



**Comprehensive Annual Financial Report  
For the Fiscal Year Ended August 31, 2020**

**Bedford, Texas**



Hurst-Euless-Bedford Independent School District  
Bedford, Texas



Comprehensive Annual Financial Report  
For the Fiscal Year Ended August 31, 2020

Prepared by  
Business Operations Department

David Garcia  
Deputy Superintendent of Business Operations

Janice Hollingsworth, CPA  
Director of Finance

## VISION

Empowering Today to Excel Tomorrow

## MISSION

The mission of the Hurst-Euless-Bedford Independent School District is to continue its proud tradition of excellence as a diverse, high-performing organization committed to ensuring each student is empowered today to excel tomorrow.



## 2019-2024 DISTRICT GOALS INCLUDING QUALITY INDICATORS

### GOAL #1: STUDENT ACHIEVEMENT

- 1.1: Achieve Highest Academic Rating for District
- 1.2: Reading on Grade Level by End of 2nd Grade
- 1.3: Meet Federal Accountability
- 1.4: College, Career, and/or Military Ready Graduates
- 1.5: Increased Student Attendance
- 1.6: Increased Completion Rate (Grades 9-12)

### GOAL #2: EFFECTIVE AND EFFICIENT OPERATIONS

- 2.1: Continuous Improvement Approach to Performance Excellence
- 2.2: Efficient Use of District Resources
- 2.3: Technology Resources

### GOAL #3: QUALITY TEACHING, ADMINISTRATIVE, AND SUPPORT STAFF

- 3.1: Quality Employee Performance
- 3.2: Increased Employee Retention
- 3.3: Build a Culturally Proficient Organization
- 3.4: Meaningful and Relevant Professional Development Program

### GOAL #4: SAFE, HEALTHY, AND NURTURING SCHOOLS

- 4.1: Safe, Orderly, and Healthy Learning Environments
- 4.2: Focus on the Whole Child

### GOAL #5: ENDURING RELATIONSHIPS WITH STAKEHOLDERS

- 5.1: Stakeholder Satisfaction
- 5.2: Stakeholder Engagement

## CORE MESSAGES

- 1. Students are responsible for their own learning.
- 2. Quality teachers and effective schools are essential to students' learning.
- 3. Parents and patrons are vital partners in the educational process.
- 4. A safe environment for every student and employee is a prerequisite to learning.
- 5. Decisions and actions, at all levels, focus on and support effective student learning.

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
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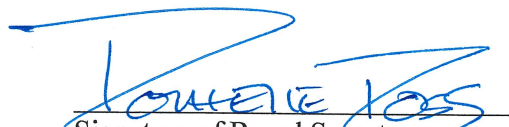
## **INTRODUCTORY SECTION**

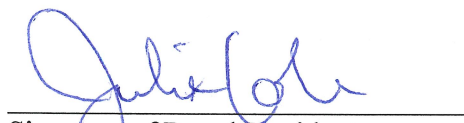
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Certificate of Board

<u>Name of District</u>	<u>County</u>	<u>Co.-Dist. Number</u>
Hurst-Euless-Bedford Independent School District	Tarrant	220-916-XI

We, the undersigned, do hereby certify that the attached independent auditor's report of the above named school district was reviewed and ☒ approved ☐ disapproved (check one) for the year ended August 31, 2020 at a meeting of the Board of Trustees of such school district on the 11<sup>th</sup> day of January, 2021.

  
\_\_\_\_\_  
Signature of Board Secretary

  
\_\_\_\_\_  
Signature of Board President

If the auditors' report was checked above as disapproved, the reason(s) therefore is/are (attached as necessary):

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January 5, 2021

To the Board of Trustees and the Citizens of the Hurst-Euless-Bedford Independent School District:

The Comprehensive Annual Financial Report (CAFR) of Hurst-Euless-Bedford Independent School District (“District”) for the fiscal year ended August 31, 2020 is submitted herewith. The District’s Business Office has prepared this report, with responsibility for the accuracy and completeness of the report resting solely with the District. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District’s financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the District’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We believe the data, as presented, is accurate in all material aspects, that it is presented in a manner to fairly represent the financial position and results of operations of the District and that all disclosures necessary to enable the reader to gain the maximum understanding of the District’s financial affairs have been included. The CAFR for the year ended August 31, 2020 is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

GAAP also requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District’s MD&A can be found immediately following the report of the independent auditors.

### **Profile of the District**

The Hurst-Euless-Bedford Independent School District is one of approximately 1,200 school districts (both public and charter districts) in the State of Texas. It provides a program of public education from pre-kindergarten through grade twelve. During the 2020 fiscal year, 23,816 students were enrolled in the District, which is an increase of 130 students.

The Hurst-Euless-Bedford Independent School District’s Board of Trustees (“Board”), a seven-member group, is elected by the public and has decision-making authority. This level of government has responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the District. The members have the power to designate management, the responsibility to

significantly influence operations and primary accountability for fiscal matters. The District receives funding from local, state and federal funding sources. The District is not included in any other governmental “reporting entity” as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. Management of the District is independent of other state and local governments, including charter schools. The Tarrant County Tax Assessor-Collector collects taxes for the District, but exercises no control over its expenditures.

The annual budget with expenditures by function serves as the foundation for the District’s financial planning and control. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the District’s Board of Trustees.

Budget-to-actual comparisons are provided in this report for the General Fund. This comparison is presented as required supplementary information. Budget-to-actual comparisons are provided as part of the Texas Education Agency required schedules for the National School Breakfast and Lunch Program and the Debt Service Fund.

### **Economic Conditions and Outlook**

The District, comprised of 44.3 miles, is located between Dallas and Fort Worth. The majority of the District is located in the cities of Hurst, Euless and Bedford. These cities are both residential and commercial in makeup. The combined population for the three cities is estimated to be 144,098. The commercial aspects of the community include industrial, manufacturing, and transportation jobs for the residents. Bell Helicopter Textron, one of the world’s largest manufacturers of commercial and military helicopters, has an estimated 3,800 employees. The Dallas-Fort Worth International Airport is partially located within the District.

The Hurst-Euless-Bedford area has continued to experience new development. The City of Hurst is one of the top 50 cities in Texas in retail sales per capita due to the super regional North East Mall. The City of Hurst also opened Candlewood Suites, an 84 suite hotel. Work continues in the City of Euless on Founders Parc, a mixed-use development to include commercial retail and restaurants, urban lofts, and a mix of single family detached homes and townhomes while Glade Parks continues to add new retailers and restaurants. In addition, the City of Bedford continues to grow as a medical and health care network for the Dallas/ Fort Worth metroplex. Texas Health HEB Hospital with an estimated 1,587 employees and Carter Bloodcare with an estimated 899 employees are considered some of the city’s major employers. The Viridian community in North Arlington is adding luxury apartments which will include community amenities such as a full fitness center, expansive pool deck with cabanas, and a pet spa.

### **Major Initiatives**

#### **Instruction**

HEB ISD will maintain the quality of personnel and rigorous curriculum and instructional design necessary to meet the challenge of successfully educating our increasingly diverse population in an atmosphere that fosters strong character, encourages academic, physical, and creative achievement, and ensures student safety.

During the 2001-2002 school year, the District implemented the Schools of Choice program at five elementary campuses. This program provides elementary students with enriched educational choices beyond the traditional framework of excellent neighborhood schools. Now the District offers the Core Knowledge curriculum at every elementary school. Foreign Language Spanish Immersion has grown from one first grade classroom in 2001-2002 to offerings in first through sixth grades at three elementary schools. Elementary Spanish Immersion students may continue in the Spanish Immersion program at two of the District's five junior high schools. A new language program offering Mandarin Chinese and Hindi was implemented at the junior high school level beginning in the fall of 2008. Arabic was implemented in junior high school in the fall of 2011. All three languages are available at both high schools as part of the International Baccalaureate program. Beginning in August 2014, students may study Mandarin Chinese, Hindi, or Arabic language and culture, available in grades 1-6 as part of World Languages, a new School of Choice at Viridian Elementary. Suzuki Strings has expanded from four elementary sites to ten sites. In 2005-2006, the Suzuki students joined a new orchestra program when they entered junior high. In 2008, the orchestra program expanded to the high school level at L.D. Bell High School. A tuition-based Core Knowledge Pre-Kindergarten program began in the 2002-2003 school year. This program is available at Meadow Creek, Spring Garden, and Viridian.

The District's two high schools, L.D. Bell and Trinity, were accepted to participate in the prestigious International Baccalaureate Program. The District was the first school system in Tarrant County to offer this rigorous course of study that is designed to meet the needs of highly motivated and academically talented high school students. The International Baccalaureate Diploma Program is offered in 3,020 schools in 146 countries, with 942 IB Diploma programs in the United States. During the 2019-2020 school year, the District served 318 International Baccalaureate students in 11th and 12th grades. The academic preparation provides students with the skills and opportunities necessary for success in the competitive, modern world. Students who enter the program embark on an advanced curriculum recognized by premier colleges and universities throughout the world. The District's seventeenth class of IB graduates received their diplomas in the spring of 2020. Of the 156 seniors in the program, 145 received the full International Baccalaureate Diploma, a diploma rate that exceeds the average diploma rate for IB schools worldwide.

The Gene A. Buinger Career & Technical Education Academy is 140,000 square feet and allows continued growth in the many career fields offered to HEB ISD students. Instructional space for various career paths in animation, architecture, audio/video production, automotive technology, collision repair & refinishing, computer technology, cosmetology, culinary arts, education, engineering, health science, and law & public safety has been designed into the new facility.

The District started a district-wide extended day program at the elementary schools for the 2003-2004 school year. This program provides childcare after school to accommodate working parents' schedules while enriching the learning experience of the students with a structured, nurturing environment. The program was well received and turned out to be financially successful as well. Some proceeds from the tuition remain at the campus to be utilized by the principal to provide additional funding for the needs of the school and its students.

### Planning

Much of the District's planning effort is focused on the District's strategic plan. The plan demonstrates the commitment to increase student achievement for all students. Campus and department improvement plans are aligned to the District's strategic plan and address specific needs.

## **Other Information**

### Independent Audit

State law and District policy require an annual audit by independent certified public accountants. The accounting firm of Weaver and Tidwell, L.L.P. was selected to fulfill this requirement. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirement of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The auditors' report on the government-wide financial statements and the fund statements and schedules is included in the financial section of this report.

### Awards

The Association of School Business Officials (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended August 31, 2019. In addition, the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended August 31, 2019. This is the eighteenth consecutive year that the District has achieved this prestigious award. In order to be awarded these certificates, the District must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

These certificates are valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the programs' requirements and we are submitting it to ASBO and GFOA to determine its eligibility for the fiscal year 2019-2020 certificates.

The District received a rating of "Superior Achievement" for the eighteenth straight year under the State of Texas Schools FIRST – financial accountability rating system. The purpose of the financial accountability rating system is to ensure that school districts are held accountable for the quality of their financial management practices and performance in the management of their financial resources. The superior achievement rating is the state's highest, demonstrating the quality of the District's financial management practices and their high level performance in the management of their financial resources.

### Long-Term Financial Planning

At least once a year District administration prepares and presents to the Board a five year financial forecast for the General Fund that projects revenue, expenditures, and fund balances. When necessary, a range of projections are prepared based on different financial and economic scenarios. During the presentation possible state legislature changes, local economy updates, and other events that could potentially impact financial projections are discussed.

There are 28 campuses in the District, and 23 of the campuses were built before 1983. Due to the COVID-19 pandemic, enrollment growth is uncertain for fiscal year 2020-2021. Like many other school districts in Texas, the District has experienced a decrease in enrollment for the fall of 2020. Through November 2020, approximately 800 students failed to return. Providing adequate facilities to all students is fundamental to maintaining an effective education environment, involving a number of standards, including safety, class size, and equity.



### Acknowledgments

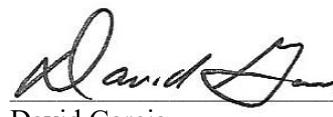
The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Accounting Department. We would like to express our appreciation to all members of the Department who assisted and contributed to its preparation.

We also wish to thank the members of the Board of Trustees for their continued leadership and support, and for planning and conducting the financial operations of the District in a responsible and progressive manner.

Sincerely,



Steven Chapman  
Superintendent



David Garcia  
Deputy Superintendent for  
Business Operations

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ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting  
is presented to**

**Hurst-Euless-Bedford  
Independent School District**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended August 31, 2019.**

The CAFR meets the criteria established for  
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'Claire Hertz'.

Claire Hertz, SFO  
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis  
Executive Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Hurst-Euless-Bedford  
Independent School District  
Texas**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

August 31, 2019

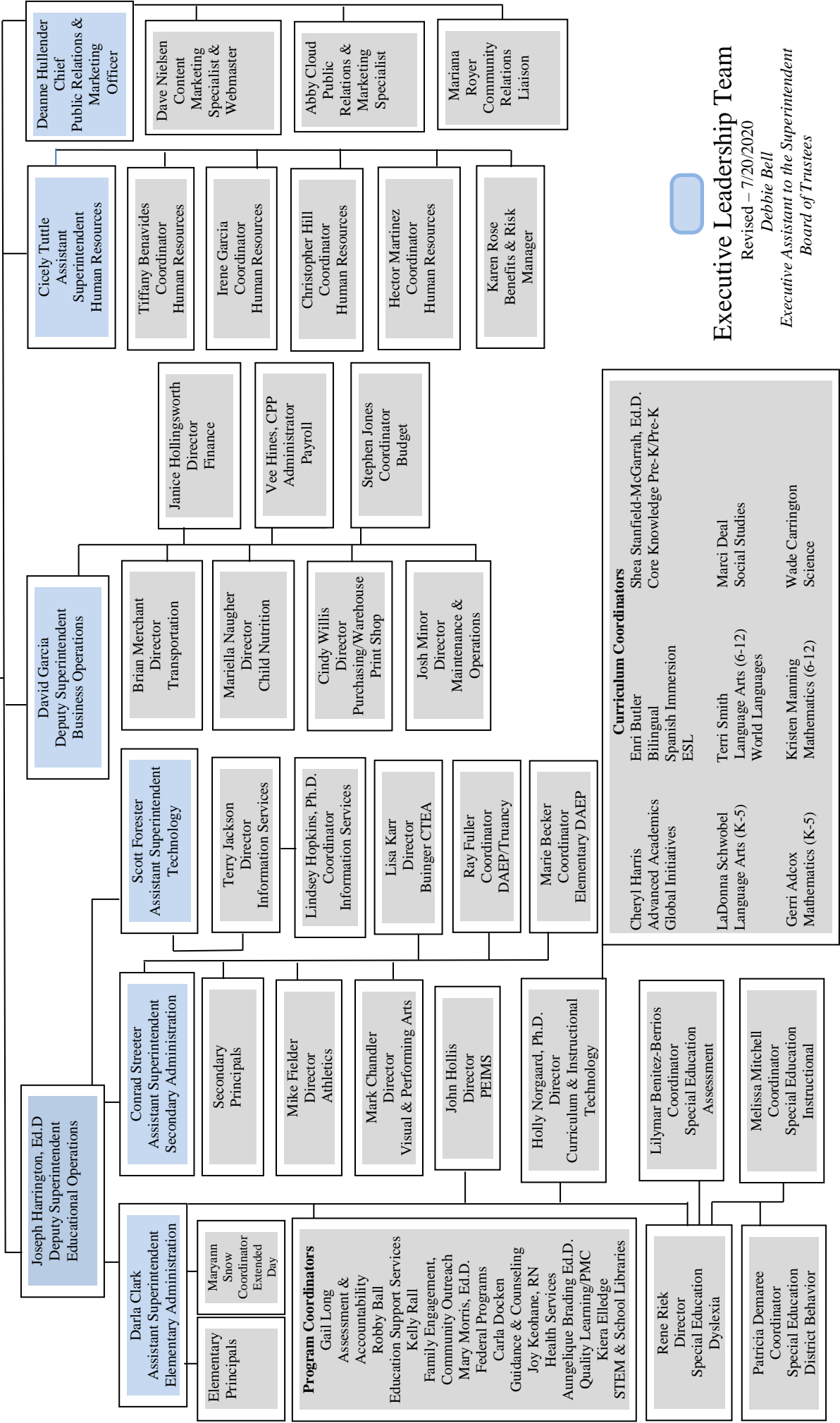
*Christopher P. Morrell*

Executive Director/CEO

# HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT ORGANIZATIONAL CHART 2020-2021

**BOARD OF TRUSTEES**

Steve Chapman  
Superintendent of Schools



**Executive Leadership Team**

Revised – 7/20/2020

Debbie Bell

Executive Assistant to the Superintendent

Board of Trustees

## List of Principal Officials

### Board of Trustees

<u>Name</u>	<u>Length of Service</u>	<u>Term Expires</u>	<u>Occupation</u>
Julie Cole President	7 years	May 2023	Senior Analyst
Matt Romero Vice-President	7 years	May 2021	Business Owner
Rochelle Ross Secretary	4 years	May 2021	Business Owner
Faye Beaulieu, Ph.D. Member	25 years	May 2021	Regional Director, United Way
Fred Campos Member	6 years	May 2023	Online Business Marketer
Andy Cargile Member	12 years	May 2023	Retired School Administrator
Dawn Jordan-Wells Member	7 years	May 2021	Project Analyst

### Administrative Officials

<u>Name</u>	<u>Position</u>	<u>Experience</u>
Steve Chapman	Superintendent	36 years
Joe Harrington, Ed.D.	Deputy Superintendent for Educational Operations	34 years
David Garcia	Deputy Superintendent for Business Operations	31 years
Conrad Streeter	Assistant Superintendent for Secondary Administration	23 years
Darla Clark	Assistant Superintendent for Elementary Administration	23 years
Cicely Tuttle	Assistant Superintendent for Human Resources	23 years
Scott Forester	Assistant Superintendent for Technology	30 years

## **FINANCIAL SECTION**

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## Independent Auditor's Report

Board of Trustees  
Hurst-Euless-Bedford Independent School District

### Report on the Financial Statements

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 Hurst-Euless-Bedford Independent School District (the District) as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the 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 District, as of August 31, 2020, 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.

***Other Matters***

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 this information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, supplementary information – combining statements and schedules, Texas Education Agency (TEA) required schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, and is also not a required part of the basic financial statements. The supplementary information – combining statements and schedules, TEA required schedules, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Board of Trustees  
Hurst-Euless-Bedford Independent School District

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2021, on our consideration of the District'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 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 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 District's internal control over financial reporting and compliance.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
January 5, 2021

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**Hurst-Euless-Bedford Independent School District  
Management's Discussion and Analysis  
Year Ended August 31, 2020**

As management of the Hurst-Euless-Bedford Independent School District (the District), we offer readers of the District's basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages v to ix of this report.

**FINANCIAL HIGHLIGHTS**

- From the government-wide perspective, the District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at fiscal year-end by \$144.4 million (net position), an increase of \$32.9 million in comparison with the prior year-end net position of \$111.5 million.
- From the governmental fund perspective, at fiscal year-end the District reported combined ending fund balances of \$260.7 million, a decrease of \$98.3 million in comparison with the prior year-end combined ending fund balances of \$359.0 million. This decrease was primarily due to the expenditure of the prior year's issuance of \$101.5 million in bonds. At the end of the current fiscal year, unassigned fund balance for the general fund was \$33,945,877 or 19 percent of total general fund expenditures.
- The District's bond principal liability decreased by \$18.8 million or 4.9 percent during the current fiscal year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's 2019-2020 comprehensive annual financial report's financial section is comprised of four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) supplementary information.

**Government-wide Financial Statements**

The *government-wide basic financial statements* are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. This section begins with statements of net position and activities. These two statements provide information about the activities of the District as a whole and present a long-term view of the District's property and debt obligations and other financial matters.

The *statement of net position* presents information on all of the District's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Over time, changes in net position serve as a useful indicator of whether the financial position of the District is improving or not.

The *statement of activities* presents information showing how the District's net position changed during the reported fiscal year. All changes in net position are recorded as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

The government-wide financial statements divide the District into two types of activities: governmental activities and business-type activities. The governmental activities of the District include instruction, support services, operation and maintenance services, student transportation, and operation of non-instructional services. The only business-type activity operated by the District is the extended day program offered at all elementary schools.

### **Fund Financial Statements**

The *fund financial statements* report the District's operations through fund groups to allow detailed analysis of the government-wide statements by providing specific information about the District's major funds. The District's major funds are the General Fund, Debt Service Fund, and Capital Projects Fund. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The governmental activity statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, supply the basis for tax levies and identify the District's appropriation controls.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is most useful to thoroughly understand the components of the major fund groups, and then review the government-wide financial statements for governmental activities as a whole. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Analysis of both the governmental fund balance sheet by fund and the governmental fund statement of revenues, expenditures, and changes in fund balances will facilitate the readers' understanding of the District's financial activities.

For proprietary activities, fund financial statements tell how goods or services were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

### **Notes to the Basic Financial Statements**

The notes sub-section provides both narrative explanations and additional data needed for full disclosure and enhancement to the government-wide statements and the various fund financial statements. These notes are meant to ensure that a complete picture is presented in the District's annual financial report.

### **Required Supplementary Information**

Certain information is also required to accompany the audited basic financial statements. This section includes general fund budgetary comparisons and notes to the District's budgeting process and financial management controls, as well as pension related information. The management's discussion and analysis of the District's financial status is presented before the basic financial statements for better reader understanding and easier review of the annual report.

### **Supplementary Information**

The combining statements for non-major governmental funds and internal service funds contain even more information about the District's financial management and service offerings. Texas Education Agency (TEA) does not require the supplemental material. It should be noted, the section labeled Other Schedules contains data used by monitoring or regulatory agencies, such as TEA, for assurance that the District is using allocated funds in compliance with the terms of grant agreements. The combining balance sheets of non-major governmental funds provide detailed information of the District's Federal

support, campus activities, and other special grants that identify enrichment opportunities to the District's local effort. Please refer to the Exhibits H1 and H2.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Governmental Activities

Net position may serve over time as a useful indicator of a government's financial position. On August 31, 2020, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$144.2 million indicating that the District's overall financial position remains sound. A portion of the District's net position represents resources subject to external restrictions on how they may be used. As of August 31, 2020, the District's restricted net position for grant funds was \$4.9 million and restricted net position for debt service was \$12.2 million. As of August 31, 2020, the unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or legal requirements was \$54.9 million.

The investment in capital assets less any related debt is \$72.2 million. The District uses capital assets to provide services; consequently, these assets are not available for future appropriation. Although the District's investment in its capital assets is reported net of related debt, it should be understood that the resources needed to repay District debt is provided from other resources, since the capital assets themselves cannot be used to meet debt obligations.

### Business-type Activities

The only business-type activity operated by the District is the extended day program offered at all elementary schools.

The following table presents a comparison summary of the District's net position for the fiscal year ended August 31, 2020 and fiscal year ended August 31, 2019:

**Table I**  
**Condensed Statement of Net Position**

	Governmental Activities		Business-type Activities		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 311,747,120	\$ 399,127,390	\$ 168,240	\$ 710,362	\$ 311,915,360	\$ 399,837,752
Capital assets	435,892,645	317,028,101	-	-	435,892,645	317,028,101
Total assets	747,639,765	716,155,491	168,240	710,362	747,808,005	716,865,853
Deferred outflows of resources	48,762,642	49,557,364	-	-	48,762,642	49,557,364
Current liabilities	65,116,910	54,663,532	6,389	95,322	65,123,299	54,758,854
Long-term liabilities	387,121,034	411,142,256	-	-	387,121,034	411,142,256
Net pension liability	69,609,737	71,329,199	-	-	69,609,737	71,329,199
Net OPEB liability	79,677,545	82,286,333	-	-	79,677,545	82,286,333
Total liabilities	601,525,226	619,421,320	6,389	95,322	601,531,615	619,516,642
Deferred inflows of resources	50,651,316	35,380,481	-	-	50,651,316	35,380,481
Net position						
Net investment in capital assets	72,235,802	45,868,215	-	-	72,235,802	45,868,215
Restricted	17,077,837	16,130,034	-	-	17,077,837	16,130,034
Unrestricted	54,912,226	48,912,805	161,851	615,040	55,074,077	49,527,845
Total net position	\$ 144,225,865	\$ 110,911,054	\$ 161,851	\$ 615,040	\$ 144,387,716	\$ 111,526,094

The following significant current year transactions had an impact on net position of governmental activities:

- Total revenues exceeded the total cost of all programs and services which resulted in an increase in net position.

Table II presents a summary of the changes in net position for the fiscal year ended August 31, 2020 with a comparison to the fiscal year ended August 31, 2019. Net position of the District's governmental activities increased to \$144.2 million from \$110.9 million in the prior year.

Revenues in the business-type activities exceeded costs, resulting in a \$112 thousand increase in net position excluding transfers out.

As shown in Table II, the cost of governmental activities this year was \$271.3 million; however, the revenue of governmental activities totaled \$304.1 million which exceeded expenses by \$32.8 million excluding transfers in. The primary sources of operating revenue were from property taxes totaling \$182.8 million and state grants totaling \$74.1 million. Additionally, program revenue was received from charges for services totaling \$3.4 million and operating grants and contributions totaling \$37.5 million. The remainder of the revenue was from investment earnings and miscellaneous sources.



