



**Annual Comprehensive Financial Report
For the Fiscal Year Ended August 31, 2023**

Bedford, Texas

Hurst-Euless-Bedford Independent School District
Bedford, Texas



Annual Comprehensive Financial Report
For the Fiscal Year Ended August 31, 2023

Prepared by
Business Operations Department

Dobie Williams
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, 2023 at a meeting of the Board of Trustees of such school district on the 22nd day of January, 2024.



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 17, 2024

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

The Annual Comprehensive Financial Report (ACFR) of Hurst-Euleless-Bedford Independent School District (“District”) for the fiscal year ended August 31, 2023 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 ACFR for the year ended August 31, 2023 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-Euleless-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 2023 fiscal year, 22,947 students were enrolled in the District, which is an increase of 73 students.

The Hurst-Euleless-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 151,000. The commercial aspects of the community include industrial, manufacturing, and transportation jobs for the residents. The American Airlines headquarters is located within District boundaries. The 300 acre campus consists of 8 buildings which can support 12,000 team members. Bell Helicopter Textron, one of the world’s largest manufacturers of commercial and military helicopters has an estimated 4,000 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. Two new apartment communities have also opened in Hurst. Work is mostly complete in the City of Euless on Watercolor and Founders Parc, 2 mixed-use developments to include commercial retail and restaurants, urban lofts, and a mix of single-family detached homes and townhomes. 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 1,200 employees and Carter Bloodcare with an estimated 550 employees are considered some of the city’s major employers.

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 School of Choice at Viridian Elementary. Suzuki Strings is available at ten elementary 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 Bedford Heights, Meadow Creek, Spring Garden, Trinity Lakes, 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 3,041 schools in 149 countries, with 939 IB Diploma programs in the United States. During the 2022-2023 school year, the District served 327 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 twentieth class of IB graduates received their diplomas in the spring of 2023. Of the 101 seniors in the program, 90 percent 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 annual comprehensive financial report for the fiscal year ended August 31, 2022. 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 annual comprehensive financial report for the fiscal year ended August 31, 2022. This is the twenty-first 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 annual comprehensive 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 2022-2023 certificates.

The District received a rating of "Superior Achievement" for the twenty-first 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 22 of the campuses were built before 1983. Due to the lasting effects of the COVID-19 pandemic, enrollment growth remains uncertain for fiscal year 2023-2024. The District has experienced a slight increase in enrollment for the fall of 2023. Through December 2023, there was an increase of about 200 students. 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.

In November 2023, the District's voters approved a nearly \$1 billion bond referendum. In addition to replacing the 2 high schools (each of which are more than 50 years old), four aging elementary schools will be replaced. In addition, the bonds will fund safety and security updates, technology infrastructure, and instructional technology devices and equipment.

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,



Joe Harrington
Superintendent



Dobie Williams
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 Annual Comprehensive Financial Report
for the Fiscal Year Ended August 31, 2022.**

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



A handwritten signature in black ink, reading 'John W. Hutchison'. The signature is written in a cursive style with a large, looping 'J'.

**John W. Hutchison
President**

A handwritten signature in black ink, reading 'Siobhán McMahon'. The signature is written in a cursive style with a large, looping 'S'.

**Siobhán McMahon, CAE
Chief Operations Officer/
Interim 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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

August 31, 2022

Christopher P. Morill

Executive Director/CEO

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
ORGANIZATIONAL CHART 2023-2024

BOARD OF TRUSTEES

Conrad Streater
Deputy Superintendent
Educational Operations

Joe Harrington, Ed.D.
Superintendent of Schools

Dobie Williams
Deputy Superintendent
Business Operations

Dan Phillips
Director
Safety & Security

Darla Clark
Assistant Superintendent
Elementary Administration

Holly Norgaard, Ph.D.
Executive Director
Curriculum & Instruction

Cicely Tuttle
Assistant Superintendent
Human Resources

Josh Minor
Executive Director
Facilities & Construction
Services

Ray Fuller
Coordinator
Threat Assessment & Security

Elementary
Principals

Enri Butler
Curriculum Coordinator
Bilingual, Dual Language
& ESL

Hector Martinez
Director
Human Resources

David Tapia
Director
Maintenance & Operations

Marie Becker
Program Coordinator
Federal Programs/
Homeless Liaison

Celina Goss
Coordinator
Extended Day Academy/
Family Engagement

Leigh-Anna Phillips
Curriculum Coordinator
Language Arts (Elementary)

Lizett Gonzalez
Coordinator
HR-Auxiliary

Mariella Naugher
Director
Child Nutrition Services

Joy Keohane, RN
Program Coordinator
Health Services

Rene Riek
Executive Director
Special Education & Dyslexia

Terri Smith
Curriculum Coordinator
Language Arts (Secondary)

Jaclyn Hemmla
Coordinator
HR-Data & Systems

Janice Hollingsworth
Director
Finance

Aungelique Brading, Ed.D.
Program Coordinator
Professional Development/PMC

Lilymar Benitez-Berrios
Coordinator
SE-Assessment

Gerri Adcox
Curriculum Coordinator
Mathematics (Elementary)

Tiffany Benavides
Coordinator
HR-Elementary

Gary Kerbow
Director
Purchasing/Warehouse

Kiera Elledge
Program Coordinator
STEM & School Libraries

Patricia Demaree
Coordinator
SE-District Behavior

Kristen Manning
Curriculum Coordinator
Mathematics (Secondary)

Luke DeFilippis
Coordinator
HR-Secondary

Justin Slemmons
Director
Transportation

Lindsey Hopkins, Ed.D.
Executive Director
Technology

Shanna Grindle
Coordinator
SE-Transition-Programming

Joey Martinak
Curriculum Coordinator
Prekindergarten

Karen Rose
Benefits &
Risk Manager

Stephen Jones
Coordinator
Budget

Scott Forester
Director
District Technology

Gail Long
Program Coordinator
Assessment & Accountability

Sally Scoggins, Ed.D.
Curriculum Coordinator
Science & Health

Deanne Hullender
Chief Public Relations &
Marketing Officer

Melissa Coulombe
Payroll
Administrator

Terry Jackson
Director
Information Services

John Hollis
Director
PEIMS

Kathleen Gilbert, Ed.D.
Curriculum Coordinator
Social Studies

Mariana Royer
Community Relations
Liaison

Michael Pena
Public Relations & Marketing
Specialist

Dave Nielsen
Content Marketing Specialist
& Webmaster

Updated: 8/29/23

List of Principal Officials

Board of Trustees

<u>Name</u>	<u>Length of Service</u>	<u>Term Expires</u>	<u>Occupation</u>
Matt Romero President	10 years	May 2025	Business Owner
Rochelle Ross Vice-President	10 years	May 2025	Business Owner
Julie Cole Secretary	10 years	May 2027	Senior Analyst
Chris Brown Member	3 years	May 2025	Attorney
Fred Campos Member	9 years	May 2027	Software and Web Design
Andy Cargile Member	15 years	May 2027	Retired School Administrator
Dawn Jordan-Wells Member	10 years	May 2025	Talent Advisor

Administrative Officials

<u>Name</u>	<u>Position</u>	<u>Experience</u>
Joe Harrington, Ed.D.	Superintendent	37 years
Conrad Streeter	Deputy Superintendent for Educational Operations	26 years
Dobie Williams	Deputy Superintendent for Business Operations	21 years
Brandon Johnson	Assistant Superintendent for Secondary Administration	15 years
Darla Clark	Assistant Superintendent for Elementary Administration	26 years
Cicely Tuttle	Assistant Superintendent for Human Resources	26 years

FINANCIAL SECTION

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Independent Auditor's Report

Board of Trustees
Hurst-Euless-Bedford Independent School District

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2023 and the related notes to the financial statements, which collectively comprise District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note E (17) to the basic financial statements, during the year ended August 31, 2023, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information – the combining statements and schedules, Texas Education Agency (TEA) required schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information – the 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 supplementary information – the combining statements and schedules, TEA required schedules, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report (ACFR)

Management is responsible for the other information included in the ACFR. The other information comprises the introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2024 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 17, 2024

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**Hurst-Euless-Bedford Independent School District
Management's Discussion and Analysis
Year Ended August 31, 2023**

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, 2023. 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 \$270.1 million (net position), an increase of \$42.4 million in comparison with the prior year-end net position of \$227.7 million.
- From the governmental fund perspective, at fiscal year-end the District reported combined ending fund balances of \$251.7 million, a decrease of \$22.2 million in comparison with the prior year-end combined ending fund balances of \$273.9 million. This decrease was primarily due to a 3% pay increase. At the end of the current fiscal year, unassigned fund balance for the general fund was \$52.1 million or 25.7 percent of total general fund expenditures.
- The District's bond principal liability decreased by \$26.6 million or 8.3 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 2022-2023 annual comprehensive 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, 2023, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$269.9 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, 2023, the District's restricted net position for grant funds was \$6.5 million and restricted net position for debt service was \$21.5 million. As of August 31, 2023, 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 \$102.5 million.

The investment in capital assets less any related debt is \$139.4 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, 2023 and fiscal year ended August 31, 2022:

Table I
Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 305,379,311	\$ 316,737,566	\$ 302,556	\$ 783,798	\$ 305,681,867	\$ 317,521,364
Capital assets	477,518,579	450,819,503	-	-	477,518,579	450,819,503
Total assets	<u>782,897,890</u>	<u>767,557,069</u>	<u>302,556</u>	<u>783,798</u>	<u>783,200,446</u>	<u>768,340,867</u>
Deferred outflows of resources	42,226,327	31,583,563	-	-	42,226,327	31,583,563
Current liabilities	67,510,193	56,082,998	142,865	97,357	67,653,058	56,180,355
Long-term liabilities	304,893,780	336,740,687	-	-	304,893,780	336,740,687
Net pension liability	65,292,722	28,168,653	-	-	65,292,722	28,168,653
Net OPEB liability	39,153,805	61,585,419	-	-	39,153,805	61,585,419
Total liabilities	<u>476,850,500</u>	<u>482,577,757</u>	<u>142,865</u>	<u>97,357</u>	<u>476,993,365</u>	<u>482,675,114</u>
Deferred inflows of resources	78,332,580	89,559,315	-	-	78,332,580	89,559,315
Net position						
Net investment in capital assets	139,413,878	109,397,796	-	-	139,413,878	109,397,796
Restricted	28,048,068	24,792,393	-	-	28,048,068	24,792,393
Unrestricted	102,479,191	92,813,371	159,691	686,441	102,638,882	93,499,812
Total net position	<u>\$ 269,941,137</u>	<u>\$ 227,003,560</u>	<u>\$ 159,691</u>	<u>\$ 686,441</u>	<u>\$ 270,100,828</u>	<u>\$ 227,690,001</u>

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, 2023 with a comparison to the fiscal year ended August 31, 2022. Net position of the District's governmental activities increased to \$269.9 million from \$227.0 million in the prior year.

Revenues in the business-type activities exceeded costs, resulting in a \$560 thousand increase in net position excluding transfers out.

As shown in Table II, the cost of governmental activities this year was \$268.2 million; however, the revenue of governmental activities totaled \$310.1 million, which exceeded expenses by \$41.9 million excluding transfers in. The primary sources of operating revenue were from property taxes totaling \$205.8 million and state grants totaling \$34.3 million. Additionally, program revenue was received from charges for services totaling \$5.1 million and operating grants and contributions totaling \$50.7 million. The remainder of the revenue was from investment earnings and miscellaneous sources.

Property taxes increased primarily due to an increase in property values. Operating grants and contributions increased primarily due to the federal stimulus reimbursement grants related to the coronavirus pandemic. Charges for services increased primarily due to the return of fees for school lunches.

Table II
Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues						
Program revenues						
Charges for services	\$ 5,051,530	\$ 3,309,640	\$ 1,868,858	\$ 1,912,032	\$ 6,920,388	\$ 5,221,672
Operating grants and contributions	50,717,673	65,403,315	-	-	50,717,673	65,403,315
General revenues						
Property taxes, levied for general purpose	161,931,472	155,243,272	-	-	161,931,472	155,243,272
Property taxes, levied for debt service	43,825,982	39,480,714	-	-	43,825,982	39,480,714
State grants, unrestricted	34,342,887	42,046,066	-	-	34,342,887	42,046,066
Miscellaneous	978,515	540,295	-	-	978,515	540,295
Investment earnings	13,218,999	(1,972,108)	-	-	13,218,999	(1,972,108)
Total revenues	<u>310,067,058</u>	<u>304,051,194</u>	<u>1,868,858</u>	<u>1,912,032</u>	<u>311,935,916</u>	<u>305,963,226</u>
Expenses						
Instruction	146,516,063	138,576,217	-	-	146,516,063	138,576,217
Instructional resources and media	3,046,839	3,069,918	-	-	3,046,839	3,069,918
Curriculum and staff development	6,805,906	6,994,932	-	-	6,805,906	6,994,932
Instructional leadership	3,072,213	2,727,043	-	-	3,072,213	2,727,043
School leadership	13,544,158	12,756,662	-	-	13,544,158	12,756,662
Guidance, counseling and evaluation	9,300,788	9,068,182	-	-	9,300,788	9,068,182
Social work services	1,421,513	1,276,146	-	-	1,421,513	1,276,146
Health services	3,034,500	3,278,567	-	-	3,034,500	3,278,567
Student transportation	6,656,395	6,770,721	-	-	6,656,395	6,770,721
Food service	14,033,940	13,826,215	-	-	14,033,940	13,826,215
Co-curricular/extracurricular activities	7,072,799	6,560,824	-	-	7,072,799	6,560,824
General administration	6,644,853	6,104,490	-	-	6,644,853	6,104,490
Plant maintenance and operations	24,134,777	22,656,260	-	-	24,134,777	22,656,260
Security monitoring services	1,787,867	1,210,516	-	-	1,787,867	1,210,516
Data processing services	9,451,966	5,996,421	-	-	9,451,966	5,996,421
Community services	450,466	415,079	1,309,166	1,152,281	1,759,632	1,567,360
Long-term debt interest and fees	10,293,097	11,275,465	-	-	10,293,097	11,275,465
Juvenile justice alternative education	3,483	903	-	-	3,483	903
Other intergovernmental charges	944,300	939,711	-	-	944,300	939,711
Total expenses	<u>268,215,923</u>	<u>253,504,272</u>	<u>1,309,166</u>	<u>1,152,281</u>	<u>269,525,089</u>	<u>254,656,553</u>
Excess before transfers	41,851,135	50,546,922	559,692	759,751	42,410,827	51,306,673
Transfers in (out)	1,086,442	500,000	(1,086,442)	(500,000)	-	-
Change in net position	<u>42,937,577</u>	<u>51,046,922</u>	<u>(526,750)</u>	<u>259,751</u>	<u>42,410,827</u>	<u>51,306,673</u>
Net position - beginning	\$ 227,003,560	\$ 175,956,638	686,441	426,690	227,690,001	176,383,328
Net position-ending	<u>\$ 269,941,137</u>	<u>\$ 227,003,560</u>	<u>\$ 159,691</u>	<u>\$ 686,441</u>	<u>\$ 270,100,828</u>	<u>\$ 227,690,001</u>

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

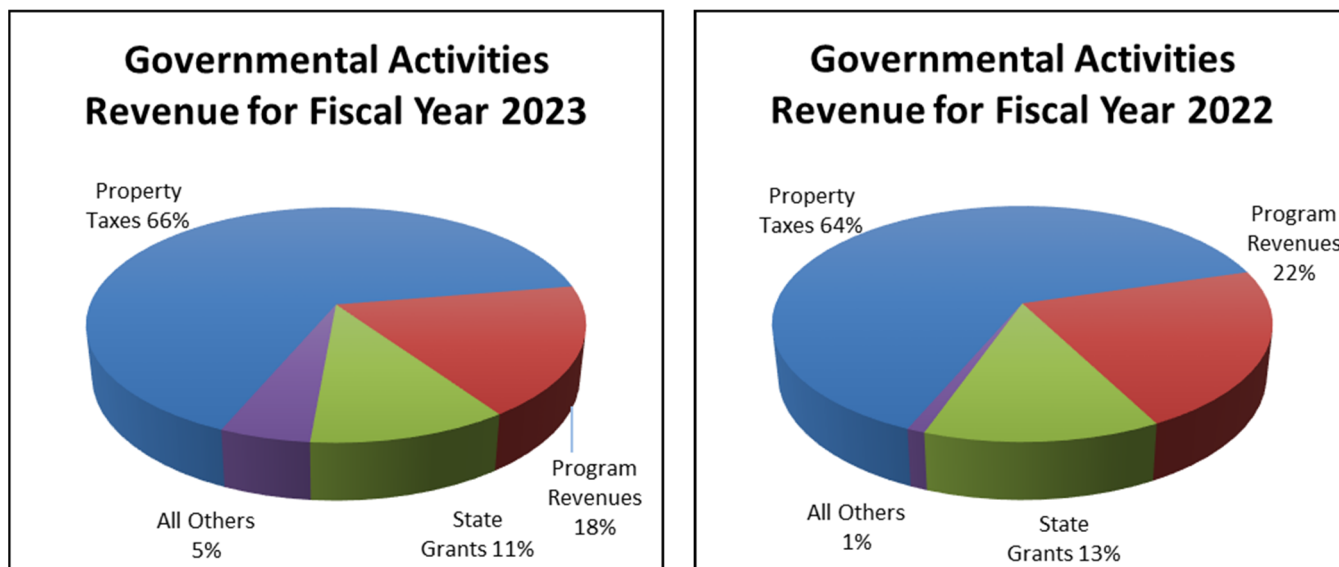


Table III presents the net cost of the District's major functional activities (net cost is total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs):

Table III
Function Analysis

Function	Governmental Activities		Business-type Activities		Total	
	Net Expenses 2023	Net Expenses 2022	Net Expenses 2023	Net Expenses 2022	Net Expenses 2023	Net Expenses 2022
Instruction	\$ 127,167,727	\$ 103,690,778	\$ -	\$ -	\$ 127,167,727	\$ 103,690,778
Instructional resources and media	2,683,489	2,586,080	-	-	2,683,489	2,586,080
Curriculum and staff development	2,830,987	3,122,767	-	-	2,830,987	3,122,767
Instructional leadership	2,546,570	2,172,355	-	-	2,546,570	2,172,355
School leadership	12,263,480	11,293,058	-	-	12,263,480	11,293,058
Guidance, counseling and evaluation	7,559,493	7,006,012	-	-	7,559,493	7,006,012
Social work services	180,110	145,887	-	-	180,110	145,887
Health services	2,422,837	2,401,798	-	-	2,422,837	2,401,798
Student transportation	5,630,603	5,651,446	-	-	5,630,603	5,651,446
Food service	(1,983,342)	(3,555,402)	-	-	(1,983,342)	(3,555,402)
Co-curricular/extracurricular activities	5,402,545	5,009,415	-	-	5,402,545	5,009,415
General administration	6,227,724	5,590,468	-	-	6,227,724	5,590,468
Plant maintenance and operations	22,201,759	20,931,714	-	-	22,201,759	20,931,714
Security monitoring services	1,723,361	1,155,496	-	-	1,723,361	1,155,496
Data processing services	4,331,789	5,319,498	-	-	4,331,789	5,319,498
Community services	16,708	53,868	(559,692)	(759,751)	(542,984)	(705,883)
Long-term debt interest and fees	10,293,097	11,275,465	-	-	10,293,097	11,275,465
Juvenile justice alternative education	3,483	903	-	-	3,483	903
Other intergovernmental charges	944,300	939,711	-	-	944,300	939,711
Total expenses	\$ 212,446,720	\$ 184,791,317	\$ (559,692)	\$ (759,751)	\$ 211,887,028	\$ 184,031,566

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 \$251.7 million, which reflects a \$22.2 million, or 8.1% decrease from the prior year. The following comparison schedule shows the fund balance by fund type for the fiscal year ended August 31, 2023 and fiscal year ended August 31, 2022.

General Fund

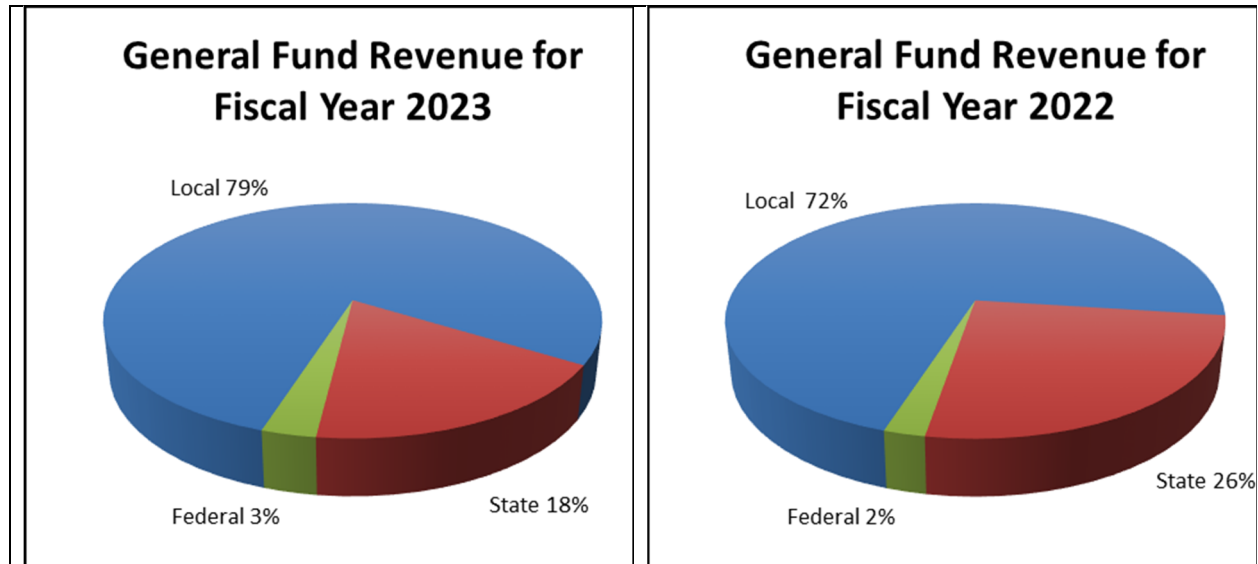
The fund balance of the District's general fund increased by \$9.5 million during the current fiscal year. Local revenue increased 11.7% while state revenue decreased 27.2%. Expenditures had a 9.5% increase, mostly related to a 3% pay increase, additional overtime, and the addition of a few positions. The general fund primarily derives its revenue from local property taxes and state funding.

