>\$ 44,559,974</u>

Source: HCDE records.

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

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

Table 4
Page 2 of 2

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Revenues	\$ 79,284,172	\$ 79,771,645	\$ 78,200,293	\$ 75,335,740	\$ 73,253,550
Total Expenditures	<u>89,444,277</u>	<u>90,213,971</u>	<u>82,995,395</u>	<u>79,368,338</u>	<u>76,879,551</u>
Excess (deficiency) of revenues over(under) expenditures:	<u>(10,160,105)</u>	<u>(10,442,326)</u>	<u>(4,795,102)</u>	<u>(4,032,598)</u>	<u>(3,626,001)</u>
Other Financing Sources (Uses)					
Maintenance tax notes issued	-	-	-	7,000,000	-
Premium on maintenance tax notes	-	-	-	-	-
Transfers in	9,763,310	11,635,782	8,573,483	11,267,601	5,799,651
Transfers out	<u>(6,272,887)</u>	<u>(5,829,097)</u>	<u>(57,703,789)</u>	<u>(8,679,518)</u>	<u>(3,252,192)</u>
Total Other Financing Sources (Uses)	<u>3,490,423</u>	<u>5,806,685</u>	<u>(49,130,306)</u>	<u>9,588,083</u>	<u>2,547,459</u>
Net Change in Fund Balances	<u>\$ (6,669,682)</u>	<u>\$ (4,635,641)</u>	<u>\$ (53,925,408)</u>	<u>\$ 5,555,485</u>	<u>\$ (1,078,542)</u>

Source: HCDE records.

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

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

Table 5
Page 1 of 2

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Local Sources:					
Charges for services	\$ 24,230,472	\$ 27,190,432	\$ 22,888,414	\$ 20,489,236	\$ 20,500,078
Property taxes, levied					
for general purposes	30,908,953	30,103,630	27,771,515	25,368,044	25,086,237
Local grants	6,509,770	7,488,956	4,384,519	4,589,937	3,575,107
Miscellaneous income	2,474,803	2,905,199	5,004,814	512,947	3,187,030
Total Local Sources	<u>64,123,998</u>	<u>67,688,217</u>	<u>60,049,262</u>	<u>50,960,164</u>	<u>52,348,452</u>
State Sources:					
State aid grants	529,800	529,800	529,800	529,800	529,800
On-behalf payments	4,382,360	3,941,476	3,295,407	3,019,944	2,815,070
Total State Sources	<u>4,912,160</u>	<u>4,471,276</u>	<u>3,825,207</u>	<u>3,549,744</u>	<u>3,344,870</u>
Federal Sources:	<u>33,678,873</u>	<u>35,013,688</u>	<u>35,631,232</u>	<u>28,324,438</u>	<u>26,327,759</u>
Total Revenues	<u>\$ 102,715,031</u>	<u>\$ 107,173,181</u>	<u>\$ 99,505,701</u>	<u>\$ 82,834,346</u>	<u>\$ 82,021,081</u>

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

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

Table 5
Page 2 of 2

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Local Sources:					
Charges for services	\$ 21,358,795	\$ 21,511,437	\$ 20,383,705	\$ 20,043,478	\$ 19,213,400
Property taxes, levied					
for general purposes	23,707,501	23,051,892	22,514,793	21,751,923	21,141,146
Local grants	4,761,166	5,272,056	4,766,262	5,355,621	5,086,589
Miscellaneous income	951,905	1,023,752	892,026	270,504	164,439
Total Local Sources	<u>50,779,367</u>	<u>50,859,137</u>	<u>48,556,786</u>	<u>47,421,526</u>	<u>45,605,574</u>
State Sources:					
State aid grants	548,616	780,488	2,352,287	2,260,853	2,810,044
On-behalf payments	3,036,198	2,508,668	2,396,189	2,290,135	2,215,370
Total State Sources	<u>3,584,814</u>	<u>3,289,156</u>	<u>4,748,476</u>	<u>4,550,988</u>	<u>5,025,414</u>
Federal Sources:	<u>24,919,991</u>	<u>25,623,352</u>	<u>24,895,031</u>	<u>23,363,226</u>	<u>22,622,562</u>
Total Revenues	<u>\$ 79,284,172</u>	<u>\$ 79,771,645</u>	<u>\$ 78,200,293</u>	<u>\$ 75,335,740</u>	<u>\$ 73,253,550</u>

