



**Annual Comprehensive Financial Report
For the Fiscal Year Ended August 31, 2021**

Bedford, Texas

Hurst-Euless-Bedford Independent School District
Bedford, Texas



Annual Comprehensive Financial Report
For the Fiscal Year Ended August 31, 2021

Prepared by
Business Operations Department

Dobie Williams
Deputy Superintendent of Business Operations

Janice Hollingsworth, CPA
Director of Finance

VISION

Empowering Today to Excel Tomorrow

MISSION

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



2019-2024 DISTRICT GOALS INCLUDING QUALITY INDICATORS

GOAL #1: STUDENT ACHIEVEMENT

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

GOAL #2: EFFECTIVE AND EFFICIENT OPERATIONS

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

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

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

GOAL #4: SAFE, HEALTHY, AND NURTURING SCHOOLS

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

GOAL #5: ENDURING RELATIONSHIPS WITH STAKEHOLDERS

- 5.1: Stakeholder Satisfaction
- 5.2: Stakeholder Engagement

CORE MESSAGES

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
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INTRODUCTORY SECTION

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Certificate of Board

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

We, the undersigned, do hereby certify that the attached independent auditor's report of the above named school district was reviewed and ____ approved ____ disapproved (check one) for the year ended August 31, 2021 at a meeting of the Board of Trustees of such school district on the 10th day of January, 2022.

Signature of Board Secretary

Signature of Board President

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

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January 10, 2022

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

The Annual Comprehensive Financial Report (ACFR) of Hurst-Euless-Bedford Independent School District (“District”) for the fiscal year ended August 31, 2021 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, 2021 is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

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

Profile of the District

The Hurst-Euless-Bedford Independent School District is one of approximately 1,200 school districts (both public and charter districts) in the State of Texas. It provides a program of public education from pre-kindergarten through grade twelve. During the 2021 fiscal year, 22,844 students were enrolled in the District, which is a decrease of 972 students.

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

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

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

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

Economic Conditions and Outlook

The District, comprised of 44.3 miles, is located between Dallas and Fort Worth. The majority of the District is located in the cities of Hurst, Euless and Bedford. These cities are both residential and commercial in makeup. The combined population for the three cities is estimated to be 146, 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 3,800 employees. The Dallas-Fort Worth International Airport is partially located within the District.

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

Major Initiatives

Instruction

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

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

The District's two high schools, L.D. Bell and Trinity, were accepted to participate in the prestigious International Baccalaureate Program. The District was the first school system in Tarrant County to offer this rigorous course of study that is designed to meet the needs of highly motivated and academically talented high school students. The International Baccalaureate Diploma Program is offered in 5,000 schools in 150 countries, with 967 IB Diploma programs in the United States. During the 2020-2021 school year, the District served 247 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 eighteenth class of IB graduates received their diplomas in the spring of 2021. Of the 143 seniors in the program, 130 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, 2020. 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, 2020. This is the nineteenth consecutive year that the District has achieved this prestigious award. In order to be awarded these certificates, the District must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

These certificates are valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the programs' requirements and we are submitting it to ASBO and GFOA to determine its eligibility for the fiscal year 2020-2021 certificates.

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

Long-Term Financial Planning

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



There are 28 campuses in the District, and 23 of the campuses were built before 1983. Due to the COVID-19 pandemic, enrollment growth is uncertain for fiscal year 2021-2022. Like many other school districts in Texas, the District has experienced a decrease in enrollment for the fall of 2021. Through November 2021, approximately 900 students failed to return. Providing adequate facilities to all students is fundamental to maintaining an effective education environment, involving a number of standards, including safety, class size, and equity.

Acknowledgments

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

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

Sincerely,

	
Steven Chapman Superintendent	Dobie Williams Deputy Superintendent for Business Operations

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

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

**for its Comprehensive Annual Financial Report
for the Fiscal Year Ended August 31, 2020.**

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



**W. Edward Chabal
President**

**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**

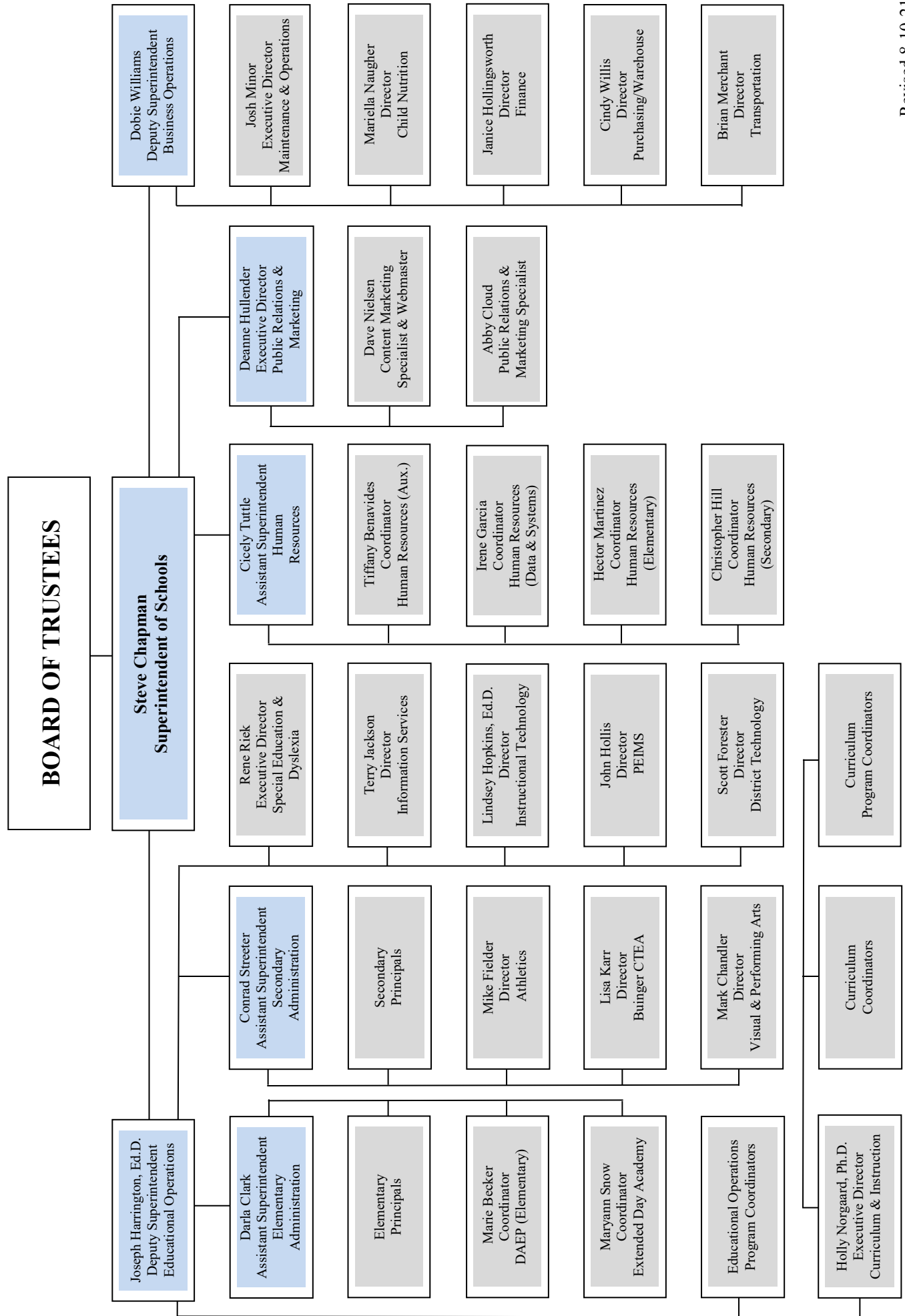
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