**Table II**  
**Change in Net Position**

	Governmental Activities		Business-type Activities		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues						
Program revenues						
Charges for services	\$ 3,416,577	\$ 4,204,849	\$ 1,506,691	\$ 2,539,492	\$ 4,923,268	\$ 6,744,341
Operating grants and contributions	37,499,156	39,152,058	-	-	37,499,156	39,152,058
General revenues					-	-
Property taxes, levied for general purpose	145,361,068	138,406,918	-	-	145,361,068	138,406,918
Property taxes, levied for debt service	37,408,241	30,976,825	-	-	37,408,241	30,976,825
State grants, unrestricted	74,082,722	62,864,707	-	-	74,082,722	62,864,707
Miscellaneous	679,350	744,591	-	-	679,350	744,591
Investment earnings	5,638,853	8,531,638	-	-	5,638,853	8,531,638
Total revenues	<u>304,085,967</u>	<u>284,881,586</u>	<u>1,506,691</u>	<u>2,539,492</u>	<u>305,592,658</u>	<u>287,421,078</u>
Expenses						
Instruction	154,834,942	148,793,500	-	-	154,834,942	148,793,500
Instructional resources and media	3,061,483	3,254,407	-	-	3,061,483	3,254,407
Curriculum and staff development	7,357,001	8,974,535	-	-	7,357,001	8,974,535
Instructional leadership	3,203,032	2,563,178	-	-	3,203,032	2,563,178
School leadership	14,182,590	12,230,574	-	-	14,182,590	12,230,574
Guidance, counseling and evaluation	10,315,034	8,712,204	-	-	10,315,034	8,712,204
Social work services	1,168,079	914,747	-	-	1,168,079	914,747
Health services	3,479,565	2,585,128	-	-	3,479,565	2,585,128
Student transportation	6,656,937	7,294,347	-	-	6,656,937	7,294,347
Food service	13,884,170	12,543,361	-	-	13,884,170	12,543,361
Co-curricular/extracurricular activities	6,642,266	5,676,268	-	-	6,642,266	5,676,268
General administration	5,939,452	6,046,974	-	-	5,939,452	6,046,974
Plant maintenance and operations	19,661,436	21,324,782	-	-	19,661,436	21,324,782
Security monitoring services	1,551,039	1,244,514	-	-	1,551,039	1,244,514
Data processing services	5,253,644	5,539,749	-	-	5,253,644	5,539,749
Community services	700,300	634,905	1,394,841	1,474,450	2,095,141	2,109,355
Long-term debt interest and fees	12,541,676	11,234,319	-	-	12,541,676	11,234,319
Other intergovernmental charges	903,549	869,854	-	-	903,549	869,854
Total expenses	<u>271,336,195</u>	<u>260,437,346</u>	<u>1,394,841</u>	<u>1,474,450</u>	<u>272,731,036</u>	<u>261,911,796</u>
Excess before transfers and special items	32,749,772	24,444,240	111,850	1,065,042	32,861,622	25,509,282
Transfers in (out)	565,039	1,048,307	(565,039)	(1,048,307)	-	-
Change in net position	<u>33,314,811</u>	<u>25,492,547</u>	<u>(453,189)</u>	<u>16,735</u>	<u>32,861,622</u>	<u>25,509,282</u>
Net position - beginning	\$ 110,911,054	85,418,507	615,040	598,305	111,526,094	86,016,812
Net position-ending	<u>\$ 144,225,865</u>	<u>\$ 110,911,054</u>	<u>\$ 161,851</u>	<u>\$ 615,040</u>	<u>\$ 144,387,716</u>	<u>\$ 111,526,094</u>

As illustrated in the graphs below, property taxes make up a significant portion of revenue from governmental activities.

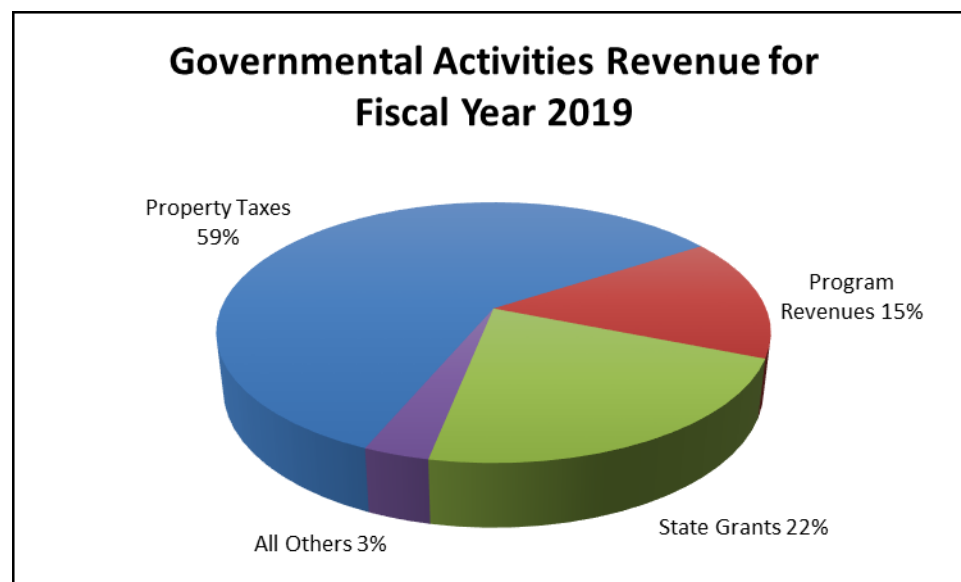
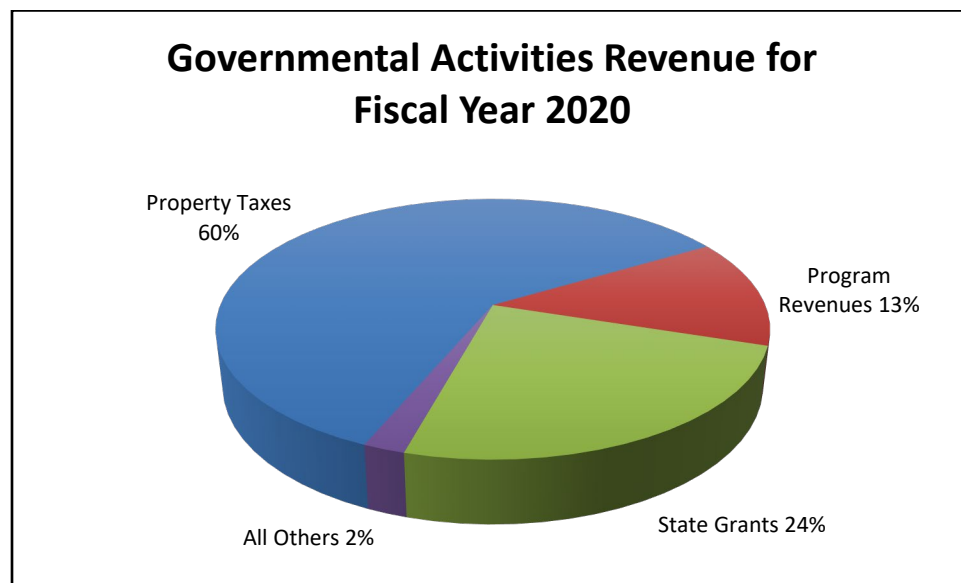


Table III presents the net cost of the District's major functional activities (net cost is total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs):

**Table III**  
**Function Analysis**

Function	Governmental Activities		Business-type Activities		Total	
	Net Expenses 2020	Net Expenses 2019	Net Expenses 2020	Net Expenses 2019	Net Expenses 2020	Net Expenses 2019
Instruction	\$ 136,786,280	\$ 130,262,329	\$ -	\$ -	\$ 136,786,280	\$ 130,262,329
Instructional resources and media	2,825,029	2,943,610	-	-	2,825,029	2,943,610
Curriculum and staff development	4,486,240	6,229,072	-	-	4,486,240	6,229,072
Instructional leadership	2,741,894	2,071,894	-	-	2,741,894	2,071,894
School leadership	13,204,987	11,225,810	-	-	13,204,987	11,225,810
Guidance, counseling and evaluation	8,682,462	7,123,903	-	-	8,682,462	7,123,903
Social work services	788,674	605,458	-	-	788,674	605,458
Health services	3,250,583	2,339,442	-	-	3,250,583	2,339,442
Student transportation	5,533,411	6,454,974	-	-	5,533,411	6,454,974
Food service	2,833,899	(659,529)	-	-	2,833,899	(659,529)
Co-curricular/extracurricular activities	5,305,325	3,985,239	-	-	5,305,325	3,985,239
General administration	5,586,567	5,631,206	-	-	5,586,567	5,631,206
Plant maintenance and operations	18,144,819	20,084,328	-	-	18,144,819	20,084,328
Security monitoring services	1,457,842	1,200,999	-	-	1,457,842	1,200,999
Data processing services	5,023,020	5,279,694	-	-	5,023,020	5,279,694
Community services	324,205	197,837	(111,850)	(1,065,042)	212,355	(867,205)
Long-term debt interest and fees	12,541,676	11,234,319	-	-	12,541,676	11,234,319
Other intergovernmental charges	903,549	869,854	-	-	903,549	869,854
Total expenses	\$ 230,420,462	\$ 217,080,439	\$ (111,850)	\$ (1,065,042)	\$ 230,308,612	\$ 216,015,397

## GOVERNMENTAL FUNDS – FINANCIAL ANALYSIS

As noted earlier, the District uses fund accounting to demonstrate compliance with finance-related legal requirements, bond covenants, and segregation for particular purposes.

### Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources.

At fiscal year end the governmental funds fund balance totaled \$260.7 million, which reflects a \$98.3 million, or 27.4% decrease from the prior year. The following comparison schedule shows the fund balance by fund type for the fiscal year ended August 31, 2020 and fiscal year ended August 31, 2019.

#### General Fund

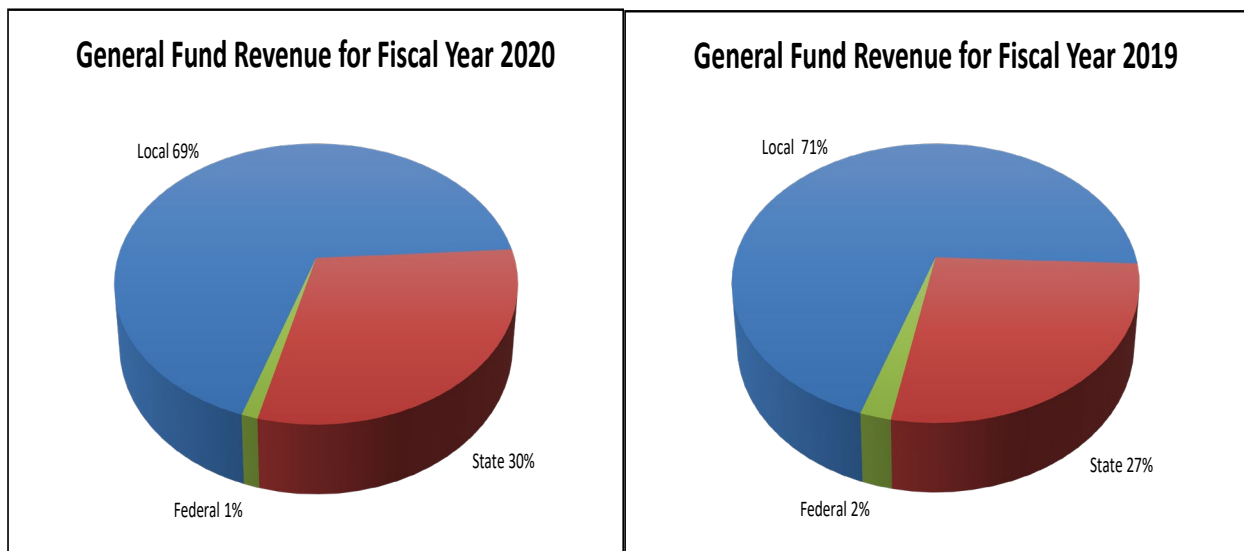
The fund balance of the District's general fund increased by \$13.9 million during the current fiscal year. Local revenue increased 4.4% while state revenue increased 17.6%. Expenditures were held to a 2.4% increase, mostly related to a payroll increase. The general fund primarily derives its revenue from local property taxes and state funding.

<u>Fund Balance</u>	<u>2020</u>	<u>2019</u>	<u>% Change 2019 to 2020</u>
General fund	\$ 122,165,522	\$ 108,292,820	12.8%
Debt service	12,068,924	10,797,890	11.8%
Capital projects	118,485,054	230,131,341	-48.5%
Non-major	7,961,350	9,778,403	-18.6%
Total	<u>\$ 260,680,850</u>	<u>\$ 359,000,454</u>	<u>-27.4%</u>

#### General Fund

<u>Revenue By Object</u>	<u>2020</u>	<u>2020 % to total</u>	<u>2019</u>	<u>2019 % to total</u>	<u>% Change 2019 to 2020</u>
Local and intermediate sources	\$ 149,743,988	69%	\$ 143,466,339	71%	4.4%
State programs	64,889,733	30%	55,192,775	27%	17.6%
Federal programs	2,407,933	1%	4,204,048	2%	-42.7%
Total	<u>\$ 217,041,654</u>	<u>100%</u>	<u>\$ 202,863,162</u>	<u>100%</u>	<u>7.0%</u>

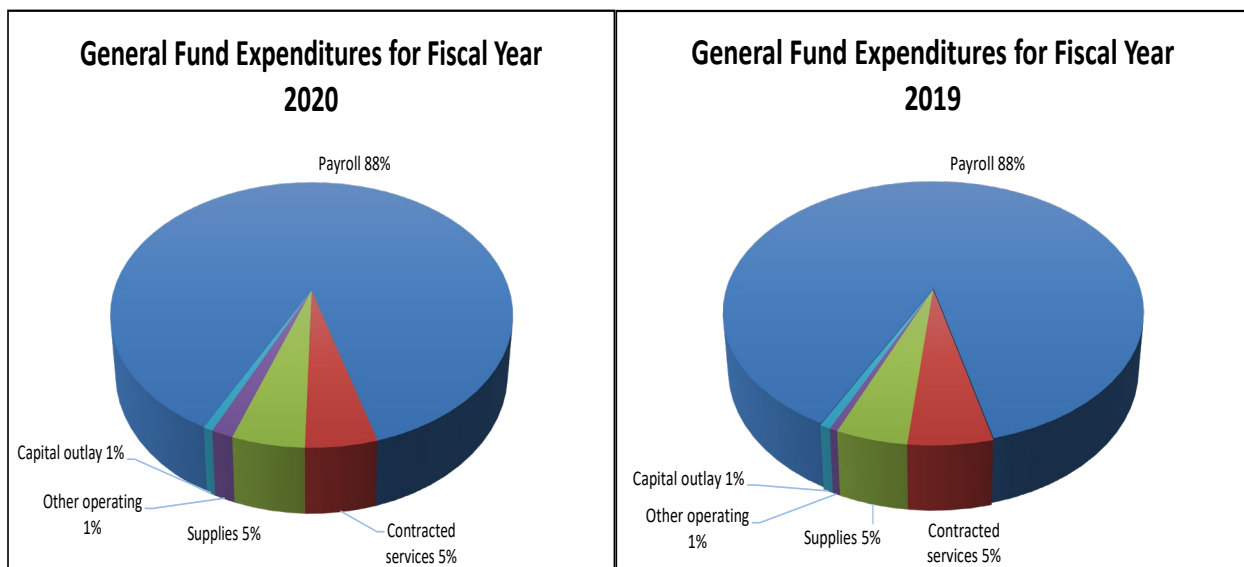
The increase in local revenue is primarily due to increasing property values. State revenue increased due to additional school funding. The decrease in federal program revenues is primarily related to a change in timing of Medicaid reimbursements.



The District operates similar to a service entity; therefore, the largest portions of the General Fund expenditures are related to payroll costs and contracted services such as utilities, as presented in the following illustrations.

<u>Expenditures By Object</u>	<u>2020</u>	<u>2020 % to total</u>	<u>2019</u>	<u>2019 % to total</u>	<u>% Change 2019 to 2020</u>
Payroll	\$ 161,109,328	88%	\$ 156,752,875	88%	2.8%
Contracted services	8,881,981	5%	9,658,558	5%	-8.0%
Supplies	9,001,322	5%	8,213,034	5%	9.6%
Other operating	2,720,206	1%	2,718,545	1%	0.1%
Capital outlay	1,188,827	1%	1,238,889	1%	-4.0%
Total	\$ 182,901,664	100%	\$ 178,581,901	100%	2.4%

Payroll expenditures increased \$4.4 million or 2.8%, accounting for the overall increase in expenditures. This increase was associated with a district-wide pay raise. Contracted services and supplies increased for additional software, telephone, security and COVID supplies. Other operating costs and capital outlay were basically flat.



#### *Debt Service Fund*

The debt service fund reported an ending fund balance of \$12.1 million, an increase of \$1.3 million or 11.8% in comparison with the prior year. The fund balance increase is attributed to an increase in property tax values and, for the first seven months of the fiscal year, increased rates on investments.

### *Capital Projects Fund*

On May 23, 2019, the District issued \$101.5 million (par value) in Unlimited Tax School Building Bonds. The net proceeds of \$114.0 million (\$101.5 million par amount of the bonds plus \$13.4 million premium paid on the bonds less \$0.9 million of underwriting fees, insurance and other issuance costs) are being used for construction and other approved bond projects. For the fiscal year ended August 31, 2020, the capital projects funds have a total fund balance of \$118.5 million, all of which is restricted or committed for authorized capital projects. The net decrease in fund balance during the current fiscal year of \$111.6 million was attributed to the increase in expenditures as these construction and other approved bond projects get fully underway.

## **BUDGETARY PROCESS**

Over the course of the year, budget amendments are necessary to realign funds to meet organizational needs. Realignment of funds increases and/or decreases various function levels within the budget. Budget amendments, which are controlled at the function level, are approved by the Board of Trustees and recorded in the official board minutes. The final amended budget reflects necessary amendments needed to address unforeseen situations and estimates after the original budget is adopted.

As presented on Exhibit G-1 on page 71, the actual revenue exceeded actual expenditures generating a positive variance of \$34.1 million. This result was based on the favorable performance of property tax collections, student attendance, and cost control initiatives. A favorable budget variance of \$21.4 million is presented for the general fund.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

As of August 31, 2020, the District had invested \$435.9 million in capital assets, including land, facilities and equipment used for District operations. This amount represents a net increase after depreciation of \$118.9 million from the prior year. Depreciation expense was \$14.6 million, which was a \$0.6 million, or 4.2% increase from the prior year.

The following schedule presents capital asset balances net of depreciation for the fiscal year ended August 31, 2020:

	Governmental Activities		Business-type Activities		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 16,930,478	\$ 16,930,478	\$ -	\$ -	\$ 16,930,478	\$ 16,930,478
Construction in progress	148,704,627	42,995,352	-	-	148,704,627	42,995,352
Furniture and equipment	11,342,832	9,927,562	-	-	11,342,832	9,927,562
Buildings and improvements	258,914,708	247,174,709	-	-	258,914,708	247,174,709
Total	<u>\$ 435,892,645</u>	<u>\$ 317,028,101</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 435,892,645</u>	<u>\$ 317,028,101</u>

Additional information on the District's capital assets can be found in Note K of this report.

## Long-Term Liabilities

As of August 31, 2020, the District had \$411.9 million in general obligation bonds and other long-term liabilities outstanding, of which \$25 million is due prior to August 31, 2021.

The District maintained its “AAA” rating based on the guarantee of the Permanent School Fund of the State of Texas. In June 2020, Moody’s assigned a “Aa1” rating, which exceeds the median rating of “Aa3” for U.S. school districts. In April 2019, Fitch Ratings affirmed the underlying rating of “AA+” on the District’s debt outstanding. Standard & Poor’s also assigned a “AAA” long-term rating and “AA+” underlying rating in April 2019. At the same time, Standard & Poor’s affirmed its “AA+” long-term rating and underlying rating on the district’s general obligation debt outstanding.

Under current State law, with respect to any proposed new bond issuance, a district must have a projected ability to pay the principal of and interest on the proposed bonds and all previously issued bonds other than bonds authorized to be issued at an election held on or before April 1, 1991, and issued before September 1, 1992, from a tax at a rate not to exceed \$0.50 per \$100 of valuation. The District complies with this requirement.

Table IV presents a summary of the District’s outstanding long-term liabilities for the fiscal year ended August 31, 2020.

**Table IV**  
**Long-Term Liabilities**

	Governmental Activities		Business-type Activities		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
General obligation bonds	\$ 364,720,000	\$ 383,550,000	\$ -	\$ -	\$ 364,720,000	\$ 383,550,000
Premium on GO bonds	46,296,000	50,475,255	-	-	46,296,000	50,475,255
Accreted interest	-	-	-	-	-	-
Compensated absences	929,053	841,702	-	-	929,053	841,702
Total	<u>\$ 411,945,053</u>	<u>\$ 434,866,957</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 411,945,053</u>	<u>\$ 434,866,957</u>

Additional information on the District’s long-term liabilities can be found in Notes L through M of this report.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

### *Economic Factors*

The District's elected and appointed officials considered many factors when setting the 2020-2021 budget and tax rates. One of those factors was the economy and its influence on taxable property values. The District has experienced growth in its property tax base over the past five years, and the taxable property values for fiscal year 2020-2021 appear to be a continuation of that trend.

A majority of the economy within the area is related to the airline industry, with the Dallas-Fort Worth airport partially located in the District boundaries. The District’s central location and proximity to the mass transit lines of the Dallas/Fort Worth area has resulted in the purchase and planned development of large tracts of land in the western, northeastern, and southern portions of the District.

### *District’s Tax Rate*

The District set the combined 2020-2021 tax rate at \$1.198. This is comprised of \$0.9624 for Maintenance and Operations (the maximum allowed by current law without voter approval is \$0.97) and

\$0.2356 for Debt Service (the amount required to service principal and interest on voter-approved bonds). The Maintenance and Operations tax rate decreased slightly by \$0.0076 or .8% and the Debt Service tax rate decreased \$0.0144 or 5.8% in comparison with the prior year.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the resources it receives. If you have questions about this report or need additional financial information, feel free to contact the Business Operations department at Hurst-Euless-Bedford Independent School District, 1849 Central Drive, Bedford, Texas, 76022.



## **BASIC FINANCIAL STATEMENTS**

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**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**AUGUST 31, 2020**

Data Control Codes	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
1110 Cash and equivalents	\$ 305,104,215	\$ 168,240	\$ 305,272,455
1220 Property taxes receivable (delinquent)	4,832,135	-	4,832,135
1230 Allowance for uncollectible taxes	(724,820)	-	(724,820)
1240 Due from other governments	592,292	-	592,292
1250 Accrued interest	278,883	-	278,883
1290 Other receivables	142,929	-	142,929
1300 Inventories, at cost	500,291	-	500,291
1410 Prepaid items	1,021,195	-	1,021,195
1510 Land	16,930,478	-	16,930,478
1520 Buildings and improvements, net	258,914,708	-	258,914,708
1530 Furniture and equipment, net	11,342,832	-	11,342,832
1580 Construction in progress	148,704,627	-	148,704,627
1000 Total assets	<u>747,639,765</u>	<u>168,240</u>	<u>747,808,005</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
1700 Deferred charges on debt refundings	488,780	-	488,780
1705 Deferred outflows of resources-TRS pension	33,219,368	-	33,219,368
1706 Deferred outflows of resources-TRS OPEB	1,108,660	-	1,108,660
1711 Deferred outflows of resources-other OPEB	13,945,834	-	13,945,834
Total deferred outflows of resources	<u>48,762,642</u>	<u>-</u>	<u>48,762,642</u>
<b>LIABILITIES</b>			
2110 Accounts payable	22,289,123	1,384	22,290,507
2140 Interest payable	723,317	-	723,317
2160 Accrued wages and benefits payable	11,610,570	5,005	11,615,575
2180 Due to other governments	5,095,785	-	5,095,785
2300 Unearned revenue	113,275	-	113,275
Long-term liabilities			
2501 Due within one year	25,284,840	-	25,284,840
2502 Due in more than one year	386,976,722	-	386,976,722
2540 Net pension liability	69,609,737	-	69,609,737
2545 Net OPEB liability	79,677,545	-	79,677,545
2590 Workers compensation	144,312	-	144,312
2000 Total liabilities	<u>601,525,226</u>	<u>6,389</u>	<u>601,531,615</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2600 Deferred gains on debt refundings	4,839,111	-	4,839,111
2605 Deferred inflows of resources-TRS pension	11,342,516	-	11,342,516
2610 Deferred inflows of resources-TRS OPEB	34,469,689	-	34,469,689
Total deferred inflows of resources	<u>50,651,316</u>	<u>-</u>	<u>50,651,316</u>
<b>NET POSITION</b>			
3200 Net investment in capital assets	72,235,802	-	72,235,802
3820 Restricted for grant funds	4,898,678	-	4,898,678
3850 Restricted for debt service	12,179,159	-	12,179,159
3900 Unrestricted	54,912,226	161,851	55,074,077
3000 Total net position	<u>\$ 144,225,865</u>	<u>\$ 161,851</u>	<u>\$ 144,387,716</u>

The notes to the financial statements are an integral part of this statement.

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2020**

Data Control Codes		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Expenses	Charges for Services	Operating Grants & Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
0011	Instruction	\$ 154,834,942	\$ 76,083	\$ 17,972,579	\$ (136,786,280)	\$ -	\$ (136,786,280)
0012	Instructional resources and media	3,061,483	-	236,454	(2,825,029)	-	(2,825,029)
0013	Curriculum and staff development	7,357,001	-	2,870,761	(4,486,240)	-	(4,486,240)
0021	Instructional leadership	3,203,032	-	461,138	(2,741,894)	-	(2,741,894)
0023	School leadership	14,182,590	-	977,603	(13,204,987)	-	(13,204,987)
0031	Guidance, counseling and evaluation	10,315,034	-	1,632,572	(8,682,462)	-	(8,682,462)
0032	Social work services	1,168,079	-	379,405	(788,674)	-	(788,674)
0033	Health services	3,479,565	-	228,982	(3,250,583)	-	(3,250,583)
0034	Student transportation	6,656,937	-	1,123,526	(5,533,411)	-	(5,533,411)
0035	Food service	13,884,170	2,464,050	8,586,221	(2,833,899)	-	(2,833,899)
0036	Co-curricular/extracurricular activities	6,642,266	241,027	1,095,914	(5,305,325)	-	(5,305,325)
0041	General administration	5,939,452	-	352,885	(5,586,567)	-	(5,586,567)
0051	Plant maintenance and operations	19,661,436	635,417	881,200	(18,144,819)	-	(18,144,819)
0052	Security monitoring services	1,551,039	-	93,197	(1,457,842)	-	(1,457,842)
0053	Data processing services	5,253,644	-	230,624	(5,023,020)	-	(5,023,020)
0061	Community services	700,300	-	376,095	(324,205)	-	(324,205)
0072	Long-term debt interest and fees	12,541,676	-	-	(12,541,676)	-	(12,541,676)
0099	Other intergovernmental charges	903,549	-	-	(903,549)	-	(903,549)
Total governmental activities		271,336,195	3,416,577	37,499,156	(230,420,462)	-	(230,420,462)
Business-type activities:							
0061	Extended day services	1,394,841	1,506,691	-	-	111,850	111,850
		1,394,841	1,506,691	-	-	111,850	111,850
Total primary government		\$ 272,731,036	\$ 4,923,268	\$ 37,499,156	(230,420,462)	111,850	(230,308,612)
Data control codes	General revenues						
	Taxes						
MT	Property taxes, levied for general purpose				145,361,068	-	145,361,068
DT	Property taxes, levied for debt service				37,408,241	-	37,408,241
SF	State grants, unrestricted				74,082,722	-	74,082,722
MI	Miscellaneous				679,350	-	679,350
IE	Investment earnings				5,638,853	-	5,638,853
FR	Transfers (out) in				565,039	(565,039)	-
TR	Total general revenues and transfers				263,735,273	(565,039)	263,170,234
CN	Change in net position				33,314,811	(453,189)	32,861,622
NB	Net position - beginning				110,911,054	615,040	111,526,094
NE	Net position - ending				\$ 144,225,865	\$ 161,851	\$ 144,387,716

The notes to the financial statements are an integral part of this statement.

