



**Annual Comprehensive Financial Report
For the Fiscal Year Ended August 31, 2022**

Bedford, Texas

Hurst-Euless-Bedford Independent School District
Bedford, Texas



Annual Comprehensive Financial Report
For the Fiscal Year Ended August 31, 2022

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
TABLE OF CONTENTS

	Page	Exhibit
INTRODUCTORY SECTION	i	
Certificate of Board	iii	
Letter of Transmittal	v	
ASBO Certificate of Excellence	xi	
GFOA Certificate of Achievement	xii	
Organizational Chart	xiii	
List of Principal Officials	xiv	
FINANCIAL SECTION	1	
INDEPENDENT AUDITOR'S REPORT	3	
MANAGEMENT'S DISCUSSION AND ANALYSIS	7	
BASIC FINANCIAL STATEMENTS	19	
Government Wide Financial Statements:		
Statement of Net Position	21	A-1
Statement of Activities	22	B-1
Fund Financial Statements:		
Balance Sheet - Governmental Funds	24	C-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	27	C-2
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	28	C-3
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	30	C-4
Statement of Net Position - Proprietary Funds	31	D-1
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	32	D-2
Statement of Cash Flows - Proprietary Funds	33	D-3
Statement of Fiduciary Net Position - Fiduciary Funds	34	E-1
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	35	E-2

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
TABLE OF CONTENTS

	Page	Exhibit
FINANCIAL SECTION (cont'd)		
Notes to the Basic Financial Statements (Notes to the Financial Statements are an integral part of the Basic Financial Statements)	37	
REQUIRED SUPPLEMENTARY INFORMATION	77	
Budgetary Comparison Schedule - General Fund	78	G-1
Notes to the Required Supplementary Information	79	
Schedule of the District's Proportionate Share of the Net Pension Liability	80	G-2
Schedule of District's Contributions for Pensions	82	G-3
Notes to Required Supplementary Information for Pensions	85	G-4
Schedule of the District's Proportionate Share of the Net OPEB Liability	86	G-5
Schedule of District's Contributions for Other Postemployment Benefits (OPEB)	88	G-6
Notes to Required Supplementary OPEB Information	91	G-7
SUPPLEMENTARY INFORMATION - COMBINING STATEMENTS AND SCHEDULES	93	
Non Major Special Revenue Funds:	94	
Combining Balance Sheet - Non Major Governmental Funds	96	H-1
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non Major Governmental Funds	102	H-2
Internal Service Funds:	107	
Combining Statement of Net Position - Internal Service Funds	108	H-3
Combining Statement of Revenue, Expenses and Changes In Net Position - Internal Service Funds	109	H-4
Combining Statement of Cash Flows - Internal Service Funds	111	H-5
Custodial Funds:	113	
Combining Statement of Net Position - Custodial Funds	114	H-9
Combining Statement of Changes in Net Position - Custodial Funds	115	H-10
TEXAS EDUCATION AGENCY REQUIRED SCHEDULES	117	
Schedule of Delinquent Taxes Receivable	118	J-1
Budgetary Comparison Schedule (GAAP Basis) - National School Breakfast and Lunch Program	120	J-2
Budgetary Comparison Schedule (GAAP Basis) - Debt Service Fund	121	J-3
State Compensatory Education and Bilingual Education Program Expenditures	122	J-4

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
TABLE OF CONTENTS

	Page	Schedule
STATISTICAL SECTION (unaudited)	123	
Net Position by Component	126	1
Expenses, Program Revenues, and Net (Expense)/Revenue	128	2
General Revenues and Total Change in Net Position	130	3
Fund Balances, Governmental Funds	132	4
Governmental Funds Revenues	134	5
Governmental Funds Expenditures and Debt Service Ratio	136	6
Other Financing Sources and Uses and Net Change in Fund Balances, Governmental Funds	138	7
Assessed Value and Actual Value of Taxable Property	141	8
Direct and Overlapping Property Tax Rates	142	9
Principal Property Taxpayers	144	10
Property Tax Levies and Collections	145	11
Outstanding Debt by Type	146	12
Direct and Overlapping Governmental Activities Debt	147	13
Legal Debt Margin Information	148	14
Ratio of Net General Bonded Debt to Taxable Assessed Valuation and Net Bonded Debt Per Capita	150	15
Demographic and Economic Statistics	152	16
Principal Employers	153	17
Full-time-Equivalent District Employees by Type	155	18
Operating Statistics	156	19
Teacher Base Salaries	159	20
Capital Asset Information	160	21

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
TABLE OF CONTENTS

	Page	Exhibit
FEDERAL AWARDS SECTION	163	
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 Government Auditing Standards	164	
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by Uniform Guidance	166	
Supplementary Schedule of Expenditures of Federal Awards	169	K-1
Notes to Supplementary Schedule of Expenditures of Federal Awards	171	
Schedule of Findings and Questioned Costs	172	
Summary Schedule of Prior Audit Findings	174	

INTRODUCTORY SECTION

This page intentionally left blank

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, 2022 at a meeting of the Board of Trustees of such school district on the 23rd day of January, 2023.



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):

This page intentionally left blank



January 18, 2023

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, 2022 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, 2022 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 2022 fiscal year, 22,885 students were enrolled in the District, which is an increase of 41 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 147,000. The commercial aspects of the community include industrial, manufacturing, and transportation jobs for the residents. Bell Helicopter Textron, one of the world’s largest manufacturers of commercial and military helicopters has an estimated 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 continues 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 1,415 employees and Carter Bloodcare with an estimated 891 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 new School of Choice at Viridian Elementary. Suzuki Strings has expanded from four elementary sites to ten sites. In 2005-2006, the Suzuki students joined a new orchestra program when they entered junior high. In 2008, the orchestra program expanded to the high school level at L.D. Bell High School. A tuition-based Core Knowledge Pre-Kindergarten program began in the 2002-2003 school year. This program is available at Meadow Creek, Spring Garden, and Viridian.

The District's two high schools, L.D. Bell and Trinity, were accepted to participate in the prestigious International Baccalaureate Program. The District was the first school system in Tarrant County to offer this rigorous course of study that is designed to meet the needs of highly motivated and academically talented high school students. The International Baccalaureate Diploma Program is offered in 2,932 schools in 150 countries, with 950 IB Diploma programs in the United States. During the 2021-2022 school year, the District served 201 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 nineteenth class of IB graduates received their diplomas in the spring of 2022. Of the 101 seniors in the program, 90 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, 2021. 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, 2021. This is the twentieth 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 annual comprehensive 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 2021-2022 certificates.

The District received a rating of "Superior Achievement" for the twentieth 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.

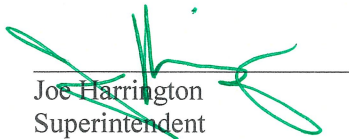
There are 28 campuses in the District, and 22 of the campuses were built before 1983. Due to the lasting effects of the COVID-19 pandemic, enrollment growth is uncertain for fiscal year 2022-2023. The District has experienced a levelling-off in enrollment for the fall of 2022. Through November 2022, there was an increase of about 50 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.

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

This page intentionally left blank



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, 2021.**

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



A handwritten signature in black ink, reading 'William A. Sutter'.

**William A. Sutter
President**

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

**David J. Lewis
Executive Director**



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

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

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

August 31, 2021

Christopher P. Morill

Executive Director/CEO

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	9 years	May 2025	Business Owner
Rochelle Ross Vice-President	9 years	May 2025	Business Owner
Julie Cole Secretary	9 years	May 2023	Senior Analyst
Chris Brown Member	2 year	May 2025	Attorney
Fred Campos Member	8 years	May 2023	Online Business Marketer
Andy Cargile Member	14 years	May 2023	Retired School Administrator
Dawn Jordan-Wells Member	9 years	May 2025	Talent Advisor

Administrative Officials

<u>Name</u>	<u>Position</u>	<u>Experience</u>
Joe Harrington, Ed.D.	Superintendent	36 years
Conrad Streeter	Deputy Superintendent for Educational Operations	25 years
Dobie Williams	Deputy Superintendent for Business Operations	20 years
Brandon Johnson	Assistant Superintendent for Secondary Administration	14 years
Darla Clark	Assistant Superintendent for Elementary Administration	25 years
Cicely Tuttle	Assistant Superintendent for Human Resources	25 years

FINANCIAL SECTION

This page intentionally left blank

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, 2022 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, 2022, 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 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 (14) to the basic financial statements, during the year ended August 31, 2022, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. 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 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, 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 – combining statements and schedules, Texas Education Agency (TEA) required schedules, and the Schedule of Expenditures of

Board of Trustees
Hurst-Euless-Bedford Independent School District

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 – combining statements and schedules, TEA required schedules, and schedule of expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 [insert date of report] 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 18, 2023

This page intentionally left blank

**Hurst-Euless-Bedford Independent School District
Management's Discussion and Analysis
Year Ended August 31, 2022**

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, 2022. 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 \$227.7 million (net position), an increase of \$51.3 million in comparison with the prior year-end net position of \$176.4 million.
- From the governmental fund perspective, at fiscal year-end the District reported combined ending fund balances of \$273.9 million, an increase of \$25.9 million in comparison with the prior year-end combined ending fund balances of \$248.0 million. This increase was primarily due to the use of COVID relief funds to offset expenditures. At the end of the current fiscal year, unassigned fund balance for the general fund was \$49.0 million or 26.5 percent of total general fund expenditures.
- The District's bond principal liability decreased by \$21.4 million or 6.2 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 2021-2022 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, 2022, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$227.0 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, 2022, the District's restricted net position for grant funds was \$8.4 million and restricted net position for debt service was \$16.4 million. As of August 31, 2022, 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 \$92.8 million.

The investment in capital assets less any related debt is \$109.4 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, 2022 and fiscal year ended August 31, 2021:

Table I
Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 316,737,566	\$ 307,733,244	\$ 783,798	\$ 504,237	\$ 317,521,364	\$ 308,237,481
Capital assets	450,819,503	457,035,181	-	-	450,819,503	457,035,181
Total assets	767,557,069	764,768,425	783,798	504,237	768,340,867	765,272,662
Deferred outflows of resources	31,583,563	37,080,965	-	-	31,583,563	37,080,965
Current liabilities	56,082,998	73,544,858	97,357	77,547	56,180,355	73,622,405
Long-term liabilities	336,740,687	362,104,449	-	-	336,740,687	362,104,449
Net pension liability	28,168,653	59,525,150	-	-	28,168,653	59,525,150
Net OPEB liability	61,585,419	62,758,197	-	-	61,585,419	62,758,197
Total liabilities	482,577,757	557,932,654	97,357	77,547	482,675,114	558,010,201
Deferred inflows of resources	89,559,315	67,960,098	-	-	89,559,315	67,960,098
Net position						
Net investment in capital assets	109,397,796	99,781,019	-	-	109,397,796	99,781,019
Restricted	24,792,393	19,526,856	-	-	24,792,393	19,526,856
Unrestricted	92,813,371	56,648,763	686,441	426,690	93,499,812	57,075,453
Total net position	\$ 227,003,560	\$ 175,956,638	\$ 686,441	\$ 426,690	\$ 227,690,001	\$ 176,383,328

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, 2022 with a comparison to the fiscal year ended August 31, 2021. Net position of the District's governmental activities increased to \$227.0 million from \$176.0 million in the prior year.

Revenues in the business-type activities exceeded costs, resulting in a \$760 thousand increase in net position excluding transfers out.

As shown in Table II, the cost of governmental activities this year was \$253.5 million; however, the revenue of governmental activities totaled \$304.1 million, which exceeded expenses by \$50.5 million excluding transfers in. The primary sources of operating revenue were from property taxes totaling \$194.7 million and state grants totaling \$42.0 million. Additionally, program revenue was received from charges for services totaling \$3.3 million and operating grants and contributions totaling \$65.4 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 impacts of the coronavirus pandemic.

Table II
Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues						
Program revenues						
Charges for services	\$ 3,309,640	\$ 1,465,519	\$ 1,912,032	\$ 1,352,915	\$ 5,221,672	\$ 2,818,434
Operating grants and contributions	65,403,315	42,773,813	-	-	65,403,315	42,773,813
General revenues						
Property taxes, levied for general purpose	155,243,272	152,734,160	-	-	155,243,272	152,734,160
Property taxes, levied for debt service	39,480,714	37,359,385	-	-	39,480,714	37,359,385
State grants, unrestricted	42,046,066	60,282,410	-	-	42,046,066	60,282,410
Miscellaneous	540,295	668,646	-	-	540,295	668,646
Investment earnings	(1,972,108)	686,129	-	-	(1,972,108)	686,129
Total revenues	<u>304,051,194</u>	<u>295,970,062</u>	<u>1,912,032</u>	<u>1,352,915</u>	<u>305,963,226</u>	<u>297,322,977</u>
Expenses						
Instruction	138,576,217	152,990,277	-	-	138,576,217	152,990,277
Instructional resources and media	3,069,918	3,101,913	-	-	3,069,918	3,101,913
Curriculum and staff development	6,994,932	7,779,033	-	-	6,994,932	7,779,033
Instructional leadership	2,727,043	3,148,664	-	-	2,727,043	3,148,664
School leadership	12,756,662	13,899,405	-	-	12,756,662	13,899,405
Guidance, counseling and evaluation	9,068,182	10,200,311	-	-	9,068,182	10,200,311
Social work services	1,276,146	954,199	-	-	1,276,146	954,199
Health services	3,278,567	3,308,490	-	-	3,278,567	3,308,490
Student transportation	6,770,721	6,285,217	-	-	6,770,721	6,285,217
Food service	13,826,215	10,759,862	-	-	13,826,215	10,759,862
Co-curricular/extracurricular activities	6,560,824	5,870,866	-	-	6,560,824	5,870,866
General administration	6,104,490	5,984,313	-	-	6,104,490	5,984,313
Plant maintenance and operations	22,656,260	19,955,409	-	-	22,656,260	19,955,409
Security monitoring services	1,210,516	1,320,482	-	-	1,210,516	1,320,482
Data processing services	5,996,421	5,304,294	-	-	5,996,421	5,304,294
Community services	415,079	527,236	1,152,281	1,088,076	1,567,360	1,615,312
Long-term debt interest and fees	11,275,465	11,984,304	-	-	11,275,465	11,984,304
Juvenile justice alternative education	903	-	-	-	903	-
Other intergovernmental charges	939,711	865,014	-	-	939,711	865,014
Total expenses	<u>253,504,272</u>	<u>264,239,289</u>	<u>1,152,281</u>	<u>1,088,076</u>	<u>254,656,553</u>	<u>265,327,365</u>
Excess before transfers	50,546,922	31,730,773	759,751	264,839	51,306,673	31,995,612
Transfers in (out)	500,000	-	(500,000)	-	-	-
Change in net position	<u>51,046,922</u>	<u>31,730,773</u>	<u>259,751</u>	<u>264,839</u>	<u>51,306,673</u>	<u>31,995,612</u>
Net position - beginning	\$ 175,956,638	\$ 144,225,865	426,690	161,851	176,383,328	144,387,716
Net position-ending	<u>\$ 227,003,560</u>	<u>\$ 175,956,638</u>	<u>\$ 686,441</u>	<u>\$ 426,690</u>	<u>\$ 227,690,001</u>	<u>\$ 176,383,328</u>

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

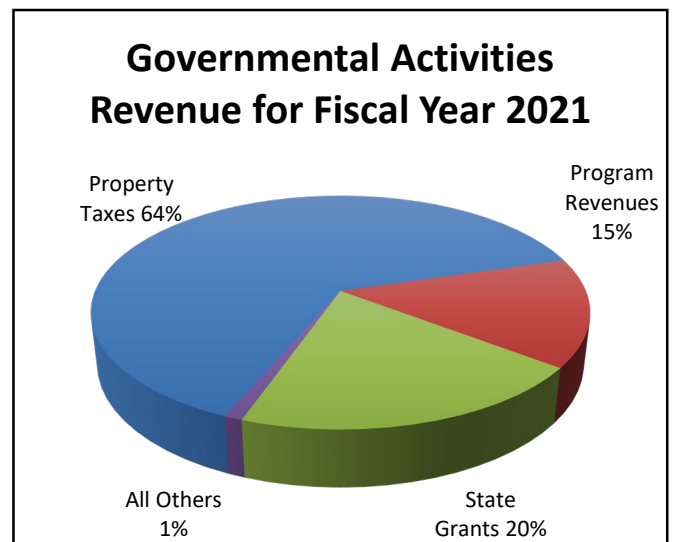
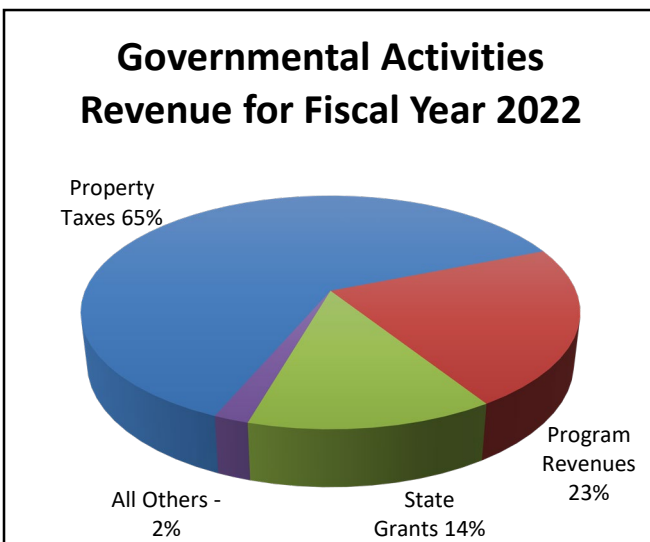


Table III presents the net cost of the District's major functional activities (net cost is total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs):

**Table III
Function Analysis**

Function	Governmental Activities		Business-type Activities		Total	
	Net Expenses 2022	Net Expenses 2021	Net Expenses 2022	Net Expenses 2021	Net Expenses 2022	Net Expenses 2021
Instruction	\$ 103,690,778	\$ 134,075,210	\$ -	\$ -	\$ 103,690,778	\$ 134,075,210
Instructional resources and media	2,586,080	2,861,157	-	-	2,586,080	2,861,157
Curriculum and staff development	3,122,767	4,431,253	-	-	3,122,767	4,431,253
Instructional leadership	2,172,355	2,655,496	-	-	2,172,355	2,655,496
School leadership	11,293,058	12,762,941	-	-	11,293,058	12,762,941
Guidance, counseling and evaluation	7,006,012	7,813,556	-	-	7,006,012	7,813,556
Social work services	145,887	527,791	-	-	145,887	527,791
Health services	2,401,798	3,055,799	-	-	2,401,798	3,055,799
Student transportation	5,651,446	5,304,671	-	-	5,651,446	5,304,671
Food service	(3,555,402)	(1,490,042)	-	-	(3,555,402)	(1,490,042)
Co-curricular/extracurricular activities	5,009,415	4,958,145	-	-	5,009,415	4,958,145
General administration	5,590,468	5,579,182	-	-	5,590,468	5,579,182
Plant maintenance and operations	20,931,714	18,432,258	-	-	20,931,714	18,432,258
Security monitoring services	1,155,496	946,679	-	-	1,155,496	946,679
Data processing services	5,319,498	5,040,134	-	-	5,319,498	5,040,134
Community services	53,868	196,409	(759,751)	(264,839)	(705,883)	(68,430)
Long-term debt interest and fees	11,275,465	11,984,304	-	-	11,275,465	11,984,304
Juvenile justice alternative education	903	-	-	-	903	-
Other intergovernmental charges	939,711	865,014	-	-	939,711	865,014
Total expenses	\$ 184,791,317	\$ 219,999,957	\$ (759,751)	\$ (264,839)	\$ 184,031,566	\$ 219,735,118

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 \$273.9 million, which reflects a \$25.9 million, or 10.3% increase from the prior year. The following comparison schedule shows the fund balance by fund type for the fiscal year ended August 31, 2022 and fiscal year ended August 31, 2021.