<u>Fund Balance</u>	<u>2023</u>	<u>2022</u>	<u>% Change 2022 to 2023</u>
General fund	\$ 171,194,992	\$ 161,658,964	5.9%
Debt service	21,536,221	16,264,867	32.4%
Capital projects	47,943,416	83,219,558	-42.4%
Non-major	11,058,962	12,794,487	-13.6%
Total	<u>\$ 251,733,591</u>	<u>\$ 273,937,876</u>	<u>-8.1%</u>

General Fund

<u>Revenue By Object</u>	<u>2023</u>	<u>2023 % to total</u>	<u>2022</u>	<u>2022 % to total</u>	<u>% Change 2022 to 2023</u>
Local and intermediate sources	\$ 172,609,011	79%	\$ 154,544,647	72%	11.7%
State programs	40,105,169	18%	55,077,567	26%	-27.2%
Federal programs	4,465,341	2%	4,920,211	2%	-9.2%
Total	<u>\$ 217,179,521</u>	<u>100%</u>	<u>\$ 214,542,425</u>	<u>100%</u>	<u>1.2%</u>

The increase in local revenue is primarily due to increasing property values. State revenue decreased due to decreased school funding as a result of increased local revenue from property taxes. The decrease in federal program revenues is primarily related to the end of certain COVID-related funding.

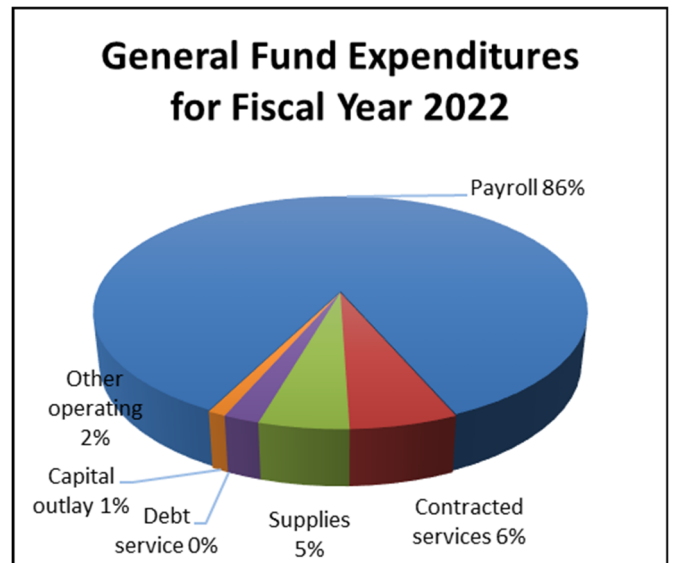
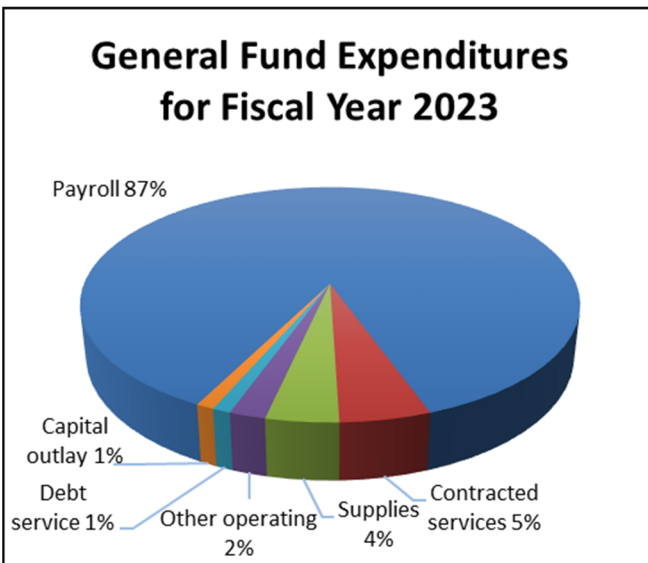


The District operates similar to a service entity; therefore, the largest portions of the General Fund expenditures are related to payroll costs and contracted services such as utilities, as presented in the following illustrations.

<u>Expenditures By Object</u>	<u>2023</u>	<u>2023 % to total</u>	<u>2022</u>	<u>2022 % to total</u>	<u>% Change 2022 to 2023</u>
Payroll	\$ 176,279,661	87%	\$ 160,093,584	86%	10.1%
Contracted services	10,743,099	5%	10,555,773	6%	1.8%
Supplies	8,920,987	4%	8,463,069	5%	5.4%
Other operating	4,775,200	2%	3,657,320	2%	30.6%
Debt service	567,320	1%	444,282	0%	0.0%
Capital outlay	1,428,662	1%	1,905,852	1%	-25.0%
Total	\$ 202,714,929	100%	\$ 185,119,880	100%	9.5%

Payroll expenditures increased \$16.2 million or 10.1%, accounting for the overall increase in expenditures. This increase was associated with a 3% pay increase, additional overtime, and the addition of a few positions. Contracted services, supplies and capital outlay were relatively flat compared to the prior year. Debt service increased due to new accounting rules for subscription-based information technology

arrangements (SBITAs). Other operating expenditures increased due to the start of normal field trip schedules along with increased travel for athletic playoffs.



Debt Service Fund

The debt service fund reported an ending fund balance of \$21.5 million, an increase of \$5.3 million or 32.4% in comparison with the prior year. The fund balance increase is attributed to an increase in property tax values.

Capital Projects Fund

For the fiscal year ended August 31, 2023, the capital projects funds have a total fund balance of \$47.9 million, all of which is restricted or committed for authorized capital projects. The net decrease in fund balance during the current fiscal year of \$35.3 million was attributed to the increase in expenditures as these construction and other approved bond projects wrap up along with a transfer from the general fund for future projects.

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 74, the actual revenue exceeded actual expenditures generating a positive variance of \$14.5 million. This result was based on the favorable performance of property tax collections, student attendance, and cost control initiatives. A favorable budget variance of \$13.4 million is presented for the general fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of August 31, 2023, the District had invested \$477.5 million in capital assets, including land, facilities and equipment used for District operations. This amount represents a net increase after depreciation and amortization of \$27.1 million from the prior year. Depreciation and amortization expense was \$22.0 million, which was a \$3.6 million, or 19.3% increase from the prior year.

The following schedule presents capital asset balances net of depreciation for the fiscal year ended August 31, 2023:

	Governmental Activities		Business-type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 16,930,478	\$ 16,930,478	\$ -	\$ -	\$ 16,930,478	\$ 16,930,478
Construction in progress	41,439,361	2,433,494	-	-	41,439,361	2,433,494
Buildings and improvements	402,612,866	419,680,918	-	-	402,612,866	419,680,918
Furniture and equipment	15,320,881	10,979,191	-	-	15,320,881	10,979,191
Right-to-use leased assets	382,930	795,422	-	-	382,930	795,422
Right-to-use subscriptions	832,063	-	-	-	832,063	-
Total	<u>\$ 477,518,579</u>	<u>\$ 450,819,503</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 477,518,579</u>	<u>\$ 450,819,503</u>

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

Long-Term Liabilities

As of August 31, 2023, the District had \$437.9 million in general obligation bonds and other long-term liabilities outstanding, of which \$28.6 million is due prior to August 31, 2024.

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 December 2023, Fitch Ratings affirmed the underlying rating of "AA+" on the District's debt outstanding. In February 2023, 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 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, 2023.

	Governmental Activities		Business-type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
General obligation bonds	\$ 295,350,000	\$ 321,965,000	\$ -	\$ -	\$ 295,350,000	\$ 321,965,000
Premium on GO bonds	35,398,060	39,654,498	-	-	35,398,060	39,654,498
Compensated absences	1,036,471	1,193,206	-	-	1,036,471	1,193,206
Workers' compensation	758,886	728,818	-	-	758,886	728,818
Leases payable	402,642	815,106	-	-	402,642	815,106
SBITAs payable	540,952	-	-	-	540,952	-
Total	<u>\$ 333,487,011</u>	<u>\$ 364,356,628</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 333,487,011</u>	<u>\$ 364,356,628</u>

The District's net pension liability (NPL) increased by \$37,124,069 primarily as a result of differences between projected and actual investment earnings and expected and actual actuarial experience. The net OPEB liability decreased by \$22,431,614 primarily as a result of differences between expected and actual actuarial experience and changes in actuarial assumptions.

The following table provides key pension and OPEB statistics from Teacher Retirement System as of and for the year ended August 31, 2023:

	Summary of District Pension and OPEB Benefits Information		
	Pension	OPEB	Total
Net Liability	\$ 65,292,722	\$ 39,153,805	\$ 104,446,527
Expense *	\$ 6,111,465	\$ (4,828,608)	\$ 1,282,857

* Excluding on-behalf expense paid by the State

Additional information on the District's long-term liabilities can be found in Notes M through Q 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 2023-2024 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 2023-2024 appear to be a continuation of that trend. Other factors considered were the impact of the coronavirus pandemic, school finance reform and property tax relief imposed by the 86th and 87th Texas Legislative Sessions, and safety and security.

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 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 2023-2024 tax rate at \$0.9211. This is comprised of \$0.6855 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 \$0.051 or 5.5% and the Debt Service tax rate did not change.

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.

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BASIC FINANCIAL STATEMENTS

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2023

Data Control Codes		Governmental Activities	Business-Type Activities	Total
ASSETS				
1110	Cash and equivalents	\$ 293,349,894	\$ 302,556	\$ 293,652,450
1220	Property taxes receivable (delinquent)	3,291,002	-	3,291,002
1230	Allowance for uncollectible taxes	(493,650)	-	(493,650)
1240	Due from other governments	5,285,867	-	5,285,867
1250	Accrued interest	644,357	-	644,357
1290	Other receivables	183,083	-	183,083
1293	Lease receivable	1,507,633	-	1,507,633
1300	Inventories, at cost	625,082	-	625,082
1410	Prepaid items	986,043	-	986,043
1510	Land	16,930,478	-	16,930,478
1520	Buildings and improvements, net	402,612,866	-	402,612,866
1530	Furniture and equipment, net	15,320,881	-	15,320,881
	Right-to-use leased equipment, net	382,930	-	382,930
	SBITA assets, net	832,063	-	832,063
1580	Construction in progress	41,439,361	-	41,439,361
1000	Total assets	782,897,890	302,556	783,200,446
DEFERRED OUTFLOWS OF RESOURCES				
1700	Deferred charges on debt refundings	191,038	-	191,038
1705	Deferred outflows of resources-TRS pension	26,979,646	-	26,979,646
1706	Deferred outflows of resources-TRS OPEB	15,055,643	-	15,055,643
	Total deferred outflows of resources	42,226,327	-	42,226,327
LIABILITIES				
2110	Accounts payable	7,953,440	4,069	7,957,509
2140	Interest payable	608,647	-	608,647
2160	Accrued wages and benefits payable	15,509,163	138,796	15,647,959
2180	Due to other governments	14,549,094	-	14,549,094
2300	Unearned revenue	296,618	-	296,618
	Long-term liabilities			
2501	Due within one year	28,593,231	-	28,593,231
2502	Due in more than one year	304,893,780	-	304,893,780
2540	Net pension liability	65,292,722	-	65,292,722
2545	Net OPEB liability	39,153,805	-	39,153,805
2000	Total liabilities	476,850,500	142,865	476,993,365
DEFERRED INFLOWS OF RESOURCES				
2600	Deferred gains on debt refundings	3,005,148	-	3,005,148
2603	Deferred inflows-leases	1,427,237	-	1,427,237
2605	Deferred inflows of resources-TRS pension	10,035,911	-	10,035,911
2610	Deferred inflows of resources-TRS OPEB	63,864,284	-	63,864,284
	Total deferred inflows of resources	78,332,580	-	78,332,580
NET POSITION				
3200	Net investment in capital assets	139,413,878	-	139,413,878
3820	Restricted for grant funds	6,511,847	-	6,511,847
3850	Restricted for debt service	21,536,221	-	21,536,221
3900	Unrestricted	102,479,191	159,691	102,638,882
3000	Total net position	\$ 269,941,137	\$ 159,691	\$ 270,100,828

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, 2023

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	\$ 146,516,063	\$ 1,054,650	\$ 18,293,686	\$ (127,167,727)	\$ -	\$ (127,167,727)
0012	Instructional resources and media	3,046,839	-	363,350	(2,683,489)	-	(2,683,489)
0013	Curriculum and staff development	6,805,906	99,997	3,874,922	(2,830,987)	-	(2,830,987)
0021	Instructional leadership	3,072,213	-	525,643	(2,546,570)	-	(2,546,570)
0023	School leadership	13,544,158	-	1,280,678	(12,263,480)	-	(12,263,480)
0031	Guidance, counseling and evaluation	9,300,788	-	1,741,295	(7,559,493)	-	(7,559,493)
0032	Social work services	1,421,513	-	1,241,403	(180,110)	-	(180,110)
0033	Health services	3,034,500	-	611,663	(2,422,837)	-	(2,422,837)
0034	Student transportation	6,656,395	-	1,025,792	(5,630,603)	-	(5,630,603)
0035	Food service	14,033,940	3,235,450	12,781,832	1,983,342	-	1,983,342
0036	Co-curricular/extracurricular activities	7,072,799	342,160	1,328,094	(5,402,545)	-	(5,402,545)
0041	General administration	6,644,853	-	417,129	(6,227,724)	-	(6,227,724)
0051	Plant maintenance and operations	24,134,777	319,273	1,613,745	(22,201,759)	-	(22,201,759)
0052	Security monitoring services	1,787,867	-	64,506	(1,723,361)	-	(1,723,361)
0053	Data processing services	9,451,966	-	5,120,177	(4,331,789)	-	(4,331,789)
0061	Community services	450,466	-	433,758	(16,708)	-	(16,708)
0072	Long-term debt interest and fees	10,284,397	-	-	(10,284,397)	-	(10,284,397)
0073	Debt Service - Bond Issuance Cost and Fees	8,700	-	-	(8,700)	-	(8,700)
0081	Capital Outlay	-	-	-	-	-	-
0095	Juvenile justice AEP	3,483	-	-	(3,483)	-	(3,483)
0099	Other intergovernmental charges	944,300	-	-	(944,300)	-	(944,300)
	Total governmental activities	268,215,923	5,051,530	50,717,673	(212,446,720)	-	(212,446,720)
Business-type activities:							
0061	Extended day services	1,309,166	1,868,858	-	-	559,692	559,692
		1,309,166	1,868,858	-	-	559,692	559,692
	Total primary government	\$ 269,525,089	\$ 6,920,388	\$ 50,717,673	(212,446,720)	559,692	(211,887,028)

Data control codes	General revenues			
	Taxes			
MT	Property taxes, levied for general purpose	161,931,472	-	161,931,472
DT	Property taxes, levied for debt service	43,825,982	-	43,825,982
SF	State grants, unrestricted	34,342,887	-	34,342,887
MI	Miscellaneous	978,515	-	978,515
IE	Investment earnings	13,218,999	-	13,218,999
FR	Transfers (out) in	1,086,442	(1,086,442)	-
TR	Total general revenues and transfers	255,384,297	(1,086,442)	254,297,855
CN	Change in net position	42,937,577	(526,750)	42,410,827
NB	Net position - beginning	227,003,560	686,441	227,690,001
NE	Net position - ending	\$ 269,941,137	\$ 159,691	\$ 270,100,828

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, 2023

Data Control Codes	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Funds	Total
ASSETS					
1110 Cash and temporary investments	\$ 195,946,578	\$ 21,292,397	\$ 54,433,240	\$ 10,684,164	\$ 282,356,379
1220 Property taxes - delinquent	2,572,884	718,118	-	-	3,291,002
1230 Allowance for uncollectible taxes	(385,936)	(107,714)	-	-	(493,650)
1240 Due from other governments	871,301	234,118	-	4,180,448	5,285,867
1250 Accrued interest	554,516	13,056	75,070	1,715	644,357
1260 Due from other funds	2,845,373	-	-	327,683	3,173,056
1290 Due from other sources	5,026	-	-	-	5,026
1294 Lease receivable	1,507,633	-	-	-	1,507,633
1300 Inventories, at cost	573,569	-	-	51,513	625,082
1410 Prepaid expenditures	986,043	-	-	-	986,043
1000 Total assets	<u>\$ 205,476,987</u>	<u>\$ 22,149,975</u>	<u>\$ 54,508,310</u>	<u>\$ 15,245,523</u>	<u>\$ 297,380,795</u>
LIABILITIES					
2110 Accounts payable	\$ 970,997	\$ 3,350	\$ 6,564,894	\$ 393,268	\$ 7,932,509
2140 Accrued Interest payable	6,832	-	-	3,770	10,602
2160 Accrued wages payable	15,228,572	-	-	280,221	15,508,793
2170 Due to other funds	-	-	-	3,124,999	3,124,999
2180 Due to other governments	14,461,409	-	-	87,685	14,549,094
2300 Unearned revenue	-	-	-	296,618	296,618
2000 Total liabilities	<u>30,667,810</u>	<u>3,350</u>	<u>6,564,894</u>	<u>4,186,561</u>	<u>41,422,615</u>
DEFERRED INFLOWS OF RESOURCES					
2601 Unavailable revenue-property taxes	2,186,948	610,404	-	-	2,797,352
2604 Deferred inflows-leases	1,427,237	-	-	-	1,427,237
Total deferred inflows of resources	<u>3,614,185</u>	<u>610,404</u>	<u>-</u>	<u>-</u>	<u>4,224,589</u>
FUND BALANCES					
3410 Non-spendable - inventories	573,569	-	-	51,513	625,082
3430 Non-spendable - prepaid items	986,043	-	-	-	986,043
3450 Restricted - grant funds	-	-	-	6,511,847	6,511,847
3470 Restricted - construction	-	-	2,022,363	-	2,022,363
3480 Restricted - debt service	-	21,536,221	-	-	21,536,221
3510 Committed - construction	-	-	45,921,053	-	45,921,053
3545 Committed - other	117,571,320	-	-	4,495,602	122,066,922
3600 Unassigned	52,064,060	-	-	-	52,064,060
3000 Total fund balances	<u>171,194,992</u>	<u>21,536,221</u>	<u>47,943,416</u>	<u>11,058,962</u>	<u>251,733,591</u>
4000 Total liabilities and fund balances	<u>\$ 205,476,987</u>	<u>\$ 22,149,975</u>	<u>\$ 54,508,310</u>	<u>\$ 15,245,523</u>	<u>\$ 297,380,795</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, 2023

Total fund balances - governmental funds (from C-1)	\$ 251,733,591
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	794,872,042
Accumulated depreciation and amortization, including current year depreciation and amortization expense of \$22,011,859 is not reported in the fund financial statements.	(317,353,463)
Deferred gains and losses on refundings of debt were not recognized on the balance sheet for governmental funds.	(2,814,110)
Long-term liabilities including bonds payable, premiums, accreted interest, and compensated absences are not included on the fund financial statements.	(332,727,443)
Net OPEB liabilities are not included on the fund financial statements.	(39,153,805)
Net pension liabilities are not included on the fund financial statements.	(65,292,722)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(598,045)
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.	10,342,646
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.	2,797,352
Items related to net pension and OPEB liabilities are not included on the fund financial statements:	
Deferred outflows - pension	26,979,646
Deferred outflows - OPEB	15,055,643
Deferred inflows - pension	(10,035,911)
Deferred inflows - OPEB	(63,864,284)
Net position of governmental activities (from A-1)	\$ 269,941,137