August 31, 2020

Christopher P. Morill

Executive Director/CEO

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT ORGANIZATIONAL CHART 2021-2022



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	8 years	May 2025	Business Owner
Julie Cole Vice-President	8 years	May 2023	Senior Analyst
Rochelle Ross Secretary	5 years	May 2025	Business Owner
Chris Brown Member	1 year	May 2025	Attorney
Fred Campos Member	7 years	May 2023	Online Business Marketer
Andy Cargile Member	13 years	May 2023	Retired School Administrator
Dawn Jordan-Wells Member	8 years	May 2025	Talent Advisor

Administrative Officials

<u>Name</u>	<u>Position</u>	<u>Experience</u>
Steve Chapman	Superintendent	37 years
Joe Harrington, Ed.D.	Deputy Superintendent for Educational Operations	35 years
Dobie Williams	Deputy Superintendent for Business Operations	19 years
Conrad Streeter	Assistant Superintendent for Secondary Administration	24 years
Darla Clark	Assistant Superintendent for Elementary Administration	24 years
Cicely Tuttle	Assistant Superintendent for Human Resources	24 years

FINANCIAL SECTION

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Independent Auditor's Report

Board of Trustees
Hurst-Euless-Bedford Independent School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hurst-Euless-Bedford Independent School District (the District) as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2021, 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.

Emphasis of Matter

As discussed in Note E to the basic financial statements, during the year ended August 31, 2021, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Beginning net position in the custodial fiduciary fund has been restated as a result of the implementation of this statement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Board of Trustees
Hurst-Euless-Bedford Independent School District

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
January 5, 2022

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**Hurst-Euless-Bedford Independent School District
Management's Discussion and Analysis
Year Ended August 31, 2021**

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, 2021. 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 \$176.4 million (net position), an increase of \$32.0 million in comparison with the prior year-end net position of \$144.4 million.
- From the governmental fund perspective, at fiscal year-end the District reported combined ending fund balances of \$248.0 million, a decrease of \$12.6 million in comparison with the prior year-end combined ending fund balances of \$260.7 million. This decrease was primarily due to the expenditure of \$36.8 million in bond funds. At the end of the current fiscal year, unassigned fund balance for the general fund was \$42.7 million or 22 percent of total general fund expenditures.
- The District's bond principal liability decreased by \$21.3 million or 5.9 percent during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's 2020-2021 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, 2021, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$176.0 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, 2021, the District's restricted net position for grant funds was \$6.4 million and restricted net position for debt service was \$13.1 million. As of August 31, 2021, 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 \$56.6 million.

The investment in capital assets less any related debt is \$99.8 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, 2021 and fiscal year ended August 31, 2020:

Table I
Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 307,733,244	\$ 311,747,120	\$ 504,237	\$ 168,240	\$ 308,237,481	\$ 311,915,360
Capital assets	457,035,181	435,892,645	-	-	457,035,181	435,892,645
Total assets	764,768,425	747,639,765	504,237	168,240	765,272,662	747,808,005
Deferred outflows of resources	37,080,965	48,762,642	-	-	37,080,965	48,762,642
Current liabilities	73,544,858	65,116,910	77,547	6,389	73,622,405	65,123,299
Long-term liabilities	362,104,448	387,121,034	-	-	362,104,448	387,121,034
Net pension liability	59,525,150	69,609,737	-	-	59,525,150	69,609,737
Net OPEB liability	62,758,197	79,677,545	-	-	62,758,197	79,677,545
Total liabilities	557,932,653	601,525,226	77,547	6,389	558,010,200	601,531,615
Deferred inflows of resources	67,960,098	50,651,316	-	-	67,960,098	50,651,316
Net position						
Net investment in capital assets	99,781,019	72,235,802	-	-	99,781,019	72,235,802
Restricted	19,526,856	17,077,837	-	-	19,526,856	17,077,837
Unrestricted	56,648,763	54,912,226	426,690	161,851	57,075,453	55,074,077
Total net position	\$ 175,956,638	\$ 144,225,865	\$ 426,690	\$ 161,851	\$ 176,383,328	\$ 144,387,716

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, 2021 with a comparison to the fiscal year ended August 31, 2020. Net position of the District's governmental activities increased to \$176.0 million from \$144.2 million in the prior year.

Revenues in the business-type activities exceeded costs, resulting in a \$264 thousand increase in net position excluding transfers out.

As shown in Table II, the cost of governmental activities this year was \$264.2 million; however, the revenue of governmental activities totaled \$296.0 million which exceeded expenses by \$31.7 million excluding transfers in. The primary sources of operating revenue were from property taxes totaling \$190.1 million and state grants totaling \$60.3 million. Additionally, program revenue was received from charges for services totaling \$1.5 million and operating grants and contributions totaling \$42.8 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 decreased primarily due to the impacts of the coronavirus pandemic.

Table II
Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues						
Program revenues						
Charges for services	\$ 1,465,519	\$ 3,416,577	\$ 1,352,915	\$ 1,506,691	\$ 2,818,434	\$ 4,923,268
Operating grants and contributions	42,773,813	37,499,156	-	-	42,773,813	37,499,156
General revenues						
Property taxes, levied for general purpose	152,734,160	145,361,068	-	-	152,734,160	145,361,068
Property taxes, levied for debt service	37,359,385	37,408,241	-	-	37,359,385	37,408,241
State grants, unrestricted	60,282,410	74,082,722	-	-	60,282,410	74,082,722
Miscellaneous	668,646	679,350	-	-	668,646	679,350
Investment earnings	686,129	5,638,853	-	-	686,129	5,638,853
Total revenues	<u>295,970,062</u>	<u>304,085,967</u>	<u>1,352,915</u>	<u>1,506,691</u>	<u>297,322,977</u>	<u>305,592,658</u>
Expenses						
Instruction	152,990,277	154,834,942	-	-	152,990,277	154,834,942
Instructional resources and media	3,101,913	3,061,483	-	-	3,101,913	3,061,483
Curriculum and staff development	7,779,033	7,357,001	-	-	7,779,033	7,357,001
Instructional leadership	3,148,664	3,203,032	-	-	3,148,664	3,203,032
School leadership	13,899,405	14,182,590	-	-	13,899,405	14,182,590
Guidance, counseling and evaluation	10,200,311	10,315,034	-	-	10,200,311	10,315,034
Social work services	954,199	1,168,079	-	-	954,199	1,168,079
Health services	3,308,490	3,479,565	-	-	3,308,490	3,479,565
Student transportation	6,285,217	6,656,937	-	-	6,285,217	6,656,937
Food service	10,759,862	13,884,170	-	-	10,759,862	13,884,170
Co-curricular/extracurricular activities	5,870,866	6,642,266	-	-	5,870,866	6,642,266
General administration	5,984,313	5,939,452	-	-	5,984,313	5,939,452
Plant maintenance and operations	19,955,409	19,661,436	-	-	19,955,409	19,661,436
Security monitoring services	1,320,482	1,551,039	-	-	1,320,482	1,551,039
Data processing services	5,304,294	5,253,644	-	-	5,304,294	5,253,644
Community services	527,236	700,300	1,088,076	1,394,841	1,615,312	2,095,141
Long-term debt interest and fees	11,984,304	12,541,676	-	-	11,984,304	12,541,676
Other intergovernmental charges	865,014	903,549	-	-	865,014	903,549
Total expenses	<u>264,239,289</u>	<u>271,336,195</u>	<u>1,088,076</u>	<u>1,394,841</u>	<u>265,327,365</u>	<u>272,731,036</u>
Excess before transfers and special items	31,730,773	32,749,772	264,839	111,850	31,995,612	32,861,622
Transfers in (out)	-	565,039	-	(565,039)	-	-
Change in net position	<u>31,730,773</u>	<u>33,314,811</u>	<u>264,839</u>	<u>(453,189)</u>	<u>31,995,612</u>	<u>32,861,622</u>
Net position-beginning, restated	144,225,865	110,911,054	161,851	615,040	144,387,716	111,526,094
Net position-ending	<u>\$ 175,956,638</u>	<u>\$ 144,225,865</u>	<u>\$ 426,690</u>	<u>\$ 161,851</u>	<u>\$ 176,383,328</u>	<u>\$ 144,387,716</u>