General Fund

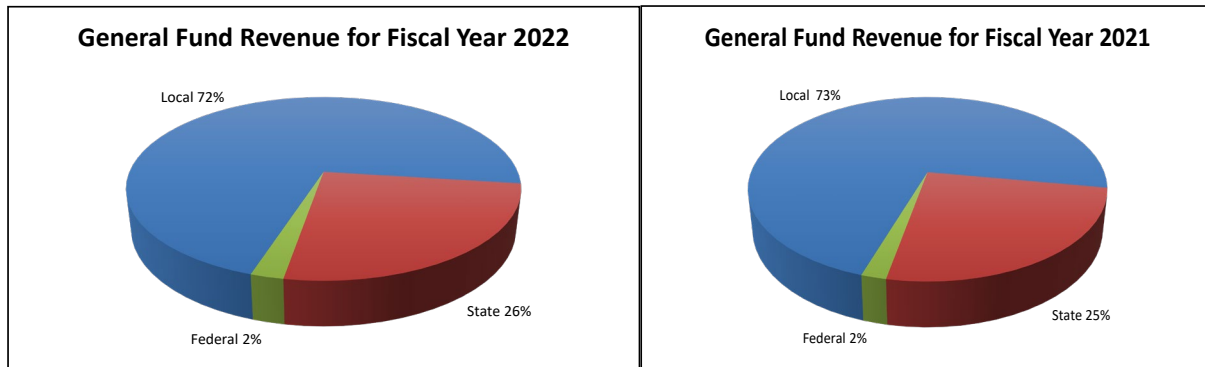
The fund balance of the District's general fund increased by \$18.8 million during the current fiscal year. Local revenue increased 0.1% while state revenue increased 1.2%. Expenditures had a 3.5% decrease, mostly related to coronavirus relief funds used to offset payroll. The general fund primarily derives its revenue from local property taxes and state funding.

<u>Fund Balance</u>	<u>2022</u>	<u>2021</u>	<u>% Change 2021 to 2022</u>
General fund	\$ 161,658,964	\$ 142,869,341	13.2%
Debt service	16,264,867	12,980,677	25.3%
Capital projects	83,219,558	81,705,803	1.9%
Non-major	12,794,487	10,484,667	22.0%
Total	<u>\$ 273,937,876</u>	<u>\$ 248,040,488</u>	<u>10.4%</u>

General Fund

<u>Revenue By Object</u>	<u>2022</u>	<u>2022 % to total</u>	<u>2021</u>	<u>2021 % to total</u>	<u>% Change 2021 to 2022</u>
Local and intermediate sources	\$ 154,544,647	72%	\$ 154,433,972	73%	0.1%
State programs	55,077,567	26%	53,903,259	25%	2.2%
Federal programs	4,920,211	2%	4,073,182	2%	20.8%
Total	<u>\$ 214,542,425</u>	<u>100%</u>	<u>\$ 212,410,413</u>	<u>100%</u>	<u>1.0%</u>

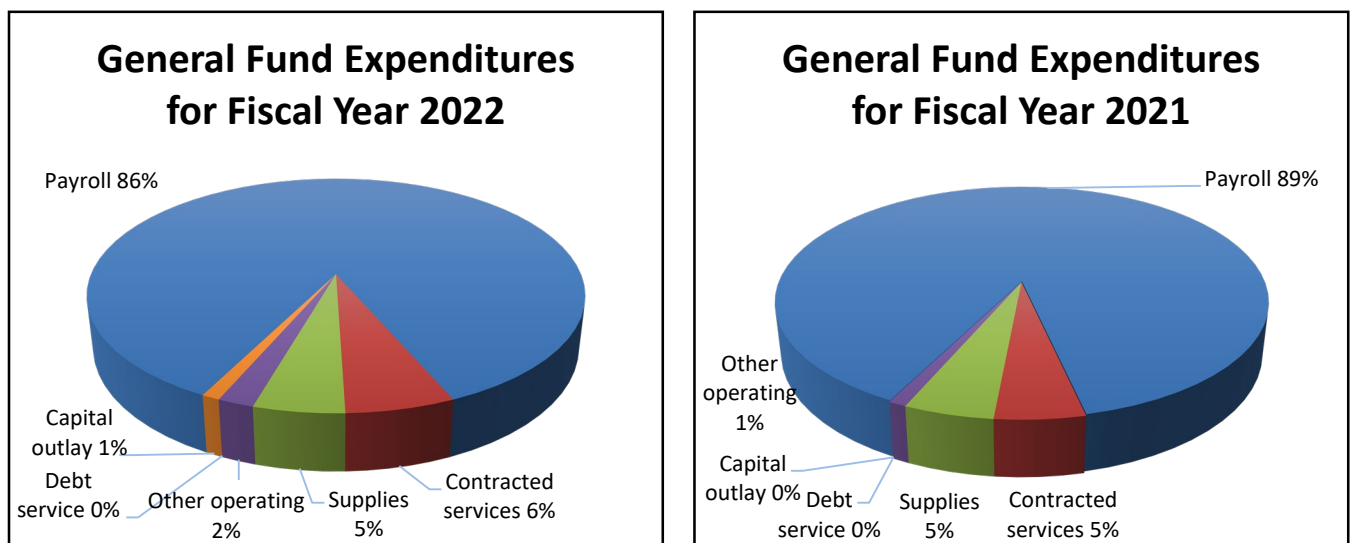
The increase in local revenue is primarily due to increasing property values. State revenue increased due to increased school funding related to increased attendance following the pandemic. The increase in federal program revenues is primarily related to additional indirect costs and COVID funding.



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>2022</u>	<u>2022 % to total</u>	<u>2021</u>	<u>2021 % to total</u>	<u>% Change 2021 to 2022</u>
Payroll	\$ 160,093,584	86%	\$ 170,881,813	89%	-6.3%
Contracted services	10,555,773	6%	9,616,364	5%	9.8%
Supplies	8,463,069	5%	8,275,357	4%	2.3%
Other operating	3,657,320	2%	2,751,110	1%	32.9%
Debt service	444,282	0%	-	0%	0.0%
Capital outlay	1,905,852	1%	214,463	0%	788.7%
Total	\$ 185,119,880	100%	\$ 191,739,107	100%	-3.5%

Payroll expenditures decreased \$10.8 million or 6.3%, accounting for the overall decrease in expenditures. This decrease was associated with the use of COVID funding to offset payroll. Contracted services and supplies increased for additional software, telephone, security and COVID supplies. Debt and capital outlay increased due to new accounting rules for leases.



Debt Service Fund

The debt service fund reported an ending fund balance of \$16.3 million, an increase of \$3.3 million or 25.3% 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, 2022, the capital projects funds have a total fund balance of \$83.2 million, all of which is restricted or committed for authorized capital projects. The net increase in fund balance during the current fiscal year of \$1.5 million was attributed to the decrease 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 78, the actual revenue exceeded actual expenditures generating a positive variance of \$29.4 million. This result was based on the favorable performance of property tax collections, student attendance, and cost control initiatives. A favorable budget variance of \$5.9 million is presented for the general fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of August 31, 2022, the District had invested \$450.8 million in capital assets, including land, facilities and equipment used for District operations. This amount represents a net decrease after depreciation of \$6.2 million from the prior year. Depreciation expense was \$18.4 million, which was a \$2.1 million, or 12.8% increase from the prior year.

The following schedule presents capital asset balances net of depreciation for the fiscal year ended August 31, 2022:

	Governmental Activities		Business-type Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 16,930,478	\$ 16,930,478	\$ -	\$ -	\$ 16,930,478	\$ 16,930,478
Construction in progress	2,433,494	122,230,451	-	-	2,433,494	122,230,451
Right-to-use leased assets	795,422	-	-	-	795,422	-
Furniture and equipment	10,979,191	10,314,587	-	-	10,979,191	10,314,587
Buildings and improvements	419,680,918	307,559,665	-	-	419,680,918	307,559,665
Total	<u>\$ 450,819,503</u>	<u>\$ 457,035,181</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 450,819,503</u>	<u>\$ 457,035,181</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, 2022, the District had \$454.1 million in general obligation bonds and other long-term liabilities outstanding, of which \$27.6 million is due prior to August 31, 2022.

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 March 2021, Fitch Ratings affirmed the underlying rating of “AA+” on the District’s debt outstanding. In April 2021, 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, 2022.

	Governmental Activities		Business-type Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
General obligation bonds	\$ 321,965,000	\$ 343,375,000	\$ -	\$ -	\$ 321,965,000	\$ 343,375,000
Premium on GO bonds	39,654,498	43,292,474	-	-	39,654,498	43,292,474
Workers' compensation	728,818	671,562	-	-	728,818	671,562
Leases payable	815,106	1,207,914	-	-	815,106	1,207,914
Compensated absences	1,193,206	988,975	-	-	1,193,206	988,975
Total	<u>\$ 364,356,628</u>	<u>\$ 389,535,925</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 364,356,628</u>	<u>\$ 389,535,925</u>

Additional information on the District’s long-term liabilities can be found in Notes M through N 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 2022-2023 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 2022-2023 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 purchase and planned development of large tracts of land in the western, northeastern, and southern portions of the District.

District's Tax Rate

The District set the combined 2022-2023 tax rate at \$1.1098. This is comprised of \$0.8742 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 \$0.0882 or 9.2% 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.

This page intentionally left blank

BASIC FINANCIAL STATEMENTS

This page intentionally left blank

HURST EULESS BEDFORD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2022

EXHIBIT A-1

		1	2	3
		Primary Government		
Data			Business	
Control		Governmental	Type	
Codes		Activities	Activities	Total
ASSETS				
1110	Cash and Cash Equivalents	\$ 304,216,681	\$ 783,798	\$ 305,000,479
1220	Property Taxes - Delinquent	4,209,790	-	4,209,790
1230	Allowance for Uncollectible Taxes	(631,469)	-	(631,469)
1240	Due from Other Governments	5,748,589	-	5,748,589
1250	Accrued Interest	253,416	-	253,416
1290	Other Receivables, Net	166,464	-	166,464
1293	Lease Receivable	1,576,978	-	1,576,978
1300	Inventories	568,330	-	568,330
1410	Prepayments	628,787	-	628,787
	Capital Assets:		-	
1510	Land	16,930,478	-	16,930,478
1520	Buildings, Net	419,680,918	-	419,680,918
1530	Furniture and Equipment, Net	10,979,191	-	10,979,191
1550	Right-to-Use Leased Assets, Net	795,422	-	795,422
1580	Construction in Progress	2,433,494	-	2,433,494
1000	Total Assets	767,557,069	783,798	768,340,867
DEFERRED OUTFLOWS OF RESOURCES				
1701	Deferred Charge for Refunding	304,750	-	304,750
1705	Deferred Outflow Related to TRS Pension	16,432,889	-	16,432,889
1706	Deferred Outflow Related to TRS OPEB	14,845,924	-	14,845,924
1700	Total Deferred Outflows of Resources	31,583,563	-	31,583,563
LIABILITIES				
2110	Accounts Payable	2,086,549	2,750	2,089,299
2140	Interest Payable	647,181	-	647,181
2160	Accrued Wages Payable	14,700,332	94,607	14,794,939
2180	Due to Other Governments	10,828,533	-	10,828,533
2300	Unearned Revenue	204,462	-	204,462
	Noncurrent Liabilities:			
2501	Due Within One Year: Loans, Note, Leases, etc.	27,615,941	-	27,615,941
	Due in More than One Year:			
2502	Bonds, Notes, Loans, Leases, etc.	336,740,687	-	336,740,687
2540	Net Pension Liability (District's Share)	28,168,653	-	28,168,653
2545	Net OPEB Liability (District's Share)	61,585,419	-	61,585,419
2000	Total Liabilities	482,577,757	97,357	482,675,114
DEFERRED INFLOWS OF RESOURCES				
2602	Deferred Gains on Debt Refundings	3,616,469	-	3,616,469
2603	Deferred Inflows-Leases	1,545,379	-	1,545,379
2605	Deferred Inflow Related to TRS Pension	36,918,886	-	36,918,886
2606	Deferred Inflow Related to TRS OPEB	47,478,581	-	47,478,581
2600	Total Deferred Inflows of Resources	89,559,315	-	89,559,315
NET POSITION				
3200	Net Investment in Capital Assets and Right-to-Use Lease Assets	109,397,796	-	109,397,796
	Restricted:			
3820	Restricted for Federal and State Programs	8,368,141	-	8,368,141
3850	Restricted for Debt Service	16,424,252	-	16,424,252
3900	Unrestricted	92,813,371	686,441	93,499,812
3000	Total Net Position	\$ 227,003,560	\$ 686,441	\$ 227,690,001

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

HURST EULESS BEDFORD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 138,576,217	\$ 1,643,916	\$ 33,241,523
12 Instructional Resources and Media Services	3,069,918	-	483,838
13 Curriculum and Instructional Staff Development	6,994,932	-	3,872,165
21 Instructional Leadership	2,727,043	-	554,688
23 School Leadership	12,756,662	-	1,463,604
31 Guidance, Counseling, and Evaluation Services	9,068,182	-	2,062,170
32 Social Work Services	1,276,146	-	1,130,259
33 Health Services	3,278,567	-	876,769
34 Student (Pupil) Transportation	6,770,721	-	1,119,275
35 Food Services	13,826,215	838,873	16,542,744
36 Extracurricular Activities	6,560,824	363,803	1,187,606
41 General Administration	6,104,490	-	514,022
51 Facilities Maintenance and Operations	22,656,260	463,048	1,261,498
52 Security and Monitoring Services	1,210,516	-	55,020
53 Data Processing Services	5,996,421	-	676,923
61 Community Services	415,079	-	361,211
72 Debt Service - Interest on Long-Term Debt	11,272,865	-	-
73 Debt Service - Bond Issuance Cost and Fees	2,600	-	-
95 Payments to Juvenile Justice Alternative Ed. Prg.	903	-	-
99 Other Intergovernmental Charges	939,711	-	-
[TG] Total Governmental Activities:	253,504,272	3,309,640	65,403,315
BUSINESS-TYPE ACTIVITIES:			
01 Extended Day Academy	1,152,281	1,912,032	-
[TB] Total Business-Type Activities:	1,152,281	1,912,032	-
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 254,656,553	\$ 5,221,672	\$ 65,403,315
Data			
Control	General Revenues:		
Codes	Taxes:		
MT	Property Taxes, Levied for General Purposes		
DT	Property Taxes, Levied for Debt Service		
SF	State Aid - Formula Grants		
IE	Investment Earnings		
MI	Miscellaneous Local and Intermediate Revenue		
FR	Transfers In (Out)		
TR	Total General Revenues & Transfers		
CN	Change in Net Position		
NB	Net Position - Beginning		
NE	Net Position - Ending		

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

Net (Expense) Revenue and Changes in Net Position		
6	7	8
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (103,690,778)	\$ -	\$ (103,690,778)
(2,586,080)	-	(2,586,080)
(3,122,767)	-	(3,122,767)
(2,172,355)	-	(2,172,355)
(11,293,058)	-	(11,293,058)
(7,006,012)	-	(7,006,012)
(145,887)	-	(145,887)
(2,401,798)	-	(2,401,798)
(5,651,446)	-	(5,651,446)
3,555,402	-	3,555,402
(5,009,415)	-	(5,009,415)
(5,590,468)	-	(5,590,468)
(20,931,714)	-	(20,931,714)
(1,155,496)	-	(1,155,496)
(5,319,498)	-	(5,319,498)
(53,868)	-	(53,868)
(11,272,865)	-	(11,272,865)
(2,600)	-	(2,600)
(903)	-	(903)
(939,711)	-	(939,711)
(184,791,317)	-	(184,791,317)
-	759,751	759,751
-	759,751	759,751
(184,791,317)	759,751	(184,031,566)
155,243,272	-	155,243,272
39,480,714	-	39,480,714
42,046,066	-	42,046,066
(1,972,108)	-	(1,972,108)
540,295	-	540,295
500,000	(500,000)	-
235,838,239	(500,000)	235,338,239
51,046,922	259,751	51,306,673
175,956,638	426,690	176,383,328
\$ 227,003,560	\$ 686,441	\$ 227,690,001