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, 2023

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	Nonmajor Funds	Total
REVENUES					
5700 Local and intermediate sources	\$ 172,609,011	\$ 45,590,095	\$ 2,837,935	\$ 6,812,204	\$ 227,849,245
5800 State program revenues	40,105,169	1,350,532	-	717,624	42,173,325
5900 Federal program revenues	4,465,341	-	-	34,100,284	38,565,625
5020 Total revenues	<u>217,179,521</u>	<u>46,940,627</u>	<u>2,837,935</u>	<u>41,630,112</u>	<u>308,588,195</u>
EXPENDITURES					
Current					
0011 Instruction	124,758,957	-	1,109,059	11,080,132	136,948,148
0012 Instructional resources and media services	2,687,608	-	-	187,845	2,875,453
0013 Curriculum and staff development	3,375,569	-	-	3,834,669	7,210,238
0021 Instructional leadership	2,626,574	-	-	341,337	2,967,911
0023 School leadership	12,022,490	-	-	434,957	12,457,447
0031 Guidance and counseling services	7,622,112	-	-	1,252,113	8,874,225
0032 Social work services	228,792	-	-	1,318,442	1,547,234
0033 Health services	2,635,652	-	-	360,951	2,996,603
0034 Student transportation	5,792,441	-	-	708,764	6,501,205
0035 Food service	229,947	-	-	17,822,382	18,052,329
0036 Co-curricular/extracurricular activities	5,220,290	-	-	1,235,866	6,456,156
0041 General administration	6,472,476	-	36,302	101,437	6,610,215
0051 Maintenance and operations	21,341,396	-	256,114	390,045	21,987,555
0052 Security and monitoring	1,219,171	-	291,582	110,782	1,621,535
0053 Data processing services	4,876,489	-	501,338	4,869,151	10,246,978
0061 Community services	86,992	-	-	429,929	516,921
Debt service					
0071 Principal	528,399	26,615,000	-	382,874	27,526,273
0072 Interest	38,921	15,045,573	-	3,770	15,088,264
0073 Cost and fees	-	8,700	-	-	8,700
Capital outlay					
0081 Facilities acquisition and construction	2,870	-	41,919,682	-	41,922,552
Other intergovernmental					
0095 Juvenile justice alternative education program	3,483	-	-	-	3,483
0099 Other intergovernmental charges	944,300	-	-	-	944,300
6030 Total expenditures	<u>202,714,929</u>	<u>41,669,273</u>	<u>44,114,077</u>	<u>44,865,446</u>	<u>333,363,725</u>
Excess (deficiency) of revenues					
1100 over (under) expenditures	<u>14,464,592</u>	<u>5,271,354</u>	<u>(41,276,142)</u>	<u>(3,235,334)</u>	<u>(24,775,530)</u>
Other Financing Sources (Uses)					
7912 Sale of real or personal property	13,671	-	-	31,371	45,042
7915 Transfers in	900,000	-	6,000,000	766,412	7,666,412
Other sources	336,565	-	-	703,196	1,039,761
8911 Transfers out	(6,178,800)	-	-	(1,170)	(6,179,970)
7080 Total other financing sources (uses)	<u>(4,928,564)</u>	<u>-</u>	<u>6,000,000</u>	<u>1,499,809</u>	<u>2,571,245</u>
1200 Net change in fund balance	9,536,028	5,271,354	(35,276,142)	(1,735,525)	(22,204,285)
0100 Fund balance - September 1 (beginning)	161,658,964	16,264,867	83,219,558	12,794,487	273,937,876
3000 Fund balance - August 31 (ending)	<u>\$ 171,194,992</u>	<u>\$ 21,536,221</u>	<u>\$ 47,943,416</u>	<u>\$ 11,058,962</u>	<u>\$ 251,733,591</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, 2023

Net change in fund balances - total governmental funds (from C-3)	\$ (22,204,285)
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.	1,215,349
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.	47,944,417
The net effect of sales, trade-ins, and disposals of capital assets is to decrease net position.	(273,243)
Depreciation and amortization of capital assets is not expensed in fund financial statements because it does not require the use of current financial resources. The effect of current year depreciation and amortization is to decrease net position.	(22,011,859)
Current year bond and lease principal payments are expenditures in the fund financial statements, whereas they are reported as reductions of bonds or leases payable in the government-wide financial statements. The effect of current year principal paid on bonds and leases payable is to increase net position.	
Bond principal payments \$26,615,000	
Lease principal payments \$ 413,147	27,526,956
SBITA principal payments \$ 498,809	
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.	4,256,438
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 increase net position.	156,735
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.	(780,969)
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 \$36,131 was to increase net position.	49,136
Gains and losses on refunding bonds are deferred and amortized on the government-wide financial statements. The effect of amortization of \$472,885 was an increase in net position.	497,609
Items related to net pension and OPEB liabilities are not recognized on the fund financial statements.	
Deferred outflows increase	10,756,476
Deferred inflows decrease	10,497,272
Net OPEB liability decrease	22,431,614
Net pension liability (increase)	(37,124,069)
Change in net position of governmental activities (from B-1)	\$ 42,937,577

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, 2023

	Enterprise Fund	Internal Service Funds
ASSETS		
Current Assets		
Cash & temporary investments	\$ 302,556	\$ 10,993,515
Other receivables	-	130,000
Total assets	<u>\$ 302,556</u>	<u>\$ 11,123,515</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 4,069	\$ 21,613
Accrued wages payable	138,796	370
Due to other funds	-	-
Claims payable	-	418,501
Total current liabilities	<u>142,865</u>	<u>440,484</u>
Non-current Liabilities		
Workers comp claims	-	340,385
Total non-current liabilities	<u>-</u>	<u>340,385</u>
Total liabilities	<u>142,865</u>	<u>780,869</u>
NET POSITION		
Unrestricted Net Position	159,691	10,342,646
Total net position	<u>\$ 159,691</u>	<u>\$ 10,342,646</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, 2023

	Enterprise Fund	Internal Service Funds
Operating Revenues		
Charges for services	\$ 1,868,858	\$ 2,107,002
Total operating revenues	1,868,858	2,107,002
Operating Expenses		
Payroll	1,080,054	105,520
Insurance claims	-	378,847
Contracted services	117,170	47,075
Supplies and materials	21,855	98,323
Other operating expenses	90,087	75,010
Total operating expenses	1,309,166	704,775
Operating income	559,692	1,402,227
Nonoperating Revenues		
Investment earnings	-	213,122
Income before transfers	559,692	1,615,349
Transfers out	(1,086,442)	(400,000)
Change in net position	(526,750)	1,215,349
Total net position - September 1 (beginning)	686,441	9,127,297
Total net position - August 31 (ending)	\$ 159,691	\$ 10,342,646

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, 2023

	Enterprise Fund	Internal Service Funds
<u>Cash flows from operating activities</u>		
Cash received from user charges	\$ 1,868,858	\$ 2,107,002
Cash received from other funds	-	-
Cash payments to employees for services	(1,035,865)	(105,312)
Cash payments for contracted services	(118,052)	(47,075)
Cash payments for insurance claims	-	(297,752)
Cash payments for supplies	(21,777)	(97,253)
Cash payments for other operating expenses	(87,964)	(75,010)
Net cash provided by operating activities	<u>605,200</u>	<u>1,484,600</u>
<u>Cash flows from noncapital financing activities</u>		
Transfers to other funds	(1,086,442)	(400,000)
Net cash used in noncapital financing activities	<u>(1,086,442)</u>	<u>(400,000)</u>
<u>Cash flows from investing activities</u>		
Interest received	-	213,122
Net cash provided by investing activities	<u>-</u>	<u>213,122</u>
Net increase (decrease) in cash and cash equivalents	(481,242)	1,297,722
Cash and cash equivalents at beginning of the year	<u>783,798</u>	<u>9,695,793</u>
Cash and cash equivalents at end of the year	<u>\$ 302,556</u>	<u>\$ 10,993,515</u>
<u>Reconciliation of operating income to net cash provided by operating activities</u>		
Operating income	\$ 559,692	\$ 1,402,227
Adjustments to reconcile operating income to net cash provided by operating activities		
(Increase) decrease in other receivable	-	31,508
Increase (decrease) in accounts payable	1,319	20,589
Increase (decrease) in accrued wages	44,189	208
Increase (decrease) in payments from other funds	-	-
Increase (decrease) in other accrued expenses	-	30,068
Net cash provided by operating activities	<u>\$ 605,200</u>	<u>\$ 1,484,600</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, 2023

	<u>Private-Purpose Trust Funds</u>	<u>Custodial Funds</u>
Assets		
Cash and temporary investments	\$ 1,010,011	\$ 734,141
Accrued interest	4,035	-
Due from other sources	-	61,445
Prepays	-	-
Total assets	<u>\$ 1,014,045</u>	<u>\$ 795,586</u>
Liabilities		
Accounts payable	\$ -	\$ -
Due to other funds	48,057	-
Total liabilities	<u>48,056</u>	<u>-</u>
Net Position		
Held in trust for scholarships	965,989	-
Restricted for other purposes	-	795,586
Total net position	<u>\$ 965,989</u>	<u>\$ 795,586</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, 2023

	Private-Purpose Trust Funds	Custodial Funds
Additions		
Miscellaneous revenue	\$ 9,000	\$ 968,783
Earnings on investments	42,235	17,785
Total additions	<u>51,235</u>	<u>986,568</u>
Deductions		
Contracted services	-	599,232
Supplies and materials	-	192,777
Scholarships awarded	88,780	-
Other miscellaneous operating expenses	-	148,584
Total deductions	<u>88,780</u>	<u>940,593</u>
Change in net position	(37,545)	45,975
Net position - September 1 (beginning)	1,003,534	749,611
Net position - August 31 (ending)	<u><u>\$ 965,989</u></u>	<u><u>\$ 795,586</u></u>

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

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. 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 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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

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 for after school care, 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 predominantly 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 accounting policies of the District comply with the rules prescribed in the Texas Education Agency's (TEA) *Financial Accountability System Resource Guide*. These accounting policies conform to generally accepted accounting principles (GAAP) applicable to state and local government.

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

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

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.

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. Fiduciary and custodial funds are reported using the economic resources measurement focus and the accrual basis of accounting.

D. FUND ACCOUNTING

The District's accounting system is organized and operated on the basis of funds, each of which is a separate accounting entity with a self-balancing set of accounts. The District's resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for financial resources except those required to be accounted for in another fund. Major revenue sources include local property taxes and state funding under the Foundation School Program. Expenditures include all costs associated with the daily operations of the schools except for programs funded by certain local, state, and federal sources, school construction and debt service.

The *debt service fund* accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. The primary revenue source is local property taxes levied specifically for debt service.

The *capital projects 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:

The *special revenue funds* account for resources restricted or committed to specific purposes by the District or a grantor in a special revenue fund. The District's National School Breakfast and Lunch Program, Campus Activity Funds and all federal, state and locally funded grants are examples of special revenue funds. These grants are awarded to the District for accomplishing specific educational

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

D. FUND ACCOUNTING - continued

tasks as defined in the grant awards. Sometimes unused balances must be returned to the grantor at the close of specified project periods.

Proprietary Funds:

The *enterprise fund* accounts for the operation of the extended day after school 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.

The *internal service funds* account for revenues and expenditures related to services provided to organizations on a cost reimbursement basis. The internal service funds are workers' compensation, tech trades, and catering. The print shop was closed effective August 31, 2021.

Fiduciary Funds:

The *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 held in trust for students.

The *custodial funds* hold resources for others in a custodial capacity. The District's custodial funds are the student activity fund and flexible spending fund. The funds, being custodial in nature, are not used for the District's operations.

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 or fair value.
2. Receivables and Payables – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds". Property tax receivables include unpaid property taxes at year-end and are shown net of an allowance for uncollectibles.
3. 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. A portion of fund balance is reported as nonspendable to reflect minimum inventory quantities considered necessary for the District's continuing operations.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

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

4. Prepaids – 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).
5. Capital Assets – Capital assets including land, buildings, furniture and equipment, and right-to-use 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 over the following estimated useful lives:

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

Land and construction in progress are not depreciated. Right-to-use assets are amortized over the shorter of the duration of the lease or the useful life using the straight-line method.

6. Long-term Obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

7. 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 represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. The District items that qualify for reporting in this category are:

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

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

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.

Deferred outflows/inflows from pension and OPEB activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and OPEB plan, except for projected and actual earnings differences on investments, which are amortized on a closed basis over a 5-year period.

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 represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District items that qualify for reporting in this category are:

Property taxes are recognized in the period the amount becomes available. 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.

Deferred gain on refunding is amortized over the shorter of the life of the refunded or refunding debt.

District contributions to the pension and OPEB plans after the measurement date are recognized in the subsequent year.

Deferred inflows from leases are adjusted over the life of the lease by the current portion of the principal received.

8. 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 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.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

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

9. 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 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.

10. 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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

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

are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

11. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). It is the District's policy to use restricted resources first, then unrestricted resources as they are needed. In order to calculate the amounts to report as unrestricted (committed, assigned, and unassigned) fund balance in the governmental funds financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. The District considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any unrestricted fund balance classification could be used.

12. 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".

13. Net Position Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide, proprietary funds, and fiduciary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

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

14. Leases

Lessee

The District is a lessee for noncancelable leases of equipment (copiers). The District recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset, reported with other capital assets, in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the District measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments. The lease asset is initially measured at the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

Key estimates and judgements related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease.
- Lease payments included in the measurement of the liability are composed of fixed payments, purchase option price that the District is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lessor

The District is a lessor for noncancelable leases of property and equipment. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments. The deferred inflow of resources is initially measured at the initial amount of the lease receivable, adjusted for lease

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

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

payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements related to leases include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease.
- Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee, residual value guarantee payments from the lessee that are fixed in substance, and any lease incentives that are payable to the lessee.

The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

15. Subscription-Based Information Technology Arrangements (SBITAs)

The District is under contract for various SBITAs for the right-to-use subscription assets (software). The SBITAs are noncancelable, and the District recognizes a SBITA liability and an intangible right-to-use SBITA asset in the government-wide financial statements. The District recognizes SBITA liabilities with a payment, individual value of \$5,000 or more.

At the commencement of the SBITA, the District initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the sum of (1) the initial SBITA liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Key estimates and judgments related to SBITA include how the District determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments.

- The District uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The SBITA term includes the noncancelable period of the SBITA and payments included in the measurement of the SBITA liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

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

The District monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability. SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term debt on the statement of position.

16. 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.

17. GASB Pronouncements Implemented by the District

GASB Statement No. 96: *Subscription-Based Information Technology Arrangements (SBITA)*. Statement 96 was issued in May 2020 and was effective for periods beginning after June 15, 2022. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The District has evaluated the effects of this standard and has determined that it does impact the financial statements. As such the District has incorporated such SBITAs into its capital assets and long-term liabilities on both the face of the financial statements and the note disclosures.

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

F. BUDGETARY INFORMATION

The Board of Trustees adopts an appropriated budget for the general fund, debt service fund, the National School Breakfast and Lunch Program special revenue fund, and the Pre-K Core Knowledge special revenue fund on a basis consistent with GAAP. Budgetary information for the general fund appears in the required supplementary information subsection where the District compares the final amended budget to actual revenues and expenditures. Per regulatory requirements, the debt service fund and the National School Breakfast and Lunch Program special revenue fund are required to be reported with the original budget, final amended budget and actual revenues and expenditures. These schedules are included in the combining and individual fund financial statements and schedules subsection. All other governmental funds adopt project-length budgets. All annual appropriations lapse at fiscal year-end.

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.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

F. BUDGETARY INFORMATION - continued

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

Cash Deposits: The District's funds are required to be deposited and invested under the terms of a depository contract, pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository banks' agent bank. The pledged securities are in compliance with the Texas Government Code, Chapter 2257 "Collateral for Public Funds", and are sufficient to meet the terms agreed to in the current depository contract as approved by TEA.

Investments: The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. The District further limits its investments to obligations of or guaranteed by governmental entities as permitted by Government Code 2256.009, certificates of deposit, no-load money market mutual funds, repurchase agreements, banker's acceptances, commercial paper, guaranteed investment contracts, securities lending programs or investment pools.

For fiscal year 2023, the district invested in certificates of deposit, Texas CLASS, Local Government Investment Cooperative (LOGIC) Investment Pool, the Texas Local Government Investment Pool (TexPool), Texas Association of School Boards Lone Star Investment Pool (Lone Star), and Texas Range.

Texas CLASS is organized under the Ninth Amended and Restated Trust Agreement in accordance with all the requirements contained in section 2256.016 of the Act. Texas CLASS is administered by Public Trust Advisors, LLC and all funds are held by the custodial agent, UMB Bank, N.A. Texas CLASS may invest in obligations of the U.S. or its agencies and instrumentalities; repurchase agreements; SEC-registered money market funds rated in the highest rating category by at least one Nationally Recognized Statistical Rating Organization (NRSRO); and commercial paper rated A-1, P-1 or equivalent by two nationally recognized rating agencies.

LOGIC is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by Hilltop Securities, Inc. and J.P. Morgan Investment Management, Inc. (JPMIM), and managed by JPMIM, who provides custody, fund accounting and investment management. Transfer agency services are provided by DST Asset Manager Solutions, Inc. LOGIC may invest in obligations of the U.S. or its agencies and instrumentalities; repurchase agreements; SEC-registered money market funds rated in the highest rating category by at least one Nationally Recognized Statistical Rating Organization (NRSRO); and commercial paper rated A-1, P-1 or equivalent by two nationally recognized rating agencies.

TexPool is duly chartered and overseen by the State Comptroller's Office, administered and managed by Federated Investment Counseling. State Street Bank serves as the custodial bank. The portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; no-load money market mutual funds regulated by the Securities and Exchange Commission (SEC) and rated AAAM by Standard and Poor's; and securities lending programs.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

G. DEPOSITS AND INVESTMENTS - continued

Lone Star is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by First Public, LLC, and managed by American Beacon Advisors and Mellon. State Street Bank is the custodial bank. Lone Star Corporate Overnight Plus Fund may invest in obligations of the U.S. or its agencies and instrumentalities; other obligations insured by the U.S.; fully collateralized repurchase agreements having a defined termination date, secured by obligations described previously; SEC-regulated no-load money market mutual funds, the assets which consist exclusively of the obligations described above; and commercial paper rated A-1, P-1 or equivalent by two nationally recognized rating agencies.

Texas Range is owned and operated by the pool's Texas municipal investors and six elected advisory board members. It is administered by PFM Asset Management LLC and US Bank serves as the custodial bank. It invests exclusively in high-quality money market instruments as permitted by the Public Funds Investment Act. These investments include U.S. Government and Federal agency obligations with a 13-month maximum maturity, municipal obligations, certificates of deposit, money market mutual funds that observe certain investment restrictions, bankers' acceptances, repurchase agreements involving obligations of the U.S. Government and its Agencies and instrumentalities, and commercial paper with a stated maturity of 365 days or fewer and rated not less than A-1, P-1, or the equivalent by at least two nationally recognized rating agencies

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.

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.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

G. DEPOSITS AND INVESTMENTS - continued

The District's investment balances, including fiduciary funds, and weighted maturity of such investments are as follows:

Investments August 31, 2023	Fair Value Measurements				Percent of Total Investments	Weighted Average Maturity (Days)
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Other Unobservable Inputs (Level 3)	Significant Unobservable Inputs (Level 3)		
<i>Investments by Fair Value Level:</i>						
US Treasury Obligations	22,279,531	-	22,279,531	-	8%	374
US Agency Obligations	87,542,175	-	87,542,175	-	33%	487
Municipal bonds	1,992,860	-	1,992,860	-	1%	30
Total	<u>\$ 111,814,566</u>	<u>\$ -</u>	<u>\$ 111,814,566</u>	<u>\$ -</u>	<u>42%</u>	

Investment Pools are measured at amortized cost and are not subject to level 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 Texas CLASS, LOGIC, Lone Star, and Texas Range investment pools are external investment pools measured at fair value. Their 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. Texas CLASS, LOGIC, Lone Star, and Texas Range have 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 markets, general banking moratorium or national or state emergency that affects the pools' liquidity.

The TexPool investment pool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, the investment pool 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 pool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less and weighted average lives of 120 days or less, investments held are highly rated by nationally recognized statistical rating organizations, have no more than 5% of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and may redeem daily. The investment

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

G. DEPOSITS AND INVESTMENTS - continued

pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

Commercial paper classified in Level 2 is valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio as a whole, diversification, and by holding securities to maturity. In addition, the District does not directly invest in an individual security maturing more than three years from the date of purchase. As of August 31, 2023, the weighted average maturity of the total portfolio was 197 days.

As of August 31, 2023, 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	\$ 17,416,586	\$ 17,416,586	\$ 17,416,586	\$ -	\$ -
Certificates of deposit	26,547,206	26,547,206	26,547,206	-	-
Government investment pools					
Texas CLASS	49,307,602	49,307,602	49,307,602	-	-
LOGIC	2,738,025	2,738,025	2,738,025	-	-
Texpool	34,419,228	34,419,228	34,419,228	-	-
Lone Star	27,755,030	27,755,030	27,755,030	-	-
Texas Range	1,483,405	1,483,405	1,483,405	-	-
US Treasury Obligations	22,279,531	22,279,531	14,653,906	7,625,625	-
US Agency securities	87,542,175	87,542,175	48,470,432	9,480,292	29,591,451
Municipal bonds	1,992,860	1,992,860	1,992,860	-	-
Total investments	271,481,648	\$ 271,481,648	\$ 224,784,280	\$ 17,105,917	\$ 29,591,451
Less Private Purpose Trust Fund cash	(1,010,011)				
Less Custodial Fund cash	(734,141)				
Demand deposits and petty cash	23,914,954				
Total cash and investments - primary government	<u>\$ 293,652,450</u>				

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

G. DEPOSITS AND INVESTMENTS - continued

Custodial Credit Risk: The District's agent holds securities in the District's name; therefore, the District is not exposed to custodial credit risk. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker/dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The District's policy requires that the investments of the District shall be secured through third-party custodial and safekeeping procedures as designated by the district.