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

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

Table 6
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	2025	2024	2023	2022	2021
Adult Education Program	\$ 6,294,992	\$ 5,310,207	\$ 4,945,456	\$ 4,147,759	\$ 3,968,609
Assistant Superintendents' Offices	719,090	736,926	716,854	650,043	595,537
Board of Trustees	215,815	216,670	197,362	203,356	162,520
Business Support Services	2,292,070	2,229,478	1,834,358	1,877,350	1,977,239
Center for After School, Summer & Expanded Learning	9,225,049	9,445,756	8,008,649	7,433,846	7,619,554
Center for Safe & Secure Schools	660,123	622,846	940,995	659,865	747,630
Center for Grant Development	1,241,338	990,420	581,303	535,226	584,083
Communications & Client Engagement	2,135,853	1,910,411	1,668,930	1,509,021	1,404,604
Department Wide	10,271,733	9,813,915	8,894,655	8,459,633	8,666,966
Digital Learning	-	-	804,950	1,061,689	290,827
Education Certification & Professional Advancement	7,645	18,936	52,645	642,956	677,435
Education Foundation	200,000	200,000	600,083	508,374	210,543
Facility Support Services	3,227,464	10,014,684	22,370,386	18,420,989	163,536
Head Start Program	23,126,171	26,369,147	29,998,656	20,223,322	20,492,126
Human Resources	1,327,474	1,273,693	1,342,823	1,192,545	1,094,473
Principal Certification	-	-	-	-	2,780
Purchasing Support Services (1)	841,278	764,596	728,248	674,840	573,016
Community Engagement	145,202	111,082	113,733	-	-
Quality Zone Academy Bonds (QZAB)	-	-	-	-	-
Records Management Services	2,490,533	2,068,635	2,005,842	1,969,477	1,889,657
Research & Evaluation Institute	660,765	652,919	551,004	558,838	627,825
Retirement Leave Benefits	299,940	379,701	475,565	269,275	333,844
Scholastic Arts & Writing Program	7,500	-	-	133,968	118,381
School Based Therapy Services	14,467,682	14,052,503	13,046,329	11,486,094	11,332,185
Chief of Staff/Special Assistant to the Superintendent	364,320	327,178	318,001	276,167	280,940
Special Schools & Services	18,146,592	17,117,690	14,234,654	12,461,576	12,876,450
Superintendent's Office	740,077	741,678	688,994	675,534	622,806
Technology Support Services	4,872,439	4,310,434	3,934,848	3,906,227	3,742,971
The Teaching & Learning Center	1,924,700	2,006,207	2,002,737	1,002,978	899,159
PFC Capital Projects	6,474,930	3,255,227	340,876	-	2,837,998
Debt Service:					
Principal Payments	1,480,000	2,053,180	3,018,598	3,613,061	2,756,428
Interest & Fees	1,956,960	1,071,886	1,252,159	1,651,492	1,243,827
Bond Issuance Costs & Fees	254,400	798,935	-	-	650,328
Total Expenditures	\$ 116,072,135	\$ 118,864,940	\$ 125,669,693	\$ 106,205,501	\$ 89,444,277
Debt Service as a Percentage of					
Non-Capital Expenditures	3.24%	3.06%	4.47%	5.94%	4.57%

NOTE: Governmental expenditures include those made by the following funds: General, Special Revenue, Debt Services and

Public Facility Corporation (PFC) Capital Projects funds.

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

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

Source: HCDE records.