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

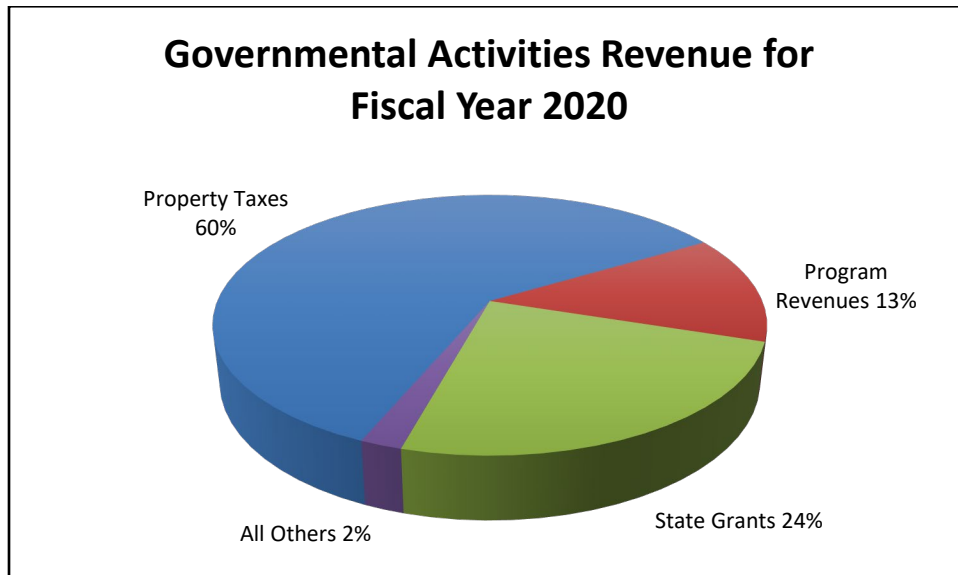
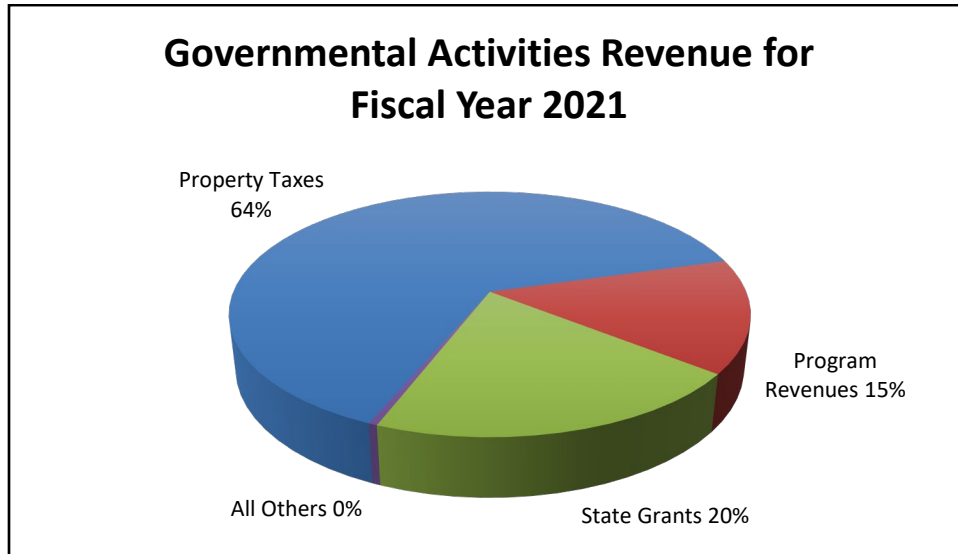


Table III presents the net cost of the District's major functional activities (net cost is total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs):

Table III
Function Analysis

Function	Governmental Activities		Business-type Activities		Total	
	Net Expenses 2021	Net Expenses 2020	Net Expenses 2021	Net Expenses 2020	Net Expenses 2021	Net Expenses 2020
Instruction	\$ 134,075,210	\$ 136,786,280	\$ -	\$ -	\$ 134,075,210	\$ 136,786,280
Instructional resources and media	2,861,157	2,825,029	-	-	2,861,157	2,825,029
Curriculum and staff development	4,431,253	4,486,240	-	-	4,431,253	4,486,240
Instructional leadership	2,655,496	2,741,894	-	-	2,655,496	2,741,894
School leadership	12,762,941	13,204,987	-	-	12,762,941	13,204,987
Guidance, counseling and evaluation	7,813,556	8,682,462	-	-	7,813,556	8,682,462
Social work services	527,791	788,674	-	-	527,791	788,674
Health services	3,055,799	3,250,583	-	-	3,055,799	3,250,583
Student transportation	5,304,671	5,533,411	-	-	5,304,671	5,533,411
Food service	(1,490,042)	2,833,899	-	-	(1,490,042)	2,833,899
Co-curricular/extracurricular activities	4,958,145	5,305,325	-	-	4,958,145	5,305,325
General administration	5,579,182	5,586,567	-	-	5,579,182	5,586,567
Plant maintenance and operations	18,432,258	18,144,819	-	-	18,432,258	18,144,819
Security monitoring services	946,679	1,457,842	-	-	946,679	1,457,842
Data processing services	5,040,134	5,023,020	-	-	5,040,134	5,023,020
Community services	196,409	324,205	(264,839)	(111,850)	(68,430)	212,355
Long-term debt interest and fees	11,984,304	12,541,676	-	-	11,984,304	12,541,676
Other intergovernmental charges	865,014	903,549	-	-	865,014	903,549
Total expenses	\$ 219,999,957	\$ 230,420,462	\$ (264,839)	\$ (111,850)	\$ 219,735,118	\$ 230,308,612

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 \$248.0 million, which reflects a \$12.6 million, or 4.8% decrease from the prior year. The following comparison schedule shows the fund balance by fund type for the fiscal year ended August 31, 2021 and fiscal year ended August 31, 2020.