Credit Risk: State law and the District's investment policy limits investments in all categories to top ratings issued by nationally recognized statistical rating organizations. The credit ratings for the District's investments are disclosed in the table on the previous page.

Concentration of Credit Risk: The District's investment policy requires the investment portfolio to be diversified in terms of investment instruments, maturity scheduling, and financial institutions in order to reduce the risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer.

The net decrease in the fair value of investments during the year ended August 31, 2023 is included in investment earnings as follows:

Investment Earnings	\$ 16,299,159
Net decrease in Fair Value of Investments	<u>(3,080,160)</u>
Total Investment Earnings	<u><u>\$ 13,218,999</u></u>

H. RECEIVABLES

Receivables as of year-end for the District's individual major funds and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Capital Projects	Nonmajor	Total
Receivables:					
Property Taxes	\$ 2,572,884	\$ 718,118	\$ -	\$ -	\$ 3,291,002
Due from Other Governments					
Local	871,301	234,118			1,105,419
State				4,180,448	4,180,448
Accrued Interest	554,516	13,056	75,070	1,715	644,357
Other Receivables	5,026				5,026
Lease Receivable	1,507,633				1,507,633
Gross Receivables	5,511,360	965,292	75,070	4,182,163	10,733,885
Less: Allowance for Uncollectibles	(385,936)	(107,714)	-	-	(493,650)
	<u>\$ 5,125,424</u>	<u>\$ 857,578</u>	<u>\$ 75,070</u>	<u>\$ 4,182,163</u>	<u>\$10,240,235</u>

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

H. RECEIVABLES - continued

The District leases 2 cell towers. The District's lease receivables have terms from 20 to 30 years, including monthly and annual payments of principal and interest with various borrowing rates. The District has \$1,507,633 remaining in lease receivables and \$1,427,237 remaining in deferred inflows as of August 31, 2023. The District recognized lease revenue of \$85,342 and interest of \$39,494 in the fiscal year. As of August 31, 2023, expectation of lease receipts through the expiration of all leases is as follows: Principal and Interest Expected to Maturity

Governmental Activities - Lessor			
Year Ended			
August 31	Principal	Interest	Total
2024	\$ 38,422	\$ 27,578	\$ 66,000
2025	41,560	26,840	68,400
2026	48,129	26,071	74,200
2027	49,018	25,182	74,200
2028	49,923	24,277	74,200
Thereafter	1,280,581	230,182	1,510,763
Total Expected	<u>\$ 1,507,633</u>	<u>\$ 360,130</u>	<u>\$ 1,867,763</u>

I. 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 2023 fiscal year was based, was \$18,416,245,007. The tax rates assessed for the year ended August 31, 2023 to finance general fund operations and the payment of principal and interest on general obligation long-term debt were \$0.8742 and \$0.2356 per \$100 valuation, respectively, for a total of \$1.1098 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.

J. 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.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

K. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances at August 31, 2023 consisted of the following individual fund balances:

	Interfund Receivables	Interfund Payables
Governmental Funds:		
General Fund	\$ 2,845,373	\$ -
Nonmajor	327,683	3,124,999
Trust fund	-	48,057
Total - All Funds	<u>\$ 3,173,056</u>	<u>\$ 3,173,056</u>

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from payroll, warehouse ordering and other regularly occurring charges that are paid by the general fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more nonmajor governmental funds. Interfund balances between governmental funds and proprietary funds are eliminated in the statement of net position and reported as internal balances.

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 transfers are defined as “flows of assets without equivalent flow of assets in return and without a requirement for repayment.” At August 31, 2023, the composition of interfund transfers is as follows:

Transfers From	Transfers To	Amount	Purpose
General fund	Capital projects funds	\$ 6,000,000	Transfer of funds from general fund to capital projects fund for authorized construction
General fund	Nonmajor funds	178,800	Transfer of funds from general fund to campus technology fund
Nonmajor funds	Nonmajor funds	1,170	Transfer from summer feeding program to child nutrition fund.
Enterprise fund	General fund	500,000	Transfer of funds related to extended day program from enterprise fund to general fund
Enterprise fund	Nonmajor funds	586,442	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>\$ 7,666,412</u>	

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

L. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended August 31, 2023 was as follows:

	Beginning Balance	Additions	Retirements/ Transfers	Ending Balance
Governmental Activities				
Capital assets, not depreciated or amortized:				
Land	\$ 16,930,478	\$ -	\$ -	\$ 16,930,478
Construction in progress	2,433,494	39,279,110	(273,243)	41,439,361
Total capital assets not depreciated or amortized	19,363,972	39,279,110	(273,243)	58,369,839
Capital assets, being depreciated and amortized:				
Buildings and improvements	678,625,484	2,272,676	-	680,898,160
Furniture and equipment	46,963,737	6,392,631	-	53,356,368
Right-to-use assets - equipment	1,207,914	-	-	1,207,914
Right-to-use subscriptions	-	1,039,761	-	1,039,761
Total capital assets being depreciated	726,797,135	9,705,068	-	736,502,203
Less accumulated depreciation and amortization for:				
Buildings and improvements	(258,944,566)	(19,340,728)	-	(278,285,294)
Furniture and equipment	(35,984,546)	(2,050,941)	-	(38,035,487)
Right-to-use assets - equipment	(412,492)	(412,492)	-	(824,984)
Right-to-use subscriptions	-	(207,698)	-	(207,698)
Total accumulated depreciation and amortization	(295,341,604)	(22,011,859)	-	(317,353,463)
Total capital assets, being depreciated and amortized, net	431,455,531	(12,306,791)	-	419,148,740
Governmental activities capital assets, net	\$ 450,819,503	\$ 26,972,319	\$ (273,243)	\$ 477,518,579

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

L. CAPITAL ASSET ACTIVITY - continued

Depreciation and amortization expense was charged to District functions as follows:

Instruction	\$ 13,342,759
Instructional resources and media services	237,726
Curriculum and staff development	239,516
Instructional leadership	170,171
School leadership	1,355,646
Guidance and counseling services	810,847
Social work services	19,084
Health services	246,917
Student transportation	689,072
Food service	1,339,421
Co-curricular/extracurricular activities	798,658
General administration	78,386
Plant maintenance and operations	1,762,301
Security and monitoring services	175,802
Data processing services	668,299
Community service	77,254
	<u>\$ 22,011,859</u>

M. CHANGES IN LONG-TERM LIABILITIES

The District's long-term liabilities consist of bond indebtedness, workers' compensation, compensated absences, leases, net pension liability and net OPEB liability. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. Current funding requirements for workers' compensation, compensated absences, leases payable, pension, and OPEB plans are accounted for in the governmental funds. Unfunded long-term liabilities are generally liquidated with resources of the general fund.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

M. CHANGES IN LONG-TERM LIABILITIES -- continued

Long term liabilities activity for the year ended August 31, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable					
General obligation bonds	\$ 321,965,000	\$ -	\$ (26,615,000)	\$ 295,350,000	\$ 23,110,000
Premium on GO bonds	39,654,498	-	(4,256,438)	35,398,060	3,590,398
Total Bonds payable	361,619,498	-	(30,871,438)	330,748,060	26,700,398
Other liabilities					
Workers compensation	728,818	30,068	-	758,886	418,501
Compensated absences	1,193,206	968,787	(1,125,522)	1,036,471	808,447
Leases Payable	815,106		(412,464)	402,642	399,289
SBITA Payable	-	1,039,761	(498,809)	540,952	266,596
Net Pension Liability	28,168,653	16,795,847	20,328,222	65,292,722	-
Net OPEB Liability	61,585,419	(14,500,452)	(7,931,162)	39,153,805	-
Total governmental activities long-term liabilities	\$ 454,110,700	\$ 4,334,011	\$ (20,511,173)	\$ 437,933,538	\$ 28,593,231

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.

Lease Liability

The District has copiers under lease agreements. The right-to-use assets under the lease have a cost of \$382,930. There are no variable payments and the leases will be fully paid off in fiscal year 2025. As of August 31, 2023, the schedule of lease payments is as follows:

Principal and Interest Expected to Maturity Governmental Activities - Lessee				
Year Ended				
August 31	Principal	Interest	Total	
2024	\$ 399,289	\$ 10,265	\$ 409,554	
2025	3,353	87	3,440	
Total Expected	\$ 402,642	\$ 10,352	\$ 412,994	

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

M. CHANGES IN LONG-TERM LIABILITIES -- continued

SBITA Liabilities

The District is under contract for noncancellable SBITAs that convey control of the right-to-use software. The SBITA liabilities outstanding as of August 31, 2023 consist of 3 educational software subscriptions. The value of the SBITA asset is \$1,039,761 and accumulated amortization totaled \$207,698.

All amounts paid were previously included in the measurement of the subscription liability and there were no other related outflows of resources for the period such as variable payments or termination penalties. In addition, there were no commitments incurred prior to commencement of any SBITA term and there were no impairment losses related to SBITA assets.

The future principal and interest SBITA payments as of August 31, 2023, were as follows:

Principal and Interest Expected to
Maturity Governmental Activities - SBITA

Year Ended August 31	Principal	Interest	Total
2024	\$ 266,596	\$ 15,750	\$ 282,346
2025	274,356	7,990	282,346
Total Expected	<u>\$ 540,952</u>	<u>\$ 23,740</u>	<u>\$ 564,692</u>

General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction and equipment of school facilities and to refund general obligation bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These are issued as 10 to 30 year current interest bonds with fixed or adjustable rates. Certain outstanding bonds may be redeemed at their par value prior to their normal maturity dates in accordance with the terms of the related bond indenture.

In accordance with the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Rebtable arbitrage is the excess of the amount earned on investments purchased with bond proceeds over the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. Rebtable arbitrage must be paid to the U.S. Treasury at the end of each five-year anniversary of the bond issue and upon final redemption of all outstanding bonds of the issue. As of August 31, 2023, the District has no rebtable arbitrage liability.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

N. BONDS PAYABLE

Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

A summary of general long-term debt for the year ended August 31, 2023 is as follows:

Description	Interest Rate Payable	Final Maturity Date	Amounts Original Issue	Interest Current Year	Payable Amounts Outstanding 9/1/2022	Outstanding 8/31/2023
Refunding 2015A	3.50%	8/15/2024	\$ 7,800,000	\$ 97,125	\$ 2,775,000	\$ 1,415,000
Refunding 2015B	2.8% to 3.0%	8/15/2024	30,467,681	273,403	9,375,000	4,755,000
Refunding 2017A	5.00%	8/15/2028	87,575,000	3,727,000	74,540,000	68,105,000
Refunding 2017B	4.0% to 5.0%	8/15/2036	74,875,000	3,381,046	65,700,000	57,830,000
School Building Series 2018	4.0% to 5.0%	8/15/2043	76,500,000	3,223,700	70,305,000	68,265,000
School Building Series 2019	4.0% to 5.0%	8/15/2044	101,460,000	4,168,650	94,685,000	90,805,000
Refunding 2021	2.0% to 5.0%	8/15/2028	5,485,000	174,650	4,585,000	4,175,000
			<u>\$384,162,681</u>	<u>\$ 15,045,574</u>	<u>\$321,965,000</u>	<u>\$295,350,000</u>

Debt service requirements are as follows:

Year Ended August, 31	Governmental Activities		
	Principal	Interest	Total
2024	\$ 23,110,000	\$ 13,456,013	\$ 36,566,013
2025	24,175,000	12,416,600	36,591,600
2026	24,975,000	11,234,850	36,209,850
2027	25,190,000	10,013,700	35,203,700
2028	25,805,000	8,754,200	34,559,200
2029-2033	56,495,000	32,200,250	88,695,250
2034-2038	58,950,000	18,778,800	77,728,800
2039-2043	50,450,000	8,130,050	58,580,050
2044	6,200,000	248,000	6,448,000
Total	<u>\$ 295,350,000</u>	<u>\$ 115,232,463</u>	<u>\$ 410,582,463</u>

On August 1, 2023, the District defeased \$4.395 million of the Refunding Bonds, Series 2017B, which is included in the retirements of the bonds payable above. Deposits to escrow agents of \$4,998,821 were used to purchase direct obligations of the U.S. government which were irrevocably pledged for the repayment of these bonds. The defeasance decreased the District's future debt service requirements by \$5.639 million.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

O. 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 15th year. The liability for earned vacation pay is estimated to be \$1,036,471 and is included on the government-wide statement of net position at August 31, 2023. The General Fund and Special Revenue Funds are used to liquidate compensated absences.

P. 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 workload and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position. Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/Pages/aboutpublications.aspx>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

P. DEFINED BENEFIT PENSION PLAN – continued

increased by such action. Actuarial implications of the funding provided in the manner are determined by the System's actuary.

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

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

Year	Contribution Rates and Contribution Amounts					
	Member		State		District	
	Rate	Amount	Rate	Amount	Amount	
2023	8.0%	\$ 13,155,794	8.00%	\$ 8,989,083	\$ 6,417,128	
2022	8.0%	\$ 11,557,358	7.75%	\$ 9,439,547	\$ 4,779,150	
2021	7.7%	\$ 11,795,821	7.5%	\$ 8,908,144	\$ 4,714,118	

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 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.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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P. DEFINED BENEFIT PENSION PLAN – continued

- 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 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees.

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

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

Actuarial Assumptions. The total pension liability in the August 31, 2021 valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2021 rolled forward to August 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2022 *	3.91%
Inflation	2.3%
Salary Increases including inflation	2.95% to 8.95%
Benefit changes during the year	None

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

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, 2021. For a full description of these assumptions please see the actuarial valuation report dated November 12, 2021.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

P. DEFINED BENEFIT PENSION PLAN – continued

Discount Rate. A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all 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 7.00 percent. 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 System's target asset allocation as of August 31, 2022 are summarized on the following page:

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

P. DEFINED BENEFIT PENSION PLAN - continued

Asset Class*	Target Allocation %**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0%	4.6%	1.12%
Non-U.S. Developed	13.0	4.9	0.90%
Emerging Markets	9.0	5.4	0.75%
Private Equity*	14.0	7.7	1.55%
Stable Value			
Government Bonds	16.0%	1.0%	0.22%
Absolute Return*	0.0	3.7	0.00%
Stable Value Hedge Funds	5.0	3.4	0.18%
Real Return			
Real Estate	15.0%	4.1%	0.94%
Energy, Natural Resources and Infrastructure	6.0	5.1	0.37%
Commodities	0.0	3.6	0.00%
Risk Parity	8.0%	4.6%	0.43%
Asset Allocation Leverage			
Cash	2.0%	3.0%	0.01%
Asset Allocation Leverage	-6.0	3.6	-0.05%
Inflation Expectation			2.70%
Volatility Drag****			-0.91%
Expected Return	100.0%		8.19%

* Absolute Return includes Credit Sensitive Investments.

** Target allocations are based on the FY2022 policy model.

***Capital Market Assumptions come from Aon Hewitt (as of 8/31/2022).

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

P. DEFINED BENEFIT PENSION PLAN - continued

Discount Rate Sensitivity Analysis. The following schedule presents the Net Pension Liability of the plan using the discount rate of 7.00 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease in Discount Rate (6.00%)		1% Increase in Discount Rate (8.00%)	
District's proportionate share of the net pension liability:	\$	101,570,720	\$	65,292,722
			\$	35,887,703

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. On August 31, 2023, the District reported a liability of \$65,292,722 for its proportionate share of the TRS 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	\$	65,292,722
State's proportionate share that is associated with Hurst-Euleless-Bedford ISD	\$	116,867,881
Total	\$	182,160,603

The net pension liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 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, 2021 through August 31, 2022.

At August 31, 2022 the District's proportion of the collective net pension liability was .1099807153% which was a decrease of .0006300708% from its proportion measured as of August 31, 2021.

Changes since the Prior Actuarial Valuation.

The actuarial assumptions and methods have been modified since the determination of the prior year's Net Pension Liability. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25 percent to 7.00 percent.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

P. DEFINED BENEFIT PENSION PLAN - continued

For the year ended August 31, 2023, the District recognized pension expense of \$6,111,465 and revenue of \$11,171,245 for support provided by the State.

On August 31, 2023, the District reported its proportionate share of the TRS 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 Actuarial Experience	\$ 946,739	\$ 1,423,505
Changes in Actuarial Assumptions	12,166,159	3,032,147
Difference between Projected and Actual Investment Earnings	6,450,713	-
Changes in Proportion and Difference between District's contributions and Proportionate Share of Contributions	998,907	5,580,259
Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability	6,417,128	-
Total	<u>\$ 26,979,646</u>	<u>\$ 10,035,911</u>

The net amounts of the District's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement year ended August 31:	Pension Expense Amount
2024	\$ 2,937,949
2025	780,422
2026	(1,008,613)
2027	6,869,359
2028	947,490
Thereafter	-
	<u>\$ 10,526,607</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.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

Q. 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 with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

OPEB Plan Fiduciary Net Position. Detail information about the TRS-Care's fiduciary net position is available in the separately issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov/Pages/about_publications.aspx; 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 and 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. There are no automatic post-employment benefit changes; including automatic COLAs.

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

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Q. 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 .65 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Year	Contribution Rates and Contribution Amounts					
	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2023	0.65%	\$ 1,100,105	1.25%	\$ 2,035,374	0.75%	\$ 1,233,361
2022	0.65%	\$ 939,036	1.25%	\$ 1,961,332	0.75%	\$ 1,083,424
2021	0.65%	\$ 995,721	1.25%	\$ 1,934,378	0.75%	\$ 1,142,210

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 amounts of \$83 million in fiscal year 2022 from the Federal Rescue Plan Act (ARPA) to help defray COVID-19 related health care costs during fiscal year 2022.

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2022. The actuarial valuation was determined using the following actuarial assumptions:

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Q. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - continued

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2022:

Rates of Mortality	Rates of Disability
Rates of Retirement	General Inflation
Rates of Termination	Wage Inflation

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the mortality projection scale MP-2018.

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	3.91% as of August 31, 2022
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
Ad Hoc Post Employment Benefit Changes	None

Discount Rate. A single discount rate of 3.91% was used to measure the Total OPEB liability. There was an increase of 1.96 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 used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

Q. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - continued

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2021 using the Fixed Income Market Data/Yield Curve/Data municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (3.91%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.91%)	Current Single Discount Rate (3.91%)	1% Increase in Discount Rate (4.91%)
District's proportionate share of the Net OPEB Liability:	\$ 46,165,442	\$ 39,153,805	\$ 33,473,480

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. On August 31, 2023, the District reported a liability of \$39,153,805 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	\$ 39,153,805
State's proportionate share that is associated with Hurst-Euless-Bedford ISD	<u>47,761,491</u>
Total	<u>\$ 86,915,296</u>

The Net OPEB Liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 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 OPEB relative to the contributions of all employers to the plan for the period September 1, 2021 thru August 31, 2022.

On August 31, 2022, the District’s proportion of the collective Net OPEB Liability was 0.1635223719%, compared to 0.15965331697% as of August 31, 2021.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

Q. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - continued

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

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of the Net OPEB Liability:	\$ 32,262,912	\$ 39,153,805	\$ 48,086,962

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

- The discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent as of August 31, 2022. This change decreased the Total OPEB Liability.

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

On August 31, 2023, 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	\$ 2,176,813	\$ 32,618,634
Changes in actuarial assumptions	5,963,900	27,201,735
Difference between projected and actual investment earnings	116,628	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	5,371,280	4,043,915
Contributions paid to TRS subsequent to the measurement date of the Net OPEB Liability	1,427,022	-
Total	<u>\$ 15,055,643</u>	<u>\$ 63,864,284</u>

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

Q. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - continued

The net amounts of the District's balances of deferred outflows and 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>
2024	\$ (9,169,576)
2025	(9,169,153)
2026	(7,508,771)
2027	(5,260,913)
2028	(6,445,756)
Thereafter	(12,681,493)
	<u>\$ (50,235,662)</u>

The amount of OPEB expense recognized by the District in the reporting period was \$(4,828,608) and revenue of \$6,777,741 for support provided by the State.

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, 2023, 2022 and 2021, the subsidy payments received by TRS-Care on behalf of the District were \$890,524, \$666,551 and \$689,297, respectively.

R. 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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

R. GENERAL LIABILITY AND WORKERS' COMPENSATION INSURANCE -- continued

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, 2023 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, 2023	Year Ended August 31, 2022
Unpaid claims, beginning of the year	\$ 728,818	\$ 671,562
Incurred claims (including IBNR)	378,847	359,780
Claim payments	(348,779)	(302,524)
Unpaid claims, end of fiscal year	<u>\$ 758,886</u>	<u>\$ 728,818</u>

S. UNEARNED REVENUE

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenues reported in the governmental funds were as follows:

	Nonmajor Funds
Other	<u>\$ 296,618</u>

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

T. DUE 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 federal, state and local governments as of August 31, 2023 are summarized below and are reported on the combined financial statements as Due to other governments.