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**AUGUST 31, 2020**

<b>Data Control Codes</b>	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Funds</b>	<b>Total</b>
<b>ASSETS</b>					
1110 Cash and temporary investments	\$ 136,839,162	\$ 12,106,349	\$ 138,781,078	\$ 9,488,308	\$ 297,214,897
1220 Property taxes - delinquent	3,851,517	980,618	-	-	4,832,135
1230 Allowance for uncollectible taxes	(577,754)	(147,066)	-	-	(724,820)
1240 Due from other governments	10,629	2,739	-	578,924	592,292
1250 Accrued interest	214,208	10	64,665	-	278,883
1260 Due from other funds	4,132,897	-	-	3,599,621	7,732,518
1290 Due from other sources	12,929	-	-	-	12,929
1300 Inventories, at cost	481,397	-	-	18,894	500,291
1410 Prepaid expenditures	1,021,195	-	-	-	1,021,195
1000 Total assets	<u>\$ 145,986,180</u>	<u>\$ 12,942,650</u>	<u>\$ 138,845,743</u>	<u>\$ 13,685,747</u>	<u>\$ 311,460,320</u>
<b>LIABILITIES</b>					
2110 Accounts payable	\$ 798,041	\$ -	\$ 20,351,644	\$ 1,056,382	\$ 22,206,067
2160 Accrued wages payable	11,593,678	-	9,045	5,915	11,608,638
2170 Due to other funds	3,099,565	-	-	4,548,825	7,648,390
2180 Due to other governments	5,055,611	40,174	-	-	5,095,785
2300 Unearned revenue	-	-	-	113,275	113,275
2000 Total liabilities	<u>20,546,895</u>	<u>40,174</u>	<u>20,360,689</u>	<u>5,724,397</u>	<u>46,672,155</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
2600 Unavailable revenue-property taxes	<u>3,273,763</u>	<u>833,552</u>	<u>-</u>	<u>-</u>	<u>4,107,315</u>
Total deferred inflows of resources	<u>3,273,763</u>	<u>833,552</u>	<u>-</u>	<u>-</u>	<u>4,107,315</u>
<b>FUND BALANCES</b>					
3410 Non-spendable - inventories	481,397	-	-	18,894	500,291
3430 Non-spendable - prepaid items	1,021,195	-	-	-	1,021,195
3450 Restricted - grant funds	-	-	-	4,898,678	4,898,678
3470 Restricted - construction	-	-	51,709,488	-	51,709,488
3480 Restricted - debt service	-	12,068,924	-	-	12,068,924
3510 Committed - construction	-	-	66,775,566	-	66,775,566
3545 Committed - other	86,717,053	-	-	3,043,778	89,760,831
3600 Unassigned	33,945,877	-	-	-	33,945,877
3000 Total fund balances	<u>122,165,522</u>	<u>12,068,924</u>	<u>118,485,054</u>	<u>7,961,350</u>	<u>260,680,850</u>
4000 Total liabilities and fund balances	<u>\$ 145,986,180</u>	<u>\$ 12,942,650</u>	<u>\$ 138,845,743</u>	<u>\$ 13,685,747</u>	<u>\$ 311,460,320</u>

The notes to the financial statements are an integral part of this statement.

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**AUGUST 31, 2020**

<b>Total fund balances - governmental funds (from C-1)</b>	<b>\$ 260,680,850</b>
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	702,662,488
Accumulated depreciation, including current year depreciation expense of \$14,634,001 is not reported in the fund financial statements.	(266,769,843)
Deferred gains and losses on refundings of debt were not recognized on the balance sheet for governmental funds.	(4,350,331)
Long-term liabilities including bonds payable, premiums, accreted interest, and compensated absences are not included on the fund financial statements.	(411,945,053)
Net OPEB liabilities are not included on the fund financial statements.	(79,677,545)
Net pension liabilities are not included on the fund financial statements.	(69,609,737)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(723,317)
Internal service funds are used to charge the cost of certain activities, such as self-insurance and catering, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	7,389,381
Revenue from property taxes are deferred inflows of resources in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed net of an allowance for uncollectible accounts in the government-wide financial statements.	4,107,315
Items related to net pension and OPEB liabilities are not included on the fund financial statements:	
Deferred outflows - pension	33,219,368
Deferred outflows - OPEB	15,054,494
Deferred inflows - pension	(11,342,516)
Deferred inflows - OPEB	(34,469,689)
<b>Net position of governmental activities (from A-1)</b>	<b>\$ 144,225,865</b>

The notes to the financial statements are an integral part of this statement.

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED AUGUST 31, 2020**

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	Nonmajor Funds	Total
<b>REVENUES</b>						
5700	Local and intermediate sources	\$ 149,743,988	\$ 37,844,298	\$ 2,822,430	\$ 4,910,083	\$ 195,320,799
5800	State program revenues	64,889,733	417,454	-	2,418,372	67,725,559
5900	Federal program revenues	2,407,933	-	-	21,103,473	23,511,406
5020	Total revenues	<u>217,041,654</u>	<u>38,261,752</u>	<u>2,822,430</u>	<u>28,431,928</u>	<u>286,557,764</u>
<b>EXPENDITURES</b>						
Current						
0011	Instruction	113,995,541	-	3,873,650	10,324,524	128,193,715
0012	Instructional resources and media services	2,526,788	-	-	71,873	2,598,661
0013	Curriculum and staff development	2,779,798	-	-	2,756,972	5,536,770
0021	Instructional leadership	2,319,133	-	-	326,510	2,645,643
0023	School leadership	11,208,275	-	-	335,524	11,543,799
0031	Guidance and counseling services	7,115,180	-	-	1,174,037	8,289,217
0032	Social work services	623,487	-	-	362,904	986,391
0033	Health services	2,913,044	-	-	63,055	2,976,099
0034	Student transportation	5,431,621	-	-	2,082,157	7,513,778
0035	Food service	143,980	-	-	12,268,960	12,412,940
0036	Co-curricular/extracurricular activities	4,695,460	-	-	971,303	5,666,763
0041	General administration	5,420,203	-	-	14,302	5,434,505
0051	Maintenance and operations	17,031,080	-	-	108,102	17,139,182
0052	Security and monitoring	1,134,175	-	-	281,628	1,415,803
0053	Data processing services	4,577,374	-	2,099,441	-	6,676,815
0061	Community services	82,977	-	-	380,554	463,531
Debt service						
0071	Principal	-	18,830,000	-	-	18,830,000
0072	Interest	-	18,157,618	-	-	18,157,618
0073	Cost and fees	-	3,100	-	-	3,100
Capital outlay						
0081	Facilities acquisition and construction	-	-	128,495,626	-	128,495,626
Other intergovernmental						
0099	Other intergovernmental charges	903,549	-	-	-	903,549
6030	Total expenditures	<u>182,901,665</u>	<u>36,990,718</u>	<u>134,468,717</u>	<u>31,522,405</u>	<u>385,883,505</u>
Excess (deficiency) of revenues						
1100	over (under) expenditures	<u>34,139,989</u>	<u>1,271,034</u>	<u>(131,646,287)</u>	<u>(3,090,477)</u>	<u>(99,325,741)</u>
Other Financing Sources (Uses)						
7912	Sale of real or personal property	29,713	-	-	11,385	41,098
7915	Transfers in	400,000	-	20,000,000	2,044,649	22,444,649
8911	Transfers out	(20,697,000)	-	-	(782,610)	(21,479,610)
7080	Total other financing sources (uses)	<u>(20,267,287)</u>	<u>-</u>	<u>20,000,000</u>	<u>1,273,424</u>	<u>1,006,137</u>
1200	Net change in fund balance	13,872,702	1,271,034	(111,646,287)	(1,817,053)	(98,319,604)
0100	Fund balance - September 1 (beginning)	108,292,820	10,797,890	230,131,341	9,778,403	359,000,454
3000	Fund balance - August 31 (ending)	<u>\$ 122,165,522</u>	<u>\$ 12,068,924</u>	<u>\$ 118,485,054</u>	<u>\$ 7,961,350</u>	<u>\$ 260,680,850</u>

The notes to the financial statements are an integral part of this statement.

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF THE**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2020**

<b>Net change in fund balances - total governmental funds (from C-3)</b>	<b>\$ (98,319,604)</b>
Internal service funds are used to charge for certain activities to the appropriate functions in other funds. The net income of internal service funds is reported with governmental activities, so the net effect is to increase net position.	1,040,886
Current year capital outlays are expenditures in the fund financial statements but appear as increases in capital assets in the government-wide financial statements. The net effect of the current year capital outlay is to increase net position.	133,498,545
Depreciation is not expensed in fund financial statements because it does not require the use of current financial resources. The effect of current year depreciation is to decrease net position.	(14,634,001)
Current year bond principal payments are expenditures in the fund financial statements, whereas they are reported as reductions of bonds payable in the government-wide financial statements. The effect of current year principal paid on bonds payable is to increase net position.	18,830,000
Premiums on bonds payable are reported as other financing sources in the fund financial statements when the bonds are issued. Amounts are reported net of amortization on the government-wide financial statements. The net effect of these items was to increase net position.	4,179,255
Compensated absences are recognized when the related obligation matures and are expected to be liquidated with expendable available financial resources; therefore, changes to the accrual for these items are not reported in the fund financial statements. The net effect of these items was to decrease net position.	(87,351)
Revenue not recognized on the fund financial statements under the modified accrual basis is recognized on the accrual basis in the government-wide financial statements. The effect of the change in unearned revenue is to decrease net position.	(503,389)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements an interest expenditure is reported when due. The effect of recording the decrease in accrued interest of \$1,047,777 was to increase net position.	1,047,777
Gains and losses on refunding bonds are deferred and amortized on the government-wide financial statements. The effect of the net amortization of \$392,010 was an increase in net position.	392,010
Items related to net pension and OPEB liabilities are not recognized on the fund financial statements	
Deferred outflows (decrease)	(575,411)
Deferred inflows (increase)	(15,882,156)
Net OPEB liability decrease	2,608,788
Net pension liability decrease	1,719,462
<b>Change in net position of governmental activities (from B-1)</b>	<b>\$ 33,314,811</b>

The notes to the financial statements are an integral part of this statement



**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**AUGUST 31, 2020**

	<b>Enterprise Fund</b>	<b>Internal Service Funds</b>
<b>ASSETS</b>		
Current Assets		
Cash & temporary investments	\$ 168,240	\$ 7,889,318
Other receivables	-	130,000
Total assets	<u>\$ 168,240</u>	<u>\$ 8,019,318</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	\$ 1,384	\$ 83,056
Accrued wages payable	5,005	1,932
Due to other funds	-	84,128
Claims payable	-	316,509
Total current liabilities	<u>6,389</u>	<u>485,625</u>
Non-current Liabilities		
Workers comp claims	-	144,312
Total non-current liabilities	<u>-</u>	<u>144,312</u>
Total liabilities	<u>6,389</u>	<u>629,937</u>
<b>NET POSITION</b>		
Unrestricted Net Position	161,851	7,389,381
Total net position	<u>\$ 161,851</u>	<u>\$ 7,389,381</u>

The notes to the financial statements are an integral part of this statement.

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED AUGUST 31, 2020**

	<b>Enterprise Fund</b>	<b>Internal Service Funds</b>
<b>Operating Revenues</b>		
Charges for services	\$ 1,506,691	\$ 2,030,463
Total operating revenues	1,506,691	2,030,463
<b>Operating Expenses</b>		
Payroll	1,184,381	144,380
Insurance claims	-	291,987
Contracted services	82,617	52,236
Supplies and materials	25,849	98,454
Other operating expenses	101,994	64,272
Total operating expenses	1,394,841	651,329
Operating income	111,850	1,379,134
<b>Nonoperating Revenues</b>		
Investment earnings	-	61,752
Income before transfers	111,850	1,440,886
Transfers out	(565,039)	(400,000)
Change in net position	(453,189)	1,040,886
Total net position - September 1 (beginning)	615,040	6,348,495
Total net position - August 31 (ending)	\$ 161,851	\$ 7,389,381

The notes to the financial statements are an integral part of this statement.

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED AUGUST 31, 2020**

	<b>Enterprise Fund</b>	<b>Internal Service Funds</b>
<u>Cash flows from operating activities</u>		
Cash received from user charges	\$ 1,506,092	\$ 2,030,463
Cash received from other funds	-	10,165
Cash payments to employees for services	(1,270,465)	(144,301)
Cash payments for contracted services	(84,548)	(52,236)
Cash payments for insurance claims	-	(422,607)
Cash payments for supplies	(25,981)	(101,258)
Cash payments for other operating expenses	(102,181)	(64,272)
Net cash provided by operating activities	<u>22,917</u>	<u>1,255,954</u>
<u>Cash flows from noncapital financing activities</u>		
Transfers to other funds	(565,039)	(400,000)
Net cash used in noncapital financing activities	<u>(565,039)</u>	<u>(400,000)</u>
<u>Cash flows from investing activities</u>		
Interest received	-	61,752
Net cash provided by investing activities	<u>-</u>	<u>61,752</u>
Net increase (decrease) in cash and cash equivalents	(542,122)	917,706
Cash and cash equivalents at beginning of the year	<u>710,362</u>	<u>6,971,612</u>
Cash and cash equivalents at end of the year	<u><u>\$ 168,240</u></u>	<u><u>\$ 7,889,318</u></u>
<u>Reconciliation of operating income to net cash provided by operating activities</u>		
Operating income	\$ 111,850	\$ 1,379,134
Adjustments to reconcile operating income to net cash provided by operating activities		
Increase (decrease) in accounts payable	(2,849)	12,351
Increase (decrease) in accrued wages	(86,084)	79
Increase (decrease) in payments from other funds	-	10,165
Increase (decrease) in other accrued expenses	-	(145,775)
Net cash provided by operating activities	<u><u>\$ 22,917</u></u>	<u><u>\$ 1,255,954</u></u>

The notes to the financial statements are an integral part of this statement.

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**AUGUST 31, 2020**

	<b>Private- Purpose Trust Funds</b>	<b>Agency Funds</b>
<b>Assets</b>		
Cash and temporary investments	\$ 1,051,075	\$ 534,010
Accrued interest	425	-
Due from other sources	-	87,621
Total assets	<u>\$ 1,051,500</u>	<u>\$ 621,631</u>
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 50
Due to student groups	-	362,230
Due to employees	-	259,351
Total liabilities	<u>-</u>	<u>\$ 621,631</u>
<b>Net Position</b>		
Held in trust for scholarships	1,051,500	
Total net position	<u>\$ 1,051,500</u>	

The notes to the financial statements are an integral part of this statement.

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**YEAR ENDED AUGUST 31, 2020**

	<b>Private- Purpose Trust Funds</b>
<b>Additions</b>	
Earnings on investments	\$ 12,820
Total additions	<u>12,820</u>
<b>Deductions</b>	
Scholarships awarded	<u>26,069</u>
Total deductions	<u>26,069</u>
Change in net position	(13,249)
Net position - September 1 (beginning)	<u>1,064,749</u>
Net position - August 31 (ending)	<u><u>\$ 1,051,500</u></u>

The notes to the financial statements are an integral part of this statement.

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## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Hurst-Euleless-Bedford Independent School District (the “District”) is a public educational agency operating under the applicable laws and regulations of the State of Texas. The District is governed by a seven-member Board of Trustees (the “Board”) elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (“GASB”) and other authoritative sources; and it complies with the requirements of the appropriate version of Texas Education Agency’s *Financial Accountability System Resource Guide* (the “Resource Guide”) and the requirements of contracts and grants of agencies from which it received funds.

### **A. REPORTING ENTITY**

The Board is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. The District 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 District is not financially accountable for any other organizations; therefore, no component units are included within the reporting entity. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding entities. There are no component units included within the reporting entity. The District is a governmental entity exempt from federal income taxation and reporting under the Internal Revenue Code Section 115.

### **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 Hurst-Euleless-Bedford Independent School District’s nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, state foundation funds, grants, and other intergovernmental revenues. *Business-type activities* are supported primarily by charges to users.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues and how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The program revenues include charges for services and operating grants and contributions. The charges for services revenues include payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, charges for athletic events, etc. The grants and contributions revenues include amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Every Student Succeeds Act. If revenue is not labeled as program revenue, it is general revenue used to support all of the District’s functions. Taxes are always general revenues.

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund balance sheet and Proprietary Fund statement of net position. All interfund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements, with the exception of interfund services provided and used which are not eliminated in the process of consolidation. Interfund activities

## **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS - continued**

between governmental funds and fiduciary funds remain as due to/due from other governments on the government-wide statement of activities. 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 District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

The District utilizes two types of proprietary funds. Internal Service Funds are an accounting device used to accumulate and allocate costs internally across the District's various functions. These funds distinguish operating revenues and expenses from nonoperating 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 not meeting this definition are reported as nonoperating revenues and expenses. The Enterprise Fund accounts for the operation of the District's extended day program, which is financed and operated in a manner similar to a private business. Participants are charged a fee, which is used to support the activities of the program. Because internal service funds predominately benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

## **C. MEASUREMENT FOCUS, BASICS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements and proprietary fund statements use the economic resources measurement focus and the accrual basis of accounting. 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. 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 and claims and judgments are recognized when the obligations mature and are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within sixty days after year-end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the state 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 actually received. Investment earnings are recorded as earned, since they are both measurable and available. In general, revenues not collected within sixty days of year-end are not considered measurable and available.



### **C. MEASUREMENT FOCUS, BASICS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION - continued**

Grant funds are considered to be earned when all eligibility requirements have been met, (including time requirements) to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received in advance, they are recorded as unearned revenues until earned. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

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

### **D. FUND ACCOUNTING**

The District reports the following major governmental funds:

- **General Fund** – This fund accounts for all financial resources except those required to be accounted for in another fund.
- **Debt Service Fund** – This fund accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.
- **Capital Projects Fund** – This fund accounts for the proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.

Additionally, the District reports the following fund type(s):

Governmental Funds:

- **Special Revenue Funds** – The District accounts for resources restricted or committed to specific purposes by the District or a grantor in a special revenue fund. Most federal and some state financial assistance is accounted for in a special revenue fund and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Proprietary Funds:

- **Enterprise Fund** – This fund accounts for the operation of the extended day program. Generation of net income is necessary for sound financial management, as the cost of providing extended day services should be supported by charges to users.
- **Internal Service Funds** – Revenues and expenditures related to services provided to organizations on a cost reimbursement basis are accounted for in an internal service fund. The internal service funds are workers' compensation, tech trades, catering, and print shop.

#### D. FUND ACCOUNTING - continued

##### Fiduciary Funds:

- **Private Purpose Trust Funds** – Private-purpose trust funds are used to account for resources legally held in trust under which principal and income benefit individuals, private organizations or other governments. The District’s private-purpose trust funds represent scholarship and study-abroad funds being held in trust for students.
- **Agency Funds** – These funds hold resources for others in a custodial capacity. The District’s agency funds are the student activity fund and flexible spending fund. Fiduciary funds are accounted for on the accrual basis.

#### E. ASSETS, LIABILITIES, AND NET POSITION/FUND BALANCE

1. **Deposits and Investments** – For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity date of three months or less when purchased. Investments, except for the investment pools, for the District are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost.
2. **Inventories** – Inventories on the balance sheet consist of materials and supplies recorded at weighted average cost. The District follows the consumption method of accounting whereby inventory is recorded as expenditures when utilized. Food commodities are received at no cost. They are recorded as revenue and expenditures when received using the fair market value as supplied by the Texas Department of Agriculture.
3. **Prepays** – Expenditures for significant services extending over more than one accounting period are allocated between accounting periods in the governmental funds and are accounted for proportionately over the periods that service is provided (consumption method).
4. **Capital Assets** – Capital assets including land, buildings, furniture and equipment are reported in the applicable governmental column in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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 assets’ lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the District are depreciated using the straight-line method of the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and improvements	30 - 40
Furniture and equipment	5 - 15

**E. ASSETS, LIABILITIES, AND NET POSITION/FUND BALANCE - continued**

**5. Deferred Outflows/Inflows of Resources**

The statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. The District only has two items that qualify for reporting in this category. One is the deferred charges on debt refundings reported in the government-wide statement of net position. A 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. The other item relates to the actuarial pension and OPEB studies required by GASB 68 and GASB 75 and the current year pension and OPEB payments are reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items, one of which arises only under a modified accrual basis of accounting that qualifies for reporting in this category – property taxes. This item, unavailable revenue, is reported only in the District’s fund balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other item relates to the actuarial pension and OPEB studies required by GASB 68 and GASB 75 and is reported in the government-wide statement of net position.

**6. 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.

**7. Other Post-Employment Benefits**

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

**E. ASSETS, LIABILITIES, AND NET POSITION/FUND BALANCE - continued**

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.

**8. Fund Balances**

In the fund financial statements, governmental fund balances are classified as follows:

Non-spendable – Includes fund balance amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact. Examples of non-spendable fund balances are inventories and prepaid items.

Restricted – Includes fund balance amounts constrained to being used for a specific purpose through constitutional provisions or enabling legislation or by external parties such as grantors or contributors by federal or state laws or regulations. Examples of restricted fund balances include, but are not limited to, child nutrition funds or grant funds.

Committed – Includes fund balance amounts that are constrained to a specific purpose by the Board of Trustees. Formal action by the Board shall be required to commit funds to this category. Formal action has historically been accomplished by resolution. Such action shall occur prior to the end of the fiscal year; however, the amount subject to the constraint may be determined in the subsequent period. Such constraints shall only be amended or removed by Board action. Examples of committed fund balances include, but are not limited to, potential litigation, claims, and judgments or non-bond funded capital projects.

Assigned – Includes fund balance amounts that are constrained by the government's intent to be used for a specific purpose. The Superintendent or designee is authorized to assign funds to this category. Examples of assigned fund balance include, but are not limited to, insurance deductibles, contingencies, and projects not yet completed at fiscal year-end.

Unassigned – Includes all amounts not included in other spendable classifications. It is the residual classification for the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

In governmental funds when an expenditure is incurred that can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed, assigned, and then unassigned fund balances.

## E. ASSETS, LIABILITIES, AND NET POSITION/FUND BALANCE - continued

### 9. Net Position

Net positions represent the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the government-wide financial statements. Net positions are classified in the following categories:

Net investment in capital assets – This amount consists of capital assets net of accumulated depreciation and capital-related deferred outflows of resources, reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted net position – This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted net position – This amount is the net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

10. The Data Control Codes refer to the account code structure prescribed by the Texas Education Agency (“TEA”) in the ***Resource Guide***. TEA requires school districts to display these codes in the financial statements filed with the TEA in order to insure accuracy in building a statewide database for policy development and funding plans.

### 11. New Accounting Pronouncements

GASB Statement No. 84: Fiduciary Activities. Statement 84 was issued in January 2017. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity, and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This standard becomes effective for the District in fiscal year 2021. The District has not yet determined the impact of this statement.

GASB Statement No. 87: Leases. Statement 87 was issued in June 2017. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. This standard becomes effective for the District in fiscal year 2022. The District has not yet determined the impact of this statement.

## **E. ASSETS, LIABILITIES, AND NET POSITION/FUND BALANCE - continued**

GASB Statement No. 89: Accounting for Interest Cost Incurred Before the End of a Construction Period. Statement 89 was issued in June 2018. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement becomes effective for the District in fiscal year 2022. The District has not yet determined the impact of this statement.

GASB Statement No. 90: Majority Equity Interests – an Amendment to GASB Statements No. 14 and No. 61. Statement 90 was issued in August 2018. The primary objectives of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statements information for certain component units. The Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. This standard became effective for the District in fiscal year 2021. The District has not yet determined the impact of this statement.

GASB Statement No. 91: Conduit Debt Obligations. Statement 91 was issued in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This standard becomes effective for the District in fiscal year 2023. The District has not yet determined the impact of this statement.

## **STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### **F. BUDGETARY INFORMATION**

The appropriated budget is prepared by fund, function and department. The District's campus and department heads may make transfers of appropriation within their campus or department budget. Transfers of appropriations between functions require approval of the Board of Trustees. The level of budgetary control at which expenditures may not legally exceed appropriations is the function level. The Board approved several supplementary budget appropriations.

## **DETAILED NOTES ON ALL FUNDS**

### **G. DEPOSITS AND INVESTMENTS**

The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District 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 of Federal Deposit Insurance Corporation ("FDIC") insurance.

At August 31, 2020, the carrying amount of the District's deposits (cash, bank balances, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$57,840,020. The carrying amount of the District's deposits at August 31, 2020 were covered by \$1,000,000 FDIC insurance or collateralized with securities held by the Federal Reserve Bank in the District's name valued at \$36,425,101 and an irrevocable letter of credit for \$27,355,025 from the Federal Home Loan Bank.