General Fund

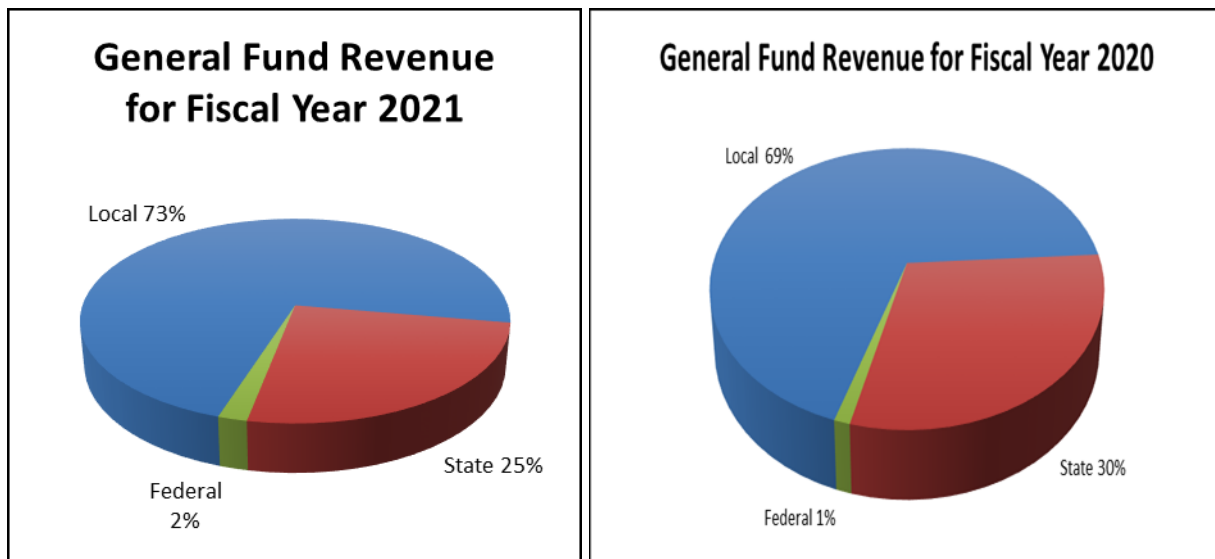
The fund balance of the District's general fund increased by \$20.7 million during the current fiscal year. Local revenue increased 3.1% while state revenue decreased 16.9%. Expenditures were held to a 4.8% increase, mostly related to a payroll increase. The general fund primarily derives its revenue from local property taxes and state funding.

<u>Fund Balance</u>	<u>2021</u>	<u>2020</u>	<u>% Change 2020 to 2021</u>
General fund	\$ 142,869,341	\$ 122,165,522	16.9%
Debt service	12,980,677	12,068,924	7.6%
Capital projects	81,705,803	118,485,054	-31.0%
Non-major	10,484,667	7,961,350	31.7%
Total	<u>\$ 248,040,488</u>	<u>\$ 260,680,850</u>	<u>-4.8%</u>

General Fund

<u>Revenue By Object</u>	<u>2021</u>	<u>2021 % to total</u>	<u>2020</u>	<u>2020 % to total</u>	<u>% Change 2020 to 2021</u>
Local and intermediate sources	\$ 154,433,972	73%	\$ 149,743,988	69%	3.1%
State programs	53,903,259	25%	64,889,733	30%	-16.9%
Federal programs	4,073,182	2%	2,407,933	1%	69.2%
Total	<u>\$ 212,410,413</u>	<u>100%</u>	<u>\$ 217,041,654</u>	<u>100%</u>	<u>-2.1%</u>

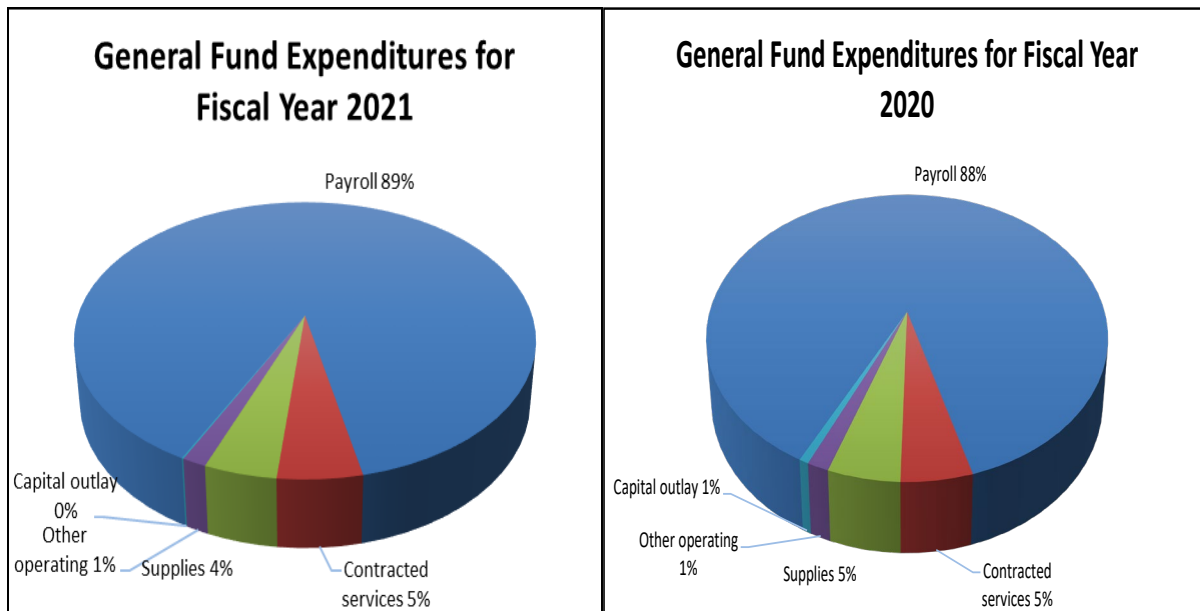
The increase in local revenue is primarily due to increasing property values. State revenue decreased due to decreased school funding related to increased federal COVID funding. The increase in federal program revenues is primarily related to additional indirect costs and COVID funding.



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>2021</u>	<u>2021 % to total</u>	<u>2020</u>	<u>2020 % to total</u>	<u>% Change 2020 to 2021</u>
Payroll	\$ 170,881,813	89%	\$ 161,109,328	88%	6.1%
Contracted services	9,616,364	5%	8,881,981	5%	8.3%
Supplies	8,275,357	4%	9,001,323	5%	-8.1%
Other operating	2,751,110	1%	2,720,206	1%	1.1%
Capital outlay	214,463	0%	1,188,827	1%	-82.0%
Total	\$ 191,739,107	100%	\$ 182,901,665	100%	4.8%

Payroll expenditures increased \$9.8 million or 6.1%, accounting for the overall increase in expenditures. This increase was associated with a district-wide pay raise in addition to a one-time payment of \$1000 for professional employees and \$500 for clerical and auxiliary employees. Contracted services and supplies increased for additional software, telephone, security and COVID supplies. Other operating costs and capital outlay were basically flat.