	General Fund	Nonmajor Funds
State Funding	\$ 14,455,852	\$ 87,685
Sales Taxes	5,557	
	<u>\$ 14,461,409</u>	<u>\$ 87,685</u>

U. COMMITTED AND ASSIGNED FUND BALANCE

General Fund

The non-spendable fund balances were inventories of \$573,569 and prepaid items of \$986,043. The committed fund balance of \$117,571,320 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	62,571,320
Total	<u>\$ 117,571,320</u>

The unassigned fund balance was \$52,064,060.

Other Major Funds

The debt service fund had a restricted fund balance of \$21,536,221 to be used for debt service payments. The capital projects fund had a restricted fund balance of \$2,022,363 and a committed fund balance of \$45,921,053 to be used for authorized construction and other capital asset acquisitions.

Nonmajor Funds

Special revenue funds had a restricted fund balance of \$6,511,847 for child nutrition and other grant obligations. Special revenue funds also had a committed fund balance of \$4,495,602 primarily for campus activities and other local programs, and non-spendable fund balance of \$51,513 for inventory.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

V. NONMONETARY TRANSACTIONS

In May 2011, Senate Rule 6 repealed the technology allotment used by Texas schools and created an Instructional Materials Allotment (IMA) for the purchase of instructional materials, technology equipment, and technology related services. Under the IMA, instructional material purchases must be made through TEA's online registration system. Instructional materials acquired through the IMA totaling \$99,905 are recorded as revenues in the Instructional Materials Fund.

Ownership of textbooks previously purchased by the state and utilized by the District was transferred to the District. The majority of these textbooks were sold or otherwise disposed of in accordance with TEA guidelines. At August 31, 2023, the remainder of the District's textbooks have minimal value and are not otherwise reflected elsewhere in these statements.

During fiscal year 2023, the District received commodities purchased by the Texas Department of Agriculture (TDA). These commodities have been recorded in the amount of \$877,082 in the National School Breakfast and Lunch special revenue fund as federal revenues, which represents the amount of consideration given by TDA.

W. 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.

X. COMMITMENTS AND CONTINGENCIES

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, 2022 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, 2023 there were various construction contracts for renovations and new construction with unaccrued commitments totaling \$23,239,900.

Y. SUBSEQUENT EVENTS

On November 7, 2023, the District's voters approved issuance of \$997,300,000 in School Building and Refunding Bonds, Series 2023. The proceeds from the sale of the bond will be used for (i) acquisition, construction and equipment of school buildings and the purchase of school sites, (ii) to refund a portion of the District's outstanding debt (the "Refunded Bonds") for possible debt service savings and, (iii) for payment of the costs associated with the issuance of the bonds.

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REQUIRED SUPPLEMENTARY INFORMATION

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED AUGUST 31, 2023

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance With Final Budget (Over) or Under
		Original	Final		
	REVENUES				
5700	Local and intermediate sources	\$ 158,720,452	\$ 165,020,452	\$ 172,609,011	\$ (7,588,559)
5800	State program revenues	50,675,526	43,675,526	40,105,169	3,570,357
5900	Federal program revenues	450,000	3,730,000	4,465,341	(735,341)
5020	Total revenues	<u>209,845,978</u>	<u>212,425,978</u>	<u>217,179,521</u>	<u>(4,753,543)</u>
	EXPENDITURES				
	Current				
0011	Instruction	130,045,688	129,250,989	124,758,957	4,492,032
0012	Instructional resources and media services	2,761,766	2,778,731	2,687,608	91,123
0013	Curriculum and staff development	3,945,615	3,961,434	3,375,569	585,865
0021	Instructional leadership	2,602,708	2,692,227	2,626,574	65,653
0023	School leadership	12,192,050	12,210,646	12,022,490	188,156
0031	Guidance and counseling services	7,941,858	8,063,830	7,622,112	441,718
0032	Social work services	664,715	269,715	228,792	40,923
0033	Health services	2,636,255	2,764,265	2,635,652	128,613
0034	Student transportation	6,036,777	6,430,777	5,792,441	638,336
0035	Food service	212,848	212,848	229,947	(17,099)
0036	Co-curricular/extracurricular activities	5,243,092	5,434,331	5,220,290	214,041
0041	General administration	7,112,180	7,364,616	6,472,476	892,140
0051	Maintenance and operations	19,485,369	22,552,965	21,341,396	1,211,569
0052	Security and monitoring	1,124,696	1,249,596	1,219,171	30,425
0053	Data processing services	4,773,890	5,006,005	4,876,489	129,516
0061	Community services	176,249	177,306	86,992	90,314
0071	Debt service - principal	-	750,000	528,399	221,601
0072	Debt service - interest	-	-	38,921	(38,921)
0081	Capital outlay	5,841	5,841	2,870	2,971
0095	Juvenile justice alternative education program	22,500	22,500	3,483	19,017
	Other intergovernmental				
0099	Other intergovernmental charges	984,000	984,000	944,300	39,700
6030	Total expenditures	<u>207,968,097</u>	<u>212,182,622</u>	<u>202,714,929</u>	<u>9,467,693</u>
	Excess (deficiency) of revenues over (under) expenditures	<u>1,877,881</u>	<u>243,356</u>	<u>14,464,592</u>	<u>(14,221,236)</u>
	Other Financing Sources (Uses)				
7912	Sale of real or personal property	5,000	5,000	13,673	(8,673)
7913	Issuance of right-to-use lease payable	-	500,000	-	500,000
7915	Transfers in	6,154,074	900,000	900,000	-
7949	Other sources	-	-	336,563	(336,563)
8911	Transfers out	(8,036,955)	(12,282,881)	(6,178,800)	(6,104,081)
7080	Total other financing sources (uses)	<u>(1,877,881)</u>	<u>(10,877,881)</u>	<u>(4,928,564)</u>	<u>(5,949,317)</u>
1200	Net change in fund balance	-	(10,634,525)	9,536,028	(20,170,553)
0100	Fund balance - September 1 (beginning)	<u>161,658,964</u>	<u>161,658,964</u>	<u>161,658,964</u>	
3000	Fund balance - August 31 (ending)	<u>\$ 161,658,964</u>	<u>\$ 151,024,439</u>	<u>\$ 171,194,992</u>	<u>\$ (20,170,553)</u>

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED AUGUST 31, 2023

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, 2023

Measurement period ending August 31,	FY 2023 <u>Plan Year 2022</u>	FY 2022 <u>Plan Year 2021</u>	FY 2021 <u>Plan Year 2020</u>	FY 2020 <u>Plan Year 2019</u>
District's proportion of the net pension liability	0.1099807153%	0.1106107860%	0.1111415569%	0.1339083317%
District's proportionate share of the net pension liability	\$ 65,292,722	\$ 28,168,653	\$ 59,525,150	\$ 69,609,737
State's proportionate share of the net pension liability associated with the District	<u>\$ 116,867,881</u>	<u>\$ 52,390,666</u>	<u>\$ 111,434,794</u>	<u>\$ 96,762,975</u>
Total	<u><u>\$ 182,160,603</u></u>	<u><u>\$ 80,559,319</u></u>	<u><u>\$ 170,959,944</u></u>	<u><u>\$ 166,372,712</u></u>
District's covered payroll (for Measurement Year)	\$ 162,829,899	\$ 154,750,203	\$ 149,362,530	\$ 142,595,146
District's proportionate share of the net pension liability as a percentage of its covered payroll	40.10%	18.20%	39.85%	48.82%
Plan fiduciary net position as a percentage of the total pension liability*	75.62%	88.79%	75.54%	75.24%
Plan's net pension liability as a percentage of covered payroll*	112.72%	51.08%	110.36%	114.93%

The amounts presented for the fiscal year were determined as of the Plan's fiscal year end, August 31 of the prior year.

*Per Teacher Retirement System of Texas' annual comprehensive 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.

Exhibit G-2

<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>	<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>	<u>FY 2015</u> <u>Plan Year 2014</u>
0.1295894880%	0.1265568809%	0.1230620535%	0.1253919%	0.0828788%
\$ 71,329,199	\$ 40,466,073	\$ 46,503,320	\$ 44,324,368	\$ 22,138,073
<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>
<u><u>\$ 176,978,928</u></u>	<u><u>\$ 103,660,153</u></u>	<u><u>\$ 122,394,988</u></u>	<u><u>\$ 118,738,691</u></u>	<u><u>\$ 86,197,830</u></u>
\$ 137,860,153	\$ 133,047,929	\$ 128,231,609	\$ 124,496,697	\$ 118,444,474
51.74%	30.41%	36.27%	35.60%	18.69%
73.74%	82.17%	78.00%	78.43%	83.25%
126.11%	75.93%	92.75%	91.94%	72.89%

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHERS RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2023

Fiscal year ending August 31,	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 6,781,270	\$ 4,714,118	\$ 4,310,162
Contributions in relation to the contractually required contribution	<u>(6,781,270)</u>	<u>(4,714,118)</u>	<u>(4,310,162)</u>
Contribution deficiency (excess)	<u><u>\$ 0</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>
District's covered payroll	\$ 162,829,899	\$ 156,906,579	\$ 154,750,203
Contributions as a percentage of covered payroll	4.16%	3.00%	2.79%

The amounts presented for the fiscal year were determined as of the District's fiscal year end.

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.

Exhibit G-3

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 4,283,031	\$ 4,692,165	\$ 4,302,257	\$ 4,147,796	\$ 3,909,993	\$ 3,712,908
<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>
<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>
\$ 149,362,530	\$ 142,595,146	\$ 137,860,153	\$ 133,047,929	\$ 128,231,609	\$ 124,496,697
2.87%	3.29%	3.12%	3.12%	3.05%	2.98%

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
Teacher Retirement System of Texas
YEAR ENDED AUGUST 31, 2023

Changes of Assumptions

The actuarial assumptions and methods have been modified since the determination of the prior year's Net Pension Liability.

2022 – These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25 percent to 7.00 percent.

2021 – Changes of assumptions: The public education employer contribution rate changed from 1.5% in 2020 to 1.6% in 2021.

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

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

Changes in Benefit Terms

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

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, 2023

Measurement period ending August 31,	FY 2023 <u>Plan Year 2022</u>	FY 2022 <u>Plan Year 2021</u>	FY 2021 <u>Plan Year 2020</u>	FY 2020 <u>Plan Year 2019</u>	FY 2019 <u>Plan Year 2018</u>	FY 2018 <u>Plan Year 2017</u>
District's proportion of the net OPEB liability	0.1635223719%	0.1596533170%	0.1650900857%	0.1684827290%	0.1648004000%	0.1573706948%
District's proportionate share of the net OPEB liability	\$ 39,153,805	\$ 61,585,419	\$ 62,758,197	\$ 79,677,545	\$ 82,286,333	\$ 68,434,612
State's proportionate share of the net OPEB liability associated with the District	<u>\$ 47,761,491</u>	<u>\$ 82,510,736</u>	<u>\$ 84,331,973</u>	<u>\$ 105,873,637</u>	<u>\$ 118,333,548</u>	<u>\$ 104,951,155</u>
Total	<u><u>\$ 86,915,296</u></u>	<u><u>\$ 144,096,155</u></u>	<u><u>\$ 147,090,170</u></u>	<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)	\$ 162,829,899	\$ 154,750,203	\$ 149,362,530	\$ 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	24.05%	39.80%	42.02%	55.88%	59.69%	51.44%
Plan fiduciary net position as a percentage of the total OPEB liability*	11.52%	6.18%	4.99%	2.66%	1.57%	0.91%
Plan's net OPEB liability as a percentage of covered payroll*	59.10%	100.13%	101.46%	135.21%	146.64%	132.55%

The amounts presented for the fiscal year were determined as of the Plan's fiscal year end, August 31 of the prior year.

*Per Teacher Retirement System of Texas' annual comprehensive 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 FOUR FISCAL YEARS

Fiscal year ending August 31,	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 1,427,022	\$ 1,337,738	\$ 1,236,369	\$ 1,108,660	\$ 1,058,823	\$ 1,003,937
Contributions in relation to the contractually required contribution	<u>(1,427,022)</u>	<u>(1,337,738)</u>	<u>(1,236,369)</u>	<u>(1,108,660)</u>	<u>(1,058,823)</u>	<u>(1,003,937)</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
District's covered payroll	\$ 162,829,899	\$ 156,906,579	\$ 154,750,203	\$ 149,362,530	\$ 142,595,146	\$ 137,860,153
Contributions as a percentage of covered payroll	0.88%	0.85%	0.80%	0.74%	0.74%	0.73%

The amounts presented for the fiscal year were determined as of the District's fiscal year end.

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, 2023

Changes since the Prior Actuarial Valuation

2022 – 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 1.95 percent as of August 31, 2021 to 3.91 percent as of August 31, 2022. This change increased the Total OPEB Liability (TOL).

2021 – Changes of assumptions: The discount rate changed from 2.33% as of August 31, 2020 to 1.95% as of August 31, 2021.

2020 – Changes of assumptions:

- The discount rate changed from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020. This change increased the TOL.
- The participation rate for pre-65 retirees was lowered from 50 percent to 40 percent. This change lowered the TOL.
- The ultimate health care trend assumption was lowered from 4.50 percent to 4.25 percent as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the TOL.

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

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

Changes in Benefit Terms

There were no changes in benefit terms since the prior measurement date.

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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.

ESSA 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.

Perkins V: Strengthening Career and Technical Education for the 21st Century - this fund accounts for funds granted to develop more fully the academic knowledge, technical, and employability skills of secondary education students who enroll in CTE programs.

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.

Title III, Part A - Immigrant - this fund accounts for funds to develop programs for immigrant children to attain English proficiency, develop high levels of academic attainment, and meet the state content standards and student achievement standards.

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

ESSER II, CRRSA Act Supplemental – this fund accounts for the funds awarded through the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act to add additional stimulus funding to prevent, prepare for, and respond to the coronavirus pandemic.

ARP ESSER III – American Rescue Plan (ARP) of 2021, Elementary and Secondary School Emergency Relief (ESSER III) –this fund accounts for funds granted to help safely reopen and sustain the safe operation of schools and address the impact of the coronavirus pandemic on students.

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.

IDEA B Formula ARP Act - this fund accounts for funding through the ARP Act for programs focused on special education and related services to children with disabilities ages 3-21.

COVID-19 School Health Support Grant – this fund accounts for enabling schools to establish COVID-19 screening testing programs to support and maintain in-person learning by slowing the spread of COVID-19.

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 Region 11 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 Fund - this fund accounts for funds related to scheduled replacement of campus/administrative office computers.

Core Knowledge Pre-K - 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, 2023

Assets	Title X, Part C - Education for Homeless Children and Youth	ESSA Title I, Part A - Improving Basic Programs	IDEA - Part B, Formula	IDEA - Part B, Preschool	National School Breakfast and Lunch Programs
Cash & temporary investments	\$ -	\$ -	\$ -	\$ -	\$ 5,851,846
Due from other governments	2,579	231,985	74,339	341	955,173
Accrued interest	-	-	-	-	1,715
Due from other funds	-	-	-	-	-
Inventories, at cost	-	-	-	-	51,513
Prepays	-	-	-	-	-
Total assets	<u>\$ 2,579</u>	<u>\$ 231,985</u>	<u>\$ 74,339</u>	<u>\$ 341</u>	<u>\$ 6,860,247</u>
Liabilities and fund balance					
Accounts payable	\$ -	\$ 9,295	\$ 19,677	\$ -	\$ 77,901
Accrued interest payable	-	-	-	-	-
Accrued wages payable	-	-	45,749	-	218,986
Due to other funds	2,579	222,690	8,913	341	-
Due to other governments	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>2,579</u>	<u>231,985</u>	<u>74,339</u>	<u>341</u>	<u>296,887</u>
Fund balance					
Non-spendable - inventories	-	-	-	-	51,513
Non-spendable - prepaid items	-	-	-	-	-
Restricted - grant funds	-	-	-	-	6,511,847
Committed - other	-	-	-	-	-
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,563,360</u>
Total liabilities and fund balance	<u>\$ 2,579</u>	<u>\$ 231,985</u>	<u>\$ 74,339</u>	<u>\$ 341</u>	<u>\$ 6,860,247</u>

Special Revenue Funds

Summer Food Service Program for Children	Perkins V - CTE	Title II, Part A - Supporting Effective Instruction	Title III, Part A - English Language Acquisition	Title III, Part A - Immigrant	Medicaid Administrative Claiming Program	ARP ESSER III	Title IV, Part A, SSAEP
\$ -	\$ -	\$ 24,730	\$ -	\$ -	\$ -	\$ -	\$ -
-	6,555	-	391	2,561	-	2,820,737	9,722
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 6,555</u>	<u>\$ 24,730</u>	<u>\$ 391</u>	<u>\$ 2,561</u>	<u>\$ -</u>	<u>\$ 2,820,737</u>	<u>\$ 9,722</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,385	\$ -
-	-	-	-	-	-	3,770	-
-	6	-	228	-	-	5,265	-
-	6,549	-	163	2,561	-	2,797,317	9,722
-	-	24,730	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>6,555</u>	<u>24,730</u>	<u>391</u>	<u>2,561</u>	<u>-</u>	<u>2,820,737</u>	<u>9,722</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 6,555</u>	<u>\$ 24,730</u>	<u>\$ 391</u>	<u>\$ 2,561</u>	<u>\$ -</u>	<u>\$ 2,820,737</u>	<u>\$ 9,722</u>

(Continued)

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2023

Assets	IDEA B Formula ARP	COVID 19 - School Health Support	Federally Funded Special Revenue Funds	State Supplemental Visually Impaired	Advanced Placement Incentives
Cash & temporary investments	\$ -	\$ -	\$ 63,560	\$ -	\$ 226,999
Due from other governments	-	-	4,335	-	-
Accrued interest	-	-	-	-	-
Due from other funds	-	-	1,081	-	-
Inventories, at cost	-	-	-	-	-
Prepays	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,976</u>	<u>\$ -</u>	<u>\$ 226,999</u>
Liabilities and fund balance					
Accounts payable	\$ -	\$ -	\$ 605	\$ -	\$ -
Accrued interest payable	-	-	-	-	-
Accrued wages payable	-	-	2,982	-	-
Due to other funds	-	-	2,434	-	-
Due to other governments	-	-	62,955	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>68,976</u>	<u>-</u>	<u>-</u>
Fund balance					
Non-spendable - inventories	-	-	-	-	-
Non-spendable - prepaid items	-	-	-	-	-
Restricted - grant funds	-	-	-	-	-
Committed - other	-	-	-	-	226,999
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>226,999</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,976</u>	<u>\$ -</u>	<u>\$ 226,999</u>

Special Revenue Funds

Instructional Materials Allotment	State Funded Special Revenue Funds	Campus Activity Fund	Campus Technology	Core Knowledge Pre-K	Locally Funded Special Revenue Funds	Total Nonmajor Governmental Funds (See C-1)
\$ 168,829	4,406	\$ 3,057,611	\$ 648,630	\$ 398,510	\$ 239,043	\$ 10,684,164
-	71,730	-	-	-	-	4,180,448
-	-	-	-	-	-	1,715
-	-	326,602	-	-	-	327,683
-	-	-	-	-	-	51,513
-	-	-	-	-	-	-
<u>\$ 168,829</u>	<u>\$ 76,136</u>	<u>\$ 3,384,213</u>	<u>\$ 648,630</u>	<u>\$ 398,510</u>	<u>\$ 239,043</u>	<u>\$ 15,245,523</u>
\$ 225,051	\$ -	\$ 46,354	\$ -	\$ -	\$ -	\$ 393,268
-	-	-	-	-	-	3,770
-	360	6,576	-	69	-	280,221
-	71,730	-	-	-	-	3,124,999
-	-	-	-	-	-	87,685
-	-	-	-	208,965	87,653	296,618
<u>225,051</u>	<u>72,090</u>	<u>52,930</u>	<u>-</u>	<u>209,034</u>	<u>87,653</u>	<u>4,186,561</u>
-	-	-	-	-	-	51,513
-	-	-	-	-	-	-
-	-	-	-	-	-	6,511,847
<u>(56,222)</u>	<u>4,046</u>	<u>3,331,283</u>	<u>648,630</u>	<u>189,476</u>	<u>151,390</u>	<u>4,495,602</u>
<u>(56,222)</u>	<u>4,046</u>	<u>3,331,283</u>	<u>648,630</u>	<u>189,476</u>	<u>151,390</u>	<u>11,058,962</u>
<u>\$ 168,829</u>	<u>\$ 76,136</u>	<u>\$ 3,384,213</u>	<u>\$ 648,630</u>	<u>\$ 398,510</u>	<u>\$ 239,043</u>	<u>\$ 15,245,523</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, 2023