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit; (3) certain municipal securities; (4) money market savings accounts; (5) repurchase agreements; (6) bankers acceptances; (7) mutual funds; (8) investment pools; (9) guaranteed investment contracts; and (10) common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

## G. DEPOSITS AND INVESTMENTS - continued

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The District has recurring fair value measurements as presented in the table below. The District's investment balances and weighted maturity of such investments are as follows:

Investments <u>August 31, 2020</u>	Fair Value Measurements					<u>Credit Risk</u>	Weighted Average Maturity <u>(Days)</u>
	Quoted Prices in Active Markets for Identical Assets <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>	Percent of Total Investments			
<i>Investments not Subject to Fair Value:</i>							
Government investment pools, measured at (NAV)							
Texas CLASS	\$ 95,188,252	\$ -	\$ -	\$ -	45%	AAAm	54
LOGIC	2,599,297	-	-	-	1%	AAAm	51
Texpool	46,410,868	-	-	-	22%	AAAm	32
Lone Star	26,310,201	-	-	-	13%	AAAm	24
Texas TERM	6,201,596	-	-	-	3%	AAAm	54
<i>Investments by Fair Value Level:</i>							
US Agency Securities	9,999,393	9,999,393	-	-	5%	Aaa	1045
Municipal bonds	10,523,400	10,523,400	-	-	5%	AAA	395
Commercial paper -Honeywell	9,970,000	9,970,000	-	-	5%	A	90
Commercial paper -Pepsico Inc	1,992,986	1,992,986	-	-	1%	A+	101
Total	\$ 209,195,993	\$ 32,485,779	\$ -	\$ -	100%		

*Investment Pools* are measured at amortized cost and are exempt for fair value reporting.

*U.S. Agency Securities* classified in Level 1 of the fair value hierarchy are valued using the market approach because the investments are restricted by Policy and state law to active secondary market. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities. The exit or fair market prices used for these fair market valuations of the portfolio are all Level 1 and represent unadjusted quoted prices in active markets for identical assets and liabilities that have been accessed at the measurement date.

The Texpool, Lone Star, Texas TERM and Texas CLASS investment pools are external investment pools measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pools transact at a net asset value of \$1.00 per share, have weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet



## **G. DEPOSITS AND INVESTMENTS - continued**

reasonably foreseeable redemptions. Texas CLASS has a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

The LOGIC investment pool is an external investment pool measured at its net asset value. LOGIC's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The District has no unfunded commitments related to the investment pools. LOGIC has a redemption notice period of one day and may redeem daily. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

Texas CLASS is a local government investment pool emphasizing safety, liquidity, convenience and competitive yield. Since 1996, Texas CLASS has provided Texas public entities a safe and competitive investment alternative. Texas CLASS invests only in securities allowed by the Texas Public Funds Investment Act. The pool is governed by a board of trustees, elected annually by its participants. Texas CLASS is rated 'AAAm' by Standard and Poor's ratings services. The 'AAAm' principal stability fund rating is the highest assigned to principal stability government investment pools and is a direct reflection of Texas Class's outstanding credit quality and management.

LOGIC is governed by a 6-member board and is an AAAM rated investment program tailored to the investment needs of local governments within the state of Texas. LOGIC assists governments across Texas to make the most of taxpayer dollars. Local officials can improve the return on their invested balances by pooling their money with other entities to achieve economies of scale in a conservative fund in full compliance with the PFIA. The fair value of the position in LOGIC is the same as the value of LOGIC shares.

The State Comptroller of Public Accounts exercises responsibility over Texpool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in Texpool and other persons who do not have a business relationship with Texpool. Texpool operates in a manner consistent with the SEC's Rule2a7 of the Investment Company Act of 1940. Texpool uses amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in Texpool is the same as the value of Texpool shares.

Lone Star investment pool is governed by an 11-member board of trustees who are all pool participants. Investments are limited to those allowed by the Public Funds Investment Act. The fund is rated AAAM by Standard and Poor's ratings services.

Texas TERM is owned and operated by the pool's Texas municipal investors and six elected advisory board members. Investments are designed to comply with Texas statutes including regulations for the allowable investment of public funds. The fund is rated AAAM by Standard and Poor's ratings services.

## G. DEPOSITS AND INVESTMENTS - continued

### Interest Rate Risk

Interest rate risk is the risk that improving economic conditions would stimulate interest rates resulting in a decline in the fair value of District investments. To limit exposure to fair value losses caused by rising interest rates, District policy limits the total portfolio to a maximum weighted average maturity of one year. As of August 31, 2020, the weighted average maturity of the total portfolio was 70 days.

As of August 31, 2020, the District's investments as presented by investment maturity periods are as follows:

	Investment Maturities (in Years)				
	Carrying Value	Fair Value	Less than 1	1-2	More than 2
Wells Fargo public funds account	\$ 48,586,476	\$ 48,586,476	\$ 48,586,476	\$ -	\$ -
Certificates of deposit	26,542,160	26,542,160	26,542,160	-	-
Government investment pools					
Texas CLASS	95,188,252	95,188,252	95,188,252	-	-
LOGIC	2,599,297	2,599,297	2,599,297	-	-
Texpool	46,410,868	46,410,868	46,410,868	-	-
Lone Star	26,310,201	26,310,201	26,310,201	-	-
TexTERM	6,201,596	6,201,596	6,201,596	-	-
US Agency securities	9,999,393	9,999,393	-	-	9,999,393
Municipal bonds	10,523,400	10,523,400	-	10,523,400	-
Commercial paper	11,962,986	11,962,986	11,962,986	-	-
Total investments	284,324,629	\$ 284,324,629	\$ 263,801,836	\$ 10,523,400	\$ 9,999,393
Less Private Purpose Trust Fund cash	(1,051,075)				
Less Agency Fund cash	(534,010)				
Demand deposits and petty cash	22,532,911				
Total cash and investments - primary government	<u>\$ 305,272,455</u>				

### Credit Risk

Credit Risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment policy and the Public Funds Investment Act establish minimum ratings for investments eligible for purchase. At August 31, 2020, the District's exposure to credit risk is shown by comparing the minimum required rating and the rating assigned by Standard & Poor's for each investment type.

The government investment pools received the Standard & Poor's principal stability fund rating of AAAM which is the required minimum rating for this category.

U.S. Agency securities equate to 3.5% of the portfolio.

### Concentration of Credit Risk

The District investment policy does not limit the amount that can be invested in any one issuer. As of August 31, 2020, the composition of the District's deposits and investments at carrying value was as follows:

**G. DEPOSITS AND INVESTMENTS - continued**

Wells Fargo public funds accounts	17.1%
EastWest Bank certificates of deposit	9.3%
Texas CLASS	33.5%
LOGIC	0.9%
Texpool	16.3%
Lone Star	9.3%
TexTERM	2.2%
Commercial paper	4.2%
Municipal bonds	3.7%
US Agency securities	
FHLMC Call Note	3.5%
Total US Agency securities	3.5%
Total	100.0%

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act requires that a financial institution secure deposits made by state or local government entities by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The fair value of the pledged securities in the collateral pool must equal at least the bank balances less FDIC insurance at all times.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Depository: Wells Fargo Bank, N.A.
- b. The fair value of securities pledged as of the date of the highest combined balance on deposit was \$54,216,583.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$43,664,793 and occurred on September 2, 2019.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$250,000.

## **H. PROPERTY TAXES**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. The assessed value of the roll upon which the levy for the 2020 fiscal year was based, was \$15,498,767,290. The tax rates assessed for the year ended August 31, 2020 to finance general fund operations and the payment of principal and interest on general obligation long-term debt were \$0.97 and \$0.25 per \$100 valuation, respectively, for a total of \$1.22 per \$100 valuation.

Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

## **I. DELINQUENT TAXES RECEIVABLE**

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the general and debt service funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

## **J. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS**

The interfund balance between Nonmajor funds occurs when expenditures take place before reimbursements are received from the grants. The transfer back occurs when funds are received from the granting agency. All interfund balances are expected to be repaid within the next fiscal year.

Interfund balances at August 31, 2020 consisted of the following individual fund balances:

Receivable Fund	Payable Fund	Amount	Purpose
General fund	Nonmajor funds	\$ 4,048,769	Cash allocation
General fund	Internal service funds	84,128	Cash allocation
Nonmajor funds	General fund	3,099,565	Cash allocation
Nonmajor funds	Nonmajor funds	500,056	Cash allocation
		<u>\$ 7,732,518</u>	

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**J. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS – continued**

At August 31, 2020, interfund transfers were as follows:

Transfers From	Transfers To	Amount	Purpose
General fund	Capital projects funds	\$ 20,000,000	Transfer of funds from general fund to capital projects fund for authorized construction
General fund	Nonmajor funds	620,000	Transfer of funds from general fund to Texas Volkswagen Environmental Mitigation Program for bus replacements
General fund	Nonmajor funds	77,000	Transfer of funds from general fund to campus technology fund
Nonmajor funds	Nonmajor funds	782,610	Transfer of surplus from summer feeding program to child nutrition fund
Enterprise fund	Nonmajor funds	565,039	Transfer of funds related to extended day program from enterprise fund to campus activity fund
Internal service funds	General fund	400,000	Transfer portion of workers' compensation fund to general fund
		<u>\$ 22,444,649</u>	

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**K. CAPITAL ASSET ACTIVITY**

Capital asset activity for the District for the year ended August 31, 2020 was as follows:

	Beginning Balance	Additions	Retirements/ Transfers	Ending Balance
Governmental Activities				
Capital assets, not depreciated:				
Land	\$ 16,930,478	\$ -	\$ -	\$ 16,930,478
Construction in progress	42,995,352	122,036,891	(16,327,616)	148,704,627
Total capital assets not depreciated	<u>59,925,830</u>	<u>122,036,891</u>	<u>(16,327,616)</u>	<u>165,635,105</u>
Capital assets, being depreciated:				
Buildings and improvements	470,057,721	24,305,676	-	494,363,397
Furniture and equipment	39,180,392	3,662,704	(179,110)	42,663,986
Total capital assets being depreciated	<u>509,238,113</u>	<u>27,968,380</u>	<u>(179,110)</u>	<u>537,027,383</u>
Less accumulated depreciation for:				
Buildings and improvements	(222,883,012)	(12,565,677)	-	(235,448,689)
Furniture and equipment	(29,252,830)	(2,068,324)	-	(31,321,154)
Total accumulated depreciation	<u>(252,135,842)</u>	<u>(14,634,001)</u>	<u>-</u>	<u>(266,769,843)</u>
Total capital assets, being depreciated, net	<u>257,102,271</u>	<u>13,334,379</u>	<u>(179,110)</u>	<u>270,257,540</u>
Governmental activities capital assets, net	<u>\$ 317,028,101</u>	<u>\$ 135,371,270</u>	<u>\$ (16,506,726)</u>	<u>\$ 435,892,645</u>

**K. CAPITAL ASSET ACTIVITY - continued**

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 8,397,018
Instructional resources and media services	147,860
Curriculum and staff development	343,786
Instructional leadership	80,542
School leadership	871,313
Guidance and counseling services	575,069
Health services	156,166
Student transportation	474,104
Food service	876,955
Co-curricular/extracurricular activities	650,421
General administration	56,157
Plant maintenance and operations	1,392,970
Security and monitoring services	126,640
Data processing services	414,022
Community service	70,978
	<u>\$ 14,634,001</u>

**L. CHANGES IN LONG-TERM LIABILITIES**

Long term liabilities activity for the year ended August 31, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable					
General obligation bonds	\$ 383,550,000	\$ -	\$ (18,830,000)	\$ 364,720,000	\$ 20,685,000
Premium on GO bonds	50,475,255	-	(4,179,255)	\$ 46,296,000	3,558,670
Total bonds payable	434,025,255	-	(23,009,255)	411,016,000	24,243,670
Other liabilities					
Workers compensation	606,596	291,987	(437,762)	\$ 460,821	316,509
Compensated absences	841,702	744,082	(656,731)	\$ 929,053	724,661
Total governmental activities long-term liabilities	<u>\$ 435,473,553</u>	<u>\$ 1,036,069</u>	<u>\$ (24,103,748)</u>	<u>\$ 412,405,874</u>	<u>\$ 25,284,840</u>

Internal Service Funds predominantly serve the governmental funds. Accordingly, the workers' compensation claims reported in the internal service funds are included as part of the above totals for governmental activities.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT  
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**M. BONDS PAYABLE**

Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. As of August 31, 2020 the District does not have any defeased bonds outstanding.

A summary of general long-term debt for the year ended August 31, 2020 is as follows:

Description	Interest Rate Payable	Final Maturity Date	Amounts Original Issue	Interest Current Year	Payable Amounts Outstanding 9/1/19	Outstanding 8/31/20
Refunding 2006	5.0%	8/15/2020	84,185,000	562,750	11,255,000	-
Refunding 2010	3.5% to 5.0%	8/15/2028	104,330,000	287,042	6,230,000	6,075,000
School Building Series 2011	5.0%	8/15/2020	124,695,000	210,750	4,215,000	-
Refunding 2015A	3.0% to 3.5%	8/15/2024	7,800,000	224,650	6,595,000	5,360,000
Refunding 2015B	2.0% to 3.0%	8/15/2024	30,467,681	502,320	18,420,000	18,285,000
Refunding 2017A	5.0%	8/15/2028	87,575,000	4,239,600	86,670,000	86,670,000
Refunding 2017B	2.0% to 5.0%	8/15/2036	74,875,000	3,299,600	73,750,000	73,750,000
School Building Series 2018	2.5% to 5.0%	8/15/2043	76,500,000	3,392,525	74,955,000	74,140,000
School Building Series 2019	4.0% to 5.0%	8/15/2044	101,460,000	5,438,380	101,460,000	100,440,000
			<u>\$691,887,681</u>	<u>\$ 18,157,617</u>	<u>\$383,550,000</u>	<u>\$364,720,000</u>

Debt service requirements are as follows:

Year Ended August, 31	Governmental Activities		
	Principal	Interest	Total
2021	\$ 20,685,000	\$ 16,274,625	\$ 36,959,625
2022	21,480,000	15,440,032	36,920,032
2023	22,295,000	14,623,595	36,918,595
2024	23,185,000	13,733,980	36,918,980
2025	24,255,000	12,694,642	36,949,642
2026-2030	100,645,000	45,227,780	145,872,780
2031-2035	63,665,000	26,804,850	90,469,850
2036-2040	50,760,000	14,223,400	64,983,400
2041-2044	37,750,000	3,843,450	41,593,450
Total	<u>\$ 364,720,000</u>	<u>\$ 162,866,354</u>	<u>\$ 527,586,354</u>

**N. COMPENSATED ABSENCES**

Regular 12-month employees are entitled to an annual vacation of two weeks with full pay, which increases to three weeks during the 15<sup>th</sup> year. The liability for earned vacation pay is estimated to be \$929,053 and is included on the government-wide statement of net position at August 31, 2020. The General Fund and Special Revenue Funds are used to liquidate compensated absences.



## O. DEFINED BENEFIT PENSION PLAN

**Plan Description.** The Hurst-Euleless-Bedford Independent School District 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). It is a defined benefit pension plan 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 Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://trs.texas.gov/TRS%20Documents/cafr2019.pdf>, 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 post-employment 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.

In May 2019, the 86<sup>th</sup> Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. This action causing the pension fund to be actuarially sound, allowed the legislature to approve funding for a 13<sup>th</sup> check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

**O. DEFINED BENEFIT PENSION PLAN – continued**

**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 86<sup>th</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 through 2025.

Year	Contribution Rates and Contribution Amounts					
	Member		State		District	
	Rate	Amount	Rate	Amount	Amount	
2020	7.7%	\$ 11,621,130	7.5%	\$ 8,448,762	\$	4,658,669
2019	7.7%	\$ 11,063,815	6.8%	\$ 6,641,349	\$	4,692,165
2018	7.7%	\$ 10,603,366	6.8%	\$ 6,674,823	\$	4,302,257

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity (NECE). 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).

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.
- When the employing district is a public or charter school, the employer shall contribute 1.5% of covered payroll to the pension fund beginning in fiscal year 2020. This contribution rate

**O. DEFINED BENEFIT PENSION PLAN – continued**

called the Public Education Employer Contribution will replace the Non(OASDI) surcharge that was in effect in fiscal year 2019.

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

- 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.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees. This surcharge was in effect through fiscal year 2019 and was replaced with the Public Education Employer Contribution explained above.

**Actuarial Assumptions.** The total pension liability in the August 31, 2018 valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2018 rolled forward to August 2019
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Inflation	2.3%
Municipal Bond Rate as of August 2019 *	2.63%
Salary Increases including inflation	3.05% to 9.05% including inflation
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

\* Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2018. For a full description of these assumptions please see the actuarial valuation report dated November 9, 2018.

**Discount Rate.** A single discount rate of 7.25 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 7.25 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active plan 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 9.55 percent

**O. DEFINED BENEFIT PENSION PLAN – continued**

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 future benefit payments 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 7.25%. 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. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2019 are summarized on the following page:

**O. DEFINED BENEFIT PENSION PLAN - continued**

Asset Class	FY 2019 Target Allocation <sup>1</sup> %*	New Target Allocation <sup>2</sup> %*	Long-Term Expected Geometric Real Rate of Return <sup>3</sup>
<b>Global Equity</b>			
USA	18%	18%	6.40%
Non-U.S. Developed	13%	13%	6.30%
Emerging Markets	9%	9%	7.30%
Directional Hedge Funds	4%	0%	0.00%
Private Equity	13%	14%	8.40%
<b>Stable Value</b>			
U.S. Treasuries <sup>4</sup>	11%	16%	3.10%
Stable Value Hedge Funds	4%	5%	4.50%
Absolute Return	0%	0%	0.00%
<b>Real Return</b>			
Global Inflation-Linked Bonds <sup>4</sup>	3%	0%	0.00%
Real Estate	14%	15%	8.50%
Energy, Natural Resources and Infrastructure	5%	6%	7.30%
Commodities	0%	0%	0.00%
<b>Risk Parity</b>			
Risk Parity	5%	8%	5.8%/6.5% <sup>5</sup>
<b>Leverage</b>			
Cash	1%	2%	2.50%
Asset Allocation Leverage	0%	-6%	2.70%
<b>Expected Return</b>	<b>100%</b>	<b>100%</b>	<b>7.23%</b>

<sup>1</sup>Target allocations are based on the Strategic Asset Allocation as of FY2019

<sup>2</sup>New allocations are based on the Strategic Asset Allocation to be implemented FY2020

<sup>3</sup>10-Year annualized geometric nominal returns include the real rate of return and inflation of 2.1%

<sup>4</sup>New Target Allocation groups Government Bonds within the stable value allocation. This includes global sovereign nominal and inflation-linked bonds

<sup>5</sup>5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility

**O. DEFINED BENEFIT PENSION PLAN - continued**

**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 (7.25%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Hurst-Eules-Bedford ISD's proportionate share of the net pension liability:	\$107,000,278	\$69,609,737	\$39,316,182

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At August 31, 2020, the District reported a liability of \$69,609,737 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District 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 District were as follows:

District's proportionate share of the collective net pension liability	\$ 69,609,737
State's proportionate share that is associated with Hurst-Eules-Bedford ISD	<u>\$ 96,762,975</u>
Total	<u><u>\$ 166,372,712</u></u>

The net pension liability was measured as of August 31, 2018 and rolled forward to August 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2018 through August 31, 2019.

At August 31, 2019 the District's proportion of the collective net pension liability was .1339083317% which was an increase of .0043188437% from its proportion measured as of August 31, 2018.

**Changes Since the Prior Actuarial Valuation.**

- The single discount rate as of August 31, 2018 was a blended rate of 6.907 percent and that has changed to the long-term rate of return of 7.25 percent as of August 31, 2019.
- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.
- The Texas legislature approved funding for a 13<sup>th</sup> check. All eligible members retired as of December 31, 2018 received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever is less.

**O. DEFINED BENEFIT PENSION PLAN - continued**

For the year ended August 31, 2020, the District recognized pension expense of \$14,736,112 and revenue of \$6,514,956 for support provided by the State.

At August 31, 2020, the District 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	\$ 292,423	\$ 2,416,961
Changes in actuarial assumptions	21,596,359	8,924,637
Difference between projected and actual investment earnings	698,962	-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	6,348,593	918
Contributions paid to TRS subsequent to the measurement date	4,283,031	-
Total	<u>\$ 33,219,368</u>	<u>\$ 11,342,516</u>

\$4,283,031 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement year ended August 31:	Pension Expense Amount
2021	\$ 4,474,195
2022	3,665,430
2023	4,406,648
2024	4,090,836
2025	1,504,687
Thereafter	(547,975)
	<u>\$ 17,593,821</u>

For the current fiscal year and each of the past two years, the District's actual contributions were equal to 100 percent of the required contributions. The General Fund, Special Revenue Funds, and Proprietary Funds normally are used to liquidate pension liabilities. The contributions made by the State on behalf of the District have been recorded in the governmental funds financial statements of the District as both state revenues and expenditures. These contributions are the legal responsibility of the State.

## **P. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS**

**Plan Description.** The District 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 plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

**OPEB Plan Fiduciary Net Position.** Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

**Benefits Provided.** TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational districts 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. 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. There are no automatic post-employment benefit changes; including automatic COLAs.

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

<b>TRS-Care Monthly Premium Rates</b>		
	<b>Medicare</b>	<b>Non-Medicare</b>
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



**P. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - continued**

**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 .75 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. 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 and Contribution Amounts						
Year	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2020	0.65%	\$ 981,005	1.25%	\$ 1,867,032	0.75%	\$ 1,131,871
2019	0.65%	\$ 933,971	1.25%	\$ 1,782,439	0.75%	\$ 1,077,654
2018	0.65%	\$ 895,098	1.25%	\$ 1,723,252	0.75%	\$ 1,032,804

For the current fiscal year and each of the past two years, the District's actual contributions were equal to 100 percent of the required contributions. The General Fund, Special Revenue Funds, and Proprietary Funds normally are used to liquidate OPEB liabilities.

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 to 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 \$73.6 million in fiscal year 2019.

**Actuarial Assumptions.** The total OPEB liability in the August 31, 2018 actuarial valuation was rolled forward to August 31, 2019. The actuarial valuation was determined using the following actuarial assumptions:

**P. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - continued**

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2018 TRS pension actuarial valuation that was rolled forward to August 31, 2019:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	

***Additional Actuarial Methods and Assumptions:***

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	2.63% as of August 31, 2019
Aging Factors	Based on plan specific experience
Expenses	Third party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05% including
inflation Healthcare Trend Rates	The initial medical trend rates were 10.25 percent for Medicare retirees and 7.5 percent for non-Medicare retirees. There was an initial prescription drug trend rate of 10.25 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.50 percent over a period of 13 years.
Election Rates	Normal Retirement: 65% participation prior to age 65 and 50% after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc-post employment benefit changes	None

***Other Information:*** The impact of the Cadillac Tax that is returning in fiscal year 2023 has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.30 percent.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis point addition to the long-term trend rate assumption.

**P. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - continued**

**Discount Rate.** A single discount rate of 2.63% was used to measure the total OPEB liability. There was a decrease of 1.06 percent 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 applied to all periods of projected benefit payments to determine the total OPEB liability.

**Discount Rate Sensitivity Analysis.** 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 (2.63%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (1.63%)	Current Single Discount Rate (2.63%)	1% Increase in Discount Rate (3.63%)
District's proportionate share of the Net OPEB Liability:	\$ 96,196,365	\$ 79,677,545	\$ 66,754,860

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.** At August 31, 2020, the District reported a liability of \$79,677,545 for its proportionate share of the TRS’s Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District 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 District were as follows:

District's proportionate share of the collective Net OPEB liability	\$ 79,677,545
State's proportionate share that is associated with Hurst-Euless-Bedford ISD	<u>\$ 105,873,637</u>
Total	<u>\$ 185,551,182</u>

The Net OPEB Liability was measured as of August 31, 2018 and rolled forward to August 31, 2019 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The District’s proportion of the Net OPEB Liability was based on the District’s contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2018 thru August 31, 2019.

**P. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - continued**

At August 31, 2020, the District's proportion of the collective Net OPEB Liability was 0.1684827290%, compared to 0.1648003699% as of August 31, 2019.

**Healthcare Cost Trend Rates.** The following schedule shows the impact of the net OPEB liability of a healthcare cost trend rate that is 1% less than and 1% greater than the assumed 8.5% rate.

	1% Decrease in Healthcare Trend Rate (7.5%)	Current Single Healthcare Trend Rate (8.5%)	1% Increase in Healthcare Trend Rate (9.5%)
District's proportionate share of the Net OPEB Liability:	\$ 64,998,147	\$ 79,677,545	\$ 99,341,200

**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 since the prior measurement period:

- The discount rate changed from 3.69 percent as of August 31, 2018 to 2.63 percent as of August 31, 2019. This change increased the Total OPEB liability (TOL).
- The health care trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.
- The participation rate for pre-65 retirees was lowered from 70 percent to 65 percent. The participation rate for post-65 retirees was lowered from 75 percent to 50 percent. Twenty five (25) percent of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the TOL.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20 percent to 15 percent. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20 percent to 10 percent. These changes decreased the TOL.
- Change of Benefit Terms Since the Prior Measurement Date – There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2020, the District recognized OPEB expense of \$2,922,483 and revenue of \$1,588,803 for support provided by the State.

**P. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - continued**

At August 31, 2020, the District 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	\$ 3,908,861	\$ 13,038,385
Changes in actuarial assumptions	4,425,466	21,431,304
Difference between projected and actual investment earnings	8,596	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	5,602,911	-
Contributions paid to TRS subsequent to the measurement date	1,108,660	-
Total	<u>\$ 15,054,494</u>	<u>\$ 34,469,689</u>

\$1,108,660 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended August 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended August 31:</u>	<u>OPEB Expense Amount</u>
2021	\$ (3,636,120)
2022	(3,636,120)
2023	(3,638,902)
2024	(3,640,493)
2025	(3,640,058)
Thereafter	(2,332,164)
	<u>\$ (20,523,857)</u>

***Prescription Drug Coverage.*** The Medicare Modernization Act of 2003 created an outpatient prescription drug benefit program (known as Medicare Part D) and a Retiree Drug Subsidy (RDS) program which were made available in 2006. The Texas Public School Retired Employee Group Insurance Program (TRS-Care) is offering a Medicare Part D Plan and is participating in the Retiree Drug Subsidy plan for eligible TRS-Care participants. Under Medicare Part D and the RDS program, TRS-Care receives payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. On-behalf payments must be recognized as equal revenues and expenditures/expenses by each reporting employer. The allocation of these on-behalf payments is based on the ratio of a reporting employer's covered payroll to the entire covered payroll reported by all participating reporting employers. TRS based this allocation percentage on the "completed" report submissions by reporting employers for the month of May. For the years ended August 31, 2020, 2019 and 2018, the subsidy payments received by TRS-Care on behalf of the District were \$714,148, \$533,056 and \$417,348, respectively.