HURST EULESS BEDFORD INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2022

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 182,469,700	\$ 16,023,837	\$ 84,160,615
1220 Property Taxes - Delinquent	3,260,890	948,900	-
1230 Allowance for Uncollectible Taxes	(489,136)	(142,333)	-
1240 Due from Other Governments	899,639	238,519	-
1250 Accrued Interest	221,013	2,511	29,772
1260 Due from Other Funds	2,952,056	-	-
1290 Other Receivables	4,956	-	-
1293 Lease Receivable	1,576,978	-	-
1300 Inventories	529,493	-	-
1410 Prepayments	627,592	-	-
1000 Total Assets	<u>\$ 192,053,181</u>	<u>\$ 17,071,434</u>	<u>\$ 84,190,387</u>
LIABILITIES			
2110 Accounts Payable	\$ 811,282	\$ -	\$ 966,629
2160 Accrued Wages Payable	14,437,269	-	-
2170 Due to Other Funds	-	-	4,200
2180 Due to Other Governments	10,828,533	-	-
2300 Unearned Revenue	-	-	-
2000 Total Liabilities	<u>26,077,084</u>	<u>-</u>	<u>970,829</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	2,771,754	806,567	-
2603 Deferred Inflow -Leases	1,545,379	-	-
2600 Total Deferred Inflows of Resources	<u>4,317,133</u>	<u>806,567</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	529,493	-	-
3430 Prepaid Items	627,592	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	24,480,338
3480 Retirement of Long-Term Debt	-	16,264,867	-
Committed Fund Balance:			
3510 Construction	-	-	58,739,220
3545 Other Committed Fund Balance	111,467,239	-	-
3600 Unassigned Fund Balance	49,034,640	-	-
3000 Total Fund Balances	<u>161,658,964</u>	<u>16,264,867</u>	<u>83,219,558</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 192,053,181</u>	<u>\$ 17,071,434</u>	<u>\$ 84,190,387</u>

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

Other Funds	Total Governmental Funds
\$ 11,866,736	\$ 294,520,888
-	4,209,790
-	(631,469)
4,610,431	5,748,589
120	253,416
586,011	3,538,067
-	4,956
-	1,576,978
38,837	568,330
1,195	628,787
<u>\$ 17,103,330</u>	<u>\$ 310,418,332</u>
\$ 307,613	\$ 2,085,524
262,901	14,700,170
3,533,867	3,538,067
-	10,828,533
204,462	204,462
<u>4,308,843</u>	<u>31,356,756</u>
-	3,578,321
-	1,545,379
<u>-</u>	<u>5,123,700</u>
38,837	568,330
1,195	628,787
8,368,141	8,368,141
-	24,480,338
-	16,264,867
-	58,739,220
4,386,314	115,853,553
-	49,034,640
<u>12,794,487</u>	<u>273,937,876</u>
<u>\$ 17,103,330</u>	<u>\$ 310,418,332</u>

This page intentionally left blank

HURST EULESS BEDFORD INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2022

EXHIBIT C-2

Total fund balances - governmental funds (from C-1)	\$ 273,937,876
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	746,161,107
Accumulated depreciation and amortization, including current year depreciation and amortization expense of \$18,443,135 is not reported in the fund financial statements.	(295,341,604)
Deferred gains and losses on refundings of debt were not recognized on the balance sheet for governmental funds.	(3,311,719)
Long-term liabilities including bonds payable, premiums, accreted interest, and compensated absences are not included on the fund financial statements.	(363,627,811)
Net OPEB liabilities are not included on the fund financial statements.	(61,585,419)
Net pension liabilities are not included on the fund financial statements.	(28,168,653)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(647,181)
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.	9,127,297
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.	3,578,321
Items related to net pension and OPEB liabilities are not included on the fund financial statements:	
Deferred outflows - pension	16,432,889
Deferred outflows - OPEB	14,845,924
Deferred inflows - pension	(36,918,886)
Deferred inflows - OPEB	(47,478,581)
Net position of governmental activities (from A-1)	<u><u>\$ 227,003,560</u></u>

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
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 154,544,647	\$ 39,692,691	\$ 340,561
5800 State Program Revenues	55,077,567	378,663	-
5900 Federal Program Revenues	4,920,211	-	-
5020 Total Revenues	214,542,425	40,071,354	340,561
EXPENDITURES:			
Current:			
0011 Instruction	111,518,418	-	490,244
0012 Instructional Resources and Media Services	2,716,129	-	-
0013 Curriculum and Instructional Staff Development	3,396,501	-	-
0021 Instructional Leadership	2,424,028	-	-
0023 School Leadership	11,875,244	-	-
0031 Guidance, Counseling, and Evaluation Services	7,454,273	-	-
0032 Social Work Services	224,490	-	-
0033 Health Services	2,564,246	-	-
0034 Student (Pupil) Transportation	5,938,964	-	-
0035 Food Services	243,060	-	-
0036 Extracurricular Activities	5,016,355	-	-
0041 General Administration	6,237,309	-	-
0051 Facilities Maintenance and Operations	18,322,203	-	-
0052 Security and Monitoring Services	1,071,657	-	-
0053 Data Processing Services	4,661,540	-	580,025
0061 Community Services	64,178	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	392,808	21,410,000	-
0072 Interest on Long-Term Liabilities	51,474	15,374,564	-
0073 Bond Issuance Cost and Fees	-	2,600	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	6,389	-	10,199,951
Intergovernmental:			
0095 Payments to Juvenile Justice Alternative Ed. Prg.	903	-	-
0099 Other Intergovernmental Charges	939,711	-	-
6030 Total Expenditures	185,119,880	36,787,164	11,270,220
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	29,422,545	3,284,190	(10,929,659)
OTHER FINANCING SOURCES (USES):			
7912 Sale of Real and Personal Property	11,298	-	-
7913 Right-to-Use Leases	1,207,914	-	-
7915 Transfers In	900,000	-	12,443,414
8911 Transfers Out (Use)	(12,752,134)	-	-
7080 Total Other Financing Sources (Uses)	(10,632,922)	-	12,443,414
1200 Net Change in Fund Balances	18,789,623	3,284,190	1,513,755
0100 Fund Balance - September 1 (Beginning)	142,869,341	12,980,677	81,705,803
3000 Fund Balance - August 31 (Ending)	\$ 161,658,964	\$ 16,264,867	\$ 83,219,558

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

	Other Funds	Total Governmental Funds
\$	3,337,522	\$ 197,915,421
	2,355,203	57,811,433
	45,692,578	50,612,789
	51,385,303	306,339,643

23,440,152	135,448,814
269,129	2,985,258
3,737,859	7,134,360
357,470	2,781,498
450,367	12,325,611
1,430,508	8,884,781
1,111,423	1,335,913
651,540	3,215,786
720,647	6,659,611
15,136,169	15,379,229
1,014,627	6,030,982
46,368	6,283,677
107,900	18,430,103
14,791	1,086,448
433,526	5,675,091
344,387	408,565
-	21,802,808
-	15,426,038
-	2,600
-	10,206,340
-	903
-	939,711
49,266,863	282,444,127
2,118,440	23,895,516

12,580	23,878
-	1,207,914
230,898	13,574,312
(52,098)	(12,804,232)
191,380	2,001,872
2,309,820	25,897,388
10,484,667	248,040,488
\$ 12,794,487	\$ 273,937,876

HURST EULESS BEDFORD INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2022

EXHIBIT C-4

Net change in fund balances - total governmental funds (from C-3)	\$	25,897,388
--	----	------------

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.		1,006,826
---	--	-----------

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.		13,208,257
--	--	------------

The net effect of sales, trade-ins, and disposals of capital assets is to decrease net position.		(2,188,714)
--	--	-------------

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.		(18,443,135)
--	--	--------------

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	\$21,410,000	
Lease principal payments	\$ 392,808	21,802,808

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.		3,637,976
---	--	-----------

Compensated absences are recognized when the related obligation matures and are expected to be liquidated with expendable available financial resources; therefore, changes to the accrual for these items are not reported in the fund financial statements. The net effect of these items was to decrease net position.		(204,231)
---	--	-----------

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.		(684,419)
--	--	-----------

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.		36,131
--	--	--------

Gains and losses on refunding bonds are deferred and amortized on the government-wide financial statements. The effect of amortization of \$479,066 was an increase in net position.		479,066
--	--	---------

Items related to net pension and OPEB liabilities are not recognized on the fund financial statements.

Deferred outflows (decrease)		(5,365,147)
Deferred inflows decrease		(20,665,159)
Net OPEB liability (increase)		1,172,778
Net pension liability (increase)		31,356,497

Change in net position of governmental activities (from B-1)	\$	51,046,922
---	----	------------

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, 2022

EXHIBIT D-1

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 783,798	\$ 9,695,793
Other Receivables	-	161,508
Total Assets	<u>783,798</u>	<u>9,857,301</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	2,750	1,024
Short Term Claims Payable	-	414,359
Accrued Wages Payable	94,607	162
Total Current Liabilities	<u>97,357</u>	<u>415,545</u>
Noncurrent Liabilities:		
Other Claims - Due in More than One Year	-	314,459
Total Noncurrent Liabilities	<u>-</u>	<u>314,459</u>
Total Liabilities	<u>97,357</u>	<u>730,004</u>
NET POSITION		
Unrestricted Net Position	686,441	9,127,297
Total Net Position	<u><u>\$ 686,441</u></u>	<u><u>\$ 9,127,297</u></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
FOR THE YEAR ENDED AUGUST 31, 2022

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 1,912,032	\$ 1,917,305
Total Operating Revenues	<u>1,912,032</u>	<u>1,917,305</u>
OPERATING EXPENSES:		
Payroll Costs	1,002,869	102,123
Professional and Contracted Services	107,777	41,523
Supplies and Materials	27,583	93,849
Other Operating Costs	14,052	70,443
Claims Expense	-	359,677
Total Operating Expenses	<u>1,152,281</u>	<u>667,615</u>
Operating Income	<u>759,751</u>	<u>1,249,690</u>
NONOPERATING REVENUES (EXPENSES):		
Earnings from Temporary Deposits & Investments	-	27,216
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>27,216</u>
Income Before Transfers	759,751	1,276,906
Transfer In	-	129,920
Transfers Out	<u>(500,000)</u>	<u>(400,000)</u>
Change in Net Position	259,751	1,006,826
Total Net Position - September 1 (Beginning)	<u>426,690</u>	<u>8,120,471</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 686,441</u></u>	<u><u>\$ 9,127,297</u></u>

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
FOR THE YEAR ENDED AUGUST 31, 2022

EXHIBIT D-3

	Business-Type Activities	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 1,912,032	\$ 1,917,305
Cash Received from Assessments - Other Funds	-	(128,072)
Cash Payments to Employees for Services	(984,403)	(103,809)
Cash Payments for Insurance Claims and Contracted Services	(106,266)	(375,452)
Cash Payments for Suppliers	(27,719)	(93,117)
Cash Payments for Other Operating Expenses	(14,083)	(75,041)
Net Cash Provided by Operating Activities	779,561	1,141,814
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Operating Transfer Out	(500,000)	(270,080)
<u>Cash Flows from Investing Activities:</u>		
Interest and Dividends on Investments	-	27,216
Net Increase in Cash and Cash Equivalents	279,561	898,950
Cash and Cash Equivalents at Beginning of Year	504,237	8,796,843
Cash and Cash Equivalents at End of Year	\$ 783,798	\$ 9,695,793
<u>Reconciliation of Operating Income to Net Cash</u>		
<u>Provided by Operating Activities:</u>		
Operating Income:	\$ 759,751	\$ 1,249,690
Effect of Increases and Decreases in Current Assets and Liabilities:		
Increase (decrease) in Accounts Payable	1,344	(3,867)
Increase (decrease) in Accrued Wages Payable	18,466	162
Increase (decrease) in Insurance Claims	-	57,256
Net Cash Provided by Operating Activities	\$ 779,561	\$ 1,303,241
<u>Reconciliation of Total Cash and Cash Equivalents:</u>		
Cash and Cash Equivalents on Balance Sheet	\$ 783,798	\$ 9,695,793

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, 2022

EXHIBIT E-1

	Private Purpose Trust Fund	Total Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 1,003,364	\$ 577,079
Accrued Interest	170	-
Other Receivables	-	172,133
Prepayments	-	400
Total Assets	<u>1,003,534</u>	<u>\$ 749,612</u>
NET POSITION		
Restricted for Other Purposes	<u>1,003,534</u>	<u>749,612</u>
Total Net Position	<u>\$ 1,003,534</u>	<u>\$ 749,612</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
FOR THE YEAR ENDED AUGUST 31, 2022

	Private Purpose Trust Fund	Total Custodial Funds
ADDITIONS:		
Contributions to Student Groups	\$ -	\$ 66,168
Cocurricular Services or Activities	-	181,643
Earnings from Temporary Deposits	3,492	2,293
Miscellaneous Additions	-	576,311
Total Additions	<u>3,492</u>	<u>826,415</u>
DEDUCTIONS:		
Payroll Costs	-	518,035
Professional and Contracted Services	-	9,510
Supplies and Materials	-	169,473
Other Deductions	50,160	28,670
Total Deductions	<u>50,160</u>	<u>725,688</u>
Change in Fiduciary Net Position	(46,668)	100,727
Total Net Position - September 1 (Beginning)	<u>1,050,202</u>	<u>648,885</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 1,003,534</u></u>	<u><u>\$ 749,612</u></u>

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

This page intentionally left blank

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

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, 2022

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, 2022

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.

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, 2022

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, 2022

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, 2022

D. 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, 2022

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, 2022

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, 2022

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. As of August 31, 2022, the schedule of lease payments is as follows:

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

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

Principal and Interest Expected to Maturity Governmental Activities - Lessee				
Year Ended				
August 31	Principal	Interest	Total	
2023	\$ 412,905	\$ 31,351	\$ 444,256	
2024	402,201	10,254	412,455	
Total Expected	\$ 815,106	\$ 41,605	\$ 856,711	

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 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. The District has \$1,576,978 remaining in lease receivables and \$1,545,379 remaining in deferred inflows as of August 31, 2022. The District recorded lease revenue including interest of \$27,984 in the fiscal year.

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. As

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

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

of August 31, 2022, 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
2023	\$ 35,936	\$ 28,864	✓	\$ 64,800
2024	37,802	28,198	✓	66,000
2025	40,929	27,471	✓	68,400
2026	47,485	26,715	✓	74,200
2027	48,363	25,837	✓	74,200
Thereafter	1,366,463	271,647		1,638,110
Total Expected	<u>\$ 1,576,978</u>	<u>\$ 408,732</u>		<u>\$ 1,985,710</u>

15. 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.

16. GASB Pronouncements Implemented by the District

GASB Statement No. 87: Leases. Statement 87 was issued in June 2017. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. This standard became effective for the District in fiscal year 2022. The requirements of this statement were originally effective for reporting periods beginning after December 15, 2019; however, issuance of GASB Statement No. 95,

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

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

Postponement of the *Effective Dates of Certain Authoritative Guidance* (GASB 95), extended the effective date of GASB 87 to reporting periods beginning after June 15, 2021, with earlier application encouraged. GASB 87 was implemented in the District's 2021-22 financial statements, resulting in recognition of \$1,207,914 of lease assets and lease payables. The District also recognized \$1,576,978 of lease receivables and deferred inflows as of September 1, 2021 in the general fund and governmental activities.

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. 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.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

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 2022, 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.

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

G. DEPOSITS AND INVESTMENTS - continued

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.

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

G. DEPOSITS AND INVESTMENTS - continued

Investments August 31, 2022	Fair Value Measurements				Percent of Total Investments	Weighted Average Maturity (Days)
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)			
<i>Investments by Fair Value Level:</i>						
US Treasury Obligations	22,337,536	22,337,536	-			739
US Agency Obligations	56,741,439	56,741,439	-	-	52%	619
Municipal bonds	5,147,042	5,147,042	-	-	0%	241
Commercial paper	26,997,470	-	26,997,470	-	0%	180
Total	\$ 111,223,487	\$ 84,226,017	\$ 26,997,470	\$ -	100%	

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, 2022

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, 2022, the weighted average maturity of the total portfolio was 223 days.

As of August 31, 2022, 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	\$ 29,631,772	\$ 29,631,772	\$ 29,631,772	\$ -	\$ -
Certificates of deposit	26,542,720	26,542,720	26,542,720	-	-
Government investment pools					
Texas CLASS	33,363,558	33,363,558	33,363,558	-	-
LOGIC	2,617,354	2,617,354	2,617,354	-	-
Texpool	35,887,204	35,887,204	35,887,204	-	-
Lone Star	26,514,685	26,514,685	26,514,685	-	-
Texas TERM Daily	6,236,137	6,236,137	6,236,137	-	-
US Treasury Obligations	22,729,879	22,337,536	-	14,615,040	7,722,496
US Agency securities	60,000,000	56,741,439	-	47,380,777	9,360,662
Municipal bonds	5,250,000	5,147,043	3,211,203	1,935,840	-
Commercial paper	27,156,280	26,997,470	26,997,470	-	-
Total investments	275,929,589	\$ 272,016,918	\$ 191,002,103	\$ 63,931,657	\$ 17,083,158
Less Private Purpose Trust Fund cash	(1,003,364)				
Less Custodial Fund cash	(577,079)				
Demand deposits and petty cash	30,651,333				
Total cash and investments - primary government	<u>\$ 305,000,479</u>				

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.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

G. DEPOSITS AND INVESTMENTS - continued

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, 2022 is included in investment earnings as follows:

Investment Earnings	\$ 1,940,563
Net decrease in Fair Value of Investments	<u>(3,912,671)</u>
Total Investment Earnings	<u>\$ (1,972,108)</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	\$ 3,260,890	\$ 948,900	\$ -	\$ -	\$ 4,209,790
Due from Other Governments					
Local	899,639	229,142			1,128,781
State		9,377		4,610,431	4,619,808
Accrued Interest	221,013	2,511	29,772	120	253,416
Other Receivables	4,956				4,956
Lease Receivable	1,576,978				1,576,978
Gross Receivables	5,963,476	1,189,930	29,772	4,610,551	11,793,729
Less: Allowance for Uncollectibles	(489,136)	(142,333)	-	-	(631,469)
	<u>\$ 5,474,340</u>	<u>\$ 1,047,597</u>	<u>\$ 29,772</u>	<u>\$ 4,610,551</u>	<u>\$11,162,260</u>

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

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 2022 fiscal year was based, was \$17,205,287,717. The tax rates assessed for the year ended August 31, 2022 to finance general fund operations and the payment of principal and interest on general obligation long-term debt were \$0.9252 and \$0.2356 per \$100 valuation, respectively, for a total of \$1.1608 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.

K. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances at August 31, 2022 consisted of the following individual fund balances:

	Interfund Receivables	Interfund Payables
Governmental Funds:		
General Fund	\$ 2,952,056	\$ -
Debt Service	-	-
Capital Projects	-	4,200
Nonmajor	586,011	3,533,867
Total - All Funds	<u>\$ 3,538,067</u>	<u>\$ 3,538,067</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.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

K. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS -- continued

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, 2022, the composition of interfund transfers is as follows:

Transfers From	Transfers To	Amount	Purpose
General fund	Capital projects funds	\$ 12,443,414	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
General fund	Internal service funds	129,920	Transfer of funds from general fund to print shop for deficit operations prior to closing
Nonmajor funds	Nonmajor funds	52,098	Transfer from child nutrition fund to fund deficit in summer feeding program.
Enterprise fund	General fund	500,000	Transfer of funds related to extended day program from enterprise fund to general fund
Internal service funds	General fund	400,000	Transfer portion of workers' compensation fund to general fund
		<u>\$ 13,704,232</u>	

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

L. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended August 31, 2022 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	122,230,451	2,433,494	(122,230,451)	2,433,494
Total capital assets not depreciated or amortized	139,160,929	2,433,494	(122,230,451)	19,363,972
Capital assets, being depreciated and amortized:				
Buildings and improvements	556,971,807	130,069,360	(8,415,683)	678,625,484
Furniture and equipment	44,027,883	2,935,854	-	46,963,737
Right-to-use assets - equipment	1,207,914	-	-	1,207,914
Total capital assets being depreciated	602,207,604	133,005,214	(8,415,683)	726,797,135
Less accumulated depreciation and amortization for:				
Buildings and improvements	(249,412,142)	(15,580,283)	6,047,859	(258,944,566)
Furniture and equipment	(33,713,296)	(2,450,360)	179,110	(35,984,546)
Right-to-use assets - equipment	-	(412,492)	-	(412,492)
Total accumulated depreciation and amortization	(283,125,438)	(18,443,135)	6,226,969	(295,341,604)
Total capital assets, being depreciated and amortized, net	319,082,166	114,562,079	(2,188,714)	431,455,531
Governmental activities capital assets, net	\$ 458,243,095	\$ 116,995,573	\$(124,419,165)	\$ 450,819,503

* Beginning balances have been adjusted to reflect the adoption of GASB 87, Leases.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

L. CAPITAL ASSET ACTIVITY - continued

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

Instruction	\$ 10,837,549
Instructional resources and media services	205,263
Curriculum and staff development	429,894
Instructional leadership	113,376
School leadership	1,118,758
Guidance and counseling services	703,389
Social work services	818
Health services	209,627
Student transportation	677,070
Food service	1,106,953
Co-curricular/extracurricular activities	704,310
General administration	69,137
Plant maintenance and operations	1,564,567
Security and monitoring services	139,725
Data processing services	504,866
Community service	57,833
	<u>\$ 18,443,135</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, 2022

M. CHANGES IN LONG-TERM LIABILITIES -- continued

Long term liabilities activity for the year ended August 31, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable					
General obligation bonds	\$ 343,375,000	\$ -	\$ (21,410,000)	\$ 321,965,000	\$ 22,220,000
Premium on GO bonds	43,292,474	-	(3,637,976)	\$ 39,654,498	3,637,976
Total Bonds payable	386,667,474	-	(25,047,976)	361,619,498	25,857,976
Other liabilities					
Workers compensation	671,562	359,780	(302,524)	\$ 728,818	414,359
Compensated absences	988,975	905,683	(701,452)	\$ 1,193,206	930,701
Leases Payable	1,207,914		(392,808)	\$ 815,106	412,905
Net Pension Liability	59,525,150	(332,550)	(31,023,947)	\$ 28,168,653	-
Net OPEB Liability	62,758,197	5,805,870	(6,978,648)	\$ 61,585,419	-
Total governmental activities long-term liabilities	<u>\$ 511,819,272</u>	<u>\$ 6,738,783</u>	<u>\$ (64,447,355)</u>	<u>\$ 454,110,700</u>	<u>\$ 27,615,941</u>

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

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, 2022, the District has no rebtable arbitrage liability.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

N. BONDS PAYABLE

Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. As of August 31, 2022, the District does not have any defeased bonds outstanding.

A summary of general long-term debt for the year ended August 31, 2022 is as follows:

Description	Interest Rate Payable	Final Maturity Date	Amounts Original Issue	Interest Current Year	Payable Amounts Outstanding 9/1/2021	Outstanding 8/31/2022
Refunding 2015A	3.50%	8/15/2024	\$ 7,800,000	\$ 143,150	\$ 4,090,000	\$ 2,775,000
Refunding 2015B	2.8% to 3.0%	8/15/2024	30,467,681	392,064	13,880,000	9,375,000
Refunding 2017A	5.00%	8/15/2028	87,575,000	3,943,850	80,755,000	74,540,000
Refunding 2017B	2.0% to 5.0%	8/15/2036	74,875,000	3,062,600	69,010,000	65,700,000
School Building Series 2018	4.0% to 5.0%	8/15/2043	76,500,000	3,320,700	72,245,000	70,305,000
School Building Series 2019	4.0% to 5.0%	8/15/2044	101,460,000	4,318,050	98,420,000	94,685,000
Refunding 2021	2.0% to 5.0%	8/15/2028	5,485,000	194,150	4,975,000	4,585,000
			<u>\$384,162,681</u>	<u>\$ 15,374,564</u>	<u>\$343,375,000</u>	<u>\$321,965,000</u>

Debt service requirements are as follows:

Year Ended August, 31	Governmental Activities		
	Principal	Interest	Total
2023	\$ 22,220,000	\$ 14,561,628	\$ 36,781,628
2024	23,110,000	13,675,763	36,785,763
2025	24,175,000	12,636,350	36,811,350
2026	24,975,000	11,454,600	36,429,600
2027	26,190,000	10,233,450	36,423,450
2028-2032	72,955,000	35,849,000	108,804,000
2033-2037	62,770,000	21,329,600	84,099,600
2038-2042	48,400,000	10,202,550	58,602,550
2043-2044	17,170,000	984,900	18,154,900
Total	<u>\$ 321,965,000</u>	<u>\$ 130,927,841</u>	<u>\$ 452,892,841</u>

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

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 \$1,193,206 and is included on the government-wide statement of net position at August 31, 2022. 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 work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position. Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (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, 2022

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% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

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

Year	Contribution Rates and Contribution Amounts					
	Member		State		District	
	Rate	Amount	Rate	Amount	Amount	
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	
2020	7.7%	\$ 11,621,130	7.5%	\$ 8,448,762	\$ 4,658,669	

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
YEAR ENDED AUGUST 31, 2022

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

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

- All public schools, charter schools, and regional educational service centers must contribute 1.6 percent of the member's salary beginning in fiscal year 2021, 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, 2020 valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2020 rolled forward to August 2021
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term Expected Rate	7.25%
Inflation	2.3%
Municipal Bond Rate as of August 2020 *	1.95%
Salary Increases	3.05% to 9.05% including inflation
Ad hoc post-employment benefit changes	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."

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

P. DEFINED BENEFIT PENSION PLAN – continued

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, 2020. For a full description of these assumptions please see the actuarial valuation report dated November 19, 2020.

Discount Rate. A single discount rate of 7.25 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25 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 7.25 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, 2021 are summarized on the following page:

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

P. DEFINED BENEFIT PENSION PLAN - continued

Asset Class*	Target Allocation ¹ %*	Long-Term Expected Geometric Real Rate of Return ²	Expected Contribution to Long- Term Portfolio Returns
Global Equity			
USA	18.0%	3.6%	0.94%
Non-U.S. Developed	13.0	4.4	0.83%
Emerging Markets	9.0	4.6	0.74%
Private Equity	14.0	6.3	1.36%
Stable Value			
Government Bonds	16.0%	-0.2%	0.01%
Absolute Return (including Credit Sensitive Investments)	0.0	1.1	0.00
Stable Value Hedge Funds	5.0	2.2	0.12
Real Return			
Real Estate	15.0%	4.5%	1.00%
Energy, Natural Resources and Infrastructure Commodities	6.0 0.0	4.7 1.7	0.35 0.00
Risk Parity	8.0%	2.8%	0.28%
Asset Allocation Leverage			
Cash	2.0%	-0.7%	-0.01%
Asset Allocation Leverage	-6.0	-0.5	0.03
Inflation Expectation			2.20%
Volatility Drag ³			-0.95%
Expected Return	<u>100.0%</u>		<u>6.90%</u>

* Absolute Return includes Credit Sensitive Investments.

¹ Target allocations are based on the FY2021 policy model.

² Capital Market Assumptions come from Aon Hewitt (as of 8/31/2021).

³ 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, 2022

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 7.25 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate.

	1% Decrease in Discount Rate (6.25%)		Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)	
District's proportionate share of the net pension liability:	\$	61,552,977	\$	28,168,653	\$ 1,083,832

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2022, the District reported a liability of \$28,168,653 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	\$	28,168,653
State's proportionate share that is associated with Hurst-Euleless-Bedford ISD	\$	52,390,666
Total	\$	80,559,319

The net pension liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 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, 2020 through August 31, 2021.

At August 31, 2021 the District's proportion of the collective net pension liability was .1106107861% which was a decrease of .0005307708% from its proportion measured as of August 31, 2020.

Changes since the Prior Actuarial Valuation.

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

P. DEFINED BENEFIT PENSION PLAN - continued

For the year ended August 31, 2022, the District recognized pension expense of \$1,971,119 and revenue of \$209,437 for support provided by the State.

At August 31, 2022, 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	\$ 47,139	\$ 1,983,095
Changes in Actuarial Assumptions	9,957,069	4,340,428
Difference between Projected and Actual Investment Earnings		
Changes in Proportion and Difference between District's contributions and Proportionate Share of Contributions	- 1,714,563	23,619,050 6,976,313
Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability	4,714,118	-
Total	<u>\$ 16,432,889</u>	<u>\$ 36,918,886</u>

The net amounts of the employer'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
2022	\$ (4,357,615)
2023	(4,647,898)
2024	(6,816,712)
2025	(8,614,472)
2026	(697,174)
Thereafter	(66,245)
	<u>\$ (25,200,116)</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, 2022

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
YEAR ENDED AUGUST 31, 2022

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
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
2020	0.65%	\$ 981,005	1.25%	\$ 1,867,032	0.75%	\$ 1,131,871

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

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (*regardless of whether or not they participate in the TRS Care OPEB program*). When hiring a TRS retiree, employers are required to pay to TRS Care a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$5,520,343 in fiscal year 2021 for consumer protection against medical and health care billing by certain out-of-network providers.

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2020. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2021. The actuarial valuation was determined using the following actuarial assumptions:

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

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, 2019 TRS pension actuarial valuation that was rolled forward to August 31, 2020:

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, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	1.95% as of August 31, 2021
Aging Factors	Based on plan specific experience
	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Expenses	3.05% to 9.05%, including inflation
Salary Increases	
Ad Hoc-Post Employment Benefit Changes	None

Discount Rate. A single discount rate of 1.95% was used to measure the Total OPEB liability. There was a decrease of .38 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, 2022

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 (1.95%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (0.95%)	Current Single Discount Rate (1.95%)	1% Increase in Discount Rate (2.95%)
District's proportionate share of the Net OPEB Liability:	\$ 74,286,206	\$ 61,585,419	\$ 51,589,486

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2022, the District reported a liability of \$61,585,419 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	\$ 61,585,419
State's proportionate share that is associated with Hurst-Euless-Bedford ISD	<u>82,510,736</u>
Total	<u>\$ 144,096,155</u>

The Net OPEB Liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 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, 2020 thru August 31, 2021.

At August 31, 2022, the District’s proportion of the collective Net OPEB Liability was 0.1596533169%, compared to 0.1650900857% as of August 31, 2021.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

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 cost 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:	\$ 49,882,148	\$ 61,585,419	\$ 77,288,300

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 2.33 percent as of August 31, 2020 to 1.95 percent as of August 31, 2021. This change increased 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.

The amount of OPEB expense recognized by the District in the reporting period was \$4,947,167 and revenue of \$3,045,276 for support provided by the State.

At August 31, 2022, 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	\$ 2,651,544	\$ 29,811,651
Changes in actuarial assumptions	6,821,308	13,024,176
Difference between projected and actual investment earnings	66,862	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	4,082,591	4,642,754
Contributions paid to TRS subsequent to the measurement date	1,223,619	-
Total	<u>\$ 14,845,924</u>	<u>\$ 47,478,581</u>

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

Q. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - continued

The net amounts of the employer'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>
2022	\$ (6,334,338)
2023	(6,335,845)
2024	(6,335,433)
2025	(4,714,337)
2026	(2,519,666)
Thereafter	(7,616,658)
	<u>\$ (33,856,277)</u>

Prescription Drug Coverage. The Medicare Modernization Act of 2003 created an outpatient prescription drug benefit program (known as Medicare Part D) and a Retiree Drug Subsidy (RDS) program which were made available in 2006. The Texas Public School Retired Employee Group Insurance Program (TRS-Care) is offering a Medicare Part D Plan and is participating in the Retiree Drug Subsidy plan for eligible TRS-Care participants. Under Medicare Part D and the RDS program, TRS-Care receives payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. On-behalf payments must be recognized as equal revenues and expenditures/expenses by each reporting employer.

The allocation of these on-behalf payments is based on the ratio of a reporting employer's covered payroll to the entire covered payroll reported by all participating reporting employers. TRS based this allocation percentage on the "completed" report submissions by reporting employers for the month of May. For the years ended August 31, 2022, 2021 and 2020, the subsidy payments received by TRS-Care on behalf of the District were \$666,551, \$689,297 and \$641,449, 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 accident or occurrence are covered through an insurance carried through Safety National Casualty Corporation. The self-insured retention is \$500,000 per occurrence.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

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

Estimates of claims payable and of claims incurred but not reported at August 31, 2022 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, 2022	Year Ended August 31, 2021
Unpaid claims, beginning of the year	\$ 671,562	\$ 460,821
Incurred claims (including IBNR)	359,780	408,141
Claim payments	(302,524)	(197,400)
Unpaid claims, end of fiscal year	<u>\$ 728,818</u>	<u>\$ 671,562</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>\$ 204,462</u>

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

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, 2022 are summarized below and are reported on the combined financial statements as Due to other governments.

	<u>General Fund</u>
State Funding	<u>\$ 10,828,533</u>

U. COMMITTED AND ASSIGNED FUND BALANCE

General Fund

The non-spendable fund balances were inventories of \$529,493 and prepaid items of \$627,592. The committed fund balance of \$111,467,239 is separated as follows:

Facilities maintenance, renovation, and repair	\$ 35,000,000
Land acquisition and modification	6,000,000
Campus and department carryover	4,000,000
Capital asset acquisition and maintenance	10,000,000
Contingency reserve	<u>56,467,239</u>
Total	<u>\$ 111,467,239</u>

The unassigned fund balance was \$49,034,640.

Other Major Funds

The debt service fund had a restricted fund balance of \$16,264,867 to be used for debt service payments. The capital projects fund had a restricted fund balance of \$24,480,338 and a committed fund balance of \$58,739,220 to be used for authorized construction and other capital asset acquisitions.

Nonmajor Funds

Special revenue funds had a restricted fund balance of \$8,368,141 for child nutrition and other grant obligations. Special revenue funds also had a committed fund balance of \$4,386,314 primarily for campus activities and other local programs, and non-spendable fund balance of \$38,837 for inventory and \$1,195 for prepaid items.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

V. 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.

W. 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, 2022 there were various construction contracts for renovations and new construction with unaccrued commitments totaling \$4,163,738.