Debt Service Fund

The debt service fund reported an ending fund balance of \$13.0 million, an increase of \$.9 million or 7.6% in comparison with the prior year. The fund balance increase is attributed to an increase in property tax values and a bond refunding for the 2010 bonds.

Capital Projects Fund

On April 22, 2021, the District issued \$5.5 million (par value) in Unlimited Tax Refunding Bonds. The net proceeds of \$6.2 million (\$5.5 million par amount of the bonds plus \$.8 million premium paid on the bonds less \$0.1 million of underwriting fees, insurance and other issuance costs) are being used for refunding the Series 2010 Unlimited Tax Refunding bonds. For the fiscal year ended August 31, 2021, the capital projects funds have a total fund balance of \$81.7 million, all of which is restricted or committed for authorized capital projects. The net decrease in fund balance during the current fiscal year of \$36.8 million was attributed to the increase in expenditures as these construction and other approved bond projects progress.

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 68, the actual revenue exceeded actual expenditures generating a positive variance of \$20.7 million. This result was based on the favorable performance of property tax collections, student attendance, and cost control initiatives. A favorable budget variance of \$8.8 million is presented for the general fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of August 31, 2021, the District had invested \$457.0 million in capital assets, including land, facilities and equipment used for District operations. This amount represents a net increase after depreciation of \$21.1 million from the prior year. Depreciation expense was \$16.4 million, which was a \$1.7 million, or 11.8% increase from the prior year.

The following schedule presents capital asset balances net of depreciation for the fiscal year ended August 31, 2021:

	Governmental Activities		Business-type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 16,930,478	\$ 16,930,478	\$ -	\$ -	\$ 16,930,478	\$ 16,930,478
Construction in progress	122,230,451	148,704,627	-	-	122,230,451	148,704,627
Furniture and equipment	10,314,587	11,342,832	-	-	10,314,587	11,342,832
Buildings and improvements	307,559,665	258,914,708	-	-	307,559,665	258,914,708
Total	<u>\$ 457,035,181</u>	<u>\$ 435,892,645</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 457,035,181</u>	<u>\$ 435,892,645</u>

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

Long-Term Liabilities

As of August 31, 2021, the District had \$386.7 million in general obligation bonds and other long-term liabilities outstanding, of which \$25 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, 2021.

	Governmental Activities		Business-type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
General obligation bonds	\$ 343,375,000	\$ 364,720,000	\$ -	\$ -	\$ 343,375,000	\$ 364,720,000
Premium on GO bonds	43,292,474	46,296,000	-	-	43,292,474	46,296,000
Compensated absences	988,975	929,053	-	-	988,975	929,053
Total	<u>\$ 387,656,449</u>	<u>\$ 411,945,053</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 387,656,449</u>	<u>\$ 411,945,053</u>

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economic Factors

The District's elected and appointed officials considered many factors when setting the 2021-2022 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 2021-2022 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 2021-2022 tax rate at \$1.1608. This is comprised of \$0.9252 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 \$0.0372 or 3.9% 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.

BASIC FINANCIAL STATEMENTS

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HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2021

Data Control Codes		Governmental Activities	Business-Type Activities	Total
ASSETS				
1110	Cash and equivalents	\$ 296,385,887	\$ 504,237	\$ 296,890,124
1220	Property taxes receivable (delinquent)	5,014,988	-	5,014,988
1230	Allowance for uncollectible taxes	(752,248)	-	(752,248)
1240	Due from other governments	4,926,265	-	4,926,265
1250	Accrued interest	422,444	-	422,444
1290	Other receivables	132,340	-	132,340
1300	Inventories, at cost	482,908	-	482,908
1410	Prepaid items	1,120,660	-	1,120,660
1510	Land	16,930,478	-	16,930,478
1520	Buildings and improvements, net	307,559,665	-	307,559,665
1530	Furniture and equipment, net	10,314,587	-	10,314,587
1580	Construction in progress	122,230,451	-	122,230,451
1000	Total assets	764,768,425	504,237	765,272,662
DEFERRED OUTFLOWS OF RESOURCES				
1700	Deferred charges on debt refundings	437,005	-	437,005
1705	Deferred outflows of resources-TRS pension	23,387,576	-	23,387,576
1706	Deferred outflows of resources-TRS OPEB	1,236,369	-	1,236,369
1711	Deferred outflows of resources-other OPEB	12,020,015	-	12,020,015
	Total deferred outflows of resources	37,080,965	-	37,080,965
LIABILITIES				
2110	Accounts payable	7,471,483	1,406	7,472,889
2140	Interest payable	683,314	-	683,314
2160	Accrued wages and benefits payable	14,091,715	76,141	14,167,856
2180	Due to other governments	24,934,313	-	24,934,313
2200	Other accrued expenses	404,186	-	404,186
2300	Unearned revenue	140,471	-	140,471
	Long-term liabilities			
2501	Due within one year	25,819,376	-	25,819,376
2502	Due in more than one year	361,837,073	-	361,837,073
2540	Net pension liability	59,525,150	-	59,525,150
2545	Net OPEB liability	62,758,197	-	62,758,197
2590	Workers compensation	267,376	-	267,376
2000	Total liabilities	557,932,654	77,547	558,010,201
DEFERRED INFLOWS OF RESOURCES				
2600	Deferred gains on debt refundings	4,227,790	-	4,227,790
2605	Deferred inflows of resources-TRS pension	15,879,650	-	15,879,650
2610	Deferred inflows of resources-TRS OPEB	47,852,658	-	47,852,658
	Total deferred inflows of resources	67,960,098	-	67,960,098
NET POSITION				
3200	Net investment in capital assets	99,781,019	-	99,781,019
3820	Restricted for grant funds	6,377,460	-	6,377,460
3850	Restricted for debt service	13,149,396	-	13,149,396
3900	Unrestricted	56,648,763	426,690	57,075,453
3000	Total net position	\$ 175,956,638	\$ 426,690	\$ 176,383,328