	Title X, Part C - Education for Homeless Children and Youth	ESSA Title I, Part A - Improving Basic Programs	IDEA - Part B, Formula	IDEA - Part B, Preschool	National School Breakfast and Lunch Programs
Revenues					
Local, intermediate and out-of-state	\$ -	\$ -	\$ -	\$ -	\$ 3,411,061
State program revenues	-	-	-	-	67,245
Federal program revenues	83,359	3,954,680	3,861,183	74,073	12,421,401
Total revenues	83,359	3,954,680	3,861,183	74,073	15,899,707
Expenditures					
Instruction	-	932,171	2,307,266	74,073	-
Instructional resources and media	-	-	-	-	-
Curriculum and staff development	-	2,505,969	550	-	-
Instructional leadership	-	164,135	101,968	-	-
School leadership	-	-	-	-	-
Guidance and counseling services	-	-	743,475	-	-
Social work services	83,359	178,693	-	-	-
Health services	-	-	-	-	-
Student transportation	-	-	707,924	-	-
Food service	-	-	-	-	17,706,909
Co-curricular/extracurricular activities	-	-	-	-	-
General administration	-	-	-	-	-
Maintenance and operations	-	-	-	-	68,957
Security and monitoring	-	-	-	-	-
Data processing services	-	-	-	-	-
Community services	-	173,712	-	-	-
Debt service	-	-	-	-	-
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	83,359	3,954,680	3,861,183	74,073	17,775,866
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	(1,876,159)
Other Financing Sources (Uses)					
Sale of real or personal property	-	-	-	-	31,371
Other sources	-	-	-	-	-
Transfers in	-	-	-	-	1,170
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	32,541
Net change in fund balance	\$ -	\$ -	\$ -	\$ -	\$ (1,843,618)
Fund balance - September 1 (beginning)	-	-	-	-	8,406,978
Fund balance - August 31 (ending)	\$ -	\$ -	\$ -	\$ -	\$ 6,563,360

Special Revenue Funds							
Summer Food Service Program for Children	Perkins V - CTE	Title II, Part A - Supporting Effective Instruction	Title III, Part A - English Language Acquisition	Title III, Part A - Immigrant	Medicaid Administrative Claiming Program	ARP ESSER III	Title IV, Part A, SSAEP
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
113,209	257,597	602,749	401,641	42,720	102,309	10,898,277	295,343
113,209	257,597	602,749	401,641	42,720	102,309	10,898,277	295,343
-	197,132	-	-	-	-	4,607,955	-
-	-	-	-	-	-	43,059	-
-	3,520	602,749	271,225	-	-	273,162	14,438
-	2,500	-	42,335	-	-	30,399	-
-	48,540	-	-	-	-	154,323	-
-	5,905	-	-	-	-	120,554	99,063
-	-	-	-	-	-	806,739	181,842
-	-	-	-	-	102,309	236,373	-
-	-	-	-	-	-	-	-
112,039	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	15,144	-
-	-	-	-	-	-	8,330	-
-	-	-	-	-	-	4,794,219	-
-	-	-	88,081	42,720	-	124,572	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	382,874	-
-	-	-	-	-	-	3,770	-
112,039	257,597	602,749	401,641	42,720	102,309	11,601,473	295,343
1,170	-	-	-	-	-	(703,196)	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	703,196	-
-	-	-	-	-	-	-	-
(1,170)	-	-	-	-	-	-	-
(1,170)	-	-	-	-	-	703,196	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(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, 2023

	IDEA B Formula ARP	COVID 19 - School Health Support	Federally Funded Special Revenue Funds	State Supplemental Visually Impaired	Advanced Placement Incentives	Instructional Materials Allotment
Revenues						
Local, intermediate and out-of-state	\$ -	\$ -	-	\$ -	\$ 1,260	\$ 1,179
State program revenues	-	-	-	12,987	14,682	471,535
Federal program revenues	554,079	300,500	137,164	-	-	-
Total revenues	<u>\$ 554,079</u>	<u>300,500</u>	<u>137,164</u>	<u>12,987</u>	<u>15,942</u>	<u>472,714</u>
Expenditures						
Instruction	282,289	-	69,355	12,987	16,636	1,013,834
Instructional resources and media	-	-	-	-	-	-
Curriculum and staff development	1,149	-	-	-	54,608	-
Instructional leadership	-	-	-	-	-	-
School leadership	-	-	-	-	3,328	-
Guidance and counseling services	270,641	-	-	-	6,901	-
Social work services	-	-	67,809	-	-	-
Health services	-	21,814	-	-	-	-
Student transportation	-	-	-	-	-	-
Food service	-	-	-	-	-	-
Co-curricular/extracurricular activities	-	-	-	-	-	-
General administration	-	-	-	-	1,181	-
Maintenance and operations	-	278,686	-	-	-	-
Security and monitoring	-	-	-	-	-	-
Data processing services	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>554,079</u>	<u>300,500</u>	<u>137,164</u>	<u>12,987</u>	<u>82,654</u>	<u>1,013,834</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(66,712)</u>	<u>(541,120)</u>
Other Financing Sources (Uses)						
Sale of real or personal property	-	-	-	-	-	-
Other sources	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -	\$ (66,712)	\$ (541,120)
Fund balance - September 1 (beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>293,711</u>	<u>484,898</u>
Fund balance - August 31 (ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 226,999</u>	<u>\$ (56,222)</u>

Special Revenue Funds					
State Funded Special Revenue Funds	Campus Activity Fund	Campus Technology	Core Knowledge Pre-K	Locally Funded Special Revenue Funds	Total Nonmajor Governmental Funds (See C-3)
\$ -	\$ 2,418,556		\$ 846,356	133,792	\$ 6,812,204
151,175	-	-	-	-	717,624
-	-	-	-	-	34,100,284
151,175	2,418,556	-	846,356	133,792	41,630,112
43,553	711,238	-	654,599	157,044	11,080,132
-	144,786	-	-	-	187,845
1,500	11,556	-	87,703	6,540	3,834,669
-	-	-	-	-	341,337
-	228,766	-	-	-	434,957
-	5,574	-	-	-	1,252,113
-	-	-	-	-	1,318,442
-	455	-	-	-	360,951
-	840	-	-	-	708,764
-	3,434	-	-	-	17,822,382
-	1,235,866	-	-	-	1,235,866
-	5,533	94,723	-	-	101,437
10,400	16,858	-	-	-	390,045
95,682	6,770	-	-	-	110,782
-	74,932	-	-	-	4,869,151
-	844	-	-	-	429,929
-	-	-	-	-	382,874
-	-	-	-	-	3,770
151,135	2,447,452	94,723	742,302	163,584	44,865,446
40	(28,896)	(94,723)	104,054	(29,792)	(3,235,334)
-	-	-	-	-	31,371
-	-	-	-	-	703,196
-	586,442	178,800	-	-	766,412
-	-	-	-	-	(1,170)
-	586,442	178,800	-	-	1,499,809
\$ 40	\$ 557,546	\$ 84,077	\$ 104,054	\$ (29,792)	\$ (1,735,525)
4,006	2,773,737	564,553	85,422	181,182	12,794,487
\$ 4,046	\$ 3,331,283	\$ 648,630	\$ 189,476	\$ 151,390	\$ 11,058,962

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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.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
AUGUST 31, 2023

	Workers' compensation	Tech trades	Catering	Total Internal Service Funds (See D-1)
Assets				
Current Assets				
Cash & temporary investments	\$ 10,794,365	\$ 9,257	\$ 189,893	\$ 10,993,515
Other receivables	130,000	-	-	130,000
Total assets	<u>\$ 10,924,365</u>	<u>\$ 9,257</u>	<u>\$ 189,893</u>	<u>\$ 11,123,515</u>
Liabilities				
Current Liabilities				
Accounts payable	\$ 19,519	\$ 373	\$ 1,721	\$ 21,613
Accrued wages payable	370	-	-	370
Due to other funds	-	-	-	-
Claims payable	418,501	-	-	418,501
Total current liabilities	<u>438,390</u>	<u>373</u>	<u>1,721</u>	<u>440,484</u>
Non-current Liabilities				
Workers comp claims	340,385	-	-	340,385
Total non-current liabilities	<u>340,385</u>	<u>-</u>	<u>-</u>	<u>340,385</u>
Total liabilities	<u>778,775</u>	<u>373</u>	<u>1,721</u>	<u>780,869</u>
Net Position				
Unrestricted	<u>\$ 10,145,590</u>	<u>\$ 8,884</u>	<u>\$ 188,172</u>	<u>\$ 10,342,646</u>

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED AUGUST 31, 2023

	Workers' compensation	Tech trades	Catering	Total Internal Service Funds (See D-2)
Operating Revenues				
Charges for services	\$ 1,983,095	\$ 29,145	\$ 94,762	\$ 2,107,002
Total operating revenues	<u>1,983,095</u>	<u>29,145</u>	<u>94,762</u>	<u>2,107,002</u>
Operating Expenses				
Payroll	104,337	1,183	-	105,520
Insurance claims	378,847	-	-	378,847
Contracted services	46,896	63	116	47,075
Supplies and materials	9,845	24,640	63,838	98,323
Other operating costs	<u>74,688</u>	<u>322</u>	<u>-</u>	<u>75,010</u>
Total operating expenses	<u>614,613</u>	<u>26,208</u>	<u>63,954</u>	<u>704,775</u>
Operating income (loss)	<u>1,368,482</u>	<u>2,937</u>	<u>30,808</u>	<u>1,402,227</u>
Nonoperating Revenues				
Investment earnings	<u>213,122</u>	<u>-</u>	<u>-</u>	<u>213,122</u>
Income (loss) before transfers	<u>1,581,604</u>	<u>2,937</u>	<u>30,808</u>	<u>1,615,349</u>
Transfers out (in)	<u>(400,000)</u>	<u>-</u>	<u>-</u>	<u>(400,000)</u>
Change in net position	1,181,604	2,937	30,808	1,215,349
Total net position - September 1 (beginning)	<u>8,963,986</u>	<u>5,947</u>	<u>157,364</u>	<u>9,127,297</u>
Total net position - August 31 (ending)	<u>\$ 10,145,590</u>	<u>\$ 8,884</u>	<u>\$ 188,172</u>	<u>\$ 10,342,646</u>

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED AUGUST 31, 2023

	<u>Workers'</u> <u>compensation</u>	<u>Tech trades</u>	<u>Catering</u>	<u>Total Internal Service</u> <u>Funds (See D-3)</u>
<u>Cash flows from operating activities</u>				
Cash received from user charges	\$ 1,983,095	\$ 29,145	\$ 94,762	\$ 2,107,002
Cash received from other funds	-	-	-	-
Cash payments to employees for services	(104,129)	(1,183)	-	(105,312)
Cash payments for contracted services	(46,896)	(63)	(116)	(47,075)
Cash payments for insurance claims	(297,752)	-	-	(297,752)
Cash payments for supplies	(9,845)	(24,307)	(63,101)	(97,253)
Cash payments for other operating expenses	(74,688)	(322)	-	(75,010)
Net cash provided by (used in) operating activities	<u>1,449,785</u>	<u>3,270</u>	<u>31,545</u>	<u>1,484,600</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>(400,000)</u>
<u>Cash flows from investing activities</u>				
Interest received	213,122	-	-	213,122
Net cash provided by investing activities	<u>213,122</u>	<u>-</u>	<u>-</u>	<u>213,122</u>
Net increase (decrease) in cash and cash equivalents	1,262,907	3,270	31,545	1,297,722
Cash and cash equivalents at beginning of the year	<u>9,531,458</u>	<u>5,987</u>	<u>158,348</u>	<u>9,695,793</u>
Cash and cash equivalents at end of the year	<u>\$ 10,794,365</u>	<u>\$ 9,257</u>	<u>\$ 189,893</u>	<u>\$ 10,993,515</u>
<u>Reconciliation of operating income (loss) to net cash</u> <u>provided by (used in) operating activities</u>				
Operating income (loss)	\$ 1,368,482	\$ 2,937	\$ 30,808	\$ 1,402,227
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
(Increase) decrease in other receivable	31,508	-	-	31,508
Increase (decrease) in accounts payable	19,519	333	737	20,589
Increase (decrease) in accrued wages	208	-	-	208
Increase (decrease) in payments from other funds	-	-	-	-
Increase (decrease) in other accrued expenses	30,068	-	-	30,068
Net cash provided by (used in) operating activities	<u>\$ 1,449,785</u>	<u>\$ 3,270</u>	<u>\$ 31,545</u>	<u>\$ 1,484,600</u>

CUSTODIAL FUNDS

Custodial 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 Custodial Funds:

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. District employees determine when and how funds are spent.

Student Activity Fund - this fund accounts for the receipt and disbursement of monies from student activity organizations. These organizations have officers and the funds raised are for the benefit of the students.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
CUSTODIAL FUNDS
YEAR ENDED AUGUST 31, 2023

	Flexible Spending Fund	Student Activity Funds	Total Custodial Funds
Assets			
Cash and temporary investments	\$ 309,019	\$ 425,122	\$ 734,141
Due from other sources	61,445	-	61,445
Prepays	-	-	-
Total assets	<u>\$ 370,464</u>	<u>\$ 425,122</u>	<u>\$ 795,586</u>
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Position			
Restricted for other purposes	\$ 370,464	\$ 425,122	\$ 795,586
Total net position	<u>\$ 370,464</u>	<u>\$ 425,122</u>	<u>\$ 795,586</u>

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN NET POSITION
CUSTODIAL FUNDS
YEAR ENDED AUGUST 31, 2023

	Flexible Spending Fund	Student Activity Funds	Total Custodial Funds
Additions			
Miscellaneous revenue	\$ 618,534	\$ 350,249	\$ 968,783
Earnings on investments	6,217	11,568	17,785
Total additions	<u>624,751</u>	<u>361,817</u>	<u>986,568</u>
Deductions			
Contracted services	599,098	134	599,232
Supplies and materials	-	192,777	192,777
Other miscellaneous operating expenses	-	148,584	148,584
Total deductions	<u>599,098</u>	<u>341,495</u>	<u>940,593</u>
Change in net position	25,653	20,322	45,975
Net position - September 1 (beginning)	344,811	404,800	749,611
Net position - August 31 (ending)	<u>\$ 370,464</u>	<u>\$ 425,122</u>	<u>\$ 795,586</u>

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

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TEXAS EDUCATION AGENCY REQUIRED SCHEDULES

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
YEAR ENDED AUGUST 31, 2023

	(1)	(2)	(3)
Last 10 Years August 31	Tax rates		Assessed /Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2014 and prior years	Various	Various	Various
2015	1.0400	0.3350	9,592,152,999
2016	1.0400	0.3100	9,176,034,157
2017	1.0400	0.2760	10,771,940,001
2018	1.0400	0.2230	12,240,981,339
2019	1.0400	0.2330	13,698,779,740
2020	0.9700	0.2500	15,498,767,290
2021	0.9624	0.2356	15,798,326,547
2022	0.9252	0.2356	17,205,287,717
2023 (School year under audit)	0.8742	0.2356	18,416,245,007
1000 TOTALS			
8000 Total Taxes Refunded under Section 26.115 Tax			

Exhibit J-1

(10)	(20)	(31)	(32)	(40)	(50)
Beginning Balance September 1, 2022	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance August 31, 2023
1,574,508	—	22,606	7,553	(496,494)	1,047,855
161,363	—	4,195	1,250	—	155,918
144,352	—	3,190	846	-	140,316
305,109	—	5,237	1,123	-	298,749
347,781	—	8,967	2,009	(319)	336,486
246,264	—	10,543	2,717	(3,704)	229,300
297,716	—	40,901	10,013	2,969	249,771
327,616	-	44,301	10,845	(46,377)	226,093
805,081		(135,699)	(36,572)	(659,342)	318,010
—	196,437,812	161,894,061	43,631,024	9,375,777	288,504
<u>\$ 4,209,790</u>	<u>\$ 196,437,812</u>	<u>\$ 161,898,302</u>	<u>\$ 43,630,808</u>	<u>\$ 8,172,510</u>	<u>\$ 3,291,002</u>
		\$632,720			

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE (GAAP Basis)
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
YEAR ENDED AUGUST 31, 2023

Data Control Codes		Budgeted Amounts			Variance With Final Budget (Over) or Under
		Original	Final	Actual Amounts	
REVENUES					
5700	Local and intermediate sources	\$ 3,300,000	\$ 3,050,000	\$ 3,411,061	\$ (361,061)
5800	State program revenues	63,781	63,781	67,245	(3,464)
5900	Federal program revenues	13,098,992	11,548,992	12,421,401	(872,409)
5020	Total revenues	16,462,773	14,662,773	15,899,707	(1,236,934)
EXPENDITURES					
0035	Food service	20,973,416	19,166,416	17,706,909	1,459,507
0051	Maintenance and operations	68,957	68,957	68,957	-
0071	Debt service principal	-	-	-	-
6030	Total expenditures	21,042,373	19,235,373	17,775,866	1,459,507
Excess (deficiency) of revenues					
1100	over (under) expenditures	(4,579,600)	(4,572,600)	(1,876,159)	(2,696,441)
Other Financing Sources (Uses)					
7912	Sale of real or personal property	35,377	30,216	31,371	(1,155)
7915	Transfers in			1,170	
7080	Total other financing sources (uses)	35,377	30,216	32,541	(1,155)
1200	Net change in fund balance	\$ (4,544,223)	\$ (4,542,384)	\$ (1,843,618)	\$ (2,697,596)
0100	Fund balance - September 1 (beginning)	8,406,978	8,406,978	8,406,978	-
3000	Fund balance - August 31 (ending)	\$ 3,862,755	\$ 3,864,594	\$ 6,563,360	\$ (2,697,596)

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE (GAAP Basis)
DEBT SERVICE FUND
YEAR ENDED AUGUST 31, 2023

Data Control Codes		Budgeted Amounts			Variance With Final Budget (Over) or Under
		Original	Final	Actual Amounts	
REVENUES					
5700	Local and intermediate sources	\$ 41,215,242	\$ 41,215,242	\$ 45,590,095	\$ (4,374,853)
5800	State program revenues	573,885	573,885	1,350,532	(776,647)
5020	Total revenues	41,789,127	41,789,127	46,940,627	(5,151,500)
EXPENDITURES					
0071	Debt service - principal on long-term debt	41,789,127	27,220,000	26,615,000	605,000
0072	Debt service - interest on long-term debt	-	14,561,627	15,045,573	(483,946)
0073	Debt service - bond issuance cost and fees	-	7,500	8,700	(1,200)
6030	Total expenditures	41,789,127	41,789,127	41,669,273	119,854
Excess of revenues					
1100	over expenditures	-	-	5,271,354	(5,271,354)
1200	Net change in fund balance	-	-	5,271,354	(5,271,354)
0100	Fund balance - September 1 (beginning)	16,264,867	16,264,867	16,264,867	-
3000	Fund balance - August 31 (ending)	\$ 16,264,867	\$ 16,264,867	\$ 21,536,221	\$ (5,271,354)

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HURST EULESS BEDFORD INDEPENDENT SCHOOL DISTRICT
 STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES
 FOR THE YEAR ENDED AUGUST 31, 2023

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	21,155,200
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	9,998,348

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	2,672,910
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	4,977,109

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STATISTICAL SECTION
(Unaudited)

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This section of the District's annual comprehensive 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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities				
Net investment				
in capital assets	\$ 1,740,718	\$ 4,204,062	\$ 16,583,665	\$ 26,374,493
Restricted	14,865,637	12,674,504	14,020,036	15,137,689
Unrestricted	92,910,772	93,332,672	105,560,374	117,532,532
Total Governmental Net Position	<u>\$ 109,517,127</u>	<u>\$ 110,211,238</u>	<u>\$ 136,164,075</u>	<u>\$ 159,044,714</u>
Business-Type Activities				
Net investment				
in capital assets	\$ —	\$ —	\$ —	\$ —
Restricted	—	—	—	—
Unrestricted	358,736	520,618	596,046	573,094
Total Business-Type Net Position	<u>\$ 358,736</u>	<u>\$ 520,618</u>	<u>\$ 596,046</u>	<u>\$ 573,094</u>
Total Primary Government				
Net investment				
in capital assets	\$ 1,740,718	\$ 4,204,062	\$ 16,583,665	\$ 26,374,493
Restricted	14,865,637	12,674,504	14,020,036	15,137,689
Unrestricted	93,269,508	93,853,290	106,156,420	118,105,626
Total Primary Government Net Position	<u>\$ 109,875,863</u>	<u>\$ 110,731,856</u>	<u>\$ 136,760,121</u>	<u>\$ 159,617,808</u>

Source: Statement of Net Position - Government-wide audited financial reports.