This page intentionally left blank

REQUIRED SUPPLEMENTARY INFORMATION

HURST EULESS BEDFORD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 154,259,009	\$ 156,759,009	\$ 154,544,647	\$ (2,214,362)
5800 State Program Revenues	55,483,525	53,483,525	55,077,567	1,594,042
5900 Federal Program Revenues	2,084,519	5,989,519	4,920,211	(1,069,308)
5020 Total Revenues	211,827,053	216,232,053	214,542,425	(1,689,628)
EXPENDITURES:				
Current:				
0011 Instruction	122,383,171	113,525,248	111,518,418	2,006,830
0012 Instructional Resources and Media Services	2,734,885	2,817,200	2,716,129	101,071
0013 Curriculum and Instructional Staff Development	4,058,497	3,693,710	3,396,501	297,209
0021 Instructional Leadership	2,654,265	2,644,269	2,424,028	220,241
0023 School Leadership	11,908,226	12,000,668	11,875,244	125,424
0031 Guidance, Counseling, and Evaluation Services	7,688,812	7,734,864	7,454,273	280,591
0032 Social Work Services	752,423	744,423	224,490	519,933
0033 Health Services	2,813,309	2,820,358	2,564,246	256,112
0034 Student (Pupil) Transportation	5,763,876	5,970,953	5,938,964	31,989
0035 Food Services	239,875	320,875	243,060	77,815
0036 Extracurricular Activities	5,247,392	5,300,748	5,016,355	284,393
0041 General Administration	6,577,208	6,532,070	6,237,309	294,761
0051 Facilities Maintenance and Operations	19,780,470	19,649,727	18,322,203	1,327,524
0052 Security and Monitoring Services	1,184,964	1,190,464	1,071,657	118,807
0053 Data Processing Services	4,667,964	4,830,914	4,661,540	169,374
0061 Community Services	207,959	208,471	64,178	144,293
Debt Service:				
0071 Principal on Long-Term Liabilities	-	490,000	392,808	97,192
0072 Interest on Long-Term Liabilities	-	-	51,474	(51,474)
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	20,000	6,389	13,611
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	22,500	22,500	903	21,597
0099 Other Intergovernmental Charges	980,750	980,750	939,711	41,039
6030 Total Expenditures	199,666,546	191,498,212	185,119,880	6,378,332
1100 Excess of Revenues Over Expenditures	12,160,507	24,733,841	29,422,545	4,688,704
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	5,000	5,000	11,298	6,298
7913 Right-to-Use Leases	-	-	1,207,914	1,207,914
7915 Transfers In	900,000	13,786,707	900,000	(12,886,707)
8911 Transfers Out (Use)	(13,065,507)	(25,638,841)	(12,752,134)	12,886,707
7080 Total Other Financing Sources (Uses)	(12,160,507)	(11,847,134)	(10,632,922)	1,214,212
1200 Net Change in Fund Balances	-	12,886,707	18,789,623	5,902,916
0100 Fund Balance - September 1 (Beginning)	142,869,341	142,869,341	142,869,341	-
3000 Fund Balance - August 31 (Ending)	\$ 142,869,341	\$ 155,756,048	\$ 161,658,964	\$ 5,902,916

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED AUGUST 31, 2022

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
FOR THE YEAR ENDED AUGUST 31, 2022

	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019
District's Proportion of the Net Pension Liability (Asset)	0.110610786%	0.111141557%	0.133908332%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 28,168,653	\$ 59,525,150	\$ 69,609,737
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	52,390,666	111,434,794	96,762,975
Total	<u>\$ 80,559,319</u>	<u>\$ 170,959,944</u>	<u>\$ 166,372,712</u>
District's Covered Payroll	\$ 154,750,203	\$ 149,362,530	\$ 142,595,146
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	18.20%	39.85%	48.82%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.79%	75.54%	75.24%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2021 for year 2022, August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

<u>FY 2019</u> <u>Plan Year</u>	<u>FY 2018</u> <u>Plan Year</u>	<u>FY 2017</u> <u>Plan Year</u>	<u>FY 2016</u> <u>Plan Year</u>	<u>FY 2015</u> <u>Plan Year 2014</u>
0.129589488%	0.126556881%	0.123062054%	0.1253919%	0.0828788%
\$ 71,329,199	\$ 40,466,073	\$ 46,503,320	\$ 44,324,368	22,138,073
105,649,729	63,194,080	75,891,668	74,414,323	64,059,757
<u>\$ 176,978,928</u>	<u>\$ 103,660,153</u>	<u>\$ 122,394,988</u>	<u>\$ 118,738,691</u>	<u>\$ 86,197,830</u>
\$ 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%

HURST EULESS BEDFORD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually Required Contribution	\$ 4,283,031	\$ 4,310,162	\$ 4,283,031
Contribution in Relation to the Contractually Required Contribution	(4,283,031)	(4,310,162)	(4,283,031)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 156,906,579	\$ 154,750,203	\$ 149,362,530
Contributions as a Percentage of Covered Payroll	2.73%	2.79%	2.87%

Note: GASB Codification, Vol. 2, P20.183 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

2019	2018	2017	2016	2015	
\$ 4,692,165	\$ 4,302,257	\$ 4,147,796	\$ 3,909,993	\$ 3,712,908	
(4,692,165)	(4,302,257)	(4,147,796)	(3,909,993)	(3,712,908)	
\$ -	\$ -	\$ -	\$ -	\$ -	
\$ 142,595,146	\$ 137,860,153	\$ 133,047,929	\$ 128,231,609	\$ 124,496,697	
3.29%	3.12%	3.12%	3.05%	2.98%	

This page intentionally left blank

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
Teacher Retirement System of Texas
YEAR ENDED AUGUST 31, 2022

Changes of Assumptions

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

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
FOR THE YEAR ENDED AUGUST 31, 2022

	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.159653317%	0.165090086%	0.168482729%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 61,585,419	\$ 62,758,197	\$ 79,677,545
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	82,510,736	84,331,973	105,873,637
Total	<u>\$ 144,096,155</u>	<u>\$ 147,090,170</u>	<u>\$ 185,551,182</u>
District's Covered Payroll	\$ 154,750,203	\$ 149,362,530	\$ 142,595,146
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	39.80%	42.02%	55.88%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	6.18%	4.99%	2.66%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. The amounts reported for FY 2022 are for measurement date August 31, 2021. The amounts reported for FY 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

FY 2019 Plan Year		FY 2018 Plan Year	
0.1648004%		0.157370695%	
\$	82,286,333	\$	68,434,612
118,333,548		104,951,155	
\$	200,619,881	\$	173,385,767
\$	137,860,153	\$	133,047,929
59.69%		51.44%	
1.57%		0.91%	

HURST EULESS BEDFORD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2022

	2022	2021	2020
Contractually Required Contribution	\$ 1,337,738	\$ 1,236,369	\$ 1,108,660
Contribution in Relation to the Contractually Required Contribution	(1,337,738)	(1,236,369)	(1,108,660)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 156,906,579	\$ 154,750,203	\$ 149,362,530
Contributions as a Percentage of Covered Payroll	0.85%	0.80%	0.74%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

2019		2018	
\$	1,058,823	\$	1,003,937
	(1,058,823)		(1,003,937)
\$	-	\$	-
\$	142,595,146	\$	137,860,153
	0.74%		0.73%

This page intentionally left blank

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY OPEB INFORMATION
Teacher Retirement System of Texas
YEAR ENDED AUGUST 31, 2022

Changes since the Prior Actuarial Valuation

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

- The discount rate changed from 2.33 percent as of August 31, 2020 to 1.95 percent, as of August 31, 2021. This change increased the Total OPEB Liability (TOL).

Changes in Benefit Terms

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

This page intentionally left blank

SUPPLEMENTARY INFORMATION - COMBINING STATEMENTS AND SCHEDULES

NON-MAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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.

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.

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.

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

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.

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.

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
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2022

Data Control Codes		206 ESSA, IX, A Homeless Children Ed.	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula
ASSETS				
1110	Cash and Cash Equivalents	\$ 1,197	\$ -	\$ -
1240	Due from Other Governments	-	14,462	120,789
1250	Accrued Interest	-	-	-
1260	Due from Other Funds	-	-	-
1300	Inventories	-	-	-
1410	Prepayments	-	-	-
1000	Total Assets	<u>\$ 1,197</u>	<u>\$ 14,462</u>	<u>\$ 120,789</u>
LIABILITIES				
2110	Accounts Payable	\$ 1,197	\$ 150	\$ 15,387
2160	Accrued Wages Payable	-	641	37,337
2170	Due to Other Funds	-	13,671	68,065
2300	Unearned Revenue	-	-	-
2000	Total Liabilities	<u>1,197</u>	<u>14,462</u>	<u>120,789</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410	Inventories	-	-	-
3430	Prepaid Items	-	-	-
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-
Committed Fund Balance:				
3545	Other Committed Fund Balance	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u><u>\$ 1,197</u></u>	<u><u>\$ 14,462</u></u>	<u><u>\$ 120,789</u></u>

EXHIBIT H-1

225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	272 Medicaid Admin. Claim MAC	281 ESSER II CRRSA Act Supplemental
\$ -	\$ 7,840,378	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
200	940,731	-	1,095	7,845	6,390	-	-
-	120	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	38,837	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 200</u>	<u>\$ 8,820,066</u>	<u>\$ -</u>	<u>\$ 1,095</u>	<u>\$ 7,845</u>	<u>\$ 6,390</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 220,035	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	193,053	-	2	-	99	-	-
200	-	-	1,093	7,845	6,291	-	-
-	-	-	-	-	-	-	-
<u>200</u>	<u>413,088</u>	<u>-</u>	<u>1,095</u>	<u>7,845</u>	<u>6,390</u>	<u>-</u>	<u>-</u>
-	38,837	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	8,368,141	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>8,406,978</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 200</u>	<u>\$ 8,820,066</u>	<u>\$ -</u>	<u>\$ 1,095</u>	<u>\$ 7,845</u>	<u>\$ 6,390</u>	<u>\$ -</u>	<u>\$ -</u>

HURST EULESS BEDFORD INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2022

Data Control Codes		282 ESSER III ARP Act	284 IDEA B Formula ARP Act	285 IDEA B Preschool ARP Act	28B Title IV
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240	Due from Other Governments	2,953,096	23,742	4,215	3,489
1250	Accrued Interest	-	-	-	-
1260	Due from Other Funds	-	-	-	-
1300	Inventories	-	-	-	-
1410	Prepayments	-	-	-	-
1000	Total Assets	<u>\$ 2,953,096</u>	<u>\$ 23,742</u>	<u>\$ 4,215</u>	<u>\$ 3,489</u>
LIABILITIES					
2110	Accounts Payable	\$ 1,768	\$ 2,570	\$ -	\$ -
2160	Accrued Wages Payable	2,761	16,230	3,831	-
2170	Due to Other Funds	2,948,567	4,942	384	3,489
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>2,953,096</u>	<u>23,742</u>	<u>4,215</u>	<u>3,489</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
3430	Prepaid Items	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u><u>\$ 2,953,096</u></u>	<u><u>\$ 23,742</u></u>	<u><u>\$ 4,215</u></u>	<u><u>\$ 3,489</u></u>

28D School Health Support	289 Other Federal Special Revenue Funds	385 Visually Impaired SSVI	397 Advanced Placement Incentives	410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds	490 Core Knowledge Pre-K
\$ - 393,541	\$ - 7,134	\$ - -	\$ 293,942 -	\$ 442,084 48,100	\$ 4,006 85,602	\$ 2,234,505 -	\$ 304,755 -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	586,011	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,195	-
<u>\$ 393,541</u>	<u>\$ 7,134</u>	<u>\$ -</u>	<u>\$ 293,942</u>	<u>\$ 490,184</u>	<u>\$ 89,608</u>	<u>\$ 2,821,711</u>	<u>\$ 304,755</u>
\$ - - 393,541 -	\$ 6,743 - 391 -	\$ - - - -	\$ - 231 - -	\$ 5,286 - - -	\$ - 214 85,388 -	\$ 40,068 7,906 - -	\$ 14,409 462 - 204,462
<u>393,541</u>	<u>7,134</u>	<u>-</u>	<u>231</u>	<u>5,286</u>	<u>85,602</u>	<u>47,974</u>	<u>219,333</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,195	-
-	-	-	-	-	-	-	-
-	-	-	293,711	484,898	4,006	2,772,542	85,422
<u>-</u>	<u>-</u>	<u>-</u>	<u>293,711</u>	<u>484,898</u>	<u>4,006</u>	<u>2,773,737</u>	<u>85,422</u>
<u>\$ 393,541</u>	<u>\$ 7,134</u>	<u>\$ -</u>	<u>\$ 293,942</u>	<u>\$ 490,184</u>	<u>\$ 89,608</u>	<u>\$ 2,821,711</u>	<u>\$ 304,755</u>

This page intentionally left blank

HURST EULESS BEDFORD INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2022

Data Control Codes		499	Total
		Other Local	Nonmajor
		Special	Governmental
		Revenue Funds	Funds
ASSETS			
1110	Cash and Cash Equivalents	\$ 745,869	\$ 11,866,736
1240	Due from Other Governments	-	4,610,431
1250	Accrued Interest	-	120
1260	Due from Other Funds	-	586,011
1300	Inventories	-	38,837
1410	Prepayments	-	1,195
1000	Total Assets	<u>\$ 745,869</u>	<u>\$ 17,103,330</u>
LIABILITIES			
2110	Accounts Payable	\$ -	\$ 307,613
2160	Accrued Wages Payable	134	262,901
2170	Due to Other Funds	-	3,533,867
2300	Unearned Revenue	-	204,462
2000	Total Liabilities	<u>134</u>	<u>4,308,843</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410	Inventories	-	38,837
3430	Prepaid Items	-	1,195
Restricted Fund Balance:			
3450	Federal or State Funds Grant Restriction	-	8,368,141
Committed Fund Balance:			
3545	Other Committed Fund Balance	745,735	4,386,314
3000	Total Fund Balances	<u>745,735</u>	<u>12,794,487</u>
4000	Total Liabilities and Fund Balances	<u><u>\$ 745,869</u></u>	<u><u>\$ 17,103,330</u></u>

HURST EULESS BEDFORD INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	206 ESSA, IX, A Homeless Children Ed.	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula
REVENUES:			
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-
5900 Federal Program Revenues	79,724	4,195,639	4,161,933
5020 Total Revenues	79,724	4,195,639	4,161,933
EXPENDITURES:			
Current:			
0011 Instruction	-	1,070,474	2,334,613
0012 Instructional Resources and Media Services	-	-	-
0013 Curriculum and Instructional Staff Development	-	2,658,384	-
0021 Instructional Leadership	-	192,987	112,507
0023 School Leadership	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	992,469
0032 Social Work Services	79,724	159,723	-
0033 Health Services	-	-	2,465
0034 Student (Pupil) Transportation	-	-	719,879
0035 Food Services	-	-	-
0036 Extracurricular Activities	-	-	-
0041 General Administration	-	-	-
0051 Facilities Maintenance and Operations	-	-	-
0052 Security and Monitoring Services	-	-	-
0053 Data Processing Services	-	-	-
0061 Community Services	-	114,071	-
6030 Total Expenditures	79,724	4,195,639	4,161,933
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
OTHER FINANCING SOURCES (USES):			
7912 Sale of Real and Personal Property	-	-	-
7915 Transfers In	-	-	-
8911 Transfers Out (Use)	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-
1200 Net Change in Fund Balance	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -

225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	272 Medicaid Admin. Claim MAC	281 ESSER II CRRSA Act Supplemental
\$ -	\$ 860,561	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	26,469	-	-	-	-	-	-
74,357	16,332,884	5,814	210,648	508,288	530,733	63,948	12,121,376
74,357	17,219,914	5,814	210,648	508,288	530,733	63,948	12,121,376
74,357	-	-	129,581	-	40,300	-	12,121,376
-	-	-	-	-	-	-	-
-	-	-	5,596	508,288	246,948	-	-
-	-	-	1,478	-	44,482	-	-
-	-	-	56,547	-	-	-	-
-	-	-	17,446	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	63,948	-
-	-	-	-	-	-	-	-
-	15,075,751	57,912	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	80,013	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	199,003	-	-
74,357	15,155,764	57,912	210,648	508,288	530,733	63,948	12,121,376
-	2,064,150	(52,098)	-	-	-	-	-
-	12,580	-	-	-	-	-	-
-	-	52,098	-	-	-	-	-
-	(52,098)	-	-	-	-	-	-
-	(39,518)	52,098	-	-	-	-	-
-	2,024,632	-	-	-	-	-	-
-	6,382,346	-	-	-	-	-	-
\$ -	\$ 8,406,978	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

HURST EULESS BEDFORD INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	282 ESSER III ARP Act	284 IDEA B Formula ARP Act	285 IDEA B Preschool ARP Act	28B Title IV
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	6,200,125	410,821	15,421	290,308
5020 Total Revenues	6,200,125	410,821	15,421	290,308
EXPENDITURES:				
Current:				
0011 Instruction	4,209,807	299,975	15,421	13,465
0012 Instructional Resources and Media Services	149,858	-	-	-
0013 Curriculum and Instructional Staff Development	196,170	-	-	868
0021 Instructional Leadership	6,016	-	-	-
0023 School Leadership	154,485	-	-	-
0031 Guidance, Counseling, and Evaluation Services	192,868	110,846	-	107,359
0032 Social Work Services	697,408	-	-	168,616
0033 Health Services	191,025	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	12,322	-	-	-
0052 Security and Monitoring Services	8,339	-	-	-
0053 Data Processing Services	350,514	-	-	-
0061 Community Services	31,313	-	-	-
6030 Total Expenditures	6,200,125	410,821	15,421	290,308
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	-	-
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

28D School Health Support	289 Other Federal Special Revenue Funds	385 Visually Impaired SSVI	397 Advanced Placement Incentives	410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds	490 Core Knowledge Pre-K
\$ -	\$ -	\$ -	\$ -	\$ 732	\$ -	\$ 1,788,616	\$ 572,392
-	-	11,034	30,802	2,204,792	82,106	-	-
393,541	97,018	-	-	-	-	-	-
393,541	97,018	11,034	30,802	2,205,524	82,106	1,788,616	572,392
-	91,066	11,034	12,999	1,914,180	72,376	501,988	419,586
-	-	-	-	-	-	119,271	-
-	-	-	-	-	11,877	22,227	87,399
-	-	-	-	-	-	-	-
-	-	-	3,680	-	-	235,655	-
-	-	-	4,953	-	-	4,567	-
-	5,952	-	-	-	-	-	-
393,541	-	-	-	-	-	561	-
-	-	-	-	-	-	768	-
-	-	-	-	-	-	2,506	-
-	-	-	-	-	-	1,014,627	-
-	-	-	-	-	-	43,211	-
-	-	-	-	-	-	15,565	-
-	-	-	-	-	-	6,452	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
393,541	97,018	11,034	21,632	1,914,180	84,253	1,967,398	506,985
-	-	-	9,170	291,344	(2,147)	(178,782)	65,407
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	9,170	291,344	(2,147)	(178,782)	65,407
-	-	-	284,541	193,554	6,153	2,952,519	20,015
\$ -	\$ -	\$ -	\$ 293,711	\$ 484,898	\$ 4,006	\$ 2,773,737	\$ 85,422

HURST EULESS BEDFORD INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES:			
5700	Total Local and Intermediate Sources	\$ 115,221	\$ 3,337,522
5800	State Program Revenues	-	2,355,203
5900	Federal Program Revenues	-	45,692,578
5020	Total Revenues	115,221	51,385,303
EXPENDITURES:			
Current:			
0011	Instruction	107,554	23,440,152
0012	Instructional Resources and Media Services	-	269,129
0013	Curriculum and Instructional Staff Development	102	3,737,859
0021	Instructional Leadership	-	357,470
0023	School Leadership	-	450,367
0031	Guidance, Counseling, and Evaluation Services	-	1,430,508
0032	Social Work Services	-	1,111,423
0033	Health Services	-	651,540
0034	Student (Pupil) Transportation	-	720,647
0035	Food Services	-	15,136,169
0036	Extracurricular Activities	-	1,014,627
0041	General Administration	3,157	46,368
0051	Facilities Maintenance and Operations	-	107,900
0052	Security and Monitoring Services	-	14,791
0053	Data Processing Services	83,012	433,526
0061	Community Services	-	344,387
6030	Total Expenditures	193,825	49,266,863
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(78,604)	2,118,440
OTHER FINANCING SOURCES (USES):			
7912	Sale of Real and Personal Property	-	12,580
7915	Transfers In	178,800	230,898
8911	Transfers Out (Use)	-	(52,098)
7080	Total Other Financing Sources (Uses)	178,800	191,380
1200	Net Change in Fund Balance	100,196	2,309,820
0100	Fund Balance - September 1 (Beginning)	645,539	10,484,667
3000	Fund Balance - August 31 (Ending)	\$ 745,735	\$ 12,794,487

INTERNAL SERVICE FUNDS

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

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

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

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

Print Shop - this fund accounts for costs associated with the District's print shop. The print shop is available to all of the District's departments and campuses and provides high volume copying and other services not available at the campus. The print shop closed effective August 31, 2021.