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2021

Data Control Codes		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Expenses	Charges for Services	Operating Grants & Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
0011	Instruction	\$ 152,990,277	\$ 211,804	\$ 18,703,263	\$ (134,075,210)	\$ -	\$ (134,075,210)
0012	Instructional resources and media	3,101,913	-	240,756	(2,861,157)	-	(2,861,157)
0013	Curriculum and staff development	7,779,033	-	3,347,780	(4,431,253)	-	(4,431,253)
0021	Instructional leadership	3,148,664	-	493,168	(2,655,496)	-	(2,655,496)
0023	School leadership	13,899,405	-	1,136,464	(12,762,941)	-	(12,762,941)
0031	Guidance, counseling and evaluation	10,200,311	-	2,386,755	(7,813,556)	-	(7,813,556)
0032	Social work services	954,199	-	426,408	(527,791)	-	(527,791)
0033	Health services	3,308,490	-	252,691	(3,055,799)	-	(3,055,799)
0034	Student transportation	6,285,217	-	980,546	(5,304,671)	-	(5,304,671)
0035	Food service	10,759,862	512,642	11,737,262	1,490,042	-	1,490,042
0036	Co-curricular/extracurricular activities	5,870,866	214,389	698,332	(4,958,145)	-	(4,958,145)
0041	General administration	5,984,313	-	405,131	(5,579,182)	-	(5,579,182)
0051	Plant maintenance and operations	19,955,409	526,684	996,467	(18,432,258)	-	(18,432,258)
0052	Security monitoring services	1,320,482	-	373,803	(946,679)	-	(946,679)
0053	Data processing services	5,304,294	-	264,160	(5,040,134)	-	(5,040,134)
0061	Community services	527,236	-	330,827	(196,409)	-	(196,409)
0072	Long-term debt interest and fees	11,984,304	-	-	(11,984,304)	-	(11,984,304)
0099	Other intergovernmental charges	865,014	-	-	(865,014)	-	(865,014)
Total governmental activities		264,239,289	1,465,519	42,773,813	(219,999,957)	-	(219,999,957)
Business-type activities:							
0061	Extended day services	1,088,076	1,352,915	-	-	264,839	264,839
		1,088,076	1,352,915	-	-	264,839	264,839
Total primary government		\$ 265,327,365	\$ 2,818,434	\$ 42,773,813	(219,999,957)	264,839	(219,735,118)
Data control codes	General revenues						
	Taxes						
	MT	Property taxes, levied for general purpose			152,734,160	-	152,734,160
	DT	Property taxes, levied for debt service			37,359,385	-	37,359,385
	SF	State grants, unrestricted			60,282,410	-	60,282,410
	MI	Miscellaneous			668,646	-	668,646
	IE	Investment earnings			686,129	-	686,129
	TR	Total general revenues and transfers			251,730,730	-	251,730,730
	CN	Change in net position			31,730,773	264,839	31,995,612
	NB	Net position - beginning			144,225,865	161,851	144,387,716
	NE	Net position - ending			\$ 175,956,638	\$ 426,690	\$ 176,383,328

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2021

Data Control Codes	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Funds	Total
ASSETS					
1110 Cash and temporary investments	\$ 178,068,129	\$ 12,616,918	\$ 88,088,725	\$ 8,815,272	\$ 287,589,044
1220 Property taxes - delinquent	4,012,581	1,002,407	-	-	5,014,988
1230 Allowance for uncollectible taxes	(601,874)	(150,374)	-	-	(752,248)
1240 Due from other governments	1,348,228	363,750	-	3,214,287	4,926,265
1250 Accrued interest	419,569	9	2,682	184	422,444
1260 Due from other funds	1,381,324	-	-	965,904	2,347,228
1290 Due from other sources	2,340	-	-	-	2,340
1300 Inventories, at cost	478,022	-	-	4,886	482,908
1410 Prepaid expenditures	1,120,660	-	-	-	1,120,660
1000 Total assets	<u>\$ 186,228,979</u>	<u>\$ 13,832,710</u>	<u>\$ 88,091,407</u>	<u>\$ 13,000,533</u>	<u>\$ 301,153,629</u>
LIABILITIES					
2110 Accounts payable	\$ 953,567	\$ -	\$ 6,385,604	\$ 127,423	\$ 7,466,594
2160 Accrued wages payable	14,061,051	-	-	28,816	14,089,867
2170 Due to other funds	-	-	-	2,219,156	2,219,156
2180 Due to other governments	24,934,313	-	-	-	24,934,313
2300 Unearned revenue	-	-	-	140,471	140,471
2000 Total liabilities	<u>39,948,931</u>	<u>-</u>	<u>6,385,604</u>	<u>2,515,866</u>	<u>48,850,401</u>
DEFERRED INFLOWS OF RESOURCES					
2601 Unavailable revenue-property taxes	<u>3,410,707</u>	<u>852,033</u>	<u>-</u>	<u>-</u>	<u>4,262,740</u>
Total deferred inflows of resources	<u>3,410,707</u>	<u>852,033</u>	<u>-</u>	<u>-</u>	<u>4,262,740</u>
FUND BALANCES					
3410 Non-spendable - inventories	478,022	-	-	4,886	482,908
3430 Non-spendable - prepaid items	1,120,660	-	-	-	1,120,660
3450 Restricted - grant funds	-	-	-	6,377,460	6,377,460
3470 Restricted - construction	-	-	33,274,517	-	33,274,517
3480 Restricted - debt service	-	12,980,677	-	-	12,980,677
3510 Committed - construction	-	-	48,431,286	-	48,431,286
3545 Committed - other	98,580,532	-	-	4,102,321	102,682,853
3600 Unassigned	42,690,127	-	-	-	42,690,127
3000 Total fund balances	<u>142,869,341</u>	<u>12,980,677</u>	<u>81,705,803</u>	<u>10,484,667</u>	<u>248,040,488</u>
4000 Total liabilities and fund balances	<u>\$ 186,228,979</u>	<u>\$ 13,832,710</u>	<u>\$ 88,091,407</u>	<u>\$ 13,000,533</u>	<u>\$ 301,153,629</u>

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
AUGUST 31, 2021

Total fund balances - governmental funds (from C-1)	\$ 248,040,488
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	740,160,619
Accumulated depreciation, including current year depreciation expense of \$16,355,595 is not reported in the fund financial statements.	(283,125,438)
Deferred gains and losses on refundings of debt were not recognized on the balance sheet for governmental funds.	(3,790,785)
Long-term liabilities including bonds payable, premiums, accreted interest, and compensated absences are not included on the fund financial statements.	(387,656,448)
Net OPEB liabilities are not included on the fund financial statements.	(62,758,197)
Net pension liabilities are not included on the fund financial statements.	(59,525,150)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(683,314)
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.	8,120,471
Revenue from property taxes are deferred inflows of resources in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed net of an allowance for uncollectible accounts in the government-wide financial statements.	4,262,740
Items related to net pension and OPEB liabilities are not included on the fund financial statements:	
Deferred outflows - pension	23,387,576
Deferred outflows - OPEB	13,256,384
Deferred inflows - pension	(15,879,650)
Deferred inflows - OPEB	(47,852,658)
Net position of governmental activities (from A-1)	\$ 175,956,638