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

Table 6
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	2020	2019	2018	2017	2016
Adult Education Program	\$ 4,429,807	\$ 4,242,673	\$ 4,926,751	\$ 3,897,009	\$ 4,068,869
Assistant Superintendents' Offices	550,259	567,780	550,282	534,595	533,135
Board of Trustees	164,109	177,757	128,396	138,343	131,482
Business Support Services	1,976,847	1,726,357	1,733,238	1,711,576	1,783,858
Center for After School, Summer & Expanded Learning	6,431,634	6,932,667	7,415,860	7,320,521	7,344,632
Center for Safe & Secure Schools	782,170	617,861	458,510	647,093	473,676
Center for Grant Development	578,366	558,705	558,169	550,918	540,539
Communications & Client Engagement	1,256,174	1,458,957	1,248,256	1,215,481	1,324,033
Department Wide	7,137,853	6,727,446	6,051,002	6,862,145	5,867,987
Digital Learning	450,124	244,380	406,107	1,345,415	1,662,289
Education Certification & Professional Advancement	660,549	588,579	616,559	673,466	625,469
Education Foundation	500,600	-	-	9,812	199,603
Facility Support Services	282,427	1,025,227	1,332,808	730,324	449,188
Head Start Program	19,245,331	19,314,914	18,963,042	17,455,113	16,439,375
Human Resources	1,092,516	1,044,283	998,178	986,813	935,877
Principal Certification	-	-	-	-	-
Purchasing Support Services (1)	576,023	538,986	488,359	487,590	472,964
Community Engagement	-	-	-	-	-
Quality Zone Academy Bonds (QZAB)	-	-	-	-	6,281
Records Management Services	1,818,947	1,917,340	1,826,139	1,557,380	1,519,616
Research & Evaluation Institute	607,972	560,157	590,450	575,247	512,665
Retirement Leave Benefits	231,057	118,233	124,832	358,964	322,795
Scholastic Arts & Writing Program	142,239	139,108	99,932	101,187	102,115
School Based Therapy Services	11,135,002	10,550,740	10,317,233	9,701,864	9,292,131
Chief of Staff/Special Assistant to the Superintendent	273,876	269,039	239,431	289,057	187,574
Special Schools & Services	19,870,365	14,996,466	12,610,677	11,657,915	10,452,501
Superintendent's Office	559,169	513,510	443,456	445,967	382,543
Technology Support Services	3,561,381	3,690,024	2,860,974	3,028,436	3,686,311
The Teaching & Learning Center	1,142,292	1,324,710	1,235,105	1,229,426	1,058,193
PFC Capital Projects	1,839,271	-	-	-	-
Debt Service:					
Principal Payments	2,706,429	2,886,429	2,826,429	2,781,429	2,106,429
Interest & Fees	211,182	263,067	318,163	352,303	301,771
Bond Issuance Costs & Fees	-	-	-	234,162	-
Total Expenditures	\$ 90,213,971	\$ 82,995,395	\$ 79,368,338	\$ 76,879,551	\$ 72,783,901
Debt Service as a Percentage of					
Non-Capital Expenditures	3.61%	3.98%	4.07%	4.17%	3.37%

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.

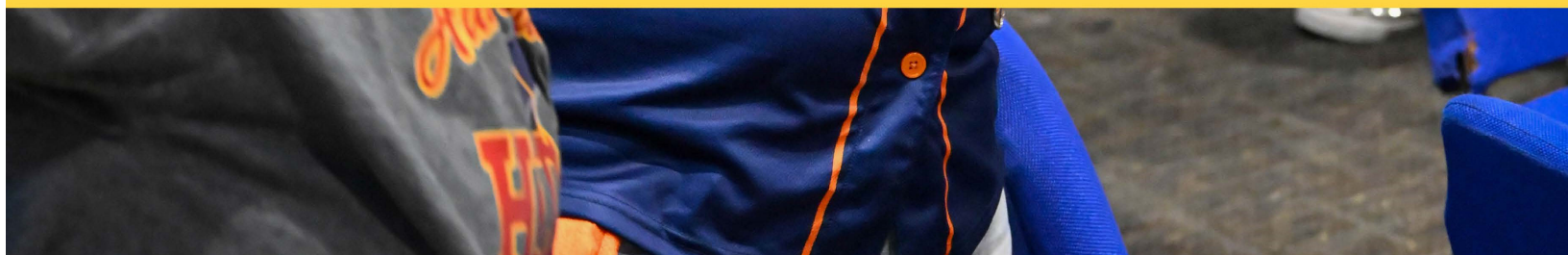
(2) In FY 2016 Choice Partners Cooperatives are accounted as an enterprise fund.