HURST EULESS BEDFORD INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 AUGUST 31, 2022

	770	771	772	773	Total Internal Service Funds
	Workers' Compensation	Tech Trades	Catering	Print Shop	
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 9,531,458	\$ 5,987	\$ 158,348	\$ -	\$ 9,695,793
Other Receivables	161,508	-	-	-	161,508
Total Assets	<u>9,692,966</u>	<u>5,987</u>	<u>158,348</u>	<u>-</u>	<u>9,857,301</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	-	40	984	-	1,024
Short Term Claims Payable	414,359	--	-	-	414,359
Accrued Wages Payable	162	-	-	-	162
Total Current Liabilities	<u>414,521</u>	<u>40</u>	<u>984</u>	<u>-</u>	<u>415,545</u>
Noncurrent Liabilities:					
Claims - Due in More than One Year	314,459	-	-	-	314,459
Total Noncurrent Liabilities	<u>314,459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>314,459</u>
Total Liabilities	<u>728,980</u>	<u>40</u>	<u>984</u>	<u>-</u>	<u>730,004</u>
NET POSITION					
Unrestricted Net Position	\$ 8,963,986	\$ 5,947	\$ 157,364	\$ -	\$ 9,127,297
Total Net Position	<u>\$ 8,963,986</u>	<u>\$ 5,947</u>	<u>\$ 157,364</u>	<u>\$ -</u>	<u>\$ 9,127,297</u>

HURST EULESS BEDFORD INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2022

	770	771	772	773	Total Internal Service Funds
	Workers' Compensation	Tech Trades	Catering	Print Shop	
OPERATING REVENUES:					
Local and Intermediate Sources	\$ 1,821,102	\$ 16,847	\$ 79,356	\$ -	\$ 1,917,305
Total Operating Revenues	1,821,102	16,847	79,356	-	1,917,305
OPERATING EXPENSES:					
Payroll Costs	101,053	1,070	-	-	102,123
Professional and Contracted Services	41,523	-	-	-	41,523
Supplies and Materials	13,067	30,798	49,984	-	93,849
Other Operating Costs	69,956	271	216	-	70,443
Claims Expense	359,677	-	-	-	359,677
Total Operating Expenses	585,276	32,139	50,200	-	667,615
Operating Income (Loss)	1,235,826	(15,292)	29,156	-	1,249,690
NONOPERATING REVENUES (EXPENSES):					
Earnings from Temporary Deposits	27,216	-	-	-	27,216
Total Nonoperating Revenues (Expenses)	27,216	-	-	-	27,216
Income (Loss) Before Transfers	1,263,042	(15,292)	29,156	-	1,276,906
Transfer In	-	-	-	129,920	129,920
Transfers Out	(400,000)	-	-	-	(400,000)
Change in Net Position	863,042	(15,292)	29,156	129,920	1,006,826
Total Net Position - September 1 (Beginning)	8,100,944	21,239	128,208	(129,920)	8,120,471
Total Net Position - August 31 (Ending)	\$ 8,963,986	\$ 5,947	\$ 157,364	\$ -	\$ 9,127,297

This page intentionally left blank

HURST EULESS BEDFORD INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2022

	770	771	772	773	Total Internal Service Funds
	Workers' Compensation	Tech Trades	Catering	Print Shop	
<u>Cash Flows from Operating Activities:</u>					
Cash Received from User Charges	\$ 1,821,102	\$ 16,847	\$ 79,356	\$ -	\$ 1,917,305
Cash Received from Other Funds	-	-	-	(128,072)	(128,072)
Cash Payments to Employees for Services	(100,891)	(1,070)	-	(1,848)	(103,809)
Cash Payments for Insurance Claims	(375,452)	-	-	-	(375,452)
Cash Payments for Suppliers	(13,067)	(30,758)	(49,290)	-	(93,115)
Cash Payments for Other Operating Expenses	(74,555)	(271)	(217)	-	(75,043)
Net Cash Provided by (Used for) Operating Activities	1,257,137	(15,252)	29,849	(129,920)	1,141,814
<u>Cash Flows from Non-Capital Financing Activities:</u>					
Operating Transfer In (Out)	(400,000)	-	-	129,920	(270,080)
<u>Cash Flows from Investing Activities:</u>					
Interest and Dividends on Investments	27,216	-	-	-	27,216
Net Increase (Decrease) in Cash and Cash Equivalents	884,353	(15,252)	29,849	-	898,950
Cash and Cash Equivalents at Beginning of Year	8,647,105	21,239	128,499	-	8,796,843
Cash and Cash Equivalents at End of Year	\$ 9,531,458	\$ 5,987	\$ 158,348	\$ -	\$ 9,695,793
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>					
<u>Provided by (Used for) Operating Activities:</u>					
Operating Income (Loss):	\$ 1,235,826	\$ (15,292)	\$ 29,156	\$ -	\$ 1,249,690
Effect of Increases and Decreases in Current Assets and Liabilities:					
(Increase) decrease in Other Receivables	(31,508)	-	-	-	(31,508)
Increase (decrease) in Accounts Payable	(4,599)	40	693	-	(3,866)
Increase (decrease) in Accrued Wages Payable	162	-	-	(1,848)	(1,686)
Increase (decrease) in Insurance Claims	57,256	-	-	-	57,256
Increase (decrease) in Payments from Other Funds	-	-	-	(128,072)	(128,072)
Net Cash Provided by (Used for) Operating Activities	\$ 1,257,137	\$ (15,252)	\$ 29,849	\$ (129,920)	\$ 1,141,814
<u>Reconciliation of Total Cash and Cash Equivalents:</u>					
Cash and Cash Equivalents on Balance Sheet	\$ 9,531,458	\$ 5,987	\$ 158,348	\$ -	\$ 9,695,793

This page intentionally left blank

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 FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 AUGUST 31, 2022

EXHIBIT H-9

	753 Insurance	865 Custodial Fund Student Activity Acct	Total Custodial Funds
<hr/>			
ASSETS			
Cash and Cash Equivalents	\$ 172,679	\$ 404,400	\$ 577,079
Other Receivables	172,133	-	172,133
Prepayments	-	400	400
	<hr/>	<hr/>	<hr/>
Total Assets	344,812	404,800	749,612
NET POSITION			
Restricted for Other Purposes	344,812	404,800	749,612
	<hr/>	<hr/>	<hr/>
Total Net Position	\$ 344,812	\$ 404,800	\$ 749,612
	<hr/>	<hr/>	<hr/>

HURST EULESS BEDFORD INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2022

	753 Insurance	865 Custodial Fund Student Activity Acct	Total Custodial Funds
ADDITIONS:			
Contributions to Student Groups	\$ -	\$ 66,168	\$ 66,168
Cocurricular Services or Activities	-	181,643	181,643
Earnings from Temporary Deposits	794	1,499	2,293
Miscellaneous Contributions	576,311	-	576,311
Total Additions	<u>577,105</u>	<u>249,310</u>	<u>826,415</u>
DEDUCTIONS:			
Payroll Deductions	518,035	-	518,035
Professional and Contracted Services	-	9,510	9,510
Supplies and Materials	-	169,473	169,473
Other Deductions	-	28,670	28,670
Total Deductions	<u>518,035</u>	<u>207,653</u>	<u>725,688</u>
Change in Net Position	59,070	41,657	100,727
Net Position - September 1 (Beginning)	<u>285,742</u>	<u>363,143</u>	<u>648,885</u>
Net Position - August 31 (Ending)	<u><u>\$ 344,812</u></u>	<u><u>\$ 404,800</u></u>	<u><u>\$ 749,612</u></u>

This page intentionally left blank

TEXAS EDUCATION AGENCY REQUIRED SCHEDULES

HURST EULESS BEDFORD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2022

Last 10 Years August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2013 and prior years	Various	Various	\$ Various
2014	1.040000	0.347500	8,941,327,326
2015	1.040000	0.335000	9,592,152,999
2016	1.040000	0.310000	9,176,034,157
2017	1.040000	0.276000	10,771,940,001
2018	1.040000	0.223000	12,240,981,339
2019	1.040000	0.233000	13,698,779,740
2020	0.970000	0.250000	15,498,767,290
2021	0.962400	0.235600	15,798,326,547
2022 (School year under audit)	0.925200	0.235600	17,205,287,717
1000 TOTALS			

(10) Beginning Balance 9/1/2021	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2022
\$ 2,711,515	\$ -	\$ 18,128	\$ 4,881	\$ (1,253,236)	\$ 1,435,270
145,278	-	4,527	1,513	-	139,238
167,667	-	4,768	1,536	-	161,363
153,876	-	7,193	2,144	(187)	144,352
313,301	-	7,574	2,010	1,392	305,109
362,563	-	14,854	3,185	3,257	347,781
274,313	-	26,652	5,971	4,574	246,264
295,834	-	(80,331)	(20,704)	(99,153)	297,716
590,641	-	(496,248)	(121,484)	(880,757)	327,616
-	190,967,229	154,988,401	39,467,428	4,293,681	805,081
<u>\$ 5,014,988</u>	<u>\$ 190,967,229</u>	<u>\$ 154,495,518</u>	<u>\$ 39,346,480</u>	<u>\$ 2,069,571</u>	<u>\$ 4,209,790</u>

HURST EULESS BEDFORD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 3,222,876	\$ 672,876	\$ 860,561	\$ 187,685
5800	State Program Revenues	63,781	23,781	26,469	2,688
5900	Federal Program Revenues	9,695,464	15,017,548	16,332,884	1,315,336
5020	Total Revenues	12,982,121	15,714,205	17,219,914	1,505,709
EXPENDITURES:					
Current:					
0035	Food Services	14,135,022	15,639,322	15,075,751	563,571
0051	Facilities Maintenance and Operations	80,013	80,013	80,013	-
Debt Service:					
0071	Principal on Long-Term Liabilities	-	1,700	-	1,700
6030	Total Expenditures	14,215,035	15,721,035	15,155,764	565,271
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,232,914)	(6,830)	2,064,150	2,070,980
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	14,830	6,830	12,580	5,750
7961	Transfers Out (Use)	-	-	(52,098)	(52,098)
7080	Total Other Financing Sources (Uses)	14,830	6,830	(39,518)	(46,348)
1200	Net Change in Fund Balances	(1,218,084)	-	2,024,632	2,024,632
0100	Fund Balance - September 1 (Beginning)	6,382,346	6,382,346	6,382,346	-
3000	Fund Balance - August 31 (Ending)	\$ 5,164,262	\$ 6,382,346	\$ 8,406,978	\$ 2,024,632

HURST EULESS BEDFORD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 36,100,576	\$ 36,373,287	\$ 39,692,691	\$ 3,319,404
5800 State Program Revenues	691,488	418,777	378,663	(40,114)
5020 Total Revenues	36,792,064	36,792,064	40,071,354	3,279,290
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	36,792,064	21,410,000	21,410,000	-
0072 Interest on Long-Term Liabilities	-	15,374,564	15,374,564	-
0073 Bond Issuance Cost and Fees	-	7,500	2,600	4,900
6030 Total Expenditures	36,792,064	36,792,064	36,787,164	4,900
1200 Net Change in Fund Balances	-	-	3,284,190	3,284,190
0100 Fund Balance - September 1 (Beginning)	12,980,677	12,980,677	12,980,677	-
3000 Fund Balance - August 31 (Ending)	\$ 12,980,677	\$ 12,980,677	\$ 16,264,867	\$ 3,284,190

HURST EULESS BEDFORD INDEPENDENT SCHOOL DISTRICT
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2022

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.	21,075,958
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	9,700,570

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.	2,430,133
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	4,463,141

STATISTICAL SECTION
(Unaudited)

This page intentionally left blank

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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities				
Net investment				
in capital assets	\$ (19,681,276)	\$ 1,740,718	\$ 4,204,062	\$ 16,583,665
Restricted	14,776,503	14,865,637	12,674,504	14,020,036
Unrestricted	<u>98,716,010</u>	<u>92,910,772</u>	<u>93,332,672</u>	<u>105,560,374</u>
Total Governmental Net Position	<u>\$ 93,811,237</u>	<u>\$ 109,517,127</u>	<u>\$ 110,211,238</u>	<u>\$ 136,164,075</u>
Business-Type Activities				
Net investment				
in capital assets	\$ —	\$ —	\$ —	\$ —
Restricted	—	—	—	—
Unrestricted	<u>276,599</u>	<u>358,736</u>	<u>520,618</u>	<u>596,046</u>
Total Business-Type Net Position	<u>\$ 276,599</u>	<u>\$ 358,736</u>	<u>\$ 520,618</u>	<u>\$ 596,046</u>
Total Primary Government				
Net investment				
in capital assets	\$ (19,681,276)	\$ 1,740,718	\$ 4,204,062	\$ 16,583,665
Restricted	14,776,503	14,865,637	12,674,504	14,020,036
Unrestricted	<u>98,992,609</u>	<u>93,269,508</u>	<u>93,853,290</u>	<u>106,156,420</u>
Total Primary Government Net Position	<u>\$ 94,087,836</u>	<u>\$ 109,875,863</u>	<u>\$ 110,731,856</u>	<u>\$ 136,760,121</u>

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

Schedule 1

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 26,374,493	\$ 31,495,765	\$ 45,868,215	\$ 72,235,802	\$ 99,781,019	\$ 109,397,796
15,137,689	16,322,030	16,130,034	17,077,837	19,526,856	24,792,393
117,532,532	37,600,712	48,912,805	54,912,226	56,648,763	92,813,371
<u>\$ 159,044,714</u>	<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>

\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
573,094	598,305	615,040	161,851	426,690	686,441
<u>\$ 573,094</u>	<u>\$ 598,305</u>	<u>\$ 615,040</u>	<u>\$ 161,851</u>	<u>\$ 426,690</u>	<u>\$ 686,441</u>

\$ 26,374,493	\$ 31,495,765	\$ 45,868,215	\$ 72,235,802	\$ 99,781,019	\$ 109,397,796
15,137,689	16,322,030	16,130,034	17,077,837	19,526,856	24,792,393
118,105,626	38,199,017	49,527,845	55,074,077	57,075,453	93,499,812
<u>\$ 159,617,808</u>	<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>

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	2013	2014	2015	2016
Governmental activities:				
Instruction	\$ 111,492,523	\$ 111,078,006	\$ 112,968,442	\$ 121,340,167
Instructional resources & media services	2,329,131	2,496,469	2,545,275	2,747,096
Curriculum and staff development	2,561,519	2,818,037	2,838,684	3,382,001
Instructional leadership	2,159,302	2,124,495	2,353,852	2,550,029
School leadership	9,807,094	9,957,175	10,488,800	11,497,851
Guidance and counseling services	7,056,441	7,233,773	7,680,282	8,076,076
Social work services	687,337	709,408	721,998	764,470
Health services	1,989,305	2,010,771	2,113,607	2,372,931
Student transportation	3,949,383	3,955,100	4,254,762	4,532,814
Food service	8,843,422	9,371,710	9,656,425	10,455,808
Co-curricular/extracurricular activities	5,405,116	5,354,416	5,742,981	6,069,578
General administration	4,185,830	4,399,247	4,428,016	4,864,989
Plant maintenance and operations	14,300,611	15,629,249	16,886,392	18,004,751
Security and monitoring services	1,148,050	931,706	922,635	1,065,500
Data processing services	4,205,302	4,271,269	4,254,918	4,533,861
Community services	142,639	190,905	226,473	281,053
Debt service - interest and fees on long-term debt	16,265,343	17,336,054	14,160,123	13,053,831
Contracted instructional	—	—	—	—
Juvenile justice alternative education program	9,750	5,289	12,642	7,611
Other intergovernmental charges	726,074	722,295	760,734	714,384
Total governmental expenses	\$ 197,264,172	\$ 200,595,374	\$ 203,017,041	\$ 216,314,801
Business-type activities:				
Extended day services	\$ 1,241,623	\$ 1,257,850	\$ 1,307,741	\$ 1,331,290
Total Primary Government Expenses	\$ 198,505,795	\$ 201,853,224	\$ 204,324,782	\$ 217,646,091
Program Revenues				
Governmental activities				
Charges for services				
Instruction	\$ 87,291	\$ 72,379	\$ 104,387	\$ 129,335
Instructional resources and media services	—	—	—	—
Curriculum and staff development	—	—	—	—
School leadership	—	—	—	—
Guidance and counseling services	—	—	—	—
Social work services	—	—	—	—
Health services	—	—	—	—
Student transportation	—	—	—	—
Food service	2,848,209	2,706,225	2,982,993	3,209,741
Co-curricular/extracurricular services	336,426	295,526	395,865	364,926
General administration	—	—	—	—
Plant maintenance and operations	437,380	412,040	430,730	399,616
Security and monitoring services	7,489	—	—	—
Data processing services	—	—	—	—
Community services	—	—	—	—
Operating grants and contributions	27,557,856	30,687,883	30,135,722	34,320,753
Total governmental program revenues	31,274,651	34,174,053	34,049,697	38,424,371
Business-type activities				
Charges for services	\$ 1,968,222	\$ 2,066,585	\$ 2,278,357	\$ 2,377,336
Total business-type activities revenues	\$ 1,968,222	\$ 2,066,585	\$ 2,278,357	\$ 2,377,336
Total Primary Government Revenues	\$ 33,242,873	\$ 36,240,638	\$ 36,328,054	\$ 40,801,707
Net (Expense)/Revenue				
Total primary government net expense	\$ (165,262,922)	\$ (165,612,586)	\$ (167,996,728)	\$ (176,844,384)