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED AUGUST 31, 2021

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	Nonmajor Funds	Total
REVENUES						
5700	Local and intermediate sources	\$ 154,433,972	\$ 37,356,936	\$ 348,169	\$ 3,129,677	\$ 195,268,754
5800	State program revenues	53,903,259	487,197	-	1,501,226	55,891,682
5900	Federal program revenues	4,073,182	-	-	25,395,072	29,468,254
5020	Total revenues	<u>212,410,413</u>	<u>37,844,133</u>	<u>348,169</u>	<u>30,025,975</u>	<u>280,628,690</u>
EXPENDITURES						
Current						
0011	Instruction	122,540,321	-	153,526	10,037,178	132,731,025
0012	Instructional resources and media services	2,693,847	-	-	54,339	2,748,186
0013	Curriculum and staff development	3,100,041	-	-	3,224,148	6,324,189
0021	Instructional leadership	2,456,475	-	-	331,841	2,788,316
0023	School leadership	11,548,914	-	-	332,554	11,881,468
0031	Guidance and counseling services	7,277,798	-	-	1,364,414	8,642,212
0032	Social work services	424,729	-	-	409,592	834,321
0033	Health services	2,840,327	-	-	69,201	2,909,528
0034	Student transportation	4,732,251	-	-	624,298	5,356,549
0035	Food service	257,288	-	-	10,441,543	10,698,831
0036	Co-curricular/extracurricular activities	4,443,274	-	-	558,229	5,001,503
0041	General administration	5,638,041	-	-	16,331	5,654,372
0051	Maintenance and operations	17,222,313	-	-	99,278	17,321,591
0052	Security and monitoring	1,091,100	-	-	79,677	1,170,777
0053	Data processing services	4,541,005	-	564,031	-	5,105,036
0061	Community services	66,369	-	-	324,212	390,581
Debt service						
0071	Principal	-	20,755,000	-	-	20,755,000
0072	Interest	-	16,202,762	-	-	16,202,762
0073	Cost and fees	-	100,550	-	-	100,550
Capital outlay						
0081	Facilities acquisition and construction	-	-	36,409,863	-	36,409,863
Other intergovernmental						
0099	Other intergovernmental charges	865,014	-	-	-	865,014
6030	Total expenditures	<u>191,739,107</u>	<u>37,058,312</u>	<u>37,127,420</u>	<u>27,966,835</u>	<u>293,891,674</u>
Excess (deficiency) of revenues						
1100	over (under) expenditures	<u>20,671,306</u>	<u>785,821</u>	<u>(36,779,251)</u>	<u>2,059,140</u>	<u>(13,262,984)</u>
Other Financing Sources (Uses)						
7911	Issuance of Refunding Bonds	-	5,485,000	-	-	5,485,000
7912	Sale of real or personal property	61,313	-	-	35,377	96,690
7915	Transfers in	400,000	-	-	8,940,247	9,340,247
7916	Premium on issuance of bonds	-	769,626	-	-	769,626
8911	Transfers out	(428,800)	-	-	(8,511,447)	(8,940,247)
8949	Payments to bond refunding escrow agent	-	(6,128,694)	-	-	(6,128,694)
7080	Total other financing sources (uses)	<u>32,513</u>	<u>125,932</u>	<u>-</u>	<u>464,177</u>	<u>622,622</u>
1200	Net change in fund balance	20,703,819	911,753	(36,779,251)	2,523,317	(12,640,362)
0100	Fund balance - September 1 (beginning)	122,165,522	12,068,924	118,485,054	7,961,350	260,680,850
3000	Fund balance - August 31 (ending)	<u>\$ 142,869,341</u>	<u>\$ 12,980,677</u>	<u>\$ 81,705,803</u>	<u>\$ 10,484,667</u>	<u>\$ 248,040,488</u>

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2021

Net change in fund balances - total governmental funds (from C-3)	\$ (12,640,362)
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.	731,090
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.	37,498,131
Depreciation is not expensed in fund financial statements because it does not require the use of current financial resources. The effect of current year depreciation is to decrease net position.	(16,355,595)
Current year bond principal payments are expenditures in the fund financial statements, whereas they are reported as reductions of bonds payable in the government-wide financial statements. The effect of current year principal paid on bonds payable is to increase net position.	26,830,000
Premiums on bonds payable are reported as other financing sources in the fund financial statements when the bonds are issued. Amounts are reported net of amortization on the government-wide financial statements. The net effect of these items was to increase net position.	3,003,525
Bond proceeds (\$5,485,000) are not recognized as revenue and payments to bond refund escrow agents to pay off outstanding bonds are not recognized as an expense on the government-wide financial statements.	(5,485,000)
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.	(59,922)
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 increase net position.	155,425
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 \$40,003 was to increase net position.	40,003
Gains and losses on refunding bonds are deferred and amortized on the government-wide financial statements. The effect of the \$80,482 addition to deferred charges, net of amortization of \$479,066 was an increase in net position.	559,548
Items related to net pension and OPEB liabilities are not recognized on the fund financial statements	
Deferred outflows (decrease)	(11,629,902)
Deferred inflows decrease	(17,920,103)
Net OPEB liability (increase)	16,919,348
Net pension liability (increase)	10,084,587
Change in net position of governmental activities (from B-1)	\$ 31,730,773

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, 2021

	Enterprise Fund	Internal Service Funds
ASSETS		
Current Assets		
Cash & temporary investments	\$ 504,237	\$ 8,796,843
Other receivables	-	130,000
Total assets	<u>\$ 504,237</u>	<u>\$ 8,926,843</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 1,406	\$ 4,890
Accrued wages payable	76,141	1,848
Due to other funds	-	128,072
Claims payable	-	404,186
Total current liabilities	<u>77,547</u>	<u>538,996</u>
Non-current Liabilities		
Workers comp claims	-	267,376
Total non-current liabilities	<u>-</u>	<u>267,376</u>
Total liabilities	<u>77,547</u>	<u>806,372</u>
NET POSITION		
Unrestricted Net Position	426,690	8,120,471
Total net position	<u>\$ 426,690</u>	<u>\$ 8,120,471</u>

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED AUGUST 31, 2021

	Enterprise Fund	Internal Service Funds
Operating Revenues		
Charges for services	\$ 1,352,915	\$ 1,875,202
Total operating revenues	1,352,915	1,875,202
Operating Expenses		
Payroll	968,162	145,586
Insurance claims	-	408,141
Contracted services	93,795	50,751
Supplies and materials	18,137	78,819
Other operating expenses	7,982	66,099
Total operating expenses	1,088,076	749,396
Operating income	264,839	1,125,806
Nonoperating Revenues		
Investment earnings	-	5,284
Income before transfers	264,839	1,131,090
Transfers out	-	(400,000)
Change in net position	264,839	731,090
Total net position - September 1 (beginning)	161,851	7,389,381
Total net position - August 31 (ending)	\$ 426,690	\$ 8,120,471

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED AUGUST 31, 2021

	Enterprise Fund	Internal Service Funds
<u>Cash flows from operating activities</u>		
Cash received from user charges	\$ 1,352,915	\$ 1,875,202
Cash received from other funds	-	43,944
Cash payments to employees for services	(897,026)	(145,670)
Cash payments for contracted services	(94,118)	(50,948)
Cash payments for insurance claims	-	(271,564)
Cash payments for supplies	(18,001)	(78,765)
Cash payments for other operating expenses	(7,773)	(69,958)
Net cash provided by operating activities	<u>335,997</u>	<u>1,302,241</u>
<u>Cash flows from noncapital financing activities</u>		
Transfers to other funds	-	(400,000)
Net cash used in noncapital financing activities	<u>-</u>	<u>(400,000)</u>
<u>Cash flows from investing activities</u>		
Interest received	-	5,284
Net cash provided by investing activities	<u>-</u>	<u>5,284</u>
Net increase (decrease) in cash and cash equivalents	335,997	907,525
Cash and cash equivalents at beginning of the year	<u>168,240</u>	<u>7,889,318</u>
Cash and cash equivalents at end of the year	<u><u>\$ 504,237</u></u>	<u><u>\$ 8,796,843</u></u>
<u>Reconciliation of operating income to net cash provided by operating activities</u>		
Operating income	\$ 264,839	\$ 1,125,806
Adjustments to reconcile operating income to net cash provided by operating activities		
Increase (decrease) in accounts payable	22	(78,166)
Increase (decrease) in accrued wages	71,136	(84)
Increase (decrease) in payments from other funds	-	43,944
Increase (decrease) in other accrued expenses	-	210,741
Net cash provided by operating activities	<u><u>\$ 335,997</u></u>	<u><u>\$ 1,302,241</u></u>