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
2025	\$ 30,315,911	\$ 29,691,816	97.94%	\$ -	\$ 29,691,816	97.94%
2024	30,819,114	30,183,617	97.94%	366,839	30,550,456	99.13%
2023	28,238,131	27,728,801	98.20%	377,444	28,106,245	99.53%
2022	25,583,859	25,198,781	98.49%	302,275	25,501,056	99.68%
2021	25,252,221	24,822,724	98.30%	357,856	25,180,580	99.72%
2020	23,937,452	23,455,450	97.99%	427,366	23,882,816	99.77%
2019	23,187,623	22,764,706	98.18%	380,217	23,144,923	99.82%
2018	22,230,715	21,937,173	98.68%	250,321	22,187,494	99.81%
2017	21,678,010	21,412,201	98.77%	230,260	21,642,461	99.84%
2016	21,040,325	20,736,926	98.56%	293,838	21,030,764	99.95%

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	2025	2024	2023	2022	2021
Department Direct Rate:					
HCDE ^(a)	\$0.004799	\$0.004800	\$0.004900	\$0.004990	\$0.004993
Overlapping Rates Jurisdictions:					
Harris County (HC)	0.3853	0.3501	0.3501	0.3370	0.3912
HC Flood Control District	0.0490	0.0311	0.0311	0.0306	0.0314
Port of Houston Authority	0.0062	0.0057	0.0057	0.0080	0.0099
HC Hospital District	0.1635	0.1434	0.1431	0.1483	0.1667
Cities:					
Baytown	0.7004	0.7200	0.7200	0.7500	0.7952
Bellaire	0.4333	0.4370	0.4370	0.4473	0.4473
Deer Park	0.7200	0.7200	0.7200	0.7200	0.7200
Houston	0.5192	0.5192	0.5192	0.5336	0.5618
LaPorte	0.7100	0.7100	0.7100	0.7100	0.7100
League City	0.3690	0.3690	0.3950	0.5284	0.5150
Missouri City	0.5708	0.5708	0.5708	0.5738	0.5980
Pasadena	0.4748	0.4555	0.4555	0.4976	0.5337
Pearland	0.6350	0.6554	0.6554	0.7200	0.7200
Seabrook	0.4552	0.4578	0.4578	0.4765	0.5436
South Houston	0.5685	0.5527	0.5527	0.6334	0.6981
Webster	0.3748	0.3339	0.3339	0.3648	0.3736
West University Place	0.2419	0.2608	0.2608	0.2774	0.2941
Taxing Authority	2025	2024	2023	2022	2021
School Districts and Junior Colleges:					
Aldine	1.0340	1.0363	1.0363	1.2744	1.2744
Alief	1.0476	0.9867	0.9867	1.2048	1.2048
Clear Creek	0.9690	0.9746	0.9746	1.1146	1.2659
Cypress-Fairbanks	1.0869	1.0811	1.0811	1.2948	1.3556
Deer Park	1.1213	1.1213	1.1213	1.2822	1.3496
Galena Park	1.1719	1.1319	1.1319	1.3542	1.4581
Goose Creek	1.0725	1.0825	1.0825	1.2817	1.3411
Houston	0.8489	0.8683	0.8683	1.0372	1.1331
Humble	1.1052	1.1075	1.1075	1.2929	1.3841
Katy	1.1171	1.1194	1.1194	1.3048	1.3888
Klein	1.0119	1.0316	1.0316	1.2300	1.3373
LaPorte	0.9739	0.9739	0.9739	1.2565	1.2697
North Forest	N/A	N/A	N/A	N/A	N/A
Lone Star College *	0.1076	0.1076	0.1076	0.1078	0.1078