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

Schedule 2

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 131,826,288	\$ 89,232,325	\$ 148,793,500	\$ 154,834,942	\$ 152,990,277	\$ 138,576,217
2,940,802	2,167,281	3,254,407	3,061,483	3,101,913	3,069,918
3,690,356	2,723,177	8,974,535	7,357,001	7,779,033	6,994,932
2,694,119	1,942,842	2,563,178	3,203,032	3,148,664	2,727,043
11,988,748	8,017,046	12,230,574	14,182,590	13,899,405	12,756,662
8,632,914	5,677,759	8,712,204	10,315,034	10,200,311	9,068,182
811,527	598,651	914,747	1,168,079	954,199	1,276,146
2,537,303	1,711,772	2,585,128	3,479,565	3,308,490	3,278,567
5,125,141	4,357,510	7,294,347	6,656,937	6,285,217	6,770,721
11,314,112	8,965,783	12,543,361	13,884,170	10,759,862	13,826,215
6,556,564	5,479,382	5,676,268	6,642,266	5,870,866	6,560,824
5,452,596	4,639,771	6,046,974	5,939,452	5,984,313	6,104,490
17,704,345	15,965,997	21,324,782	19,661,436	19,955,409	22,656,260
1,007,759	1,025,340	1,244,514	1,551,039	1,320,482	1,210,516
5,272,250	4,437,579	5,539,749	5,253,644	5,304,294	5,996,421
488,224	227,627	634,905	700,300	527,236	415,079
13,354,532	21,106,779	11,234,319	12,541,676	11,984,304	11,275,465
—	—	—	—	—	—
55,470	2,451	—	—	—	903
761,346	748,799	869,854	903,549	865,014	939,711
<u>\$ 232,214,396</u>	<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>\$ 1,336,961</u>	<u>\$ 1,416,290</u>	<u>\$ 1,474,450</u>	<u>\$ 1,394,841</u>	<u>\$ 1,088,076</u>	<u>\$ 1,152,281</u>
<u>\$ 233,551,357</u>	<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>
\$ 100,350	\$ 78,986	\$ 78,313	\$ 76,083	\$ 211,804	\$ 1,643,916
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
3,404,257	3,576,044	3,546,431	2,464,050	512,642	838,873
321,510	345,236	342,573	241,027	214,389	363,803
—	—	—	—	—	—
354,271	395,376	237,532	635,417	526,684	463,048
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
40,075,836	32,141,658	39,152,058	37,499,156	42,773,813	65,403,315
<u>44,256,224</u>	<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>\$ 2,360,056</u>	<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>\$ 2,360,056</u>	<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>\$ 46,616,280</u>	<u>\$ 39,001,898</u>	<u>\$ 45,896,399</u>	<u>\$ 42,422,424</u>	<u>\$ 45,592,247</u>	<u>\$ 70,624,987</u>
<u>\$ (186,935,077)</u>	<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>

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

General Revenues and Total Change in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net (Expense)/Revenue				
Governmental activities	\$ (165,989,521)	\$ (166,421,321)	\$ (168,967,344)	\$ (177,890,430)
Business-type activities	<u>726,599</u>	<u>808,735</u>	<u>970,616</u>	<u>1,046,046</u>
Total Net Expenses	<u>\$ (165,262,922)</u>	<u>\$ (165,612,586)</u>	<u>\$ (167,996,728)</u>	<u>\$ (176,844,384)</u>
 General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes levied for general purposes	88,147,440	90,922,907	97,775,691	100,415,176
Property taxes levied for debt service	31,058,000	30,327,043	31,451,260	29,897,309
State aid - formula grants	52,594,103	60,211,733	63,492,821	67,267,056
Miscellaneous local and intermediate	5,997,738	729,879	628,678	2,045,625
Investment earnings	705,311	645,038	586,803	822,655
Transfers in (out)	1,086,553	726,598	808,734	970,618
Special Item	<u>—</u>	<u>(1,435,987)</u>	<u>—</u>	<u>2,424,828</u>
Total governmental activities revenues	<u>179,589,145</u>	<u>182,127,211</u>	<u>194,743,987</u>	<u>203,843,267</u>
 Business-type activities:				
Transfers in (out)	<u>(1,086,553)</u>	<u>(726,598)</u>	<u>(808,734)</u>	<u>(970,618)</u>
 Total general revenues and other changes	<u>\$ 178,502,592</u>	<u>\$ 181,400,613</u>	<u>\$ 193,935,253</u>	<u>\$ 202,872,649</u>
 Change in Net Position				
Governmental activities	\$ 13,599,624	\$ 15,705,890	\$ 25,776,643	\$ 25,952,837
Business-type activities	<u>(359,954)</u>	<u>82,137</u>	<u>161,882</u>	<u>75,428</u>
Total primary government	<u>\$ 13,239,670</u>	<u>\$ 15,788,027</u>	<u>\$ 25,938,525</u>	<u>\$ 26,028,265</u>

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

Schedule 3

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ (187,958,172)	\$ (142,490,571)	\$ (217,080,439)	\$ (230,420,462)	\$ (219,999,957)	\$ (184,791,317)
1,023,095	1,048,308	1,065,042	111,850	264,839	759,751
<u>\$ (186,935,077)</u>	<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>
111,853,659	126,881,939	138,406,918	145,361,068	152,734,160	155,243,272
29,666,816	27,236,390	30,976,825	37,408,241	37,359,385	39,480,714
66,085,444	29,269,521	62,864,707	74,082,722	60,282,410	42,046,066
751,050	909,729	744,591	679,350	668,646	540,295
1,435,795	3,409,982	8,531,638	5,638,853	686,129	(1,972,108)
1,046,047	1,023,097	1,048,307	565,039	—	500,000
—	—	—	—	—	—
<u>210,838,811</u>	<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>(1,046,047)</u>	<u>(1,023,097)</u>	<u>(1,048,307)</u>	<u>(565,039)</u>	<u>—</u>	<u>(500,000)</u>
<u>\$ 209,792,764</u>	<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>
\$ 22,880,639	\$ 46,240,087	\$ 25,492,547	\$ 33,314,811	\$ 31,730,773	\$ 51,046,922
(22,952)	25,211	16,735	(453,189)	264,839	259,751
<u>\$ 22,857,687</u>	<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>

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund				
Non-spendable	\$ 542,732	\$ 492,655	\$ 761,371	\$ 637,082
Restricted	—	—	—	—
Committed	41,000,000	45,000,000	55,000,000	62,000,000
Unassigned	22,903,830	24,615,370	24,439,434	26,155,113
Total general fund	<u>\$ 64,446,562</u>	<u>\$ 70,108,025</u>	<u>\$ 80,200,805</u>	<u>\$ 88,792,195</u>
All Other Governmental Funds				
Non-spendable	\$ 42,158	\$ 29,110	\$ 13,498	\$ 2,195
Restricted	58,837,896	24,142,921	19,560,795	20,233,817
Committed	39,042,597	25,992,820	28,732,700	35,261,672
Unassigned	—	—	—	—
Total all other governmental funds	<u>\$ 97,922,651</u>	<u>\$ 50,164,851</u>	<u>\$ 48,306,993</u>	<u>\$ 55,497,684</u>

Source: Balance Sheet - Governmental Funds - audited financial reports

Schedule 4

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 668,658	\$ 1,516,399	\$ 1,470,844	\$ 1,502,592	\$ 1,598,682	\$ 1,157,085
—	—	—	—	—	—
69,000,000	69,000,000	69,000,000	86,717,053	98,580,532	111,467,239
30,090,230	26,176,745	37,821,976	33,945,877	42,690,127	49,034,640
<u>\$ 99,758,888</u>	<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>
\$ 13,781	\$ 32,689	\$ 25,101	\$ 18,894	\$ 4,886	\$ 40,032
19,217,311	102,248,895	184,574,600	68,677,090	52,632,654	49,113,346
38,982,034	66,921,598	66,107,933	69,819,344	52,533,607	63,125,534
—	—	—	—	—	—
<u>\$ 58,213,126</u>	<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>

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Governmental Funds Revenues

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Local Sources:				
Local maintenance and debt service tax	\$ 119,453,877	\$ 121,166,877	\$ 128,100,599	\$ 129,889,502
Tuition from patrons	453,562	448,738	608,533	695,310
Other revenue from local sources	2,181,312	1,951,876	1,945,867	2,322,165
Co-curricular revenues	5,261,052	5,045,486	5,391,078	5,659,558
Other revenue from intermediate sources	45,000	—	30,000	—
Total Local Sources	<u>127,394,803</u>	<u>128,612,977</u>	<u>136,076,077</u>	<u>138,566,535</u>
State Sources:				
Per capita and foundation	52,593,803	60,169,961	62,017,885	66,357,420
Other state program revenues	<u>6,911,567</u>	<u>10,004,605</u>	<u>11,032,130</u>	<u>9,142,186</u>
Total State Sources	<u>59,505,370</u>	<u>70,174,566</u>	<u>73,050,015</u>	<u>75,499,606</u>
Federal Sources:				
Federal Grants	<u>17,964,654</u>	<u>18,127,045</u>	<u>17,842,521</u>	<u>18,833,229</u>
Total Revenues	<u>\$ 204,864,827</u>	<u>\$ 216,914,588</u>	<u>\$ 226,968,613</u>	<u>\$ 232,899,370</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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 141,461,964	\$ 154,484,036	\$ 169,217,791	\$ 183,272,698	\$ 189,938,119	\$ 194,683,987
683,644	631,921	791,777	568,565	662,518	802,657
2,779,549	5,148,472	9,842,023	7,224,064	2,058,109	(376,259)
5,800,695	6,013,926	5,913,020	4,156,517	1,551,196	2,780,451
20,000	30,000	30,500	98,955	1,058,812	24,585
<u>150,745,852</u>	<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>
65,214,427	58,871,711	47,421,007	55,512,627	44,746,370	44,114,442
<u>10,377,547</u>	<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>75,591,974</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>
19,758,399	20,914,742	23,874,088	23,511,406	29,468,254	50,612,789
<u>\$ 246,096,225</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>

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Governmental Funds Expenditures and Debt Service Ratio

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

Expenditures by Function	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction	\$ 107,838,054	\$ 105,579,751	\$ 107,743,088	\$ 110,015,918
Instructional resources and media services	2,235,638	2,364,542	2,427,546	2,486,314
Curriculum and staff development	2,341,202	2,627,929	2,691,495	2,965,799
Instructional leadership	2,102,688	2,065,292	2,317,564	2,342,777
School leadership	9,304,459	9,398,174	9,962,392	10,257,491
Guidance and counseling services	6,735,941	6,865,581	7,327,570	7,246,711
Social work services	688,594	709,582	725,966	765,301
Health services	1,896,540	1,908,172	2,020,216	2,132,941
Student transportation	3,873,123	4,182,028	4,534,645	4,959,360
Food service	8,748,743	9,677,254	10,408,285	10,777,817
Co-curricular/extracurricular activities	5,140,407	5,054,435	5,271,385	5,576,166
General administration	4,196,294	4,402,339	4,447,205	4,654,135
Plant maintenance and operations	13,751,849	15,327,285	15,519,294	16,808,862
Security and monitoring services	1,085,157	864,655	846,200	890,994
Data processing services	3,299,788	5,095,727	5,355,121	3,831,552
Community services	140,673	188,185	228,464	247,512
Debt service				
Principal	10,815,492	11,435,286	12,167,159	13,255,590
Interest	19,061,249	18,744,942	17,587,923	16,617,465
Cost and fees	1,392	1,533	398,024	2,947
Facilities acquisition and construction	60,290,053	52,930,239	4,173,835	8,700,686
Contracted instructional	—	—	—	—
Juvenile justice alternative educational program	9,750	5,289	12,642	7,611
Other intergovernmental charges	726,074	722,295	760,734	714,384
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>\$ 264,283,160</u>	<u>\$ 260,150,515</u>	<u>\$ 216,926,753</u>	<u>\$ 225,258,333</u>
Debt service as a percentage of noncapital expenditures	14.79%	14.79%	14.19%	13.94%

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

Governmental Funds - audited financial reports

Schedule 6

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 117,447,507	\$ 118,157,410	\$ 130,276,229	\$ 128,193,715	\$ 132,731,025	\$ 135,448,814
2,563,066	2,609,766	2,656,412	2,598,661	2,748,186	2,985,258
3,029,069	2,977,410	5,415,986	5,536,770	6,324,189	7,134,360
2,413,718	2,498,899	2,536,975	2,645,643	2,788,316	2,781,498
10,337,581	10,620,790	10,848,121	11,543,799	11,881,468	12,325,611
7,570,588	7,671,866	8,086,392	8,289,217	8,642,212	8,884,781
779,638	810,496	885,278	986,391	834,321	1,335,913
2,225,132	2,262,137	2,339,704	2,976,099	2,909,528	3,215,786
4,904,750	5,659,237	6,260,242	7,513,778	5,356,549	6,659,611
11,626,082	12,339,111	13,191,128	12,412,940	10,698,831	15,379,229
5,929,557	5,859,726	6,005,091	5,666,763	5,001,503	6,030,982
5,102,897	5,462,878	5,424,656	5,434,505	5,654,372	6,283,677
16,340,729	16,665,833	16,250,942	17,139,182	17,321,591	18,430,103
900,711	954,908	1,071,734	1,415,803	1,170,777	1,086,448
4,360,013	5,119,430	5,041,718	6,676,815	5,105,036	5,675,091
486,868	429,696	494,916	463,531	390,581	408,565
11,957,689	13,574,890	17,625,000	18,830,000	20,755,000	21,802,808
17,917,744	13,793,540	13,820,832	18,157,618	16,202,762	15,426,038
2,948	2,035,519	839,057	3,100	100,550	2,600
7,165,540	5,223,854	43,211,544	128,495,626	36,409,863	10,206,340
—	—	—	—	—	—
55,470	2,451	—	—	—	903
761,346	748,799	869,854	903,549	865,014	939,711
<u>\$ 233,878,643</u>	<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>
13.28%	12.07%	12.72%	14.66%	14.41%	13.83%

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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (59,418,333)	\$ (43,235,927)	\$ 10,041,860	\$ 7,641,037
Other Financing Sources (Uses)				
Proceeds from sale of bonds	—	—	38,267,681	—
Right-to-use leases	—	—	—	—
Sale of equipment and/or capital assets	3,770	12,992	276,527	1,245,598
Transfers in	15,000,245	11,801,746	8,447,871	20,604,540
Premium on issuance of bonds	—	—	2,490,595	—
Other resources	5,173,731	—	—	2,424,828
Transfers out	(13,513,692)	(10,675,148)	(7,239,137)	(16,133,922)
Payment to refunded bond escrow	—	—	(44,050,475)	—
Other uses	—	—	—	—
Total other financing sources (uses)	<u>6,664,054</u>	<u>1,139,590</u>	<u>(1,806,938)</u>	<u>8,141,044</u>
Net change in fund balances	<u>\$ (52,754,279)</u>	<u>\$ (42,096,337)</u>	<u>\$ 8,234,922</u>	<u>\$ 15,782,081</u>

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

Schedule 7

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 12,217,582	\$ 19,392,591	\$ (23,212,532)	\$ (99,325,741)	\$ (13,262,984)	\$ 23,895,516
—	238,950,000	101,460,000	—	5,485,000	—
—	—	—	—	—	1,207,914
18,506	38,586	15,585	41,098	96,690	23,878
12,316,919	31,504,636	15,040,440	40,161,702	9,340,247	13,574,312
—	41,134,855	13,392,768	—	769,626	—
—	—	—	—	—	—
(10,870,872)	(30,081,539)	(13,592,133)	(39,196,663)	(8,940,247)	(12,804,232)
—	(193,014,817)	—	—	(6,128,694)	—
—	—	—	—	—	—
<u>1,464,553</u>	<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>\$ 13,682,135</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>

This page intentionally left blank

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
2013	7,378,753,826	1,366,117,534	95,380,343	8,649,491,017	1.408
2014	7,598,746,539	1,428,903,955	86,323,168	8,941,327,326	1.388
2015	8,028,034,251	1,588,971,343	24,852,595	9,592,152,999	1.375
2016	8,375,373,853	1,872,889,461	1,072,229,157	9,176,034,157	1.350
2017	9,425,586,083	1,753,794,311	407,440,393	10,771,940,001	1.316
2018	10,945,293,959	1,969,582,033	673,894,653	12,240,981,339	1.263
2019	12,119,403,559	2,033,626,213	454,250,032	13,698,779,740	1.273
2020	13,919,978,708	2,104,169,254	525,380,672	15,498,767,290	1.220
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

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)

Fiscal Year	District Direct Rates			City of Arlington	City of Bedford	City of Colleyville	City of Eules
	Operating	Debt Service	Total				
2013	1.040	0.368	1.408	0.648	0.499	0.356	0.470
2014	1.040	0.348	1.388	0.648	0.495	0.356	0.470
2015	1.040	0.335	1.375	0.648	0.495	0.356	0.468
2016	1.040	0.310	1.350	0.648	0.495	0.356	0.468
2017	1.040	0.276	1.316	0.645	0.477	0.339	0.463
2018	1.040	0.223	1.263	0.640	0.520	0.334	0.463
2019	1.040	0.233	1.273	0.635	0.562	0.321	0.463
2020	0.970	0.250	1.220	0.624	0.569	0.307	0.463
2021	0.962	0.235	1.198	0.623	0.569	0.304	0.463
2022	0.925	0.236	1.1098	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
0.608	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
0.614	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	2020-2021 Assessed Valuation ^b	Rank	Percentage of Total Assessed Value	2012-2013 Assessed Valuation	Rank	Percentage of Total Assessed Value
American Airlines	Airline Industry	\$ 908,600,340	1	5.75%	\$ 165,278,094	2	1.94%
Bell Helicopter Textron	Defense Industry	542,738,421	2	3.44%	262,308,727	1	3.08%
Cmf 15 Portfolio LLC	Real Estate	234,500,000	3	1.48%	103,651,000	3	1.22%
Westdale Hills 2013 LP	Real Estate	185,000,000	4	1.17%	-	-	-
Canopy on Central LP	Real Estate	164,397,419	5	1.04%	-	-	-
Oncor Electric Delivery Co (TXU)	Utility	124,223,765	6	0.79%	63,279,258	4	0.74%
Avion Owner LLC/Intercapital AC							
Overlook LLC	Real Estate	119,445,000	7	0.76%			
4328 Centreport Driver (TX) Owner LP/855 Ash TX	Real Estate	118,547,896	8	0.75%			
Crest Gateway LP/Crest Oasis LP	Real Estate	117,100,000	9	0.74%	-	-	-
Harveset C Centerport B4 LLC	Foreign LLC	99,304,529	10	0.63%			
Flint Hills Resources LP	Refining	-	-	-	55,267,225	5	0.65%
Wdop Sub I & II LP	Real Estate	-	-	-	52,741,965	6	0.62%
Simon Property Group	Real Estate	-	-	-	51,218,977	7	0.60%
Somerset Village Partners LP	Real Estate	-	-	-	49,999,994	8	0.59%
Centre Station Apartments LLC	Real Estate	-	-	0.00%	43,400,000	9	-
Ira Stoneleigh Feeco LLC	Real Estate	-	-	-	41,000,000	10	0.48%
Total		<u>\$ 2,613,857,370</u>		<u>16.55%</u>	<u>\$ 888,145,240</u>		<u>10.44%</u>

^a Information obtained from Tarrant Appraisal District.