**Q. GENERAL LIABILITY AND WORKERS' COMPENSATION INSURANCE**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District continues to carry commercial insurance for risks of loss including property, fleet, general liability, boiler and crime covering all facilities, properties, equipment and personnel. There were no significant reductions in coverage in the past fiscal year, and settled claims have not exceeded the commercial coverage in any of the last three years.

The District sponsors a self-insurance plan to pay workers' compensation benefits. The District fully funded actual claims and potential claims incurred during the year. Claims exceeding a limit for any one accident or occurrence are covered through an insurance carried through Safety National Casualty Corporation. The self-insured retention is \$500,000 per occurrence.

Estimates of claims payable and of claims incurred but not reported at August 31, 2020 are reflected as accrued expenses in the workers' compensation insurance fund. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. The plan is funded to discharge liabilities of the fund as they become due, currently estimated to be in the next fiscal year.

Changes in the balances of claims liabilities for the workers' compensation fund during the past year are as follows:

	Year Ended August 31, 2019	Year Ended August 31, 2020
Unpaid claims, beginning of the year	\$ 803,941	\$ 606,596
Incurred claims (including IBNR)	134,378	291,987
Claim payments	(331,723)	(437,762)
Unpaid claims, end of fiscal year	<u>\$ 606,596</u>	<u>\$ 460,821</u>

## R. UNEARNED REVENUE

Unearned revenue at August 31, 2020 consisted of the following:

	Nonmajor Funds
Other	<u>\$ 113,275</u>

## S. DUE FROM/ (TO) OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District received entitlements from the state through the School Foundation and Per Capita programs. Amounts due to or from federal, state and local governments as of August 31, 2020 are summarized below and are reported on the combined financial statements as Due from/(to) Other Governments.

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Due from (to) State Agencies	\$ (5,055,611)	\$ (40,174)	\$ -	\$ (5,095,785)
Due from County	10,629	2,739	-	13,368
Due from Federal Agencies	-	-	578,924	578,924
Total	<u>\$ (5,044,982)</u>	<u>\$ (37,435)</u>	<u>\$ 578,924</u>	<u>\$ (4,503,493)</u>

## T. COMMITTED AND ASSIGNED FUND BALANCE

### General Fund

The non-spendable fund balances were inventories of \$481,397 and prepaid items of \$1,021,195. The committed fund balance of \$86,717,053 is separated as follows:

Facilities maintenance, renovation, and repair	\$ 35,000,000
Land acquisition and modification	6,000,000
Campus and department carryover	4,000,000
Capital asset acquisition and maintenance	10,000,000
Contingency reserve	<u>31,717,053</u>
Total	<u>\$ 86,717,053</u>

The unassigned fund balance was \$33,945,877.

### Other Major Funds

The debt service fund had a restricted fund balance of \$12,068,924 to be used for debt service payments. The capital projects fund had a restricted fund balance of \$51,709,488 and a committed fund balance of \$66,775,566 to be used for authorized construction and other capital asset acquisitions.

## **T. COMMITTED AND ASSIGNED FUND BALANCE - continued**

### **Nonmajor Funds**

Special revenue funds had a restricted fund balance of \$4,898,678 for child nutrition and other grant obligations. Special revenue funds also had a committed fund balance of \$3,043,778 primarily for campus activities and other local programs, and non-spendable fund balance of \$18,894 for inventory.

## **U. LITIGATION**

There are claims and pending actions incident to normal operations of the District. In the opinion of the District administration, the District's potential liability in these matters will not have a material impact on the financial statements.

## **V. COMMITMENTS AND CONTINGENCIES**

**COVID-19** – On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in Texas in response to the COVID-19, which disaster declaration he has subsequently extended. In addition, certain local officials, including the County Judge for Tarrant County, also declared a local state of disaster.

The TEA advised districts that to stabilize funding expectations for 2020-21, districts will be provided an ADA grace period for the first two six weeks of Foundation School Program reporting. Specifically, TEA will replace attendance numbers for each eligible LEAs 2020-2021 first two six-week attendance periods with projected ADA and student FTE numbers calculated using a three-year average trend of final numbers from the 2017-2018 through the 2019-2020 school years, unless this projection is both 15% higher and 100 ADA higher than the 2020-2021 LPE projections. In the latter case, 2020-2021 LPE counts will be used. Student enrollment as of mid-September 2020 is lower than budgeted student enrollment and the District is actively contacting all students who were dropped in 2020-21 due to not showing for remote instruction at the start of school in August 2020.

With the above instituted ADA hold harmless for the first two six-week attendance reporting periods. TEA will make available an ADA hold harmless for the third six-weeks attendance reporting period on the condition that LEAs allow on-campus instruction throughout the entire third six-weeks period. The ADA hold harmless methodology will be identical to the methodology used for the first two six-weeks attendance reporting periods, except that the third six-weeks will be examined independent of the first two six-weeks attendance reporting periods. Specifically, if an LEA's refined ADA counts during the third six-weeks attendance reporting periods are less than the ADA hold harmless projections, the third six-weeks attendance reporting periods for 2020-2021 will be excluded from the calculation of ADA and student FTEs for FSP funding purposes and will be replaced with the ADA hold harmless projections.

The full extent of the ongoing impact of COVID-19 on the District's 2020-21 fiscal year and longer-term operational and financial performance will depend on future developments, many of which are outside of its control, including the effectiveness of the mitigation strategies related to COVID-19, the duration and



spread of COVID-19, and future governmental actions, all of which are highly uncertain and cannot be predicted.

**Federal Programs** – The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at August 31, 2020 may be impaired. In the opinion of the District administration, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

**Construction Contracts** – The funds in the capital project fund will be used for future school construction and renovation. At August 31, 2020 there were various construction contracts for renovations and new construction with unaccrued commitments totaling \$36,128,564.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED AUGUST 31, 2020**

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance With Final Budget (Over) or Under
		Original	Final		
	<b>REVENUES</b>				
5700	Local and intermediate sources	\$ 146,480,360	\$ 147,987,360	\$ 149,743,988	\$ (1,756,628)
5800	State program revenues	67,026,176	62,509,473	64,889,733	(2,380,260)
5900	Federal program revenues	450,000	2,287,658	2,407,933	(120,275)
5020	Total revenues	<u>213,956,536</u>	<u>212,784,491</u>	<u>217,041,654</u>	<u>(4,257,163)</u>
	<b>EXPENDITURES</b>				
	<b>Current</b>				
0011	Instruction	122,382,457	121,232,705	113,995,541	7,237,164
0012	Instructional resources and media services	2,726,930	2,612,382	2,526,788	85,594
0013	Curriculum and staff development	3,283,276	3,190,839	2,779,798	411,041
0021	Instructional leadership	2,502,719	2,459,499	2,319,133	140,366
0023	School leadership	11,746,914	11,418,189	11,208,275	209,914
0031	Guidance and counseling services	7,875,918	7,353,994	7,115,180	238,814
0032	Social work services	670,153	729,556	623,487	106,069
0033	Health services	2,451,176	3,482,571	2,913,044	569,527
0034	Student transportation	6,086,659	6,238,730	5,431,621	807,109
0035	Food service	88,461	310,804	143,980	166,824
0036	Co-curricular/extracurricular activities	5,335,293	5,339,588	4,695,460	644,128
0041	General administration	6,279,750	5,878,353	5,420,203	458,150
0051	Maintenance and operations	18,701,040	21,991,746	17,031,080	4,960,666
0052	Security and monitoring	1,128,628	1,355,230	1,134,175	221,055
0053	Data processing services	4,677,385	5,344,403	4,577,374	767,029
0061	Community services	166,411	166,411	82,977	83,434
0095	Juvenile justice alternative education program	22,500	22,500	-	22,500
	<b>Other intergovernmental</b>				
0099	Other intergovernmental charges	941,813	941,813	903,549	38,264
6030	Total expenditures	<u>197,067,483</u>	<u>200,069,313</u>	<u>182,901,665</u>	<u>17,167,648</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>16,889,053</u>	<u>12,715,178</u>	<u>34,139,989</u>	<u>(21,424,811)</u>
	<b>Other Financing Sources (Uses)</b>				
7912	Sale of real or personal property	5,000	5,000	29,713	(24,713)
7915	Transfers in	900,000	18,117,053	18,117,053	-
8911	Transfers out	(17,794,053)	(38,414,053)	(38,414,053)	-
7080	Total other financing sources (uses)	<u>(16,889,053)</u>	<u>(20,292,000)</u>	<u>(20,267,287)</u>	<u>(24,713)</u>
1200	Net change in fund balance	-	(7,576,822)	13,872,702	(21,449,524)
0100	Fund balance - September 1 (beginning)	<u>108,292,820</u>	<u>108,292,820</u>	<u>108,292,820</u>	
3000	Fund balance - August 31 (ending)	<u>\$ 108,292,820</u>	<u>\$ 100,715,998</u>	<u>\$ 122,165,522</u>	<u>\$ (21,449,524)</u>

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED AUGUST 31, 2020**

**BUDGETARY DATA**

The Board of Trustees adopts an "appropriated budget" for the General Fund on a basis consistent with generally accepted accounting principles. The District is required to present the adopted and final amended budgeted revenues and expenditures. The District compares the final amended budget to actual revenues and expenditures. The General Fund budget report appears in exhibit G-1.

The following procedures are completed in establishing the budgetary data reflected in the financial statements:

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to September 1, the budget is legally adopted by the Board of Trustees. Once a budget is adopted, it can only be amended at the fund and function level by approval of a majority of the members of the Board. Fund and function level amendments are presented to the Board at its regular meetings and each amendment must have Board approval. 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. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.
4. Each budget is controlled by the budget owner at the revenue and expenditure function/object level. Budgeted amounts are as adopted and, if applicable, amended by the Board. Annual budgets are legally adopted for the General Fund, the National School Breakfast and Lunch Program and the Debt Service Fund. All budget appropriations lapse at year end.

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**TEACHER RETIREMENT SYSTEM OF TEXAS PENSION PLAN**  
**YEAR ENDED AUGUST 31, 2020**

Measurement period ending August 31,	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.1339083317%	0.1295894880%	0.1265568809%	0.1230620535%	0.1253919%	0.0828788%
District's proportionate share of the net pension liability	\$ 69,609,737	\$ 71,329,199	\$ 40,466,073	\$ 46,503,320	\$ 44,324,368	\$ 22,138,073
State's proportionate share of the net pension liability associated with the District	<u>\$ 96,762,975</u>	<u>\$ 105,649,729</u>	<u>\$ 63,194,080</u>	<u>\$ 75,891,668</u>	<u>\$ 74,414,323</u>	<u>\$ 64,059,757</u>
Total	<u>\$ 166,372,712</u>	<u>\$ 176,978,928</u>	<u>\$ 103,660,153</u>	<u>\$ 122,394,988</u>	<u>\$ 118,738,691</u>	<u>\$ 86,197,830</u>
District's covered payroll (for Measurement Year)	\$ 142,595,146	\$ 137,860,153	\$ 133,047,929	\$ 128,231,609	\$ 124,496,697	\$ 118,444,474
District's proportionate share of the net pension liability as a percentage of its covered payroll	48.82%	51.74%	30.41%	36.27%	35.60%	18.69%
Plan fiduciary net position as a percentage of the total pension liability*	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%
Plan's net pension liability as a percentage of covered payroll*	114.93%	126.11%	75.93%	92.75%	91.94%	72.89%

The amounts presented for each Plan year which ends the preceding August 31 of the District's fiscal year.

\*Per Teacher Retirement System of Texas' comprehensive annual financial report.

This schedule will ultimately contain ten years of information, but data was unavailable prior to 2014.  
Additional years will be presented on a prospective basis in accordance with GASB 68.

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
TEACHERS RETIREMENT SYSTEM OF TEXAS  
LAST SIX FISCAL YEARS

Exhibit G-3

Fiscal year ending August 31,	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 4,283,031	\$ 4,692,165	\$ 4,302,257	\$ 4,147,796	\$ 3,909,993	\$ 3,712,908
Contributions in relation to the contractually required contribution	<u>(4,283,031)</u>	<u>(4,692,165)</u>	<u>(4,302,257)</u>	<u>(4,147,796)</u>	<u>(3,909,993)</u>	<u>(3,712,908)</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
District's covered payroll	\$ 149,362,530	\$ 142,595,146	\$ 137,860,153	\$ 133,047,929	\$ 128,231,609	\$ 124,496,697
Contributions as a percentage of covered payroll	2.87%	3.29%	3.12%	3.12%	3.05%	2.98%

This schedule will ultimately contain ten years of information, but data was unavailable prior to 2015.  
Additional years will be presented on a prospective basis in accordance with GASB 68.



**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION**  
Teacher Retirement System of Texas  
YEAR ENDED AUGUST 31, 2020

**Changes of Assumptions**

Assumptions, methods, and plan changes which are specific to the Pension Trust Fund were updated from the prior year's report. The net pension liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions:

- The single discount as of August 31, 2018 was a single blended rate 6.907 percent and that has changed to the long-term rate of return of 7.25 percent as of August 31, 2019.
- With the enactment of SB 3 by the 2019 Texas legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.

**Changes in Benefit Terms**

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

**Other Information**

Effective September 1, 2014, employers who did not contribute to 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.

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
**YEAR ENDED AUGUST 31, 2020**

Measurement period ending August 31,	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.1684827290%	0.1648004000%	0.1573706948%
District's proportionate share of the net OPEB liability	\$ 79,677,545	\$ 82,286,333	\$ 68,434,612
State's proportionate share of the net OPEB liability associated with the District	<u>\$ 105,873,637</u>	<u>\$ 118,333,548</u>	<u>\$ 104,951,155</u>
Total	<u><u>\$ 185,551,182</u></u>	<u><u>\$ 200,619,881</u></u>	<u><u>\$ 173,385,767</u></u>
District's covered payroll (for Measurement Year)	\$ 142,595,146	\$ 137,860,153	\$ 133,047,929
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	55.88%	59.69%	51.44%
Plan fiduciary net position as a percentage of the total OPEB liability*	2.66%	1.57%	0.91%
Plan's net OPEB liability as a percentage of covered payroll*	135.21%	146.64%	132.55%

The amounts presented for each Plan year which ends the preceding August 31 of the District's fiscal year.

\*Per Teacher Retirement System of Texas' comprehensive annual financial report.

This schedule will ultimately contain ten years of information, but data was unavailable prior to 2017.  
Additional years will be presented on a prospective basis in accordance with GASB 75.

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**  
**TEACHERS RETIREMENT SYSTEM OF TEXAS**  
**LAST THREE FISCAL YEARS**

Fiscal year ending August 31,	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>
Contractually required contribution	\$ 1,108,660	\$ 1,058,823	\$ 1,003,937
Contributions in relation to the contractually required contribution	<u>(1,108,660)</u>	<u>(1,058,823)</u>	<u>(1,003,937)</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
District's covered payroll	\$ 149,362,530	\$ 142,595,146	\$ 137,860,153
Contributions as a percentage of covered payroll	0.74%	0.74%	0.73%

This schedule will ultimately contain ten years of information, but data was unavailable prior to 2018.  
Additional years will be presented on a prospective basis in accordance with GASB 75.

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY OPEB INFORMATION**  
Teacher Retirement System of Texas  
YEAR ENDED AUGUST 31, 2020

**Changes since the Prior Actuarial Valuation**

The following assumptions, methods and plan changes which are specific to TRS-Care were updated from the prior year's report:

- The discount rate changed from 3.69 percent as of August 31, 2018 to 2.63 percent, as of August 31, 2019. This change increased the Total OPEB Liability (TOL).
- The participation rate for pre-65 retirees was lowered from 70 percent to 65 percent. The participation rate for post-65 retirees was lowered from 75 percent to 50 percent. 25 percent of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation, these changes decreased TOL.
- The trend rates were reset to better reflect the plan's anticipated experience. This change increased TOL.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20 percent to 15 percent. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20 percent to 10 percent. These changes decreased the TOL.

**Changes in Benefit Terms**

Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates. This change in plan benefits significantly lowered the OPEB liability and had an immediate effect on the OPEB expenses recognized by participating entities.

The 85th Legislature, Regular Session, passed the following statutory changes in House Bill 3976 which became effective on September 1, 2017:

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare
- Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants
- Allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period
- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during Plan Years 2018 through 2021, requiring members to contribute \$200 per month toward their health insurance premiums

**SUPPLEMENTARY INFORMATION - COMBINING STATEMENTS AND SCHEDULES**

## NON-MAJOR SPECIAL REVENUE FUNDS

Special revenue funds are funds used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. These funds are as follows:

**Title X, Part C - Education for Homeless Children and Youth** - this fund accounts for funds granted to support staff development and supplemental services, including in-service training, counseling, psychological services and tutoring.

**Title I, Part A - Improving Basic Programs** - this fund accounts for funds granted to enable schools to provide opportunities for children served to acquire the knowledge and skills contained in the State content standards and to meet the State student performance standards.

**IDEA - Part B, Formula** - this fund accounts for funds granted to operate educational programs for children with disabilities.

**IDEA - Part B, Preschool** - this fund accounts for funds granted to supplement and increase services beyond the level of State and local funds expended for preschool students ages 3-5 with disabilities.

**National School Breakfast and Lunch Programs** - this fund accounts for funds granted for programs using federal reimbursement revenues originating from the United States Department of Agriculture (USDA).

**Summer Food Service Program for Children** - this fund accounts for funds awarded from the Texas Department of Agriculture to provide meals to the community based on the average number of daily participants.

**Carl D. Perkins - Basic Formula Grant** - this fund accounts for funds granted to develop new and/or improve career and technology education programs for paid and unpaid employment.

**Perkins Reserve Grant** - this fund accounts for funds granted to establish public/private partnerships and increase the opportunities for paid internships, apprenticeships, and mentorships. An area of focus is on jobs in high wage and in-demand fields, such as information technology, manufacturing, health care, construction, transportation distribution and logistics.

**Title II, Part A – Supporting Effective Instruction** - this fund accounts for funds granted to increase academic achievement through improving teacher and principal quality and increasing the number of highly qualified teachers in classrooms and highly qualified principals in schools.

**Title III, Part A - English Language Acquisition** - this fund accounts for funds granted to provide supplemental resources to LEAs to help ensure that children who are limited English proficient (LEP) attain English proficiency at high levels in core academic basic subjects and can meet state mandated achievement performance standards.

**Cares Act - Elementary and Secondary Emergency Relief Grants** - this fund accounts for federal stimulus Elementary and Secondary School Emergency Relief Fund (ESSER) funds granted to LEAs through the Coronavirus Aid, Relief, and Economic Security (CARES) Act to support LEAs' ability to operate and instruct its students during the COVID-19 pandemic.

**Title IV, Part A, Subpart 1** - this fund accounts for grants designed to improve the academic achievement of all students by increasing the capacity of LEAs, schools, and communities to provide all students with access to a well-rounded education, improve school conditions for student learning, and improve the use of technology in order to enhance academic outcomes and digital literacy of students.

**Medicaid Administrative Claiming Program (MAC)** - this fund accounts for reimbursements to the district for certain outreach and case management activities.

**Federally Funded Special Revenue Funds** - this fund accounts for funds not specifically defined elsewhere.

**State Supplemental Visually Impaired (SSVI)** - this fund accounts for State Supplemental Visually Impaired funds received from the Education Service Center.

**Advanced Placement Incentives** - this fund accounts for funds awarded to school districts under the Texas Advanced Placement Award Incentive Program, Chapter 28, Subchapter C, Texas Education Code.

**Instructional Materials Allotment** - this fund accounts for funds granted to school districts to purchase instructional materials, technology equipment, and technology related services.

**State Funded Special Revenue Funds** - this fund accounts for funds not specifically defined elsewhere.

**Campus Activity Fund** - this fund accounts for transactions related to a principal's activity fund if monies generated are not subject to recall by the District's board of trustees into the General Fund.

**Campus Technology** - this fund accounts for funds related to scheduled replacement of campus office computers.

**Pre-K Core Knowledge** - this fund accounts for the tuition and expenditures for the District's Pre-Kindergarten Core Knowledge program.

**Locally Funded Special Revenue Funds** - this fund accounts for funds not specifically defined elsewhere.

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NON MAJOR GOVERNMENTAL FUNDS**  
**AUGUST 31, 2020**

<b>Assets</b>	<b>Title X, Part C - Education for Homeless Children and Youth</b>	<b>Title I, Part A - Improving Basic Programs</b>	<b>IDEA - Part B, Formula</b>	<b>IDEA - Part B, Preschool</b>	<b>National School Breakfast and Lunch Programs</b>
Cash & temporary investments	\$ -	\$ -	\$ -	\$ -	\$ 5,548,183
Due from other governments	3,109	43,466	68,536	1,150	60,436
Due from other funds	-	-	-	-	-
Inventories, at cost	-	-	-	-	18,894
Total assets	<u>\$ 3,109</u>	<u>\$ 43,466</u>	<u>\$ 68,536</u>	<u>\$ 1,150</u>	<u>\$ 5,627,513</u>
<b>Liabilities and fund balance</b>					
Accounts payable	\$ 107	\$ -	\$ 12,395	\$ -	\$ 766,439
Accrued wages payable	-	1,651	-	-	-
Due to other funds	3,002	41,815	56,141	1,150	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>3,109</u>	<u>43,466</u>	<u>68,536</u>	<u>1,150</u>	<u>766,439</u>
Fund balance					
Non-spendable - inventories	-	-	-	-	18,894
Restricted - grant funds	-	-	-	-	4,842,180
Committed - other	-	-	-	-	-
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,861,074</u>
Total liabilities and fund balance	<u>\$ 3,109</u>	<u>\$ 43,466</u>	<u>\$ 68,536</u>	<u>\$ 1,150</u>	<u>\$ 5,627,513</u>



## Special Revenue Funds

Summer Food Service Program for Children	Carl D. Perkins - Basic Formula Grant	Carl D. Perkins - Perkins Reserve	Title II, Part A - Supporting Effective Instruction	Title III, Part A - English Language Acquisition	Cares Act - Elementary and Secondary Emergency Relief Grants	Title IV, Part A, SSAEP	Medicaid Administrative Claiming Program
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
374,017	2,291	-	12,267	3,355	-	3,803	-
-	-	-	-	-	3,099,566	-	-
-	-	-	-	-	-	-	-
<u>\$ 374,017</u>	<u>\$ 2,291</u>	<u>\$ -</u>	<u>\$ 12,267</u>	<u>\$ 3,355</u>	<u>\$ 3,099,566</u>	<u>\$ 3,803</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 4,279	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
374,017	2,291	-	7,988	3,355	3,043,068	3,803	-
-	-	-	-	-	-	-	-
<u>374,017</u>	<u>2,291</u>	<u>-</u>	<u>12,267</u>	<u>3,355</u>	<u>3,043,068</u>	<u>3,803</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	56,498	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,498</u>	<u>-</u>	<u>-</u>
<u>\$ 374,017</u>	<u>\$ 2,291</u>	<u>\$ -</u>	<u>\$ 12,267</u>	<u>\$ 3,355</u>	<u>\$ 3,099,566</u>	<u>\$ 3,803</u>	<u>\$ -</u>

(Continued)

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NON MAJOR GOVERNMENTAL FUNDS**  
**AUGUST 31, 2020**

<b>Assets</b>	<b>Federally Funded Special Revenue Funds</b>	<b>State Supplemental Visually Impaired</b>	<b>Advanced Placement Incentives</b>	<b>Instructional Materials Allotment</b>	<b>State Funded Special Revenue Funds</b>
Cash & temporary investments	\$ -	\$ -	\$ 288,487	\$ 319,942	153,849
Due from other governments	-	6,494	-	-	-
Due from other funds	-	-	-	-	-
Inventories, at cost	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 6,494</u>	<u>\$ 288,487</u>	<u>\$ 319,942</u>	<u>\$ 153,849</u>
<b>Liabilities and fund balance</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 241,642	\$ -
Accrued wages payable	-	-	-	-	-
Due to other funds	-	6,494	-	-	1,005,701
Unearned revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>6,494</u>	<u>-</u>	<u>241,642</u>	<u>1,005,701</u>
Fund balance					
Non-spendable - inventories	-	-	-	-	-
Restricted - grant funds	-	-	-	-	-
Committed - other	-	-	288,487	78,300	(851,852)
Total fund balance	<u>-</u>	<u>-</u>	<u>288,487</u>	<u>78,300</u>	<u>(851,852)</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 6,494</u>	<u>\$ 288,487</u>	<u>\$ 319,942</u>	<u>\$ 153,849</u>

## Special Revenue Funds

Campus Activity Fund	Campus Technology	Pre-K Core Knowledge	Locally Funded Special Revenue Funds	Total Nonmajor Governmental Funds (See C-1)
\$ 2,689,585	\$ 293,122	\$ 36,104	\$ 159,036	\$ 9,488,308
-	-	-	-	578,924
500,055	-	-	-	3,599,621
-	-	-	-	18,894
<u>\$ 3,189,640</u>	<u>\$ 293,122</u>	<u>\$ 36,104</u>	<u>\$ 159,036</u>	<u>\$ 13,685,747</u>
\$ 27,300	\$ -	\$ -	\$ 4,220	\$ 1,056,382
4,264	-	—	-	5,915
-	-	-	-	4,548,825
-	-	113,275	-	113,275
<u>31,564</u>	<u>-</u>	<u>113,275</u>	<u>4,220</u>	<u>5,724,397</u>
-	-	-	-	18,894
-	-	-	-	4,898,678
<u>3,158,076</u>	<u>293,122</u>	<u>(77,171)</u>	<u>154,816</u>	<u>3,043,778</u>
<u>3,158,076</u>	<u>293,122</u>	<u>(77,171)</u>	<u>154,816</u>	<u>7,961,350</u>
<u>\$ 3,189,640</u>	<u>\$ 293,122</u>	<u>\$ 36,104</u>	<u>\$ 159,036</u>	<u>\$ 13,685,747</u>