Pasadena	1.2255	1.1382	1.1382	1.3353	1.3830
Pearland	1.1350	1.1373	1.1373	1.3027	1.3185
San Jacinto Jr. College	0.1549	0.1462	0.1462	0.1556	0.1694
Sheldon	1.2552	1.2575	1.2575	1.4550	1.5016
Spring	1.1069	1.1092	1.1092	1.2546	1.3843
Spring Branch	1.0764	1.0789	1.0789	1.2688	1.3073
Tomball	1.0629	1.0652	1.0652	1.2300	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	2020	2019	2018	2017	2016
Department Direct Rate:					
HCDE ^(a)	\$0.005000	\$0.005190	\$0.005195	\$0.005200	\$0.00542
Overlapping Rates Jurisdictions:					
Harris County (HC)	0.4071	0.4186	0.4180	0.4166	0.4192
HC Flood Control District	0.0279	0.0288	0.0283	0.0283	0.0273
Port of Houston Authority	0.0107	0.0116	0.0116	0.0133	0.0134
HC Hospital District	0.1659	0.1711	0.1711	0.1718	0.1700
Cities:					
Baytown	0.8020	0.8220	0.8220	0.8220	0.8220
Bellaire	0.4473	0.4313	0.4159	0.3874	0.3805
Deer Park	0.7200	0.7200	0.7200	0.7200	0.7144
Houston	0.5679	0.5883	0.5842	0.5864	0.6011
LaPorte	0.7100	0.7100	0.7100	0.7100	0.7100
League City	0.5486	0.5638	0.5650	0.5700	0.5735
Missouri City	0.6300	0.6300	0.6000	0.5601	0.5447
Pasadena	0.5703	0.6154	0.5754	0.5754	0.5754
Pearland	0.7412	0.7092	0.6851	0.6812	0.7053
Seabrook	0.5520	0.5520	0.5749	0.5652	0.6126
South Houston	0.6999	0.6505	0.6433	0.6322	0.6995
Webster	0.3620	0.3479	0.3173	0.2845	0.2345
West University Place	0.3092	0.3168	0.3168	0.3168	0.3318
Taxing Authority	2020	2019	2018	2017	2016
School Districts and Junior Colleges:					
Aldine	1.3471	1.4359	1.3734	1.3234	1.2859
Alief	1.2441	1.3300	1.3300	1.3050	1.2800
Clear Creek	1.3100	1.4000	1.4000	1.4000	1.4000
Cypress-Fairbanks	1.3700	1.4400	1.4400	1.4400	1.4400
Deer Park	1.4151	1.5387	1.5567	1.5567	1.5567
Galena Park	1.4717	1.5733	1.5633	1.5633	1.5134
Goose Creek	1.3543	1.4319	1.4319	1.4319	1.4319
Houston	1.1367	1.2067	1.2067	1.2067	1.1967
Humble	1.4184	1.5200	1.5200	1.5200	1.5200
Katy	1.4431	1.5166	1.5166	1.5166	1.5166
Klein	1.3600	1.4300	1.4300	1.4300	1.4100
LaPorte	1.2800	1.3800	1.3800	1.4200	1.4500
North Forest	N/A	N/A	N/A	N/A	N/A
Lone Star College *	0.1078	0.1078	0.1078	0.1078	0.1079
Pasadena	1.3784	1.4800	1.4800	1.3500	1.3500
Pearland	1.3956	1.4156	1.4156	1.4156	1.4156
San Jacinto Jr. College	0.1782	0.1793	0.1833	0.1824	0.1758
Sheldon	1.4484	1.4700	1.4700	1.4100	1.4100
Spring	1.4300	1.5100	1.5100	1.4700	1.4700
Spring Branch	1.3210	1.3945	1.3945	1.3945	1.3945
Tomball	1.2900	1.3400	1.3400	1.3400	1.3400