Schedule 1

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 31,495,765	\$ 45,868,215	\$ 72,235,802	\$ 99,781,019	\$ 109,397,796	\$ 139,413,878
16,322,030	16,130,034	17,077,837	19,526,856	24,792,393	28,048,068
37,600,712	48,912,805	54,912,226	56,648,763	92,813,371	102,479,191
<u>\$ 85,418,507</u>	<u>\$ 110,911,054</u>	<u>\$ 144,225,865</u>	<u>\$ 175,956,638</u>	<u>\$ 227,003,560</u>	<u>\$ 269,941,137</u>

\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
598,305	615,040	161,851	426,690	686,441	159,691
<u>\$ 598,305</u>	<u>\$ 615,040</u>	<u>\$ 161,851</u>	<u>\$ 426,690</u>	<u>\$ 686,441</u>	<u>\$ 159,691</u>

\$ 31,495,765	\$ 45,868,215	\$ 72,235,802	\$ 99,781,019	\$ 109,397,796	\$ 139,413,878
16,322,030	16,130,034	17,077,837	19,526,856	24,792,393	28,048,068
38,199,017	49,527,845	55,074,077	57,075,453	93,499,812	102,638,882
<u>\$ 86,016,812</u>	<u>\$ 111,526,094</u>	<u>\$ 144,387,716</u>	<u>\$ 176,383,328</u>	<u>\$ 227,690,001</u>	<u>\$ 270,100,828</u>

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

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

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

Expenses by function	2014	2015	2016	2017
Governmental activities:				
Instruction	\$ 111,078,006	\$ 112,968,442	\$ 121,340,167	\$ 131,826,288
Instructional resources & media services	2,496,469	2,545,275	2,747,096	2,940,802
Curriculum and staff development	2,818,037	2,838,684	3,382,001	3,690,356
Instructional leadership	2,124,495	2,353,852	2,550,029	2,694,119
School leadership	9,957,175	10,488,800	11,497,851	11,988,748
Guidance and counseling services	7,233,773	7,680,282	8,076,076	8,632,914
Social work services	709,408	721,998	764,470	811,527
Health services	2,010,771	2,113,607	2,372,931	2,537,303
Student transportation	3,955,100	4,254,762	4,532,814	5,125,141
Food service	9,371,710	9,656,425	10,455,808	11,314,112
Co-curricular/extracurricular activities	5,354,416	5,742,981	6,069,578	6,556,564
General administration	4,399,247	4,428,016	4,864,989	5,452,596
Plant maintenance and operations	15,629,249	16,886,392	18,004,751	17,704,345
Security and monitoring services	931,706	922,635	1,065,500	1,007,759
Data processing services	4,271,269	4,254,918	4,533,861	5,272,250
Community services	190,905	226,473	281,053	488,224
Debt service - interest and fees on long-term debt	17,336,054	14,160,123	13,053,831	13,354,532
Juvenile justice alternative education program	5,289	12,642	7,611	55,470
Other intergovernmental charges	722,295	760,734	714,384	761,346
Total governmental expenses	<u>\$ 200,595,374</u>	<u>\$ 203,017,041</u>	<u>\$ 216,314,801</u>	<u>\$ 232,214,396</u>
Business-type activities:				
Extended day services	\$ 1,257,850	\$ 1,307,741	\$ 1,331,290	\$ 1,336,961
Total Primary Government Expenses	<u>\$ 201,853,224</u>	<u>\$ 204,324,782</u>	<u>\$ 217,646,091</u>	<u>\$ 233,551,357</u>
Program Revenues				
Governmental activities				
Charges for services				
Instruction	\$ 72,379	\$ 104,387	\$ 129,335	\$ 100,350
Instructional resources and media services	—	—	—	—
Curriculum and staff development	—	—	—	—
Instructional leadership	—	—	—	—
School leadership	—	—	—	—
Guidance and counseling services	—	—	—	—
Social work services	—	—	—	—
Health services	—	—	—	—
Student transportation	—	—	—	—
Food service	2,706,225	2,982,993	3,209,741	3,404,257
Co-curricular/extracurricular services	295,526	395,865	364,926	321,510
General administration	—	—	—	—
Plant maintenance and operations	412,040	430,730	399,616	354,271
Security and monitoring services	—	—	—	—
Data processing services	—	—	—	—
Community services	—	—	—	—
Operating grants and contributions	30,687,883	30,135,722	34,320,753	40,075,836
Total governmental program revenues	<u>34,174,053</u>	<u>34,049,697</u>	<u>38,424,371</u>	<u>44,256,224</u>
Business-type activities				
Charges for services	\$ 2,066,585	\$ 2,278,357	\$ 2,377,336	\$ 2,360,056
Total business-type activities revenues	<u>\$ 2,066,585</u>	<u>\$ 2,278,357</u>	<u>\$ 2,377,336</u>	<u>\$ 2,360,056</u>
Total Primary Government Revenues	<u>\$ 36,240,638</u>	<u>\$ 36,328,054</u>	<u>\$ 40,801,707</u>	<u>\$ 46,616,280</u>
Net (Expense)/Revenue				
Total primary government net expense	<u>\$ (165,612,586)</u>	<u>\$ (167,996,728)</u>	<u>\$ (176,844,384)</u>	<u>\$ (186,935,077)</u>

Source: Statement of Activities - Government-wide audited financial reports.

Schedule 2

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 89,232,325	\$ 148,793,500	\$ 154,834,942	\$ 152,990,277	\$ 138,576,217	\$ 146,516,063
2,167,281	3,254,407	3,061,483	3,101,913	3,069,918	3,046,839
2,723,177	8,974,535	7,357,001	7,779,033	6,994,932	6,805,906
1,942,842	2,563,178	3,203,032	3,148,664	2,727,043	3,072,213
8,017,046	12,230,574	14,182,590	13,899,405	12,756,662	13,544,158
5,677,759	8,712,204	10,315,034	10,200,311	9,068,182	9,300,788
598,651	914,747	1,168,079	954,199	1,276,146	1,421,513
1,711,772	2,585,128	3,479,565	3,308,490	3,278,567	3,034,500
4,357,510	7,294,347	6,656,937	6,285,217	6,770,721	6,656,395
8,965,783	12,543,361	13,884,170	10,759,862	13,826,215	14,033,940
5,479,382	5,676,268	6,642,266	5,870,866	6,560,824	7,072,799
4,639,771	6,046,974	5,939,452	5,984,313	6,104,490	6,644,853
15,965,997	21,324,782	19,661,436	19,955,409	22,656,260	24,134,777
1,025,340	1,244,514	1,551,039	1,320,482	1,210,516	1,787,867
4,437,579	5,539,749	5,253,644	5,304,294	5,996,421	9,451,966
227,627	634,905	700,300	527,236	415,079	450,466
21,106,779	11,234,319	12,541,676	11,984,304	11,275,465	10,293,097
2,451	—	—	—	903	3,483
748,799	869,854	903,549	865,014	939,711	944,300
<u>\$ 179,027,871</u>	<u>\$ 260,437,346</u>	<u>\$ 271,336,195</u>	<u>\$ 264,239,289</u>	<u>\$ 253,504,272</u>	<u>\$ 268,215,923</u>
\$ 1,416,290	\$ 1,474,450	\$ 1,394,841	\$ 1,088,076	\$ 1,152,281	\$ 1,309,166
<u>\$ 180,444,161</u>	<u>\$ 261,911,796</u>	<u>\$ 272,731,036</u>	<u>\$ 265,327,365</u>	<u>\$ 254,656,553</u>	<u>\$ 269,525,089</u>
\$ 78,986	\$ 78,313	\$ 76,083	\$ 211,804	\$ 1,643,916	\$ 1,054,650
—	—	—	—	—	—
—	—	—	—	—	99,997
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
3,576,044	3,546,431	2,464,050	512,642	838,873	3,235,450
345,236	342,573	241,027	214,389	363,803	342,160
—	—	—	—	—	—
395,376	237,532	635,417	526,684	463,048	319,273
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
32,141,658	39,152,058	37,499,156	42,773,813	65,403,315	50,717,673
<u>36,537,300</u>	<u>43,356,907</u>	<u>40,915,733</u>	<u>44,239,332</u>	<u>68,712,955</u>	<u>55,769,203</u>
\$ 2,464,598	\$ 2,539,492	\$ 1,506,691	\$ 1,352,915	\$ 1,912,032	\$ 1,868,858
<u>\$ 2,464,598</u>	<u>\$ 2,539,492</u>	<u>\$ 1,506,691</u>	<u>\$ 1,352,915</u>	<u>\$ 1,912,032</u>	<u>\$ 1,868,858</u>
\$ 39,001,898	\$ 45,896,399	\$ 42,422,424	\$ 45,592,247	\$ 70,624,987	\$ 57,638,061
<u>\$ (141,442,263)</u>	<u>\$ (216,015,397)</u>	<u>\$ (230,308,612)</u>	<u>\$ (219,735,118)</u>	<u>\$ (184,031,566)</u>	<u>\$ (211,887,028)</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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Net (Expense)/Revenue				
Governmental activities	\$ (166,421,321)	\$ (168,967,344)	\$ (177,890,430)	\$ (187,958,172)
Business-type activities	808,735	970,616	1,046,046	1,023,095
Total Net Expenses	<u>\$ (165,612,586)</u>	<u>\$ (167,996,728)</u>	<u>\$ (176,844,384)</u>	<u>\$ (186,935,077)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes levied for general purposes	90,922,907	97,775,691	100,415,176	111,853,659
Property taxes levied for debt service	30,327,043	31,451,260	29,897,309	29,666,816
State aid - formula grants	60,211,733	63,492,821	67,267,056	66,085,444
Miscellaneous local and intermediate	729,879	628,678	2,045,625	751,050
Investment earnings	645,038	586,803	822,655	1,435,795
Transfers in (out)	726,598	808,734	970,618	1,046,047
Special Item	(1,435,987)	—	2,424,828	—
Total governmental activities revenues	<u>182,127,211</u>	<u>194,743,987</u>	<u>203,843,267</u>	<u>210,838,811</u>
Business-type activities:				
Transfers in (out)	<u>(726,598)</u>	<u>(808,734)</u>	<u>(970,618)</u>	<u>(1,046,047)</u>
Total general revenues and other changes	<u>\$ 181,400,613</u>	<u>\$ 193,935,253</u>	<u>\$ 202,872,649</u>	<u>\$ 209,792,764</u>
Change in Net Position				
Governmental activities	\$ 15,705,890	\$ 25,776,643	\$ 25,952,837	\$ 22,880,639
Business-type activities	82,137	161,882	75,428	(22,952)
Total primary government	<u>\$ 15,788,027</u>	<u>\$ 25,938,525</u>	<u>\$ 26,028,265</u>	<u>\$ 22,857,687</u>

Source: Statement of Activities - Government-wide audited financial reports.

Schedule 3

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ (142,490,571)	\$ (217,080,439)	\$ (230,420,462)	\$ (219,999,957)	\$ (184,791,317)	\$ (212,446,720)
1,048,308	1,065,042	111,850	264,839	759,751	559,692
<u>\$ (141,442,263)</u>	<u>\$ (216,015,397)</u>	<u>\$ (230,308,612)</u>	<u>\$ (219,735,118)</u>	<u>\$ (184,031,566)</u>	<u>\$ (211,887,028)</u>
126,881,939	138,406,918	145,361,068	152,734,160	155,243,272	161,931,472
27,236,390	30,976,825	37,408,241	37,359,385	39,480,714	43,825,982
29,269,521	62,864,707	74,082,722	60,282,410	42,046,066	34,342,887
909,729	744,591	679,350	668,646	540,295	978,515
3,409,982	8,531,638	5,638,853	686,129	(1,972,108)	13,218,999
1,023,097	1,048,307	565,039	—	500,000	1,086,442
—	—	—	—	—	—
<u>188,730,658</u>	<u>242,572,986</u>	<u>263,735,273</u>	<u>251,730,730</u>	<u>235,838,239</u>	<u>255,384,297</u>
(1,023,097)	(1,048,307)	(565,039)	—	(500,000)	(1,086,442)
<u>\$ 187,707,561</u>	<u>\$ 241,524,679</u>	<u>\$ 263,170,234</u>	<u>\$ 251,730,730</u>	<u>\$ 235,338,239</u>	<u>\$ 254,297,855</u>
\$ 46,240,087	\$ 25,492,547	\$ 33,314,811	\$ 31,730,773	\$ 51,046,922	\$ 42,937,577
25,211	16,735	(453,189)	264,839	259,751	(526,750)
<u>\$ 46,265,298</u>	<u>\$ 25,509,282</u>	<u>\$ 32,861,622</u>	<u>\$ 31,995,612</u>	<u>\$ 51,306,673</u>	<u>\$ 42,410,827</u>

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund				
Non-spendable	\$ 492,655	\$ 761,371	\$ 637,082	\$ 668,658
Restricted	—	—	—	—
Committed	45,000,000	55,000,000	62,000,000	69,000,000
Unassigned	24,615,370	24,439,434	26,155,113	30,090,230
Total general fund	<u>\$ 70,108,025</u>	<u>\$ 80,200,805</u>	<u>\$ 88,792,195</u>	<u>\$ 99,758,888</u>
All Other Governmental Funds				
Non-spendable	\$ 29,110	\$ 13,498	\$ 2,195	\$ 13,781
Restricted	24,142,921	19,560,795	20,233,817	19,217,311
Committed	25,992,820	28,732,700	35,261,672	38,982,034
Unassigned	—	—	—	—
Total all other governmental funds	<u>\$ 50,164,851</u>	<u>\$ 48,306,993</u>	<u>\$ 55,497,684</u>	<u>\$ 58,213,126</u>

Source: Balance Sheet - Governmental Funds - audited financial reports

Schedule 4

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 1,516,399	\$ 1,470,844	\$ 1,502,592	\$ 1,598,682	\$ 1,157,085	\$ 573,569
—	—	—	—	—	986,043
69,000,000	69,000,000	86,717,053	98,580,532	111,467,239	117,571,320
26,176,745	37,821,976	33,945,877	42,690,127	49,034,640	52,064,060
<u>\$ 96,693,144</u>	<u>\$ 108,292,820</u>	<u>\$ 122,165,522</u>	<u>\$ 142,869,341</u>	<u>\$ 161,658,964</u>	<u>\$ 171,194,992</u>
\$ 32,689	\$ 25,101	\$ 18,894	\$ 4,886	\$ 40,032	\$ 51,513
102,248,895	184,574,600	68,677,090	52,632,654	49,113,346	30,070,431
66,921,598	66,107,933	69,819,344	52,533,607	63,125,534	50,416,655
—	—	—	—	—	—
<u>\$ 169,203,182</u>	<u>\$ 250,707,634</u>	<u>\$ 138,515,328</u>	<u>\$ 105,171,147</u>	<u>\$ 112,278,912</u>	<u>\$ 80,538,599</u>

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Governmental Funds Revenues
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Local Sources:				
Local maintenance and debt service tax	\$ 121,166,877	\$ 128,100,599	\$ 129,889,502	\$ 141,461,964
Tuition from patrons	448,738	608,533	695,310	683,644
Other revenue from local sources	1,951,876	1,945,867	2,322,165	2,779,549
Co-curricular revenues	5,045,486	5,391,078	5,659,558	5,800,695
Other revenue from intermediate sources	—	30,000	—	20,000
Total Local Sources	<u>128,612,977</u>	<u>136,076,077</u>	<u>138,566,535</u>	<u>150,745,852</u>
State Sources:				
Per capita and foundation	60,169,961	62,017,885	66,357,420	65,214,427
Other state program revenues	<u>10,004,605</u>	<u>11,032,130</u>	<u>9,142,186</u>	<u>10,377,547</u>
Total State Sources	<u>70,174,566</u>	<u>73,050,015</u>	<u>75,499,606</u>	<u>75,591,974</u>
Federal Sources:				
Federal Grants	<u>18,127,045</u>	<u>17,842,521</u>	<u>18,833,229</u>	<u>19,758,399</u>
Total Revenues	<u>\$ 216,914,588</u>	<u>\$ 226,968,613</u>	<u>\$ 232,899,370</u>	<u>\$ 246,096,225</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>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 154,484,036	\$ 169,217,791	\$ 183,272,698	\$ 189,938,119	\$ 194,683,987	\$ 206,538,423
631,921	791,777	568,565	662,518	802,657	1,019,033
5,148,472	9,842,023	7,224,064	2,058,109	(376,259)	14,709,501
6,013,926	5,913,020	4,156,517	1,551,196	2,780,451	5,582,288
30,000	30,500	98,955	1,058,812	24,585	—
<u>166,308,355</u>	<u>185,795,111</u>	<u>195,320,799</u>	<u>195,268,754</u>	<u>197,915,421</u>	<u>227,849,245</u>
58,871,711	47,421,007	55,512,627	44,746,370	44,114,442	30,990,686
<u>8,776,429</u>	<u>12,849,073</u>	<u>12,212,932</u>	<u>11,145,312</u>	<u>13,696,991</u>	<u>11,182,639</u>
<u>67,648,140</u>	<u>60,270,080</u>	<u>67,725,559</u>	<u>55,891,682</u>	<u>57,811,433</u>	<u>42,173,325</u>
<u>20,914,742</u>	<u>23,874,088</u>	<u>23,511,406</u>	<u>29,468,254</u>	<u>50,612,789</u>	<u>38,565,625</u>
<u>\$ 254,871,237</u>	<u>\$ 269,939,279</u>	<u>\$ 286,557,764</u>	<u>\$ 280,628,690</u>	<u>\$ 306,339,643</u>	<u>\$ 308,588,195</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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Expenditures by Function				
Instruction	\$ 105,579,751	\$ 107,743,088	\$ 110,015,918	\$ 117,447,507
Instructional resources and media services	2,364,542	2,427,546	2,486,314	2,563,066
Curriculum and staff development	2,627,929	2,691,495	2,965,799	3,029,069
Instructional leadership	2,065,292	2,317,564	2,342,777	2,413,718
School leadership	9,398,174	9,962,392	10,257,491	10,337,581
Guidance and counseling services	6,865,581	7,327,570	7,246,711	7,570,588
Social work services	709,582	725,966	765,301	779,638
Health services	1,908,172	2,020,216	2,132,941	2,225,132
Student transportation	4,182,028	4,534,645	4,959,360	4,904,750
Food service	9,677,254	10,408,285	10,777,817	11,626,082
Co-curricular/extracurricular activities	5,054,435	5,271,385	5,576,166	5,929,557
General administration	4,402,339	4,447,205	4,654,135	5,102,897
Plant maintenance and operations	15,327,285	15,519,294	16,808,862	16,340,729
Security and monitoring services	864,655	846,200	890,994	900,711
Data processing services	5,095,727	5,355,121	3,831,552	4,360,013
Community services	188,185	228,464	247,512	486,868
Debt service				
Principal	11,435,286	12,167,159	13,255,590	11,957,689
Interest	18,744,942	17,587,923	16,617,465	17,917,744
Cost and fees	1,533	398,024	2,947	2,948
Facilities acquisition and construction	52,930,239	4,173,835	8,700,686	7,165,540
Contracted instructional	—	—	—	—
Juvenile justice alternative educational program	5,289	12,642	7,611	55,470
Other intergovernmental charges	722,295	760,734	714,384	761,346
Total Expenditures	<u>\$ 260,150,515</u>	<u>\$ 216,926,753</u>	<u>\$ 225,258,333</u>	<u>\$ 233,878,643</u>
Debt service as a percentage of noncapital expenditures	14.79%	14.19%	13.94%	13.28%

Source: Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds - audited financial reports

Schedule 6

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 118,157,410	\$ 130,276,229	\$ 128,193,715	\$ 132,731,025	\$ 135,448,814	\$ 136,948,148
2,609,766	2,656,412	2,598,661	2,748,186	2,985,258	2,875,453
2,977,410	5,415,986	5,536,770	6,324,189	7,134,360	7,210,238
2,498,899	2,536,975	2,645,643	2,788,316	2,781,498	2,967,911
10,620,790	10,848,121	11,543,799	11,881,468	12,325,611	12,457,447
7,671,866	8,086,392	8,289,217	8,642,212	8,884,781	8,874,225
810,496	885,278	986,391	834,321	1,335,913	1,547,234
2,262,137	2,339,704	2,976,099	2,909,528	3,215,786	2,996,603
5,659,237	6,260,242	7,513,778	5,356,549	6,659,611	6,501,205
12,339,111	13,191,128	12,412,940	10,698,831	15,379,229	18,052,329
5,859,726	6,005,091	5,666,763	5,001,503	6,030,982	6,456,156
5,462,878	5,424,656	5,434,505	5,654,372	6,283,677	6,610,215
16,665,833	16,250,942	17,139,182	17,321,591	18,430,103	21,987,555
954,908	1,071,734	1,415,803	1,170,777	1,086,448	1,621,535
5,119,430	5,041,718	6,676,815	5,105,036	5,675,091	10,246,978
429,696	494,916	463,531	390,581	408,565	516,921
13,574,890	17,625,000	18,830,000	20,755,000	21,802,808	27,526,273
13,793,540	13,820,832	18,157,618	16,202,762	15,426,038	15,088,264
2,035,519	839,057	3,100	100,550	2,600	8,700
5,223,854	43,211,544	128,495,626	36,409,863	10,206,340	41,922,552
—	—	—	—	—	—
2,451	—	—	—	903	3,483
748,799	869,854	903,549	865,014	939,711	944,300
<u>\$ 235,478,646</u>	<u>\$ 293,151,811</u>	<u>\$ 385,883,505</u>	<u>\$ 293,891,674</u>	<u>\$ 282,444,127</u>	<u>\$ 333,363,725</u>
12.07%	12.72%	14.66%	14.41%	13.83%	13.31%

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (43,235,927)	\$ 10,041,860	\$ 7,641,037	\$ 12,217,582
Other Financing Sources (Uses)				
Proceeds from sale of bonds	—	38,267,681	—	—
Right-to-use leases	—	—	—	—
Sale of equipment and/or capital assets	12,992	276,527	1,245,598	18,506
Transfers in	11,801,746	8,447,871	20,604,540	12,316,919
Premium on issuance of bonds	—	2,490,595	—	—
Other resources	—	—	2,424,828	—
Proceeds of SBITAs and Other Resources	—	—	—	—
Transfers out	(10,675,148)	(7,239,137)	(16,133,922)	(10,870,872)
Payment to refunded bond escrow	—	(44,050,475)	—	—
Other uses	—	—	—	—
Total other financing sources (uses)	<u>1,139,590</u>	<u>(1,806,938)</u>	<u>8,141,044</u>	<u>1,464,553</u>
Net change in fund balances	<u>\$ (42,096,337)</u>	<u>\$ 8,234,922</u>	<u>\$ 15,782,081</u>	<u>\$ 13,682,135</u>

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

Schedule 7

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 19,392,591	\$ (23,212,532)	\$ (99,325,741)	\$ (13,262,984)	\$ 23,895,516	\$ (24,775,530)
238,950,000	101,460,000	—	5,485,000	—	—
—	—	—	—	1,207,914	—
38,586	15,585	41,098	96,690	23,878	45,042
31,504,636	15,040,440	40,161,702	9,340,247	13,574,312	7,666,412
41,134,855	13,392,768	—	769,626	—	—
—	—	—	—	—	—
—	—	—	—	—	1,039,761
(30,081,539)	(13,592,133)	(39,196,663)	(8,940,247)	(12,804,232)	(6,179,970)
(193,014,817)	—	—	(6,128,694)	—	—
—	—	—	—	—	—
<u>88,531,721</u>	<u>116,316,660</u>	<u>1,006,137</u>	<u>622,622</u>	<u>2,001,872</u>	<u>2,571,245</u>
<u>\$ 107,924,312</u>	<u>\$ 93,104,128</u>	<u>\$ (98,319,604)</u>	<u>\$ (12,640,362)</u>	<u>\$ 25,897,388</u>	<u>\$ (22,204,285)</u>

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HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Real Property	Personal Property	Less: Exemptions	Total Taxable Value	Total Direct Tax Rate ^a
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
2021	14,685,400,892	2,178,293,001	1,065,367,346	15,798,326,547	1.198
2022	17,334,488,585	2,270,177,298	2,399,378,166	17,205,287,717	1.161
2023	17,948,057,702	2,388,602,613	1,920,415,308	18,416,245,007	1.110

Source: Tarrant Appraisal District.