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NON MAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED AUGUST 31, 2020**

	<b>Title X, Part C - Education for Homeless Children and Youth</b>	<b>Title I, Part A - Improving Basic Programs</b>	<b>IDEA - Part B, Formula</b>	<b>IDEA - Part B, Preschool</b>	<b>National School Breakfast and Lunch Programs</b>
<b>Revenues</b>					
Local, intermediate and out-of-state	\$ -	\$ -	\$ -	\$ -	\$ 2,491,883
State program revenues	-	-	-	-	63,781
Federal program revenues	59,538	3,748,108	4,203,901	83,230	6,718,843
Total revenues	59,538	3,748,108	4,203,901	83,230	9,274,507
<b>Expenditures</b>					
Instruction	-	1,224,031	2,606,572	79,764	-
Instructional resources and media	-	-	-	-	-
Curriculum and staff development	-	1,951,991	3,587	-	-
Instructional leadership	-	188,361	104,980	-	-
School leadership	-	-	-	-	-
Guidance and counseling services	-	-	1,031,532	3,466	-
Social work services	59,538	144,572	-	-	-
Health services	-	2,538	794	-	-
Student transportation	-	-	456,436	-	-
Food service	-	-	-	-	11,321,516
Co-curricular/extracurricular activities	-	-	-	-	-
General administration	-	-	-	-	-
Maintenance and operations	-	-	-	-	80,013
Security and monitoring	-	-	-	-	-
Community services	-	236,615	-	-	-
Total expenditures	59,538	3,748,108	4,203,901	83,230	11,401,529
<b>Excess (deficiency) of revenues over (under) expenditures</b>	-	-	-	-	(2,127,022)
<b>Other Financing Sources (Uses)</b>					
Sale of real or personal property	-	-	-	-	11,385
Transfers in	-	-	-	-	782,610
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	793,995
<b>Net change in fund balance</b>	\$ -	\$ -	\$ -	\$ -	\$ (1,333,027)
Fund balance - September 1 (beginning)	-	-	-	-	6,194,101
Fund balance - August 31 (ending)	\$ -	\$ -	\$ -	\$ -	\$ 4,861,074

## Special Revenue Funds

Summer Food Service Program for Children	Carl D. Perkins - Basic Formula Grant	Carl D. Perkins - Perkins Reserve	Title II, Part A - Supporting Effective Instruction	Title III, Part A - English Language Acquisition	Cares Act - Elementary and Secondary School Emergency Relief Grants	Title IV, Part A, SSAEP	Medicaid Administrative Claiming Program
\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
-	-		-	-	-	-	-
1,727,708	228,013	29,129	529,829	309,857	3,099,566	281,052	59,564
1,727,708	228,013	29,129	529,829	309,857	3,099,566	\$ 281,052	59,564
-	168,196	29,129	87	53,176	3,043,068	14,254	-
-	-	-	-	-	-	-	-
-	3,471	-	529,742	138,417	-	3,889	-
-	1,028	-	-	32,112	-	-	-
-	50,770	-	-	-	-	-	-
-	4,548	-	-	-	-	104,115	-
-	-	-	-	-	-	158,794	-
-	-	-	-	-	-	-	59,564
-	-	-	-	-	-	-	-
945,098	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	86,152	-	-	-
945,098	228,013	29,129	529,829	309,857	3,043,068	281,052	59,564
782,610	-	-	-	-	56,498	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(782,610)	-	-	-	-	-	-	-
(782,610)	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,498	\$ -	\$ -
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,498	\$ -	\$ -

(Continued)

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NON MAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED AUGUST 31, 2020**

	<b>Federally Funded Special Revenue Funds</b>	<b>State Supplemental Visually Impaired</b>	<b>Advanced Placement Incentives</b>	<b>Instructional Materials Allotment</b>	<b>State Funded Special Revenue Funds</b>
Revenues					
Local, intermediate and out-of-state	\$ -	\$ -	\$ -	\$ 545	\$ -
State program revenues	-	12,305	36,675	1,879,241	426,370
Federal program revenues	25,135	-	-	-	-
Total revenues	25,135	12,305	36,675	1,879,786	426,370
Expenditures					
Instruction	22,719	12,305	512	1,920,312	-
Instructional resources and media	-	-	-	-	-
Curriculum and staff development	2,416	-	-	-	-
Instructional leadership	-	-	29	-	-
School leadership	-	-	-	-	-
Guidance and counseling services	-	-	16,138	-	-
Social work services	-	-	-	-	-
Health services	-	-	-	-	-
Student transportation	-	-	-	-	1,625,701
Food service	-	-	-	-	-
Co-curricular/extracurricular activities	-	-	-	-	-
General administration	-	-	-	-	-
Maintenance and operations	-	-	-	-	-
Security and monitoring	-	-	-	-	274,439
Community services	-	-	-	-	-
Total expenditures	25,135	12,305	16,679	1,920,312	1,900,140
Excess (deficiency) of revenues over (under) expenditures	-	-	19,996	(40,526)	(1,473,770)
Other Financing Sources (Uses)					
Sale of real or personal property	-	-	-	-	-
Transfers in	-	-	-	-	620,000
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	620,000
Net change in fund balance	\$ -	\$ -	\$ 19,996	\$ (40,526)	\$ (853,770)
Fund balance - September 1 (beginning)	-	-	268,491	118,826	1,918
Fund balance - August 31 (ending)	\$ -	\$ -	\$ 288,487	\$ 78,300	\$ (851,852)

Special Revenue Funds				
Campus Activity Fund	Campus Technology	Pre-K Core Knowledge	Locally Funded Special Revenue Funds	Total Nonmajor Governmental Funds (See C-3)
\$ 1,741,048	\$ -	\$ 478,693	\$ 197,914	\$ 4,910,083
-	-	-	-	2,418,372
-	-	-	-	21,103,473
1,741,048	-	478,693	197,914	28,431,928
575,997	-	497,200	77,202	10,324,524
71,873	-	-	-	71,873
16,170	-	92,548	14,741	2,756,972
-	-	-	-	326,510
165,844	104,594	-	14,316	335,524
14,238	-	-	-	1,174,037
-	-	-	-	362,904
159	-	-	-	63,055
20	-	-	-	2,082,157
2,346	-	-	-	12,268,960
971,303	-	-	-	971,303
14,302	-	-	-	14,302
28,089	-	-	-	108,102
7,189	-	-	-	281,628
-	-	57,787	-	380,554
1,867,530	104,594	647,535	106,259	31,522,405
(126,482)	(104,594)	(168,842)	91,655	(3,090,477)
-	-	-	-	11,385
565,039	77,000	-	-	2,044,649
-	-	-	-	(782,610)
565,039	77,000	-	-	1,273,424
\$ 438,557	\$ (27,594)	\$ (168,842)	\$ 91,655	\$ (1,817,053)
2,719,519	320,716	91,671	63,161	9,778,403
\$ 3,158,076	\$ 293,122	\$ (77,171)	\$ 154,816	\$ 7,961,350

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## INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods or services provided by one department to other departments on a cost reimbursement basis. The Internal Service Funds are as follows:

**Workers' Compensation** - this fund accounts for costs associated with the workers' compensation self-funded program.

**Tech Trades** - this fund group provides instructional opportunities to students in industrial technology through real life experiences including providing services to customers for fees with overhead charges above costs of parts or materials. Proceeds remain within the department for future program operations.

**Catering** - this fund accounts for catering services costs for schools and various organizations within the district.

**Print Shop** - this fund accounts for costs associated with the District's print shop. The print shop is available to all of the District's departments and campuses and provides high volume copying and other services not available at the campus.

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**AUGUST 31, 2020**

	<u>Workers'</u> <u>compensation</u>	<u>Tech trades</u>	<u>Catering</u>	<u>Print shop</u>	<u>Total Internal</u> <u>Service Funds</u> <u>(See D-1)</u>
<b>Assets</b>					
Current Assets					
Cash & temporary investments	\$ 7,756,205	\$ 28,375	\$ 104,738	\$ -	\$ 7,889,318
Other receivables	130,000	-	-	-	130,000
Total assets	<u>\$ 7,886,205</u>	<u>\$ 28,375</u>	<u>\$ 104,738</u>	<u>\$ -</u>	<u>\$ 8,019,318</u>
<b>Liabilities</b>					
Current Liabilities					
Accounts payable	\$ 82,622	\$ -	\$ 237	\$ 197	\$ 83,056
Accrued wages payable	-	-	-	1,932	1,932
Due to other funds	-	-	-	84,128	84,128
Claims payable	316,509	-	-	-	316,509
Total current liabilities	<u>399,131</u>	<u>-</u>	<u>237</u>	<u>86,257</u>	<u>485,625</u>
Non-current Liabilities					
Workers comp claims	144,312	-	-	-	144,312
Total non-current liabilities	<u>144,312</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>144,312</u>
Total liabilities	<u>543,443</u>	<u>-</u>	<u>237</u>	<u>86,257</u>	<u>629,937</u>
<b>Net Position</b>					
Unrestricted	<u>\$ 7,342,762</u>	<u>\$ 28,375</u>	<u>\$ 104,501</u>	<u>\$ (86,257)</u>	<u>\$ 7,389,381</u>

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED AUGUST 31, 2020**

	<b>Workers' compensation</b>	<b>Tech trades</b>	<b>Catering</b>	<b>Print shop</b>	<b>Total Internal Service Funds (See D-2)</b>
<b>Operating Revenues</b>					
Charges for services	\$ 1,888,898	\$ 23,836	\$ 39,727	\$ 78,002	\$ 2,030,463
Total operating revenues	<u>1,888,898</u>	<u>23,836</u>	<u>39,727</u>	<u>78,002</u>	<u>2,030,463</u>
<b>Operating Expenses</b>					
Payroll	95,195	2,219	10	46,956	144,380
Insurance claims	291,987	-	-	-	291,987
Contracted services	46,000	-	-	6,236	52,236
Supplies and materials	10,000	24,848	28,415	35,191	98,454
Other operating costs	63,904	368	-	-	64,272
Total operating expenses	<u>507,086</u>	<u>27,435</u>	<u>28,425</u>	<u>88,383</u>	<u>651,329</u>
Operating income (loss)	<u>1,381,812</u>	<u>(3,599)</u>	<u>11,302</u>	<u>(10,381)</u>	<u>1,379,134</u>
<b>Nonoperating Revenues</b>					
Investment earnings	61,752	-	-	-	61,752
Income (loss) before transfers	<u>1,443,564</u>	<u>(3,599)</u>	<u>11,302</u>	<u>(10,381)</u>	<u>1,440,886</u>
Transfers (out) in	<u>(400,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(400,000)</u>
Change in net position	1,043,564	(3,599)	11,302	(10,381)	1,040,886
Total net position - September 1 (beginning)	<u>6,299,198</u>	<u>31,974</u>	<u>93,199</u>	<u>(75,876)</u>	<u>6,348,495</u>
Total net position - August 31 (ending)	<u>\$ 7,342,762</u>	<u>\$ 28,375</u>	<u>\$ 104,501</u>	<u>\$ (86,257)</u>	<u>\$ 7,389,381</u>

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED AUGUST 31, 2020**

	<u>Workers'</u> <u>compensation</u>	<u>Tech trades</u>	<u>Catering</u>	<u>Print shop</u>	<u>Total Internal Service</u> <u>Funds (See D-3)</u>
<u>Cash flows from operating activities</u>					
Cash received from user charges	\$ 1,888,898	\$ 23,836	\$ 39,727	\$ 78,002	\$ 2,030,463
Cash received from other funds	-	-	-	10,165	10,165
Cash payments to employees for services	(95,195)	(2,219)	(10)	(46,877)	(144,301)
Cash payments for contracted services	(46,000)	-	-	(6,236)	(52,236)
Cash payments for insurance claims	(422,607)	-	-	-	(422,607)
Cash payments for supplies	(10,000)	(26,167)	(30,037)	(35,054)	(101,258)
Cash payments for other operating expenses	(63,904)	(368)	-	-	(64,272)
Net cash provided by (used in) operating activities	<u>1,251,192</u>	<u>(4,918)</u>	<u>9,680</u>	<u>-</u>	<u>1,255,954</u>
<u>Cash flows from noncapital financing activities</u>					
Transfers to/from other funds	(400,000)	-	-	-	(400,000)
Net cash used in noncapital financing activities	<u>(400,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(400,000)</u>
<u>Cash flows from investing activities</u>					
Interest received	61,752	-	-	-	61,752
Net cash provided by investing activities	<u>61,752</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,752</u>
Net increase (decrease) in cash and cash equivalents	912,944	(4,918)	9,680	-	917,706
Cash and cash equivalents at beginning of the year	<u>6,843,261</u>	<u>33,293</u>	<u>95,058</u>	<u>-</u>	<u>6,971,612</u>
Cash and cash equivalents at end of the year	<u>\$ 7,756,205</u>	<u>\$ 28,375</u>	<u>\$ 104,738</u>	<u>\$ -</u>	<u>\$ 7,889,318</u>
<u>Reconciliation of operating income (loss) to net cash</u> <u>provided by (used in) operating activities</u>					
Operating income (loss)	\$ 1,381,812	\$ (3,599)	\$ 11,302	\$ (10,381)	\$ 1,379,134
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Increase (decrease) in accounts payable	15,155	(1,319)	(1,622)	137	12,351
Increase (decrease) in accrued wages	-	-	-	79	79
Increase (decrease) in payments from other funds	-	-	-	10,165	10,165
Increase (decrease) in other accrued expenses	(145,775)	-	-	-	(145,775)
Net cash provided by (used in) operating activities	<u>\$ 1,251,192</u>	<u>\$ (4,918)</u>	<u>\$ 9,680</u>	<u>\$ -</u>	<u>\$ 1,255,954</u>

## **AGENCY FUNDS**

Agency funds are established to account for assets held by the District in a custodial capacity. Expenditures are made only in accordance with the purpose for which assets are received. The District has the following Agency Funds:

**Student Activity Fund** - this fund accounts for the receipt and disbursement of monies from student activity organizations.

**Flexible Spending Fund** - this fund accounts for costs associated with the IRS flexible medical and dependent care spending account offered to the District employees through payroll deductions.

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**YEAR ENDED AUGUST 31, 2020**

	Balance September 1, 2019	Additions	Deductions	Balance August 31, 2020
<b>Student Activity Fund</b>				
<b>Assets</b>				
Cash and temporary investments	\$ 340,566	\$ 179,353	\$ 157,639	\$ 362,280
Total assets	<u>\$ 340,566</u>	<u>\$ 179,353</u>	<u>\$ 157,639</u>	<u>\$ 362,280</u>
<b>Liabilities</b>				
Accounts payable	\$ 2,958	\$ 50	\$ 2,958	\$ 50
Due to student groups	337,608	162,887	138,265	362,230
Total liabilities	<u>\$ 340,566</u>	<u>\$ 162,937</u>	<u>\$ 141,223</u>	<u>\$ 362,280</u>
<b>Flexible Spending Fund</b>				
<b>Assets</b>				
Cash and temporary investments	\$ 169,929	\$ 1,801	\$ -	\$ 171,730
Due from other sources	71,981	489,422	473,782	87,621
Total assets	<u>\$ 241,910</u>	<u>\$ 491,223</u>	<u>\$ 473,782</u>	<u>\$ 259,351</u>
<b>Liabilities</b>				
Due to employees	\$ 241,910	\$ 491,223	\$ 473,782	\$ 259,351
Total liabilities	<u>\$ 241,910</u>	<u>\$ 491,223</u>	<u>\$ 473,782</u>	<u>\$ 259,351</u>
<b>Total Agency Funds</b>				
<b>Assets</b>				
Cash and temporary investments	\$ 510,495	\$ 181,154	\$ 157,639	\$ 534,010
Due from other sources	71,981	489,422	473,782	87,621
Total assets	<u>\$ 582,476</u>	<u>\$ 670,576</u>	<u>\$ 631,421</u>	<u>\$ 621,631</u>
<b>Liabilities</b>				
Accounts payable	\$ 2,958	\$ 50	\$ 2,958	\$ 50
Due to student groups	337,608	162,887	138,265	362,230
Due to employees	241,910	491,223	473,782	259,351
Total liabilities	<u>\$ 582,476</u>	<u>\$ 654,160</u>	<u>\$ 615,005</u>	<u>\$ 621,631</u>

**TEXAS EDUCATION AGENCY REQUIRED SCHEDULES**

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DELINQUENT TAXES RECEIVABLE**  
**YEAR ENDED AUGUST 31, 2020**

	1	2	3	10
	Tax rates		Assessed or appraised valuation	Delinquent balance by year September 1
<u>Years ended August 31,</u>	<u>Maintenance</u>	<u>Debt Service</u>		
2011 or prior	Various	Various	Various	\$ 2,543,810
2012	1.0400	0.3740	8,508,099,394	190,871
2013	1.0400	0.3675	8,649,491,017	167,583
2014	1.0400	0.3475	8,941,327,326	157,209
2015	1.0400	0.3350	9,592,152,999	188,834
2016	1.0400	0.3100	9,176,034,157	180,762
2017	1.0400	0.2760	10,771,940,001	557,987
2018	1.0400	0.2230	12,240,981,339	481,255
2019	1.0400	0.2330	13,698,779,740	956,047
2020 (current)	0.9700	0.2500	15,498,767,290	—
Totals				<u>\$ 5,424,358</u>



20	31	32	30	40	50
Current year's total levy	Maintenance Collections	Debt Service Collections	Total collections	Adjustments	Delinquent balance by year August 31, 2020
\$ —	\$ 8,247	\$ 1,474	\$ 9,721	\$ (6,329)	\$ 2,527,760
—	1,848	665	2,513	-	188,358
—	2,907	1,027	3,934	-	163,649
—	1,971	658	2,629	-	154,580
—	(613)	(198)	(811)	(9,068)	180,577
—	9,794	2,919	12,713	(2,979)	165,070
—	174,017	46,181	220,198	(9,243)	328,546
—	25,708	5,513	31,221	(61,796)	388,238
—	197,953	44,349	242,302	(361,231)	352,514
181,172,255	144,643,456	37,279,232	181,922,688	1,133,276	382,843
<u>\$ 181,172,255</u>	<u>\$ 145,065,288</u>	<u>\$ 37,381,820</u>	<u>\$ 182,447,108</u>	<u>\$ 682,630</u>	<u>\$ 4,832,135</u>

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE (GAAP Basis)**  
**NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM**  
**YEAR ENDED AUGUST 31, 2020**

Data Control Codes		Budgeted Amounts			Variance With Final Budget (Over) or Under
		Original	Final	Actual Amounts	
REVENUES					
5700	Local and intermediate sources	\$ 3,439,467	\$ 2,439,467	\$ 2,491,883	\$ (52,416)
5800	State program revenues	56,402	56,402	63,781	(7,379)
5900	Federal program revenues	9,561,553	6,557,979	6,718,843	(160,864)
5020	Total revenues	13,057,422	9,053,848	9,274,507	(220,659)
EXPENDITURES					
0035	Food service	14,047,586	14,255,378	11,321,516	2,933,862
0051	Maintenance and operations	80,013	80,013	80,013	-
6030	Total expenditures	14,127,599	14,335,391	11,401,529	2,933,862
Excess (deficiency) of revenues					
1100	over (under) expenditures	(1,070,177)	(5,281,543)	(2,127,022)	(3,154,521)
Other Financing Sources (Uses)					
7912	Sale of real or personal property	-	3,574	11,385	(7,811)
7915	Transfers in	-	-	782,610	(782,610)
7080	Total other financing sources (uses)	-	3,574	793,995	(790,421)
1200	Net change in fund balance	\$ (1,070,177)	\$ (5,277,969)	\$ (1,333,027)	\$ (3,944,942)
0100	Fund balance - September 1 (beginning)	6,194,101	6,194,101	6,194,101	-
3000	Fund balance - August 31 (ending)	\$ 5,123,924	\$ 916,132	\$ 4,861,074	\$ (3,944,942)

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE (GAAP Basis)**  
**DEBT SERVICE FUND**  
**YEAR ENDED AUGUST 31, 2020**

Data Control Codes		Budgeted Amounts			Variance With Final Budget (Over) or Under
		Original	Final	Actual Amounts	
REVENUES					
5700	Local and intermediate sources	\$ 36,995,117	\$ 36,995,117	\$ 37,844,298	\$ (849,181)
5800	State program revenues	-	-	417,454	(417,454)
5020	Total revenues	36,995,117	36,995,117	38,261,752	(1,266,635)
EXPENDITURES					
0071	Debt service - principal on long-term debt	36,995,117	18,830,000	18,830,000	-
0072	Debt service - interest on long-term debt	-	18,157,617	18,157,618	(1)
0073	Debt service - bond issuance cost and fees	-	7,500	3,100	4,400
6030	Total expenditures	36,995,117	36,995,117	36,990,718	4,399
Excess of revenues					
1100	over expenditures	-	-	1,271,034	(1,271,034)
Other Financing Sources (Uses)					
7911	Issuance of Bonds	-	-	-	-
7916	Premium on Issuance of Bonds	-	-	-	-
8949	Payments to bond refunding escrow agent	-	-	-	-
7080	Total other financing sources (uses)	-	-	-	-
1200	Net change in fund balance	-	-	1,271,034	(1,271,034)
0100	Fund balance - September 1 (beginning)	10,797,890	10,797,890	10,797,890	-
3000	Fund balance - August 31 (ending)	\$ 10,797,890	\$ 10,797,890	\$ 12,068,924	\$ (1,271,034)

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**STATISTICAL SECTION**  
**(Unaudited)**

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This section of the District's comprehensive annual financial report presents information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

#### Financial Trends

Schedules 1 - 7

These schedules contain trend information to help the reader understand how the District's financial performance and well being has changed over time.

#### Revenue Capacity

Schedules 8 - 11

These schedules contain information to help the reader assess the District's ability to generate its own source of revenues.

#### Debt Capacity

Schedules 12 - 15

These schedules present information to help the reader assess the affordability of the District's current level of outstanding debt and the District's ability to issue additional debt in the future.

#### Demographic and Economic Information

Schedules 16 - 17

These schedules offer demographic and economic indicators to help the reader understand the socioeconomic environment within which the District's financial activities take place and to provide information that facilitates comparisons of financial statement information over time and among governments.