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

* Formerly North Harris Montgomery Community College

Source: Harris County Central Appraisal District

HARRIS COUNTY DEPARTMENT OF EDUCATION
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			
2025	\$ 483,370,257	\$ 213,752,872	\$ 935,330	\$ 172,457,726	\$ 217,149,987	\$ 653,366,198	0.004799
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

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	2025			2016		
	2024 Taxable Value ^(a)	Rank	Percentage of Total 2024 Taxable Value ^(b)	2015 Taxable Value ^(a)	Rank	Percentage of Total 2015 Taxable Value ^(c)
Centerpoint Energy, Inc.	\$ 5,967,413	1	0.91%	\$ 3,278,690	1	0.84%
Exxon Mobil Corporation	4,942,174	2	0.76%	3,143,496	2	0.81%
Chevron Phillips Chemical CO LP	3,534,954	3	0.54%	2,544,661	3	0.66%
Equistar Chemicals LP	1,833,954	4	0.28%	1,574,748	5	0.41%
LYB Channelview POTBA LLC	1,396,026	5	0.21%	-		
Lyondell Chemical ^(d)	1,139,363	6	0.17%	-		
HEB Grocery Co LP	1,124,062	7	0.17%	-		
United Airlines Inc.	1,107,270	8	0.17%	-		
Palmetto TransOceanic LLC	1,062,329	9	0.16%	1,289,093	6	0.33%
Walmart	1,031,573	10	0.16%	-		
Shell Oil Company	-			2,227,743	4	0.57%
NOV Wilson LP	-			1,151,701	7	0.30%
Hewlett Packard	-			1,134,351	8	0.29%
Cousins Greenway	-			1,090,950	9	0.28%
BP Amoco	-			-		
Crescent Real Estate	-			986,587	10	0.25%
Total	\$ 23,139,118		3.54%	\$ 18,422,020		4.75%

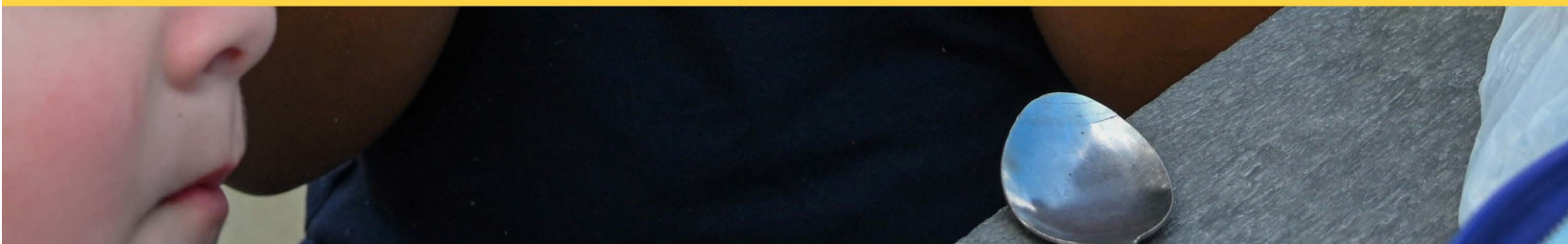
Source: Harris County Central Appraisal District and HCDE 2013 ACFR

- (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 2016
- (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)
2025	\$ 61,812,822	\$ 7,995,233	\$ -	\$ 69,808,055	\$ 653,366,198
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	477,646,161
2019	13,310,713	-	-	13,310,713	445,338,265
2018	16,197,142	-	-	16,197,142	434,078,174
2017	19,053,624	-	-	19,053,624	412,884,815
2016	14,844,750	-	-	14,844,750	388,054,686

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
2025	0.0107%	\$ 357,130,669	0.1955%	4,888,913	\$14.28
2024	0.0113%	330,617,356	0.2182%	4,826,539	\$14.95
2023	0.0101%	313,193,267	0.1849%	4,780,913	\$12.11
2022	0.0115%	311,430,719	0.1885%	4,728,030	\$12.41
2021	0.0108%	291,723,832	0.1880%	4,731,145	\$11.60
2020	0.0022%	285,160,839	0.0372%	4,767,540	\$2.23
2019	0.0030%	282,809,166	0.0471%	4,713,325	\$2.82
2018	0.0037%	265,351,328	0.0610%	4,652,980	\$3.48
2017	0.0046%	247,482,118	0.0770%	4,589,928	\$4.15
2016	0.0038%	240,752,454	0.0617%	4,538,028	\$3.27

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		
2025	\$ 3,691,360	\$ -	\$ 3,691,360	\$ 116,072,135	3.18%
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%

Source: HCDE records.