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

^a 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
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
2021	0.962	0.235	1.197	0.623	0.569	0.304	0.463
2022	0.925	0.236	1.161	0.620	0.552	0.292	0.475
2023	0.874	0.236	1.110	0.600	0.496	0.266	0.460

Source: Information obtained from Tarrant Appraisal District website.

^a Rates include levies for operating and debt service costs.

Overlapping Rates^a

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
0.608	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
0.625	0.748	0.576	0.234	0.224	0.130	0.448
0.625	0.733	0.572	0.229	0.224	0.130	0.448
0.614	0.713	0.548	0.224	0.224	0.130	0.448

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

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

Principal Taxpayers ^a	Type of Property	2021-2022 Assessed Valuation ^b	Rank	Percentage of Total Assessed Value	2013-2014 Assessed Valuation	Rank	Percentage of Total Assessed Value
American Airlines	Airline Industry	\$ 908,600,340	1	4.93%	\$ 172,481,483	2	1.93%
Bell Textron Inc	Defense Industry	542,639,774	2	2.95%	260,676,803	1	2.92%
Cmf 15 Portfolio LLC	Real Estate	234,500,000	3	1.27%	110,300,000	3	1.23%
Westdale Hills 2013 LP	Real Estate	185,000,000	4	1.00%	-	-	-
Canopy on Central LP	Real Estate	164,397,419	5	0.89%	-	-	-
Oncor Electric Delivery Co LLC	Utility	124,223,765	6	0.67%	68,778,736	4	0.77%
Avion Owner LLC/Intercapital AC Overlook LLC	Real Estate	119,445,000	7	0.65%			
4328 Centreport Drive (TX) Owner LP/855 Ash (TX)	Real Estate	118,547,896	8	0.64%			
Crest Gateway LP/Crest Oasis LP	Real Estate	117,100,000	9	0.64%	-	-	-
Harvest C Centerport B4 LLC	Foreign LLC	99,304,529	10	0.54%			
Simon Property Group	Real Estate	-	-	-	68,342,977	5	0.76%
Somerset Village Partners LP	Real Estate	-	-	-	61,565,282	6	0.69%
Flint Hills Resources LP	Refining	-	-	-	51,730,413	7	0.58%
Stoneleigh at Bear Creek Apartments	Real Estate	-	-	-	46,900,000	8	0.52%
Centre Station Apartments LLC	Real Estate	-	-	-	43,700,000	9	0.49%
JPCentre (TX) LLC	Real Estate	-	-	-	37,700,000	10	0.42%
Total		<u>\$ 2,613,758,723</u>		<u>14.19%</u>	<u>\$ 922,175,694</u>		<u>10.31%</u>

^a Information obtained from Tarrant Appraisal District.

^b July 2022 assessed valuation of \$18,416,245,007 was the basis of the 2023 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
2014	121,092,304	(74,508)	121,017,796	120,283,726	99.39%	597,698	120,881,424	99.89%
2015	128,768,688	(705,639)	128,063,049	126,928,214	99.11%	976,236	127,904,450	99.88%
2016	121,718,481	8,621,581	130,340,062	129,035,301	99.00%	1,162,279	130,197,580	99.89%
2017	137,694,774	3,565,026	141,259,800	139,861,691	99.01%	1,095,520	140,957,211	99.79%
2018	149,697,774	4,025,735	153,723,509	152,876,940	99.45%	506,417	153,383,357	99.78%
2019	167,538,782	1,988,764	169,527,546	168,571,499	99.44%	725,032	169,296,531	99.86%
2020	181,172,255	1,133,276	182,305,531	181,922,688	99.79%	535,767	182,458,455	100.08%
2021	180,663,110	9,411,599	190,074,709	189,484,068	99.69%	364,548	189,848,616	99.88%
2022	190,967,229	4,293,681	195,260,910	194,455,829	99.59%	487,071	194,942,900	99.84%
2023	196,437,812	9,375,777	205,813,589	205,525,085	99.86%	-	205,525,085	99.86%

Source: Information obtained from Tarrant County Tax Assessor.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Outstanding Debt by Type

Last Ten Fiscal Years

(Unaudited)

Governmental Activities					
Fiscal Year	School Building Bonds	Refunding Bonds	Total Primary Government	Percentage of Personal Income^a	Per Capita^a
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
2021	190,281,482	196,385,992	386,667,474	7.38%	2,648
2022	177,881,260	183,738,238	361,619,498	6.75%	2,458
2023	153,798,066	176,949,994	330,748,060	5.82%	2,178

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

^a 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, 2023

(Unaudited)

Taxing Body	Net Debt Outstanding	Percent Overlapping ^a	Amount Overlapping Net Debt
City of Fort Worth	\$ 999,250,084	5.24%	\$ 52,360,704
City of Colleyville	11,602,301	4.14%	480,335
City of North Richland Hills	137,190	0.15%	206
City of Euless	62,995,000	63.01%	39,693,150
City of Hurst	44,243,915	61.06%	27,015,334
City of Bedford	129,950,000	99.30%	129,040,350
City of Arlington	649,845,000	2.45%	15,921,203
Tarrant County College District	610,315,000	7.32%	44,675,058
Tarrant County	376,120,000	7.32%	27,531,984
Tarrant County Hospital District	456,835,000	7.32%	33,440,322
Viridian Municipal Management District	305,035,000	100.00%	305,035,000
Total Overlapping Net Debt			675,193,646
Hurst - Euless - Bedford ISD	330,748,060	100.00%	330,748,060
Total Direct and Overlapping Debt to Net Debt			<u><u>\$ 1,005,941,706</u></u>
Ratio of Total Direct and Overlapping Net Debt to 2023 Taxable Assessed Valuation		\$ 18,416,245,007	<u><u>5.46%</u></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.

^a 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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt limit	\$ 894,132,733	\$ 959,215,300	\$ 917,603,416	\$ 1,077,194,000
Total net debt applicable to limit	<u>311,503,269</u>	<u>295,395,647</u>	<u>277,062,005</u>	<u>259,547,234</u>
Legal debt margin	<u><u>\$ 582,629,464</u></u>	<u><u>\$ 663,819,653</u></u>	<u><u>\$ 640,541,411</u></u>	<u><u>\$ 817,646,766</u></u>
Total net debt applicable to the limit as a percentage of debt limit	34.84%	30.80%	30.19%	24.09%

^a 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 2023

Assessed value	\$ 18,416,245,007
Debt limit (10% of assessed value)	1,841,624,501 ^a
Debt applicable to limit	<u>309,210,407</u>
Legal debt margin	<u><u>\$ 1,532,414,094</u></u>

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 1,224,098,134	\$ 1,369,877,974	\$ 1,549,876,729	\$ 1,579,832,655	\$ 1,720,528,772	\$ 1,841,624,501
<u>330,993,183</u>	<u>423,227,364</u>	<u>398,947,076</u>	<u>373,686,797</u>	<u>345,354,631</u>	<u>309,210,407</u>
<u><u>\$ 893,104,951</u></u>	<u><u>\$ 946,650,610</u></u>	<u><u>\$ 1,150,929,653</u></u>	<u><u>\$ 1,206,145,858</u></u>	<u><u>\$ 1,375,174,141</u></u>	<u><u>\$ 1,532,414,094</u></u>
27.04%	30.90%	25.74%	23.65%	20.07%	16.79%

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)

August 31,	Taxable Assessed Value	Assessment Ratio	Gross Bonded Debt Outstanding at Year End ^a	Reserve For Retirement of Bonded Debt	Net Bonded Debt Outstanding at Year End
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
2021	15,798,326,547	100%	386,667,474	12,980,677	373,686,797
2022	17,205,287,717	100%	361,619,498	16,264,867	345,354,631
2023	18,416,245,007	100%	330,748,060	21,537,653	309,210,407

Source: Information obtained from Tarrant Appraisal District.

^a The District's bonded indebtedness consists of General Obligation Bonds.

Ratio Net Bonded Debt to Taxable Assessed Valuation	Estimated Population	Net Bonded Debt Per Capita	Taxable Assessed Valuation Per Capita
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
2.37%	146,042	2,559	108,177
2.01%	147,118	2,347	116,949
1.68%	151,834	2,037	121,292

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Demographic and Economic Statistics

Last Ten Calendar Years

(Unaudited)

Calendar Year	Estimated Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2014	138,510	4,065,460	29,351	5.00
2015	140,781	4,367,914	31,026	3.90
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	3.50
2019	142,862	4,742,197	33,194	3.20
2020	144,098	4,970,095	34,491	8.00
2021	146,042	5,236,322	35,855	5.30
2022	147,118	5,354,525	36,396	3.40
2023	151,834	5,687,672	37,460	3.80

Unemployment rate from U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics. Average of
for cities of Bedford, Euless, and Hurst for 2024 through 2022; preliminary rate as of September 2023 for 2023

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Principal Employers
Current Year and Nine Years Ago
(Unaudited)

<u>Employer</u>	2023			2014		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment^a</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment^a</u>
American Airlines	5,850	1	7.54%	4,000	1	5.46%
Bell Helicopter Textron	4,600	2	5.93%	3,550	2	4.85%
Hurst-Euleless-Bedford ISD	2,731	3	3.52%	2,440	3	3.33%
Texas Health Harris Methodist HEB	1,200	4	1.55%	1,700	4	2.32%
LSG Sky Chefs, Inc.	800	5	1.03%	600	6	0.82%
Walmart Supercenter - (Collective)	700	6	0.90%	450	7	0.61%
Carter Blood Care	550	7	0.71%	865	5	1.18%
Warrantech	415	8	0.53%	415	9	0.57%
City of Hurst	412	9	0.53%	379	10	0.52%
State National Companies	350	10	0.45%	-	-	-
Autogrill Group Inc.				450	8	0.61%
	<u>17,608</u>		<u>22.71%</u>	<u>14,849</u>		<u>20.27%</u>

^a Percentages of total employment for 2023 and 2014 were calculated using total employment data from the City of Hurst, City of Euleless, and City of Bedford Annual Comprehensive 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 Change
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2023-2014
Supervisory											
Instructional administrators	21	24	24	24	22	22	23	28	27	31	47.6%
Noninstructional administrators	8	8	8	9	13	13	13	13	12	12	50.0%
Principals	27	28	28	28	28	28	28	29	29	30	11.1%
Assistant principals	40	40	41	40	42	42	42	43	43	44	10.0%
Total supervisory	96	100	101	101	105	105	106	113	111	117	21.9%
Instruction											
Elementary classroom teachers	671	694	693	697	701	711	698	715	690	690	2.8%
Secondary classroom teachers	454	436	444	455	461	473	483	482	513	501	10.4%
Special education teachers	95	115	108	112	124	126	129	132	135	147	54.7%
Other teachers	87	92	92	95	93	93	106	119	101	113	29.9%
Aides	183	180	180	184	189	208	221	212	234	254	38.8%
Total instruction	1,490	1,517	1,517	1,543	1,568	1,611	1,637	1,660	1,673	1,705	14.4%
Student Services											
Guidance counselors	41	42	42	42	41	43	44	44	45	43	4.9%
Therapists	21	23	22	24	25	24	26	30	30	31	47.6%
Psychologists/diagnosticians	26	27	27	27	27	28	30	31	33	32	23.1%
Librarians	23	24	24	24	24	24	24	25	25	25	8.7%
Nurses	31	32	34	34	34	34	34	36	37	41	32.3%
Total student services	142	148	149	151	151	153	158	166	170	172	21.1%
Support and Administration											
Professional Support	63	64	64	68	80	86	88	88	107	113	79.4%
Auxiliary staff	649	680	680	683	640	651	664	627	638	625	-3.7%
Total support and administration	712	744	744	751	720	737	752	715	745	738	3.7%
Total	2,440	2,509	2,511	2,546	2,544	2,606	2,653	2,654	2,699	2,732	12.0%

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)**

Fiscal Year	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Government Wide Expenses
2014	22,180	177,038,515	7,982	-1.18%	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
2021	22,962	219,558,485	9,562	3.32%	265,327,365
2022	22,874	234,065,732	10,233	7.02%	241,522,846
2023	22,947	238,647,872	10,400	1.63%	269,525,089

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

Implementation of GASB 75 resulted in adjustments to government-wide expenses causing a 3.56% increase in the cost per pupil in 2022.

Schedule 19

Cost per Pupil	Percentage Change	Teaching Staff	Pupil– Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
9,101	-0.99%	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%
11,555	0.90%	1,448	15.9	51.0%
10,559	-8.62%	1,439	15.9	60.7%
11,746	11.24%	1,450	15.8	60.8%

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HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Teacher Base Salaries

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Minimum Salary^a	Maximum Salary^a	District Average Salary^b	Region Average Salary^b	Statewide Average Salary^b
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
2021	57,700	83,719	64,273	60,028	57,641
2022	58,500	84,338	64,759	61,303	58,887
2023	60,000	86,174	65,973	61,303	60,717

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.

^a Information obtained from district records

^b Information obtained from Texas Education Agency - TAPR (Texas Academic Performance Report) reports for fiscal years 2014 through 2023

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Capital Asset Information

Last Ten Fiscal Years

(Unaudited)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Schools</u>				
Elementary				
Buildings	20	20	20	20
Square feet	1,435,727	1,435,727	1,435,727	1,435,727
Capacity	14,001	14,001	14,001	14,001
Enrollment	12,573	12,772	13,015	13,075
Junior High				
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	4,909	4,906	4,975	5,067
High				
Buildings	2	2	2	2
Square feet	637,936	637,936	637,936	604,795
Capacity	4,525	4,525	4,525	4,525
Enrollment	4,509	4,561	4,658	4,838
Other				
Buildings	3	3	3	3
Square feet	253,470	253,470	253,470	253,470
<u>Activity Centers</u>				
Buildings	2	2	2	2
Square feet	182,536	182,536	182,536	182,536
<u>Administrative</u>				
Buildings	2	2	2	2
Square feet	69,919	69,919	69,919	69,919
<u>Auxiliary Services Complex</u>				
Buildings	3	3	3	3
Square feet	78,671	78,671	78,671	78,671
Buses	110	116	123	127
<u>Portable Buildings</u>				
Buildings	40	40	42	42
Square feet	57,696	57,696	60,768	60,768
<u>Athletics</u>				
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	20	20	20	20
Physical fitness areas	26	26	26	26

Source: Information obtained from District records.

Schedule 21

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
20	20	20	21	21	21
1,435,727	1,435,727	1,435,727	1,567,958	1,567,958	1,567,958
14,001	14,001	14,001	15,091	15,091	15,091
13,356	13,382	13,348	12,559	13,240	13,496
5	5	5	5	5	5
690,552	690,552	690,552	858,436	858,436	858,436
5,379	5,379	5,379	6,504	6,504	6,504
5,076	5,257	5,388	5,356	5,297	5,208
2	2	2	2	2	2
604,795	604,795	604,795	604,795	604,795	604,795
4,525	4,525	4,525	4,525	4,525	4,525
4,847	4,903	4,971	5,047	5,030	5,002
3	3	3	3	4	5
253,470	253,470	253,470	253,470	279,563	330,784
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	78,671	78,671	78,671
128	133	148	148	151	151
42	42	40	32	32	32
60,768	60,768	57,888	46,368	46,368	46,368
5	5	5	5	5	5
7	7	7	7	7	7
4	4	4	4	4	4
—	—	—	—	—	—
20	20	20	21	21	21
26	26	26	27	27	27

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FEDERAL AWARDS SECTION

**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, 2023, 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 17, 2024.

Report on 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) as a basis for designing 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.

Report on 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 17, 2024

**Independent Auditor's Report on Compliance for Each Major
Federal Program and Report on Internal Control over
Compliance in Accordance with the Uniform Guidance**

Board of Trustees
Hurst-Euless-Bedford Independent School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hurst-Euless-Bedford Independent School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the 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, 2023. 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.

In our opinion, the District complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to its federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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.

Board of Trustees
Hurst-Euless-Bedford Independent School District

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the 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 17, 2024

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2023

Federal grantor agency	Federal Assistance Listing number	Pass-through entity identification number	Expenditures indirect costs and refunds
U.S. Department of Education (Passed through Texas Education Agency)			
ESSA Title I, Part A - Improving Basic Programs	84.010A	23610101220916	\$ 4,124,563
Special Education Cluster (IDEA):			
IDEA - Part B Formula	84.027A	236600012209166600	4,028,306
IDEA - Part B Preschool	84.173A	236610012209166610	77,254
IDEA - Part B Formula ARP	84.027X	225350012209165350	578,141
IDEA - Part B Preschool ARP	84.173A	225360012209165360	28,528
Total Special Education Cluster (IDEA)			4,712,229
Perkins V - Strengthening CTE for 21st Century	84.048A	23420006220916	257,597
Title X, Part C - Education for Homeless Children and Youth	84.196A	234600057110041	86,940
Title II, Part A - Supporting Effective Instruction	84.367A	23694501220916	629,702
Title III, Part A - English Language Acquisition	84.365A	23671001220916	409,674
Title III, Part A - Immigrant	84.365A	23671003220916	42,720
Title IV, Part A, SSAEP	84.424A	23680101220916	301,250
Improving Academic Achievement, Summer School LEP	84.369A	69552102	15,827
Improving Academic Achievement, Summer School LEP	84.369A	69552202	23,667
COVID-19 ARP Homeless I-TEHCY Supplemental	84.196A	215330017110041	5,316
COVID-19 ARP Homeless II	84.196A	21533002220916	76,792
COVID-19 ARP ESSER III	84.425U	21528001220916	12,945,032
Total Department of Education			23,631,309
U.S. Department of Agriculture (Passed through Texas Education Agency)			
Child Nutrition Cluster:			
National School Breakfast	10.553	71402101	2,431,772
National School Lunch	10.555	71302101	8,580,566
Summer Food Service Program for Children	10.559	71302101/71402101	113,209
Total passed through Texas Education Agency			11,125,547
(Passed through Texas Department of Agriculture)			
Supply Chain Assistance	10.555	90102930001	526,030
National School Lunch Program Commodity donation (noncash)	10.555	01028	877,082
Total passed through Texas Department of Agriculture			1,403,112
Total Child Nutrition Cluster			12,528,659
P-EBT Local Level Administrative Cost Grant	10.649	90094501001	5,950
Total Department of Agriculture			12,534,609
U.S. Department of Health and Human Services (Passed through Texas Health and Human Services Commission)			
Medicaid Administrative Claiming Program (MAC)	93.778	529-07-0157-00180	102,309
COVID-19 School Health Support Grant	93.323	233935027110055	330,296
Total Department of Health and Human Services			432,605
Total expenditures of federal awards			\$ 36,598,523

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
YEAR ENDED AUGUST 31, 2023

RECONCILIATION

Federal program revenues General Fund	\$ 4,465,341
Federal program revenues Special Revenue Fund	<u>34,100,284</u>
Total federal program revenues per exhibit C-3	38,565,625
School Health and Related Services	(2,670,298)
ESSER II expenditures for SBITA items	<u>703,196</u>
Total expenditures of federal awards	<u><u>\$ 36,598,523</u></u>

Hurst-Euless-Bedford Independent School District

Notes to Supplementary Schedule of Expenditures of Federal Awards

Year Ended August 31, 2023

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-Euless-Bedford Independent School District

Schedule of Findings and Questioned Costs

Year Ended August 31, 2023

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:
- 84.425U COVID-19 ARP ESSER III
- h. The dollar threshold used to distinguish between Type A and Type B programs \$1,079,960
- 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, 2023

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, 2022

None