^b July 2021 assessed valuation of \$17,205,287,717 was the basis of the 2022 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
2013	118,733,124	(125,999)	118,607,125	117,906,660	99.41%	546,945	118,453,605	99.87%
2014	121,092,304	(74,508)	121,017,796	120,283,726	99.39%	593,729	120,877,455	99.88%
2015	128,768,688	(705,639)	128,063,049	126,928,214	99.11%	970,791	127,899,005	99.87%
2016	121,718,481	8,621,581	130,340,062	129,035,301	99.00%	1,158,243	130,193,544	99.89%
2017	137,694,774	3,565,026	141,259,800	139,861,691	99.01%	1,089,160	140,950,851	99.78%
2018	149,697,774	4,025,735	153,723,509	152,876,940	99.45%	495,122	153,372,062	99.77%
2019	167,538,782	1,988,764	169,527,546	168,571,499	99.44%	708,068	169,279,567	99.85%
2020	181,172,255	1,133,276	182,305,531	181,922,688	99.79%	487,822	182,410,510	100.06%
2021	180,663,110	9,411,599	190,074,709	189,484,068	99.69%	263,025	189,747,093	99.83%
2022	190,967,229	4,293,681	195,260,910	194,455,829	99.59%	-	194,455,829	99.59%

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
2013	126,707,721	209,009,444	335,717,165	8.27%	2,471
2014	120,948,255	199,998,966	320,947,221	7.89%	2,317
2015	114,613,789	187,992,598	302,606,387	6.93%	2,149
2016	108,034,323	177,134,571	285,168,894	6.39%	2,016
2017	101,144,857	167,324,568	268,469,425	5.91%	1,894
2018	95,003,799	245,972,943	340,976,742	7.41%	2,393
2019	202,445,646	231,579,609	434,025,255	9.15%	3,038
2020	195,064,726	215,951,274	411,016,000	8.27%	2,852
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

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, 2022

(Unaudited)

Taxing Body	Net Debt Outstanding	Percent Overlapping ^a	Amount Overlapping Net Debt
City of Fort Worth	\$ 1,129,385,646	5.24%	\$ 59,179,808
City of Colleyville	2,914,922	4.14%	120,678
City of North Richland Hills	124,665,000	0.15%	186,998
City of Euless	59,840,000	63.01%	37,705,184
City of Hurst	47,934,108	61.06%	29,268,566
City of Bedford	131,740,000	99.30%	130,817,820
City of Arlington	640,830,000	2.45%	15,700,335
Tarrant County College District	610,315,000	7.32%	44,675,058
Tarrant County	404,360,000	7.32%	29,599,152
Tarrant County Hospital District	23,165,000	7.32%	1,695,678
Viridian Municipal Management District	253,860,000	100.00%	253,860,000
Total Overlapping Net Debt			602,809,277
Hurst - Euless - Bedford ISD	361,619,498	100.00%	361,619,498
Total Direct and Overlapping Debt to Net Debt			\$ 964,428,775
Ratio of Total Direct and Overlapping Net Debt to 2022 Taxable Assessed Valuation	\$ 17,205,287,717		5.61%

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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt limit	\$ 864,949,102	\$ 894,132,733	\$ 959,215,300	\$ 917,603,416
Total net debt applicable to limit	<u>326,428,782</u>	<u>311,503,269</u>	<u>295,395,647</u>	<u>277,062,005</u>
Legal debt margin	<u>\$ 538,520,320</u>	<u>\$ 582,629,464</u>	<u>\$ 663,819,653</u>	<u>\$ 640,541,411</u>
Total net debt applicable to the limit as a percentage of debt limit	37.74%	34.84%	30.80%	30.19%

^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 2022

Assessed value	\$ 17,205,287,717
Debt limit (10% of assessed value)	1,720,528,772 ^a
Debt applicable to limit	<u>345,354,631</u>
Legal debt margin	<u><u>\$ 1,375,174,141</u></u>

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 1,077,194,000	\$ 1,224,098,134	\$ 1,369,877,974	\$ 1,549,876,729	\$ 1,579,832,655	\$ 1,720,528,772
<u>259,547,234</u>	<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><u>\$ 817,646,766</u></u>	<u><u>\$ 893,104,951</u></u>	<u><u>\$ 946,650,610</u></u>	<u><u>\$ 1,150,929,653</u></u>	<u><u>\$ 1,206,145,858</u></u>	<u><u>\$ 1,375,174,141</u></u>
24.09%	27.04%	30.90%	25.74%	23.65%	20.07%

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
2013	8,649,491,017	100%	335,717,165	9,288,383	326,428,782
2014	8,941,327,326	100%	320,947,221	9,443,952	311,503,269
2015	9,592,152,999	100%	302,606,387	7,210,740	295,395,647
2016	9,176,034,157	100%	285,168,894	8,106,889	277,062,005
2017	10,771,940,001	100%	268,469,425	8,922,191	259,547,234
2018	12,240,981,339	100%	340,976,742	9,983,559	330,993,183
2019	13,698,779,740	100%	434,025,255	10,797,890	423,227,365
2020	15,498,767,290	100%	411,016,000	12,068,924	398,947,076
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

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
3.77%	135,861	2,403	63,664
3.48%	138,510	2,249	64,554
3.08%	140,781	2,098	68,135
3.02%	141,444	1,959	64,874
2.41%	141,781	1,831	75,976
2.70%	142,514	2,323	85,893
3.09%	142,862	2,962	95,888
2.57%	144,098	2,769	107,557
2.37%	146,042	2,559	108,177
2.01%	147,118	2,347	116,949

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
2013	135,861	4,059,303	29,878	5.90
2014	138,510	4,065,460	29,351	5.50
2015	140,781	4,367,914	31,026	4.90
2016	141,444	4,465,146	31,568	4.00
2017	141,781	4,546,120	32,064	3.80
2018	142,514	4,601,470	32,288	3.30
2019	142,862	4,742,197	33,194	3.40
2020	144,098	4,970,095	34,491	3.90
2021	146,042	5,236,322	35,855	7.70
2022	147,118	5,354,525	36,396	5.00

Demographic Statistics table from the Annual Comprehensive Financial Reports for fiscal year ended September 30, 2022 for cities of Bedford, Euless, and Hurst.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Principal Employers
 Current Year and Nine Years Ago
 (Unaudited)

<u>Employer</u>	2022			2013		
	Employees	Rank	Percentage of Total Employment ^a	Employees	Rank	Percentage of Total Employment ^a
Bell Helicopter Textron	3,800	1	4.90%	4,000	1	5.46%
Hurst-Euless-Bedford ISD	2,699	2	3.48%	2,433	2	3.32%
Northeast Mall (Collective)	1,706	3	2.20%	1,659	3	2.27%
Texas Health Harris Methodist HEB	1,415	4	1.82%	1,600	4	2.18%
Walmart Supercenter - (Collective/Hurst)	895	5	1.15%	575	8	0.79%
Carter Blood Care	891	6	1.15%	1,100	5	1.50%
The Shops at Northeast Mall	800	7	1.03%	750	7	1.02%
LSG Sky Chefs, Inc.	663	8	0.85%	800	6	1.09%
Tarrant County College	575	9	0.74%	479	9	0.65%
State National Companies	486	10	0.63%	-	-	-
Autogrill Group Inc.				462	10	0.63%
	<u>13,930</u>		<u>17.97%</u>	<u>13,858</u>		<u>18.92%</u>

^a Percentages of total employment for 2022 and 2013 were calculated using total employment data from the City of Hurst, City of Euless, and City of Bedford Annual Comprehensive Financial Reports from the corresponding fiscal years.

This page intentionally left blank

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
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Change 2022-2013
Supervisory											
Instructional administrators	19	21	24	24	24	22	22	23	28	27	42.1%
Noninstructional administrators	8	8	8	8	9	13	13	13	13	12	50.0%
Principals	27	27	28	28	28	28	28	28	29	29	7.4%
Assistant principals	41	40	40	41	40	42	42	42	43	43	4.9%
Total supervisory	95	96	100	101	101	105	105	106	113	111	16.8%
Instruction											
Elementary classroom teachers	657	671	694	693	697	701	711	698	715	690	5.0%
Secondary classroom teachers	451	454	436	444	455	461	473	483	482	513	13.7%
Special education teachers	106	95	115	108	112	124	126	129	132	135	27.4%
Other teachers	81	87	92	92	95	93	93	106	119	101	24.7%
Aides	188	183	180	180	184	189	208	221	212	234	24.5%
Total instruction	1,483	1,490	1,517	1,517	1,543	1,568	1,611	1,637	1,660	1,673	12.8%
Student Services											
Guidance counselors	41	41	42	42	42	41	43	44	44	45	9.8%
Therapists	21	21	23	22	24	25	24	26	30	30	42.9%
Psychologists/diagnosticians	27	26	27	27	27	27	28	30	31	33	22.2%
Librarians	22	23	24	24	24	24	24	24	25	25	13.6%
Nurses	31	31	32	34	34	34	34	34	36	37	19.4%
Total student services	142	142	148	149	151	151	153	158	166	170	19.7%
Support and Administration											
Professional Support	65	63	64	64	68	80	86	88	88	107	64.6%
Auxiliary staff	648	649	680	680	683	640	651	664	627	638	-1.5%
Total support and administration	713	712	744	744	751	720	737	752	715	745	4.5%
Total	2,433	2,440	2,509	2,511	2,546	2,544	2,606	2,653	2,654	2,699	10.9%

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
2013	21,814	174,114,974	7,982	-1.18%	198,505,795
2014	22,180	177,038,515	7,982	0.00%	201,853,224
2015	22,416	182,599,812	8,146	2.06%	204,324,782
2016	22,834	186,681,645	8,176	0.36%	217,646,091
2017	23,120	196,834,722	8,514	4.13%	233,551,357
2018	23,429	200,850,843	8,573	0.69%	180,444,161
2019	23,686	217,655,378	9,189	7.19%	261,911,796
2020	23,816	220,397,161	9,254	0.71%	272,731,036
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

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.

Schedule 19

Cost per Pupil	Percentage Change	Teaching Staff	Pupil– Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
9,100	-0.99%	1,295	16.8	53.1%
9,101	0.01%	1,307	17.0	53.1%
9,115	0.16%	1,337	16.8	52.1%
9,532	4.57%	1,337	17.1	52.7%
10,102	5.98%	1,359	17.0	51.9%
7,702	-23.76%	1,379	17.0	52.5%
11,058	43.57%	1,403	16.9	56.0%
11,452	3.56%	1,416	16.8	54.5%
11,555	0.90%	1,448	15.9	51.0%
10,559	-8.62%	1,439	15.9	60.7%

This page intentionally left blank

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
2013	50,225	77,688	55,607	51,130	48,821
2014	51,220	79,242	56,169	52,208	49,692
2015	52,750	81,620	57,127	53,291	50,715
2016	53,500	84,069	58,542	54,379	51,891
2017	54,500	86,592	59,885	55,194	52,525
2018	55,000	88,324	60,691	56,144	53,334
2019	55,500	90,533	61,803	56,985	54,122
2020	56,000	82,304	63,623	59,339	57,091
2021	57,700	83,719	64,273	60,028	57,641
2022	58,500	84,338	64,759	61,303	58,887

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 2013 through 2022

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Capital Asset Information

Last Ten Fiscal Years

(Unaudited)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Schools</u>				
Elementary				
Buildings	19	20	20	20
Square feet	1,343,414	1,435,727	1,435,727	1,435,727
Capacity	13,301	14,001	14,001	14,001
Enrollment	12,359	12,573	12,772	13,015
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	4,786	4,909	4,906	4,975
High				
Buildings	2	2	2	2
Square feet	637,936	637,936	637,936	637,936
Capacity	4,525	4,525	4,525	4,525
Enrollment	4,483	4,509	4,561	4,658
Other				
Buildings	3	3	3	3
Square feet	137,889	253,470	253,470	253,470
<u>Activity Centers</u>				
Buildings	—	2	2	2
Square feet	—	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	2	3	3	3
Square feet	5,132	78,671	78,671	78,671
Buses	106	110	116	123
<u>Portable Buildings</u>				
Buildings	39	40	40	42
Square feet	56,160	57,696	57,696	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	19	20	20	20
Physical fitness areas	25	26	26	26

Source: Information obtained from District records.

Schedule 21

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
20	20	20	20	21	21
1,435,727	1,435,727	1,435,727	1,435,727	1,567,958	1,567,958
14,001	14,001	14,001	14,001	15,091	15,091
13,075	13,356	13,382	13,348	12,559	13,240
5	5	5	5	5	5
690,552	690,552	690,552	690,552	858,436	858,436
5,379	5,379	5,379	5,379	6,504	6,504
5,067	5,076	5,257	5,388	5,356	5,297
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
4,838	4,847	4,903	4,971	5,047	5,030
3	3	3	3	3	4
253,470	253,470	253,470	253,470	253,470	279,563
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
127	128	133	148	148	151
42	42	42	40	32	32
60,768	60,768	60,768	57,888	46,368	46,368
5	5	5	5	5	5
7	7	7	7	7	7
4	4	4	4	4	4
1	—	—	—	—	—
20	20	20	20	21	21
26	26	26	26	27	27

This page intentionally left blank

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, 2022, 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 18, 2023.

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 18, 2023

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

Board of Trustees
Hurst-Euless-Bedford Independent School District

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, 2022. 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, 2022.

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 18, 2023

HURST EULESS BEDFORD INDEPENDENT SCHOOL DISTRICT
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2022

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF DEFENSE			
<u>Direct Programs</u>			
Startalk - Building a Legacy	12.900	H98230-20-1-0228	\$ 4,926
Total Direct Programs			4,926
TOTAL U.S. DEPARTMENT OF DEFENSE			4,926
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	22610101220916	4,376,607
*IDEA - Part B, Formula	84.027	226600012209166000	4,341,386
*IDEA - Part B, Preschool	84.173	226610012209166000	77,564
COVID-19 IDEA, Part B, Formula - American Rescue Act	84.027	225350012209165000	428,534
COVID-19 IDEA, Part B, Preschool- American Rescue Act	84.173	225360012209165000	16,084
Total Special Education Cluster (IDEA)			4,863,568
Summer School LEP	84.369	69552002	5,898
ESSA Title IX, Part A Homeless Children Education	84.196	224600057110006	83,160
Title III, Part A - English Language Acquisition	84.365A	22671001220916	544,135
ESEA, Title II, Part A, Teacher Principal Training	84.367A	22694501220916	530,209
Title IV	84.424	22680101220916	296,115
COVID-19 Elementary Secondary School Emergency Relief II	84.425D	21521001220916	13,660,185
COVID-19 ESSER III - ARP School Emergency Relief	84.425D	21528001220916	6,990,285
Total Assistance Listing Number 84.425D			20,650,470
Career and Technical - Basic Grant	84.048	22420006220916	210,648
COVID-19 ARP Homeless I	84.425	21533002220916	83,704
COVID-19 ARP Homeless II	84.425	21533002220916	6,716
Total Assistance Listing Number 84.425			90,420
Total Passed Through Texas Education Agency			31,651,230
TOTAL U.S. DEPARTMENT OF EDUCATION			31,651,230
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Health and Human Services Commission</u>			
Medicaid Administrative Claiming Program - MAC	93.778	HHS000537900176	63,948
COVID-19 School Health Support	93.323	HHS001114100001	393,541
Total Passed Through Texas Education Agency			457,489
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			457,489
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	71402201	3,018,113
*National School Lunch Program	10.555	71302201	11,999,720
*COVID-19 – School Programs Emergency Operational Costs Reimbursement Program	10.555	107005432	143,947
*Summer Feeding Program	10.559	71302201/71402201	5,814
Total Child Nutrition Cluster			15,167,594
*Commodity Supplemental - Non-Cash Assistance	10.565	01028	1,171,104

HURST EULESS BEDFORD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2022

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
Total Passed Through the Texas Department of Agriculture			<u>16,338,698</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>16,338,698</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 48,452,343</u></u>

*Clustered Programs

RECONCILIATION

Federal program revenues General Fund	\$ 4,920,211
Federal program revenues Special Revenue Fund	<u>45,692,578</u>
Total federal program revenues per exhibit C-3	50,612,789
School Health and Related Services	<u>(2,160,446)</u>
Total expenditures of federal awards	<u><u>\$ 48,452,343</u></u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

Hurst-Euless-Bedford Independent School District

Notes to Supplementary Schedule of Expenditures of Federal Awards

Year Ended August 31, 2022

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, 2022

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:
- | | |
|-------------------------------|--|
| 84.425D, 84.425W, and 84.425U | COVID-19: ESSER Grants |
| 84.027A, 84.173A, and 84.173X | Special Education Cluster (IDEA) |
| 84.010A | Title I, Part A – Improving Basic Programs |
- h. The dollar threshold used to distinguish between Type A and Type B programs \$1,453,570
- 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, 2022

**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, 2021

None