#### Operating Information

Schedules 18 - 21

These schedules contain operational and structure data to help the readers understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

# **HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities				
Net investment				
in capital assets	\$ (24,968,464)	\$ (26,195,799)	\$ (19,681,276)	\$ 1,740,718
Restricted	12,545,449	12,652,448	14,776,503	14,865,637
Unrestricted	<u>75,191,024</u>	<u>93,754,964</u>	<u>98,716,010</u>	<u>92,910,772</u>
Total Governmental Net Position	<u>\$ 62,768,009</u>	<u>\$ 80,211,613</u>	<u>\$ 93,811,237</u>	<u>\$ 109,517,127</u>
Business-Type Activities				
Net investment				
in capital assets	\$ —	\$ —	\$ —	\$ —
Restricted	—	—	—	—
Unrestricted	<u>532,852</u>	<u>636,553</u>	<u>276,599</u>	<u>358,736</u>
Total Business-Type Net Position	<u>\$ 532,852</u>	<u>\$ 636,553</u>	<u>\$ 276,599</u>	<u>\$ 358,736</u>
Total Primary Government				
Net investment				
in capital assets	\$ (24,968,464)	\$ (26,195,799)	\$ (19,681,276)	\$ 1,740,718
Restricted	12,545,449	12,652,448	14,776,503	14,865,637
Unrestricted	<u>75,723,876</u>	<u>94,391,517</u>	<u>98,992,609</u>	<u>93,269,508</u>
Total Primary Government Net Position	<u>\$ 63,300,861</u>	<u>\$ 80,848,166</u>	<u>\$ 94,087,836</u>	<u>\$ 109,875,863</u>



## Schedule 1

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 4,204,062	\$ 16,583,665	\$ 26,374,493	\$ 31,495,765	\$ 45,868,215	\$ 72,235,802
12,674,504	14,020,036	15,137,689	16,322,030	16,130,034	17,077,837
93,332,672	105,560,374	117,532,532	37,600,712	48,912,805	54,912,226
<u>\$ 110,211,238</u>	<u>\$ 136,164,075</u>	<u>\$ 159,044,714</u>	<u>\$ 85,418,507</u>	<u>\$ 110,911,054</u>	<u>\$ 144,225,865</u>

\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
520,618	596,046	573,094	598,305	615,040	161,851
<u>\$ 520,618</u>	<u>\$ 596,046</u>	<u>\$ 573,094</u>	<u>\$ 598,305</u>	<u>\$ 615,040</u>	<u>\$ 161,851</u>

\$ 4,204,062	\$ 16,583,665	\$ 26,374,493	\$ 31,495,765	\$ 45,868,215	\$ 72,235,802
12,674,504	14,020,036	15,137,689	16,322,030	16,130,034	17,077,837
93,853,290	106,156,420	118,105,626	38,199,017	49,527,845	55,074,077
<u>\$ 110,731,856</u>	<u>\$ 136,760,121</u>	<u>\$ 159,617,808</u>	<u>\$ 86,016,812</u>	<u>\$ 111,526,094</u>	<u>\$ 144,387,716</u>

# HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Expenses, Program Revenues, and Net (Expense)/Revenue

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

<b>Expenses by function</b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>
Governmental activities:				
Instruction	\$ 108,020,977	\$ 111,039,082	\$ 111,492,523	\$ 111,078,006
Instructional resources & media services	3,742,050	2,425,289	2,329,131	2,496,469
Curriculum and staff development	3,249,869	2,874,207	2,561,519	2,818,037
Instructional leadership	2,034,095	2,266,882	2,159,302	2,124,495
School leadership	9,658,587	9,662,891	9,807,094	9,957,175
Guidance and counseling services	6,962,607	6,890,930	7,056,441	7,233,773
Social work services	556,460	571,689	687,337	709,408
Health services	1,923,735	1,920,753	1,989,305	2,010,771
Student transportation	3,381,918	3,536,540	3,949,383	3,955,100
Food service	8,896,988	9,020,670	8,843,422	9,371,710
Co-curricular/extracurricular activities	5,441,159	5,193,290	5,405,116	5,354,416
General administration	4,237,873	4,118,796	4,185,830	4,399,247
Plant maintenance and operations	15,050,429	14,630,314	14,300,611	15,629,249
Security and monitoring services	779,536	858,975	1,148,050	931,706
Data processing services	3,762,137	4,125,634	4,205,302	4,271,269
Community services	458,645	336,993	142,639	190,905
Debt service - interest and fees on long-term debt	11,828,936	16,847,892	16,265,343	17,336,054
Contracted instructional	—	—	—	—
Juvenile justice alternative education program	2,375	—	9,750	5,289
Other intergovernmental charges	649,301	703,318	726,074	722,295
Total governmental expenses	<u>\$ 190,637,677</u>	<u>\$ 197,024,145</u>	<u>\$ 197,264,172</u>	<u>\$ 200,595,374</u>
Business-type activities:				
Extended day services	\$ 1,503,289	\$ 1,147,358	\$ 1,241,623	\$ 1,257,850
Total Primary Government Expenses	<u>\$ 192,140,966</u>	<u>\$ 198,171,503</u>	<u>\$ 198,505,795</u>	<u>\$ 201,853,224</u>
<b>Program Revenues</b>				
Governmental activities				
Charges for services				
Instruction	\$ 91,428	\$ 112,066	\$ 87,291	\$ 72,379
Instructional resources and media services	—	—	—	—
Curriculum and staff development	—	—	—	—
School leadership	—	—	—	—
Guidance and counseling services	—	—	—	—
Social work services	—	—	—	—
Health services	—	—	—	—
Student transportation	—	—	—	—
Food service	3,209,174	3,039,535	2,848,209	2,706,225
Co-curricular/extracurricular services	514,943	331,680	336,426	295,526
General administration	—	—	—	—
Plant maintenance and operations	492,920	536,389	437,380	412,040
Security and monitoring services	—	—	7,489	—
Data processing services	—	—	—	—
Community services	—	—	—	—
Operating grants and contributions	34,800,240	32,756,374	27,557,856	30,687,883
Total governmental program revenues	<u>39,108,705</u>	<u>36,776,044</u>	<u>31,274,651</u>	<u>34,174,053</u>
Business-type activities				
Charges for services	\$ 2,283,559	\$ 1,983,941	\$ 1,968,222	\$ 2,066,585
Total business-type activities revenues	<u>\$ 2,283,559</u>	<u>\$ 1,983,941</u>	<u>\$ 1,968,222</u>	<u>\$ 2,066,585</u>
Total Primary Government Revenues	<u>\$ 41,392,264</u>	<u>\$ 38,759,985</u>	<u>\$ 33,242,873</u>	<u>\$ 36,240,638</u>
<b>Net (Expense)/Revenue</b>				
Total primary government net expense	<u>\$ (150,748,702)</u>	<u>\$ (159,411,518)</u>	<u>\$ (165,262,922)</u>	<u>\$ (165,612,586)</u>

## Schedule 2

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 112,968,442	\$ 121,340,167	\$ 131,826,288	\$ 89,232,325	\$ 148,793,500	\$ 154,834,942
2,545,275	2,747,096	2,940,802	2,167,281	3,254,407	3,061,483
2,838,684	3,382,001	3,690,356	2,723,177	8,974,535	7,357,001
2,353,852	2,550,029	2,694,119	1,942,842	2,563,178	3,203,032
10,488,800	11,497,851	11,988,748	8,017,046	12,230,574	14,182,590
7,680,282	8,076,076	8,632,914	5,677,759	8,712,204	10,315,034
721,998	764,470	811,527	598,651	914,747	1,168,079
2,113,607	2,372,931	2,537,303	1,711,772	2,585,128	3,479,565
4,254,762	4,532,814	5,125,141	4,357,510	7,294,347	6,656,937
9,656,425	10,455,808	11,314,112	8,965,783	12,543,361	13,884,170
5,742,981	6,069,578	6,556,564	5,479,382	5,676,268	6,642,266
4,428,016	4,864,989	5,452,596	4,639,771	6,046,974	5,939,452
16,886,392	18,004,751	17,704,345	15,965,997	21,324,782	19,661,436
922,635	1,065,500	1,007,759	1,025,340	1,244,514	1,551,039
4,254,918	4,533,861	5,272,250	4,437,579	5,539,749	5,253,644
226,473	281,053	488,224	227,627	634,905	700,300
14,160,123	13,053,831	13,354,532	21,106,779	11,234,319	12,541,676
—	—	—	—	—	—
12,642	7,611	55,470	2,451	—	—
760,734	714,384	761,346	748,799	869,854	903,549
<u>\$ 203,017,041</u>	<u>\$ 216,314,801</u>	<u>\$ 232,214,396</u>	<u>\$ 179,027,871</u>	<u>\$ 260,437,346</u>	<u>\$ 271,336,195</u>
<u>\$ 1,307,741</u>	<u>\$ 1,331,290</u>	<u>\$ 1,336,961</u>	<u>\$ 1,416,290</u>	<u>\$ 1,474,450</u>	<u>\$ 1,394,841</u>
<u>\$ 204,324,782</u>	<u>\$ 217,646,091</u>	<u>\$ 233,551,357</u>	<u>\$ 180,444,161</u>	<u>\$ 261,911,796</u>	<u>\$ 272,731,036</u>
<u>\$ 104,387</u>	<u>\$ 129,335</u>	<u>\$ 100,350</u>	<u>\$ 78,986</u>	<u>\$ 78,313</u>	<u>\$ 76,083</u>
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
2,982,993	3,209,741	3,404,257	3,576,044	3,546,431	2,464,050
395,865	364,926	321,510	345,236	342,573	241,027
—	—	—	—	—	—
430,730	399,616	354,271	395,376	237,532	635,417
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
30,135,722	34,320,753	40,075,836	32,141,658	39,152,058	37,499,156
<u>34,049,697</u>	<u>38,424,371</u>	<u>44,256,224</u>	<u>36,537,300</u>	<u>43,356,907</u>	<u>40,915,733</u>
<u>\$ 2,278,357</u>	<u>\$ 2,377,336</u>	<u>\$ 2,360,056</u>	<u>\$ 2,464,598</u>	<u>\$ 2,539,492</u>	<u>\$ 1,506,691</u>
<u>\$ 2,278,357</u>	<u>\$ 2,377,336</u>	<u>\$ 2,360,056</u>	<u>\$ 2,464,598</u>	<u>\$ 2,539,492</u>	<u>\$ 1,506,691</u>
<u>\$ 36,328,054</u>	<u>\$ 40,801,707</u>	<u>\$ 46,616,280</u>	<u>\$ 39,001,898</u>	<u>\$ 45,896,399</u>	<u>\$ 42,422,424</u>
<u>\$ (167,996,728)</u>	<u>\$ (176,844,384)</u>	<u>\$ (186,935,077)</u>	<u>\$ (141,442,263)</u>	<u>\$ (216,015,397)</u>	<u>\$ (230,308,612)</u>

# HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

## General Revenues and Total Change in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (151,528,972)	\$ (160,248,101)	\$ (165,989,521)	\$ (166,421,321)
Business-type activities	<u>780,270</u>	<u>836,583</u>	<u>726,599</u>	<u>808,735</u>
Total Net Expenses	<u>\$ (150,748,702)</u>	<u>\$ (159,411,518)</u>	<u>\$ (165,262,922)</u>	<u>\$ (165,612,586)</u>
 <b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes				
Property taxes levied for general purposes	85,275,737	86,569,499	88,147,440	90,922,907
Property taxes levied for debt service	20,324,739	31,001,833	31,058,000	30,327,043
State aid - formula grants	56,240,786	57,285,384	52,594,103	60,211,733
Miscellaneous local and intermediate	782,767	608,011	5,997,738	729,879
Investment earnings	618,994	774,674	705,311	645,038
Transfers in (out)	1,132,002	732,882	1,086,553	726,598
Special Item	<u>2,570,129</u>	<u>719,422</u>	<u>—</u>	<u>(1,435,987)</u>
Total governmental activities revenues	<u>166,945,154</u>	<u>177,691,705</u>	<u>179,589,145</u>	<u>182,127,211</u>
Business-type activities:				
Transfers in (out)	<u>(1,132,002)</u>	<u>(732,882)</u>	<u>(1,086,553)</u>	<u>(726,598)</u>
 Total general revenues and other changes	<u>\$ 165,813,152</u>	<u>\$ 176,958,823</u>	<u>\$ 178,502,592</u>	<u>\$ 181,400,613</u>
 <b>Change in Net Position</b>				
Governmental activities	\$ 15,416,182	\$ 17,443,604	\$ 13,599,624	\$ 15,705,890
Business-type activities	<u>(351,732)</u>	<u>103,701</u>	<u>(359,954)</u>	<u>82,137</u>
Total primary government	<u>\$ 15,064,450</u>	<u>\$ 17,547,305</u>	<u>\$ 13,239,670</u>	<u>\$ 15,788,027</u>

## Schedule 3

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ (168,967,344)	\$ (177,890,430)	\$ (187,958,172)	\$ (142,490,571)	\$ (217,080,439)	\$ (230,420,462)
970,616	1,046,046	1,023,095	1,048,308	1,065,042	111,850
<u>\$ (167,996,728)</u>	<u>\$ (176,844,384)</u>	<u>\$ (186,935,077)</u>	<u>\$ (141,442,263)</u>	<u>\$ (216,015,397)</u>	<u>\$ (230,308,612)</u>
97,775,691	100,415,176	111,853,659	126,881,939	138,406,918	145,361,068
31,451,260	29,897,309	29,666,816	27,236,390	30,976,825	37,408,241
63,492,821	67,267,056	66,085,444	29,269,521	62,864,707	74,082,722
628,678	2,045,625	751,050	909,729	744,591	679,350
586,803	822,655	1,435,795	3,409,982	8,531,638	5,638,853
808,734	970,618	1,046,047	1,023,097	1,048,307	565,039
—	2,424,828	—	—	—	—
<u>194,743,987</u>	<u>203,843,267</u>	<u>210,838,811</u>	<u>188,730,658</u>	<u>242,572,986</u>	<u>263,735,273</u>
<u>(808,734)</u>	<u>(970,618)</u>	<u>(1,046,047)</u>	<u>(1,023,097)</u>	<u>(1,048,307)</u>	<u>(565,039)</u>
<u>\$ 193,935,253</u>	<u>\$ 202,872,649</u>	<u>\$ 209,792,764</u>	<u>\$ 187,707,561</u>	<u>\$ 241,524,679</u>	<u>\$ 263,170,234</u>
\$ 25,776,643	\$ 25,952,837	\$ 22,880,639	\$ 46,240,087	\$ 25,492,547	\$ 33,314,811
161,882	75,428	(22,952)	25,211	16,735	(453,189)
<u>\$ 25,938,525</u>	<u>\$ 26,028,265</u>	<u>\$ 22,857,687</u>	<u>\$ 46,265,298</u>	<u>\$ 25,509,282</u>	<u>\$ 32,861,622</u>

# **HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**

## Fund Balances, Governmental Funds

Last Ten Fiscal Years

*(modified accrual basis of accounting)*

(Unaudited)

	<u><b>2011</b></u>	<u><b>2012</b></u>	<u><b>2013</b></u>	<u><b>2014</b></u>
General Fund				
Non-spendable	\$ 587,582	\$ 680,472	\$ 542,732	\$ 492,655
Restricted	—	—	—	—
Committed	48,000,000	43,000,000	41,000,000	45,000,000
Unassigned	27,346,092	23,861,655	22,903,830	24,615,370
Total general fund	<u><u>\$ 75,933,674</u></u>	<u><u>\$ 67,542,127</u></u>	<u><u>\$ 64,446,562</u></u>	<u><u>\$ 70,108,025</u></u>
All Other Governmental Funds				
Non-spendable	\$ 7,836	\$ 20,710	\$ 42,158	\$ 29,110
Restricted	147,760,898	114,001,129	58,837,896	24,142,921
Committed	9,650,003	33,559,526	39,042,597	25,992,820
Unassigned	—	—	—	—
Total all other governmental funds	<u><u>\$ 157,418,737</u></u>	<u><u>\$ 147,581,365</u></u>	<u><u>\$ 97,922,651</u></u>	<u><u>\$ 50,164,851</u></u>

Note: General Governmental Fund Balances includes fund balances from the following funds: General, Debt Service, Capital Projects, and Special Revenue Funds.

**Schedule 4**

<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
\$ 761,371	\$ 637,082	\$ 668,658	\$ 1,516,399	\$ 1,470,844	\$ 1,502,592
—	—	—	—	—	—
55,000,000	62,000,000	69,000,000	69,000,000	69,000,000	86,717,053
24,439,434	26,155,113	30,090,230	26,176,745	37,821,976	33,945,877
<u>\$ 80,200,805</u>	<u>\$ 88,792,195</u>	<u>\$ 99,758,888</u>	<u>\$ 96,693,144</u>	<u>\$ 108,292,820</u>	<u>\$ 122,165,522</u>
\$ 13,498	\$ 2,195	\$ 13,781	\$ 32,689	\$ 25,101	\$ 18,894
19,560,795	20,233,817	19,217,311	102,248,895	184,574,600	68,677,090
28,732,700	35,261,672	38,982,034	66,921,598	66,107,933	69,819,344
—	—	—	—	—	—
<u>\$ 48,306,993</u>	<u>\$ 55,497,684</u>	<u>\$ 58,213,126</u>	<u>\$ 169,203,182</u>	<u>\$ 250,707,634</u>	<u>\$ 138,515,328</u>

# HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

## Governmental Funds Revenues

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Local Sources:				
Local maintenance and debt service tax	\$ 105,962,637	\$ 117,413,874	\$ 119,453,877	\$ 121,166,877
Tuition from patrons	502,726	539,785	453,562	448,738
Other revenue from local sources	2,091,394	2,084,049	2,181,312	1,951,876
Co-curricular revenues	5,715,991	5,464,052	5,261,052	5,045,486
Other revenue from intermediate sources	47,220	8,524	45,000	—
Total Local Sources	<u>114,319,968</u>	<u>125,510,284</u>	<u>127,394,803</u>	<u>128,612,977</u>
State Sources:				
Per capita and foundation	56,272,185	57,285,204	52,593,803	60,169,961
Other state program revenues	<u>9,577,078</u>	<u>9,488,241</u>	<u>6,911,567</u>	<u>10,004,605</u>
Total State Sources	<u>65,849,263</u>	<u>66,773,445</u>	<u>59,505,370</u>	<u>70,174,566</u>
Federal Sources:				
Federal Grants	<u>22,544,658</u>	<u>20,574,258</u>	<u>17,964,654</u>	<u>18,127,045</u>
Total Revenues	<u>\$ 202,713,889</u>	<u>\$ 212,857,987</u>	<u>\$ 204,864,827</u>	<u>\$ 216,914,588</u>

Note: General Governmental Funds Revenues include those received by the following funds: General, Debt Service, Capital Projects, and Special Revenue Funds.



## Schedule 5

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 128,100,599	\$ 129,889,502	\$ 141,461,964	\$ 154,484,036	\$ 169,217,791	\$ 183,272,698
608,533	695,310	683,644	631,921	791,777	568,565
1,945,867	2,322,165	2,779,549	5,148,472	9,842,023	7,224,064
5,391,078	5,659,558	5,800,695	6,013,926	5,913,020	4,156,517
30,000	—	20,000	30,000	30,500	98,955
<u>136,076,077</u>	<u>138,566,535</u>	<u>150,745,852</u>	<u>166,308,355</u>	<u>185,795,111</u>	<u>195,320,799</u>
62,017,885	66,357,420	65,214,427	58,871,711	47,421,007	55,512,627
<u>11,032,130</u>	<u>9,142,186</u>	<u>10,377,547</u>	<u>8,776,429</u>	<u>12,849,073</u>	<u>12,212,932</u>
<u>73,050,015</u>	<u>75,499,606</u>	<u>75,591,974</u>	<u>67,648,140</u>	<u>60,270,080</u>	<u>67,725,559</u>
17,842,521	18,833,229	19,758,399	20,914,742	23,874,088	23,511,406
<u>\$ 226,968,613</u>	<u>\$ 232,899,370</u>	<u>\$ 246,096,225</u>	<u>\$ 254,871,237</u>	<u>\$ 269,939,279</u>	<u>\$ 286,557,764</u>

# **HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**

## Governmental Funds Expenditures and Debt Service Ratio

Last Ten Fiscal Years

*(modified accrual basis of accounting)*

(Unaudited)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Expenditures by Function				
Instruction	\$ 103,386,692	\$ 107,419,003	\$ 107,838,054	\$ 105,579,751
Instructional resources and media services	2,690,745	2,295,263	2,235,638	2,364,542
Curriculum and staff development	3,092,446	2,650,592	2,341,202	2,627,929
Instructional leadership	2,048,486	2,206,601	2,102,688	2,065,292
School leadership	9,278,597	9,144,807	9,304,459	9,398,174
Guidance and counseling services	6,949,035	6,553,623	6,735,941	6,865,581
Social work services	562,493	572,125	688,594	709,582
Health services	1,923,011	1,828,844	1,896,540	1,908,172
Student transportation	3,350,005	3,492,474	3,873,123	4,182,028
Food service	9,030,588	9,446,461	8,748,743	9,677,254
Co-curricular/extracurricular activities	5,060,042	4,837,620	5,140,407	5,054,435
General administration	4,298,643	4,134,907	4,196,294	4,402,339
Plant maintenance and operations	15,168,174	14,120,218	13,751,849	15,327,285
Security and monitoring services	735,034	795,033	1,085,157	864,655
Data processing services	3,601,469	3,693,698	3,299,788	5,095,727
Community services	456,417	335,037	140,673	188,185
Debt service				
Principal	5,879,847	11,028,454	10,815,492	11,435,286
Interest	13,345,394	19,176,916	19,061,249	18,744,942
Cost and fees	1,036,394	1,100	1,392	1,533
Facilities acquisition and construction	1,779,979	28,514,376	60,290,053	52,930,239
Contracted instructional	—	—	—	—
Juvenile justice alternative educational program	2,375	—	9,750	5,289
Other intergovernmental charges	649,301	703,318	726,074	722,295
Total Expenditures	<u>\$ 194,325,167</u>	<u>\$ 232,950,470</u>	<u>\$ 264,283,160</u>	<u>\$ 260,150,515</u>
Debt service as a percentage of noncapital expenditures	10.06%	14.96%	14.79%	14.79%

Note: General Governmental Expenditures include those made by the following funds: General, Debt Service, Capital Projects, and Special Revenue Funds.

## Schedule 6

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 107,743,088	\$ 110,015,918	\$ 117,447,507	\$ 118,157,410	\$ 130,276,229	\$ 128,193,715
2,427,546	2,486,314	2,563,066	2,609,766	2,656,412	2,598,661
2,691,495	2,965,799	3,029,069	2,977,410	5,415,986	5,536,770
2,317,564	2,342,777	2,413,718	2,498,899	2,536,975	2,645,643
9,962,392	10,257,491	10,337,581	10,620,790	10,848,121	11,543,799
7,327,570	7,246,711	7,570,588	7,671,866	8,086,392	8,289,217
725,966	765,301	779,638	810,496	885,278	986,391
2,020,216	2,132,941	2,225,132	2,262,137	2,339,704	2,976,099
4,534,645	4,959,360	4,904,750	5,659,237	6,260,242	7,513,778
10,408,285	10,777,817	11,626,082	12,339,111	13,191,128	12,412,940
5,271,385	5,576,166	5,929,557	5,859,726	6,005,091	5,666,763
4,447,205	4,654,135	5,102,897	5,462,878	5,424,656	5,434,505
15,519,294	16,808,862	16,340,729	16,665,833	16,250,942	17,139,182
846,200	890,994	900,711	954,908	1,071,734	1,415,803
5,355,121	3,831,552	4,360,013	5,119,430	5,041,718	6,676,815
228,464	247,512	486,868	429,696	494,916	463,531
12,167,159	13,255,590	11,957,689	13,574,890	17,625,000	18,830,000
17,587,923	16,617,465	17,917,744	13,793,540	13,820,832	18,157,618
398,024	2,947	2,948	2,035,519	839,057	3,100
4,173,835	8,700,686	7,165,540	5,223,854	43,211,544	128,495,626
—	—	—	—	—	—
12,642	7,611	55,470	2,451	—	—
760,734	714,384	761,346	748,799	869,854	903,549
<u>\$ 216,926,753</u>	<u>\$ 225,258,333</u>	<u>\$ 233,878,643</u>	<u>\$ 235,478,646</u>	<u>\$ 293,151,811</u>	<u>\$ 385,883,505</u>
14.19%	13.94%	13.28%	12.07%	12.72%	14.66%

## HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Other Financing Sources and Uses and Net Change in Fund Balances, Governmental Funds

Last Ten Fiscal Years

*(modified accrual basis of accounting)*

(Unaudited)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	\$ 8,388,722	\$ (20,092,483)	\$ (59,418,333)	\$ (43,235,927)
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of bonds	124,695,000	—	—	—
Sale of equipment and/or capital assets	2,581,565	730,682	3,770	12,992
Transfers in	4,934,500	28,247,190	15,000,245	11,801,746
Premium on issuance of bonds	12,861,653	—	—	—
Other resources	—	—	5,173,731	—
Transfers out	(3,802,498)	(27,114,308)	(13,513,692)	(10,675,148)
Payment to refunded bond escrow	—	—	—	—
Other uses	—	—	—	—
Total other financing sources (uses)	<u>141,270,220</u>	<u>1,863,564</u>	<u>6,664,054</u>	<u>1,139,590</u>
<b>Net change in fund balances</b>	<u>\$ 149,658,942</u>	<u>\$ (18,228,919)</u>	<u>\$ (52,754,279)</u>	<u>\$ (42,096,337)</u>

Note: General Governmental Funds include the following: General, Debt Service, Capital Projects, and Special Revenue Funds.

**Schedule 7**

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 10,041,860	\$ 7,641,037	\$ 12,217,582	\$ 19,392,591	\$ (23,212,532)	\$ (99,325,741)
38,267,681	—	—	238,950,000	101,460,000	—
276,527	1,245,598	18,506	38,586	15,585	41,098
8,447,871	20,604,540	12,316,919	31,504,636	15,040,440	40,161,702
2,490,595	—	—	41,134,855	13,392,768	—
—	2,424,828	—	—	—	—
(7,239,137)	(16,133,922)	(10,870,872)	(30,081,539)	(13,592,133)	(39,196,663)
(44,050,475)	—	—	(193,014,817)	—	—
—	—	—	—	—	—
<u>(1,806,938)</u>	<u>8,141,044</u>	<u>1,464,553</u>	<u>88,531,721</u>	<u>116,316,660</u>	<u>1,006,137</u>
<u>\$ 8,234,922</u>	<u>\$ 15,782,081</u>	<u>\$ 13,682,135</u>	<u>\$ 107,924,312</u>	<u>\$ 93,104,128</u>	<u>\$ (98,319,604)</u>

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**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

(Unaudited)

<b>Fiscal Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Less: Exemptions</b>	<b>Total Taxable Value</b>	<b>Total Direct Tax Rate <sup>a</sup></b>
2011	7,118,898,921	1,431,765,379	99,092,646	8,451,571,654	1.288
2012	7,218,704,495	1,399,604,825	110,209,926	8,508,099,394	1.414
2013	7,378,753,826	1,366,117,534	95,380,343	8,649,491,017	1.408
2014	7,598,746,539	1,428,903,955	86,323,168	8,941,327,326	1.388
2015	8,028,034,251	1,588,971,343	24,852,595	9,592,152,999	1.375
2016	8,375,373,853	1,872,889,461	1,072,229,157	9,176,034,157	1.350
2017	9,425,586,083	1,753,794,311	407,440,393	10,771,940,001	1.316
2018	10,945,293,959	1,969,582,033	673,894,653	12,240,981,339	1.263
2019	12,119,403,559	2,033,626,213	454,250,032	13,698,779,740	1.273
2020	13,919,978,708	2,104,169,254	525,380,672	15,498,767,290	1.220

Source: Tarrant Appraisal District.

Note: The real property and personal property amounts were derived by using the tax roll for the necessary year.

<sup>a</sup> Per \$100 of assessed value.

# HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(rate per \$100 of assessed value)

(Unaudited)

District Direct Rates							
Fiscal Year	Operating	Debt Service	Total	City of Arlington	City of Bedford	City of Colleyville	City of Euless
2011	1.040	0.248	1.288	0.648	0.492	0.356	0.470
2012	1.040	0.374	1.414	0.648	0.504	0.356	0.470
2013	1.040	0.368	1.408	0.648	0.499	0.356	0.470
2014	1.040	0.348	1.388	0.648	0.495	0.356	0.470
2015	1.040	0.335	1.375	0.648	0.495	0.356	0.468
2016	1.040	0.310	1.350	0.648	0.495	0.356	0.468
2017	1.040	0.276	1.316	0.645	0.477	0.339	0.463
2018	1.040	0.223	1.263	0.640	0.520	0.334	0.463
2019	1.040	0.233	1.273	0.635	0.562	0.321	0.463
2020	0.970	0.250	1.220	0.624	0.569	0.307	0.463

Source: Information obtained from Tarrant Appraisal District website.

<sup>a</sup> Rates include levies for operating and debt service costs.