HARRIS COUNTY DEPARTMENT OF EDUCATION
ESTIMATED COUNTY-WIDE DIRECT AND OVERLAPPING BONDED DEBT
August 31, 2025
(Unaudited)

Table 13

	Percentage Applicable to Name of Government	Net Debt (Thousands)
<u>OVERLAPPING</u>		
County-Wide Jurisdictions:		
Harris County (9/30/24)	100.00%	\$ 2,493,575
Harris County Flood Control District (9/30/24)	100.00%	1,396,597
Port of Houston Authority (9/30/24)	100.00%	426,134
Total County-Wide Direct Debt		4,316,306
Cities:		
Houston (06/30/2024)	100.00%	3,198,614
Other cities (a)	Various	1,025,175
Sub-Total Cities		4,223,789
School Districts and Junior Colleges: (b)	Various	22,001,677
Utility Districts (c)	100.00%	5,883,368
Total Overlapping Debt:		36,425,140
Total Direct HCDE (e)		69,808
Total Direct and Overlapping Debt		-
(Estimated \$7,398 Per Capita) (d,e)		\$ 36,494,948

- (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)	\$ 26,985,000
Maintenance Notes	28,960,000
Issuance Premiums	5,867,822
Right-to-use Lease Assets	7,995,233
Total Direct HCDE Debt	\$ 69,808,055

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	Median Household Income ^(a)
2025	4,888,913	5.00%	\$ 357,130,669,000	\$ 73,049	\$ 74,629
2024	4,826,539	4.40%	330,617,356,000	68,500	68,748
2023	4,780,913	4.20%	313,193,267,000	68,070	68,706
2022	4,728,030	6.50%	311,430,719,000	65,869	63,022
2021	4,731,145	6.10%	291,723,832,000	60,183	61,906
2020	4,767,540	10.00%	285,160,839,000	59,813	61,638
2019	4,713,325	3.80%	282,809,166,000	60,002	60,241
2018	4,652,980	4.40%	265,351,328,000	57,028	58,664
2017	4,589,928	4.10%	247,482,118,000	53,919	57,791
2016	4,538,028	4.80%	240,752,454,000	53,052	56,415

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, 2025****(Unaudited)****Table 15**

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

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

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

HARRIS COUNTY DEPARTMENT OF EDUCATION
Table 16
PRINCIPAL EMPLOYEES
CURRENT YEAR AND TEN YEARS AGO
(Unaudited)

Employer	2025			2016		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Memorial Hermann Healthcare	31,425	1	0.9054%	24,000	1	0.8570%
UT MD Anderson Cancer Center	26,270	2	0.7568%	20,000	2	0.7142%
Amazon	24,000	3	0.6914%			
Houston Methodist	22,015	4	0.6343%	14,985	4	0.5351%
Exxon Mobil Corp	16,740	5	0.4823%	13,000	5	0.4642%
UT Health Houston	16,150	6	0.4653%			
Chevron Corp	13,330	7	0.3840%			
United Airlines	13,200	8	0.3803%	15,000	3	0.5356%
Walmart	13,055	9	0.3761%			
Daikin	10,000	10	0.2881%			
Schlumberger						
UT Medical Branch Galveston				12,448	6	0.4445%
Kroger Co				12,000	7	0.4285%
Shell Oil Company				11,892	8	0.4246%
National Oilwell Varco				11,563	9	0.4129%
Schlumberger Limited				10,000	10	0.3571%
Totals	186,185		5.3640%	144,888		5.1736%