Overlapping Rates<sup>a</sup>

City of Hurst	City of Fort Worth	City of North Richland Hills	Tarrant County	Tarrant Co. Hospital District	Tarrant Co. College District	Viridian Municipal Management District
0.578	0.855	0.570	0.264	0.228	0.138	0.448
0.578	0.855	0.570	0.264	0.228	0.149	0.448
0.608	0.855	0.610	0.264	0.228	0.149	0.448
0.608	0.855	0.610	0.264	0.228	0.149	0.448
0.606	0.855	0.610	0.264	0.228	0.149	0.448
0.611	0.855	0.610	0.264	0.228	0.149	0.448
0.588	0.835	0.610	0.254	0.228	0.145	0.448
0.581	0.805	0.590	0.244	0.224	0.140	0.448
0.580	0.785	0.585	0.234	0.224	0.136	0.448
0.597	0.748	0.572	0.234	0.224	0.130	0.448

# HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Principal Property Taxpayers  
Current Year and Nine Years Ago  
(Unaudited)

Principal Taxpayers <sup>a</sup>	Type of Property	2019-2020 Assessed Valuation <sup>b</sup>	Rank	Percentage of Total Assessed Value	2010-2011 Assessed Valuation	Rank	Percentage of Total Assessed Value
American Airlines	Airline Industry	\$ 767,296,598	1	4.95%	\$ 173,419,820	2	2.05%
Bell Helicopter Textron	Defense Industry	488,591,515	2	3.15%	328,405,148	1	3.89%
Cmf 15 Portfolio LLC	Real Estate	179,690,000	3	1.16%	84,590,000	3	1.00%
Westdale Hills 2013 LP	Real Estate	157,700,000	4	1.02%	-	-	-
Oncor Electric Delivery Co (TXU)	Utility	82,395,959	5	0.53%	66,438,377	4	0.79%
Viridian Holdings LP	Real Estate	76,460,388	6	0.49%	-	-	-
Digital-PR FAA LLC	Airline Industry	73,634,384	7	0.48%	-	-	-
Stoneleigh at Bear Creek Apartments	Real Estate	66,300,000	8	0.43%	-	-	-
Centre Station Apartments LLC	Real Estate	65,550,000	9	0.42%	-	-	-
Shops at Northeast Mall LLC	Real Estate	62,904,836	10	0.41%	-	-	-
HC LOBF Arlington	Real Estate	-	-	-	60,136,978	5	0.71%
Flint Hills Resources LP	Refining	-	-	-	51,895,666	6	0.61%
Wal-Mart Real Estate Bus Tr.	Real Estate	-	-	-	51,053,820	7	0.60%
Somerset Village Partners LP	Real Estate	-	-	-	49,999,994	8	0.59%
Simon Property Group	Real Estate	-	-	-	49,788,507	9	0.59%
AA Real Estate Holdings	Real Estate	-	-	-	36,821,787	10	0.44%
Total		<u>\$ 2,020,523,680</u>		<u>13.04%</u>	<u>\$ 952,550,097</u>		<u>11.27%</u>

<sup>a</sup> Information obtained from Tarrant Appraisal District.

<sup>b</sup> July 2019 assessed valuation of \$15,498,767,290 was the basis of the 2020 fiscal year property tax revenues.

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**

## Property Tax Levies and Collections

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year	Subsequent Adjustments to Levy	Final Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Adjusted Levy
2011	106,553,531	(894,540)	105,658,991	104,715,937	99.11%	786,452	105,502,389	99.85%
2012	117,229,312	(177,117)	117,052,195	116,087,559	99.18%	776,278	116,863,837	99.84%
2013	118,733,124	(125,999)	118,607,125	117,906,660	99.41%	536,816	118,443,476	99.86%
2014	121,092,304	(74,508)	121,017,796	120,283,726	99.39%	579,490	120,863,216	99.87%
2015	128,768,688	(705,639)	128,063,049	126,928,214	99.11%	954,258	127,882,472	99.86%
2016	121,718,481	8,621,581	130,340,062	129,035,301	99.00%	1,139,691	130,174,992	99.87%
2017	137,694,774	3,565,026	141,259,800	139,861,691	99.01%	1,069,563	140,931,254	99.77%
2018	149,697,774	4,025,735	153,723,509	152,876,940	99.45%	458,331	153,335,271	99.75%
2019	167,538,782	1,988,764	169,527,546	168,571,499	99.44%	603,533	169,175,032	99.79%
2020	181,172,255	1,133,276	182,305,531	181,922,688	99.79%	-	181,922,688	99.79%

Source: Information obtained from Tarrant County Tax Assessor.

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**

Outstanding Debt by Type

Last Ten Fiscal Years

(Unaudited)

<b>Governmental Activities</b>					
<b>Fiscal Year</b>	<b>School Building Bonds</b>	<b>Refunding Bonds</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income<sup>a</sup></b>	<b>Per Capita<sup>a</sup></b>
2011	137,556,653	225,640,540	363,197,193	8.37%	2,544
2012	131,977,187	217,538,374	349,515,561	8.55%	2,578
2013	126,707,721	209,009,444	335,717,165	8.27%	2,471
2014	120,948,255	199,998,966	320,947,221	7.89%	2,317
2015	114,613,789	187,992,598	302,606,387	6.93%	2,149
2016	108,034,323	177,134,571	285,168,894	6.39%	2,016
2017	101,144,857	167,324,568	268,469,425	5.91%	1,894
2018	95,003,799	245,972,943	340,976,742	7.41%	2,393
2019	202,445,646	231,579,609	434,025,255	9.15%	3,038
2020	195,064,726	215,951,274	411,016,000	8.27%	2,852

Note: Details of the District's outstanding debt can be found in Note M in the notes to the financial statements.

<sup>a</sup> See Schedule 16 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**

## Direct and Overlapping Governmental Activities Debt

August 31, 2020

(Unaudited)

Taxing Body	Net Debt Outstanding	Percent Overlapping <sup>a</sup>	Amount Overlapping Net Debt
City of Fort Worth	\$ 764,685,000	8.08%	\$ 61,786,548
City of Colleyville	3,110,000	5.63%	175,093
City of North Richland Hills	161,292,115	0.20%	322,584
City of Euless	60,786,624	67.08%	40,775,667
City of Hurst	52,455,500	58.75%	30,817,606
City of Bedford	133,260,000	100.00%	133,260,000
City of Arlington	617,190,000	0.12%	740,628
Tarrant County College District	298,317,170	9.37%	27,952,319
Tarrant County	240,445,000	9.50%	22,842,275
Tarrant County Hospital District	30,035,000	9.50%	2,853,325
Viridian Municipal Management District	139,260,000	100.00%	139,260,000
Total Overlapping Net Debt			460,786,045
Hurst - Euless - Bedford ISD	411,016,000	100.00%	411,016,000
Total Direct and Overlapping Debt to Net Debt			<u>\$ 871,802,045</u>
Ratio of Total Direct and Overlapping Net Debt to 2020 Taxable Assessed Valuation	\$ 15,498,767,290		<u>5.62%</u>

Source: Information furnished by each governmental unit or obtained from Municipal Advisory Council of Texas.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the district.

This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the district's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

<sup>a</sup> The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

# **HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**

## **Legal Debt Margin Information**

**Last Ten Fiscal Years**

**(Unaudited)**

	<u><b>2011</b></u>	<u><b>2012</b></u>	<u><b>2013</b></u>	<u><b>2014</b></u>
Debt limit	\$ 845,157,165	\$ 850,809,939	\$ 864,949,102	\$ 894,132,733
Total net debt applicable to limit	<u>356,003,608</u>	<u>341,514,948</u>	<u>326,428,782</u>	<u>311,503,269</u>
Legal debt margin	<u>\$ 489,153,557</u>	<u>\$ 509,294,991</u>	<u>\$ 538,520,320</u>	<u>\$ 582,629,464</u>
Total net debt applicable to the limit as a percentage of debt limit	42.12%	40.14%	37.74%	34.84%

<sup>a</sup> Per section 45.0031 of the Texas Education Code, the District has to have a projected ability to pay the principal of and interest on the bonds from a tax at a rate not to exceed \$0.50 per \$100 of valuation. Per section 45.001, the Bonds must mature serially or otherwise not more than 40 years from their date.

## Legal Debt Margin Calculation for Fiscal Year 2020

Assessed value	\$ 15,498,767,290
Debt limit (10% of assessed value)	1,549,876,729 <sup>a</sup>
Debt applicable to limit	<u>398,947,076</u>
Legal debt margin	<u><u>\$ 1,150,929,653</u></u>

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 959,215,300	\$ 917,603,416	\$ 1,077,194,000	\$ 1,224,098,134	\$ 1,369,877,974	\$ 1,549,876,729
<u>295,395,647</u>	<u>277,062,005</u>	<u>259,547,234</u>	<u>330,993,183</u>	<u>423,227,364</u>	<u>398,947,076</u>
<u><u>\$ 663,819,653</u></u>	<u><u>\$ 640,541,411</u></u>	<u><u>\$ 817,646,766</u></u>	<u><u>\$ 893,104,951</u></u>	<u><u>\$ 946,650,610</u></u>	<u><u>\$ 1,150,929,653</u></u>
30.80%	30.19%	24.09%	27.04%	30.90%	25.74%

## HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Ratio of Net General Bonded Debt to Taxable Assessed Valuation and Net Bonded Debt Per Capita

Last Ten Years

(Unaudited)

<b>August 31,</b>	<b>Taxable Assessed Value</b>	<b>Assessment Ratio</b>	<b>Gross Bonded Debt Outstanding at Year End <sup>a</sup></b>	<b>Reserve For Retirement of Bonded Debt</b>	<b>Net Bonded Debt Outstanding at Year End</b>
2011	8,451,571,654	100%	363,197,193	7,193,585	356,003,608
2012	8,508,099,394	100%	349,515,561	8,000,613	341,514,948
2013	8,649,491,017	100%	335,717,165	9,288,383	326,428,782
2014	8,941,327,326	100%	320,947,221	9,443,952	311,503,269
2015	9,592,152,999	100%	302,606,387	7,210,740	295,395,647
2016	9,176,034,157	100%	285,168,894	8,106,889	277,062,005
2017	10,771,940,001	100%	268,469,425	8,922,191	259,547,234
2018	12,240,981,339	100%	340,976,742	9,983,559	330,993,183
2019	13,698,779,740	100%	434,025,255	10,797,890	423,227,365
2020	15,498,767,290	100%	411,016,000	12,068,924	398,947,076

Source: Information obtained from Tarrant Appraisal District.

<sup>a</sup> The District's bonded indebtedness consists of General Obligation Bonds.



<b>Ratio Net Bonded Debt to Taxable Assessed Valuation</b>	<b>Estimated Population</b>	<b>Net Bonded Debt Per Capita</b>	<b>Taxable Assessed Valuation Per Capita</b>
4.21%	142,779	2,493	59,193
4.01%	135,586	2,519	62,751
3.77%	135,861	2,403	63,664
3.48%	138,510	2,249	64,554
3.08%	140,781	2,098	68,135
3.02%	141,444	1,959	64,874
2.41%	141,781	1,831	75,976
2.70%	142,514	2,323	85,893
3.09%	142,862	2,962	95,888
2.57%	144,098	2,769	107,557

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**

Demographic and Economic Statistics

Last Ten Calendar Years

(Unaudited)

<b>Calendar Year</b>	<b>Estimated Population</b>	<b>Personal Income (in thousands)</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
2011	142,779	4,341,082	30,404	7.50
2012	135,586	4,085,619	30,133	7.20
2013	135,861	4,059,303	29,878	5.90
2014	138,510	4,065,460	29,351	5.50
2015	140,781	4,367,914	31,026	4.90
2016	141,444	4,465,146	31,568	4.00
2017	141,781	4,546,120	32,064	3.80
2018	142,514	4,601,470	32,288	3.30
2019	142,862	4,742,197	33,194	3.40
2020	144,098	4,970,095	34,491	3.90

Demographic Statistics table from the Comprehensive Annual Financial Reports for fiscal year ended September 30, 2019 for cities of Bedford, Euless, and Hurst.

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**

Principal Employers  
 Current Year and Nine Years Ago  
 (Unaudited)

<u><b>Employer</b></u>	<b>2020</b>			<b>2011</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Employment<sup>a</sup></b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Employment<sup>a</sup></b>
Bell Helicopter Textron	3,800	1	4.75%	4,000	1	5.56%
Hurst-Euleess-Bedford ISD	2,653	2	3.31%	2,489	2	3.46%
Northeast Mall (Collective)	2,500	3	3.12%	1,659	3	2.31%
Texas Health Harris Methodist HEB	1,587	4	1.98%	1,600	4	2.22%
LSG Sky Chefs, Inc.	1,000	5	1.25%	818	6	1.14%
Carter Blood Care	899	6	1.12%	1,100	5	1.53%
Walmart Supercenter - (Collective/Hurst)	886	7	1.11%	575	8	0.80%
The Shops at Northeast Mall	800	8	1.00%	750	7	1.04%
Tarrant County College	575	9	0.72%	479	9	0.67%
Warrantech	530	10	0.66%	-	-	0.00%
Walmart Supercenter - Bedford	-	-	-	435	10	0.60%
	<u>15,230</u>		<u>19.02%</u>	<u>13,905</u>		<u>19.33%</u>

<sup>a</sup> Percentages of total employment for 2020 and 2011 were calculated using total employment data from the City of Hurst, City of Euleess, and City of Bedford Comprehensive Annual Financial Reports from the corresponding fiscal years.

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**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**

Full-time-Equivalent District Employees by Type

Last Ten Fiscal Years

(Unaudited)

	Full-time-Equivalent Employees as of August 31										Percentage
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Change 2020-2011
<b>Supervisory</b>											
Instructional administrators	21	21	19	21	24	24	24	22	22	23	9.5%
Noninstructional administrators	8	8	8	8	8	8	9	13	13	13	62.5%
Principals	27	27	27	27	28	28	28	28	28	28	3.7%
Assistant principals	41	41	41	40	40	41	40	42	42	42	2.4%
Total supervisory	97	97	95	96	100	101	101	105	105	106	9.3%
<b>Instruction</b>											
Elementary classroom teachers	674	658	657	671	694	693	697	701	711	698	3.6%
Secondary classroom teachers	459	427	451	454	436	444	455	461	473	483	5.2%
Special education teachers	120	131	106	95	115	108	112	124	126	129	7.5%
Other teachers	72	81	81	87	92	92	95	93	93	106	47.2%
Aides	194	191	188	183	180	180	184	189	208	221	13.9%
Total instruction	1,519	1,488	1,483	1,490	1,517	1,517	1,543	1,568	1,611	1,637	7.8%
<b>Student Services</b>											
Guidance counselors	43	40	41	41	42	42	42	41	43	44	2.3%
Therapists	22	22	21	21	23	22	24	25	24	26	18.2%
Psychologists/diagnosticians	25	26	27	26	27	27	27	27	28	30	20.0%
Librarians	26	23	22	23	24	24	24	24	24	24	-7.7%
Nurses	29	31	31	31	32	34	34	34	34	34	17.2%
Total student services	145	142	142	142	148	149	151	151	153	158	9.0%
<b>Support and Administration</b>											
Professional Support	60	65	65	63	64	64	68	80	86	88	46.7%
Auxiliary staff	668	655	648	649	680	680	683	640	651	664	-0.6%
Total support and administration	728	720	713	712	744	744	751	720	737	752	3.3%
<b>Total</b>	<u>2,489</u>	<u>2,447</u>	<u>2,433</u>	<u>2,440</u>	<u>2,509</u>	<u>2,511</u>	<u>2,546</u>	<u>2,544</u>	<u>2,606</u>	<u>2,653</u>	<u>6.6%</u>

Source: Information obtained from Texas Education Agency PEIMS reports

Note: Full-time instructional employees (teachers) of the district are employed for all 187 scheduled school days.

All other employees' scheduled work days range from 200 to 248 days per year.

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT****Operating Statistics  
Last Ten Fiscal Years  
(Unaudited)**

<b>Fiscal Year</b>	<b>Enrollment</b>	<b>Operating Expenditures</b>	<b>Cost per Pupil</b>	<b>Percentage Change</b>	<b>Government Wide Expenses</b>
2011	21,046	172,283,553	8,186	-0.91%	192,140,966
2012	21,570	174,229,624	8,077	-1.33%	198,256,196
2013	21,814	174,114,974	7,982	-1.18%	198,505,795
2014	22,180	177,038,515	7,982	0.00%	201,853,224
2015	22,416	182,599,812	8,146	2.06%	204,324,782
2016	22,834	186,681,645	8,176	0.36%	217,646,091
2017	23,120	196,834,722	8,514	4.13%	233,551,357
2018	23,429	200,850,843	8,573	0.69%	180,444,161
2019	23,686	217,655,378	9,189	7.19%	261,911,796
2020	23,816	220,397,161	9,254	0.71%	272,731,036

Notes: Operating expenditures are total expenditures less debt service and capital outlays.

Implementation of GASB 75 resulted in adjustments to government-wide expenses causing  
a 3.56% increase in the cost per pupil.

**Schedule 19**

<b>Cost per Pupil</b>	<b>Percentage Change</b>	<b>Teaching Staff</b>	<b>Pupil– Teacher Ratio</b>	<b>Percentage of Students Receiving Free or Reduced-Price Meals</b>
9,130	-2.94%	1,325	15.9	50.4%
9,191	0.68%	1,297	16.6	51.9%
9,100	-0.99%	1,295	16.8	53.1%
9,101	0.01%	1,307	17.0	53.1%
9,115	0.16%	1,337	16.8	52.1%
9,532	4.57%	1,337	17.1	52.7%
10,102	5.98%	1,359	17.0	51.9%
7,702	-23.76%	1,379	17.0	52.5%
11,058	43.57%	1,403	16.9	56.0%
11,452	3.56%	1,416	16.8	54.5%

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**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**

Teacher Base Salaries

Last Ten Fiscal Years

(Unaudited)

<b>Fiscal Year</b>	<b>Minimum Salary<sup>a</sup></b>	<b>Maximum Salary<sup>a</sup></b>	<b>District Average Salary<sup>b</sup></b>	<b>Region Average Salary<sup>b</sup></b>	<b>Statewide Average Salary<sup>b</sup></b>
2011	49,260	67,695	55,641	50,986	48,638
2012	49,250	76,713	55,120	50,386	48,375
2013	50,225	77,688	55,607	51,130	48,821
2014	51,220	79,242	56,169	52,208	49,692
2015	52,750	81,620	57,127	53,291	50,715
2016	53,500	84,069	58,542	54,379	51,891
2017	54,500	86,592	59,885	55,194	52,525
2018	55,000	88,324	60,691	56,144	53,334
2019	55,500	90,533	61,803	56,985	54,122
2020	56,000	82,304	63,623	59,339	57,091

Note: Amounts are for a teacher with a bachelor's degree. Amounts do not include additional salary steps based on experience or academic credentials, nor fringe benefits such as health insurance, workers' compensation, and so on.

<sup>a</sup> Information obtained from district records

<sup>b</sup> Information obtained from Texas Education Agency - AEIS (Academic Excellence Indicator System) reports for fiscal years 2011 through 2012; Texas Education Agency - TAPR (Texas Academic Performance Report) reports for fiscal years 2013 through 2020

# HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

## Capital Asset Information

Last Ten Fiscal Years

(Unaudited)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b><u>Schools</u></b>				
<b>Elementary</b>				
Buildings	19	19	19	20
Square feet	1,343,414	1,343,414	1,343,414	1,435,727
Capacity	13,301	13,301	13,301	14,001
Enrollment	11,895	12,292	12,359	12,573
<b>Junior High</b>				
Buildings	5	5	5	5
Square feet	690,552	690,552	690,552	690,552
Capacity	5,379	5,379	5,379	5,379
Enrollment	4,563	4,653	4,786	4,909
<b>High</b>				
Buildings	2	2	2	2
Square feet	637,936	637,936	637,936	637,936
Capacity	4,525	4,525	4,525	4,525
Enrollment	4,405	4,429	4,483	4,509
<b>Other</b>				
Buildings	3	3	3	3
Square feet	137,889	137,889	137,889	253,470
<b><u>Activity Centers</u></b>				
Buildings	—	—	—	2
Square feet	—	—	—	182,536
<b><u>Administrative</u></b>				
Buildings	2	2	2	2
Square feet	69,919	69,919	69,919	69,919
<b><u>Auxiliary Services Complex</u></b>				
Buildings	2	2	2	3
Square feet	28,223	28,223	5,132	78,671
Buses	101	103	106	110
<b><u>Portable Buildings</u></b>				
Buildings	39	40	39	40
Square feet	56,160	57,696	56,160	57,696
<b><u>Athletics</u></b>				
Football fields	5	5	5	5
Running tracks	7	7	7	7
Baseball/softball	4	4	4	4
Swimming pools	1	1	1	1
Playgrounds	19	19	19	20
Physical fitness areas	25	25	25	26

Source: Information obtained from District records.

## Schedule 21

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
20	20	20	20	20	20
1,435,727	1,435,727	1,435,727	1,435,727	1,435,727	1,435,727
14,001	14,001	14,001	14,001	14,001	14,001
12,772	13,015	13,075	13,356	13,382	13,348
5	5	5	5	5	5
690,552	690,552	690,552	690,552	690,552	690,552
5,379	5,379	5,379	5,379	5,379	5,379
4,906	4,975	5,067	5,076	5,257	5,388
2	2	2	2	2	2
637,936	637,936	604,795	604,795	604,795	604,795
4,525	4,525	4,525	4,525	4,525	4,525
4,561	4,658	4,838	4,847	4,903	4,971
3	3	3	3	3	3
253,470	253,470	253,470	253,470	253,470	253,470
2	2	2	2	2	2
182,536	182,536	182,536	182,536	182,536	182,536
2	2	2	2	2	2
69,919	69,919	69,919	69,919	69,919	69,919
3	3	3	3	3	3
78,671	78,671	78,671	78,761	78,761	78,761
116	123	127	128	133	157
40	42	42	42	42	40
57,696	60,768	60,768	60,768	60,768	57,888
5	5	5	5	5	5
7	7	7	7	7	7
4	4	4	4	4	4
1	1	1	—	—	—
20	20	20	20	20	20
26	26	26	26	26	26

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## **FEDERAL AWARDS SECTION**

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**Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed  
in Accordance with *Governmental Auditing Standards***

Board of Trustees  
Hurst-Euless-Bedford Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hurst-Euless-Bedford Independent School District (the District), as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 5, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Board of Trustees  
Hurst-Euless-Bedford Independent School District

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
January 5, 2021



**Independent Auditor's Report on Compliance for Each Major  
Federal Program and Report on Internal Control over  
Compliance Required by Uniform Guidance**

Board of Trustees  
Hurst-Euless-Bedford Independent School District

**Report on Compliance for Each Major Federal Program**

We have audited Hurst-Euless-Bedford Independent School District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2020.

## Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
January 5, 2021

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED AUGUST 31, 2020**

Federal grantor agency	Federal CFDA number	Pass-through entity identification number	Expenditures indirect costs and refunds
U.S. Department of Education (Passed through State Department of Education)			
Title X, Part C - Education for Homeless Children and Youth	84.196A	204600057110042	\$ 62,075
Title I, Part A - Improving Basic Programs	84.010A	20610101220916	3,907,778
IDEA - Part B Formula	84.027A	206600012209166600	4,383,013
IDEA - Part B Preschool	84.173A	206610012209166610	86,776
Carl D. Perkins - Basic Formula Grant	84.048A	20420006220916	228,013
Carl D. Perkins - Perkins Reserve	84.048A	204200287110038	29,129
Title II, Part A - Supporting Effective Instruction	84.367A	20694501220916	552,409
Title III, Part A - English Language Acquisition	84.365A	20671001220916	316,054
Title IV, Part A, SSAEP	84.424A	20680101220916	286,673
Cares Act - Elementary and Secondary School Emergency Relief Grant	84.425D	20521001220916	3,043,068
Summer School LEP	84.369A	69551902	18,699
Total Department of Education			<u>12,913,687</u>
U.S. Department of Agriculture (Passed through State Department of Agriculture)			
National School Lunch	10.555	71302001	4,356,567
National School Breakfast	10.553	71402001	1,416,802
COVID-19 National School Lunch Program	10.559	71302001/71402001	1,727,708
Total passed through State Department of Education			<u>7,501,077</u>
U.S. Department of Agriculture ( <b>direct</b> )			
Commodity donation ( <b>noncash</b> )	10.555	01028	945,474
Total Department of Agriculture			<u>8,446,551</u>
U.S. Department of Defense			
Startalk Building a Legacy	12.900	H98230-19-1-0114	6,436
Total Department of Defense			<u>6,436</u>
U.S. Department of Health and Human Services (Passed through Texas Health and Human Services Commission)			
Medicaid Administrative Claiming Program	93.778	529-07-0157-00180	59,564
Total Department of Health and Human Services			<u>59,564</u>
Total expenditures of federal awards			<u><u>\$ 21,426,238</u></u>
RECONCILIATION			
Federal program revenues General Fund			\$ 2,407,933
Federal program revenues Special Revenue Fund			21,103,473
Total federal program revenues per exhibit C-3			<u>23,511,406</u>
School Health and Related Services			(2,028,670)
Esser Revenue from State not spent			(56,498)
Total expenditures of federal awards			<u><u>\$ 21,426,238</u></u>

## **Hurst-Euleless-Bedford Independent School District**

### **Notes to Supplementary Schedule of Expenditures of Federal Awards**

**Year Ended August 31, 2020**

#### **Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting, which is described in Note C to the District's financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

# Hurst-Euleless-Bedford Independent School District

## Schedule of Findings and Questioned Costs

Year Ended August 31, 2020

### I. Summary of the Auditor's Results

#### Financial Statements

a. An unmodified opinion was issued on the financial statements.

b. Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(s) identified? ☐ Yes ☒ None reported

c. Noncompliance material to financial statements noted? ☐ Yes ☒ No

#### Federal Awards

d. Internal control over major programs

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(s) identified? ☐ Yes ☒ None reported

e. An unmodified opinion was issued on compliance for major programs

f. Any audit findings disclosed that were required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

g. Identification of major programs:

10.553, 10.555, and 10.559 Child Nutrition Cluster  
84.425D ESSER Grant

h. The dollar threshold used to distinguish between Type A and Type B programs \$750,000

i. Auditee qualified as a low-risk auditee. ☒ Yes ☐ No

# **Hurst-Euless-Bedford Independent School District**

## **Schedule of Findings and Questioned Costs**

Year Ended August 31, 2020

### **II. Findings relating to the Financial Statements, which are required to be reported in Accordance with *Generally Accepted Government Auditing Standards***

None

### **III. Findings and Questioned Costs for Federal Awards**

None

**Hurst-Euless-Bedford Independent School District**

Summary Schedule of Prior Audit Findings

Year Ended August 31, 2020

None