Notes: Above employment numbers were obtained from the Harris County Economic Development Office

These numbers exclude employment numbers for Houston ISD and the City of Houston





Operating Information







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

Table 17
Page 1 of 2

	2025	2024	2023	2022	2021
Adult Education	168.5	180.0	88.5	120.3	81.1
Assistant Superintendents' Offices	5.0	5.0	5.0	5.0	5.0
Business Support Services	19.5	19.5	18.5	18.5	17.0
Board of Trustees	1.0	1.0	1.0	1.0	1.0
Center for After School, Summer and Expanded Lear	65.0	61.0	67.0	51.5	51.5
Center for Educator Success	18.5	18.5	17.5	17.5	17.0
Center for Safe & Secure Schools	7.0	7.0	7.0	7.0	4.0
Choice Partners Cooperative	25.5	21.5	19.5	19.5	19.5
Client Engagement	7.0	7.0	7	7	5
Communications	13.0	13.0	13.0	11.0	11.0
Community Engagement/Your Voice Matters	4.0	4.0	3.0	2.0	2.0
Education Foundation	-	-	-	-	-
Facility Support Services	50.0	51.0	52	49	51
Head Start Program	340.5	306.5	292.0	308.5	311.5
Human Resources	11.0	11.0	11.0	11.0	10.0
Printing & Visual Communications	-	-	-	-	-
Purchasing Support	9.0	9.0	8.0	8.0	7.0
Records Management Services	15.0	15.0	15.0	15.0	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	180.0	175.2	165.9	157.5	146.4
Special Schools Program	194.3	212.0	213.5	185.5	176.0
Superintendent's Office	2.0	2.0	2.0	2.0	2.0
Digital Learning and Innovation	-	-	-	-	-
Technology Support Services	27.0	27.0	26.0	25.0	24.0
Texas Virtual School Network	-	-	-	-	-
The Teaching and Learning Center	-	-	-	-	-
Total	1,175.8	1,159.2	1,044.4	1,034.3	969.5

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 TEN FISCAL YEARS
(Unaudited)

Table 17
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	2020	2019	2018	2017	2016
Adult Education	77.1	73.3	73.3	75.3	75.3
Assistant Superintendents' Offices	5.0	6.0	6.0	5.0	4.0
Business Support Services	17.0	17.0	16.5	16.5	16.5
Board of Trustees	1.0	1.0	1.0	0.5	0.5
Center for After School, Summer and Expanded Lear	26.0	26.0	21.0	22.2	22.2
Center for Educator Success	17.0	17.0	-	-	-
Center for Safe & Secure Schools	4.0	4.0	4.0	3.0	3.0
Choice Partners Cooperative	19.5	19.5	18.4	15.4	15.4
Client Engagement	5	4	6	5	5
Communications	11.0	10.6	8.6	9.0	9.0
Community Engagement/Your Voice Matters	2.0	2.0	-	-	-
Education Foundation	-	-	-	-	-
Facility Support Services	51	51	52	52	52
Head Start Program	281.0	293.0	288.0	285.0	285.0
Human Resources	10.0	10.0	10.0	10.0	10.0
Printing & Visual Communications	-	-	-	-	-
Purchasing Support	7.0	6.0	6.0	6.0	6.0
Records Management Services	15.0	15.0	14.0	13.0	13.0
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	144.9	143.9	141.9	138.3	138.3
Special Schools Program	175.0	174.0	168.0	158.3	155.0
Superintendent's Office	2.0	2.0	2.0	1.5	2.5
Digital Learning and Innovation	-	-	2.0	2.0	-
Technology Support Services	24.0	23.0	21.0	21.0	22.0
Texas Virtual School Network	-	-	-	15.0	15
The Teaching and Learning Center	-	-	10.5	11.8	12.5
Total	907.0	911.2	882.7	877.9	874.3

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
		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.

SERVICE AREA AND LOCATIONS-DESCRIPTION

(Unaudited)

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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