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2021

	Private-Purpose Trust Funds	Custodial Funds
Assets		
Cash and temporary investments	\$ 1,050,041	\$ 536,001
Accrued interest	161	-
Due from other sources	-	113,858
Total assets	<u>\$ 1,050,202</u>	<u>\$ 649,859</u>
Liabilities		
Accounts payable	\$ -	\$ 974
Total liabilities	<u>-</u>	<u>974</u>
Net Position		
Held in trust for scholarships	1,050,202	-
Restricted for other purposes	-	648,885
Total net position	<u>\$ 1,050,202</u>	<u>\$ 648,885</u>

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED AUGUST 31, 2021

	Private-Purpose Trust Funds	Custodial Funds
Additions		
Miscellaneous revenue	\$ -	\$ 611,147
Earnings on investments	1,745	447
Total additions	<u>1,745</u>	<u>611,594</u>
Deductions		
Contracted services	-	496,447
Supplies and materials	-	42,279
Scholarships awarded	3,000	-
Other miscellaneous operating expenses	43	45,564
Total deductions	<u>3,043</u>	<u>584,290</u>
Change in net position	(1,298)	27,304
Net position - September 1 (beginning)	1,051,500	-
Cumulative effect of implementation of GASB 84	-	621,581
Net position - (beginning) restated	<u>1,051,500</u>	<u>621,581</u>
Net position - August 31 (ending)	<u><u>\$ 1,050,202</u></u>	<u><u>\$ 648,885</u></u>

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

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HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The Board is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. The District is not included in any other governmental “reporting entity” as defined by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34*. The District is not financially accountable for any other organizations; therefore, no component units are included within the reporting entity. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding entities. There are no component units included within the reporting entity. The District is a governmental entity exempt from federal income taxation and reporting under the Internal Revenue Code Section 115.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The statement of net position and the statement of activities are government-wide financial statements. They report information on all of the Hurst-Euleless-Bedford Independent School District’s nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, state foundation funds, grants, and other intergovernmental revenues. *Business-type activities* are supported primarily by charges to users.

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

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS - continued

between governmental funds and fiduciary funds remain as due to/due from other governments on the government-wide statement of activities. The fund financial statements provide reports on the financial condition and results of operations for three fund categories – governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

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

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

The government-wide financial statements and proprietary fund statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations mature and are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within sixty days after year-end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the state are recognized under the susceptible to accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. In general, revenues not collected within sixty days of year-end are not considered measurable and available.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

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

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

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

D. FUND ACCOUNTING

The District reports the following major governmental funds:

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

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

Governmental Funds:

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

Proprietary Funds:

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

D. FUND ACCOUNTING - continued

Fiduciary Funds:

- **Private Purpose Trust Funds** – Private-purpose trust funds are used to account for resources legally held in trust under which principal and income benefit individuals, private organizations or other governments. The District’s private-purpose trust funds represent scholarship and study-abroad funds being held in trust for students.
- **Custodial Funds** – These funds hold resources for others in a custodial capacity. The District’s custodial funds are the student activity fund and flexible spending fund. These funds were previously reported in an agency fund. This change resulted in reporting more detail of additions to and deductions from custodial funds that was reported for agency funds.

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

1. **Deposits and Investments** – For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity date of three months or less when purchased. Investments, except for the investment pools, for the District are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost.
2. **Inventories** – Inventories on the balance sheet consist of materials and supplies recorded at weighted average cost. The District follows the consumption method of accounting whereby inventory is recorded as expenditures when utilized. Food commodities are received at no cost. They are recorded as revenue and expenditures when received using the fair market value as supplied by the Texas Department of Agriculture.
3. **Prepays** – Expenditures for significant services extending over more than one accounting period are allocated between accounting periods in the governmental funds and are accounted for proportionately over the periods that service is provided (consumption method).
4. **Capital Assets** – Capital assets including land, buildings, furniture and equipment are reported in the applicable governmental column in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the District are depreciated using the straight-line method of the following estimated useful lives:

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

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

5. Deferred Outflows/Inflows of Resources

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

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

6. Pensions

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

7. Other Post-Employment Benefits

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS-Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
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YEAR ENDED AUGUST 31, 2021

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

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.

8. Fund Balances

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

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

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

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

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

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

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

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

9. Net Position

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

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

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

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

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

11. GASB Pronouncements Implemented by the District

GASB Statement No. 84, Fiduciary Activities was issued in January 2017 and provides guidance to enhance the consistency and comparability of fiduciary activity reporting by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities.

12. New Accounting Pronouncements

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

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

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

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

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

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

F. BUDGETARY INFORMATION

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

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 2021, 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 Term.

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 a defined termination date, secured by obligations described previously; SEC-regulated no-load money market

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

G. DEPOSITS AND INVESTMENTS - continued

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 Term 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, 2021

G. DEPOSITS AND INVESTMENTS - continued

Investments <u>August 31, 2021</u>	Fair Value Measurements				Percent of Total <u>Investments</u>	<u>Credit</u> <u>Risk</u>	Weighted Average <u>Maturity</u> <u>(Days)</u>
	Quoted Prices in	Significant Other	Significant				
	Active Markets for Identical Assets <u>(Level 1)</u>	Observable Inputs <u>(Level 2)</u>	Unobservable Inputs <u>(Level 3)</u>				
Investments not Subject to Fair Value:							
Government investment pools, measured at (NAV)							
Texas CLASS	\$ 32,648,205	\$ -	\$ -	\$ -	16%	AAAm	53
LOGIC	2,602,309	-	-	-	1%	AAAm	55
Texpool	48,480,456	-	-	-	25%	AAAm	30
Lone Star	26,346,517	-	-	-	13%	AAAm	45
Texas TERM Daily	6,205,636	-	-	-	3%	AAAf	53
Investments by Fair Value Level:							
US Agency Securities	49,998,674	49,998,674	-	-	25%	Aaa	955
Municipal bonds	27,314,567	27,314,567	-	-	14%	AAA	203
Commercial paper - Barclays Bank	4,995,367	-	4,995,367	-	3%	A+	139
Total	\$ 198,591,731	\$ 77,313,241	\$ 4,995,367	\$ -	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 TERM 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 TERM 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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

G. DEPOSITS AND INVESTMENTS - continued

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 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.

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, 2021, the weighted average maturity of the total portfolio was 227 days.

As of August 31, 2021, 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	\$ 32,182,776	\$ 32,182,776	\$ 32,182,776	\$ -	\$ -
Certificates of deposit	26,542,720	26,542,720	26,542,720	-	-
Government investment pools					
Texas CLASS	32,648,205	32,648,205	32,648,205	-	-
LOGIC	2,602,309	2,602,309	2,602,309	-	-
Texpool	48,480,456	48,480,456	48,480,456	-	-
Lone Star	26,346,517	26,346,517	26,346,517	-	-
Texas TERM Daily	6,205,636	6,205,636	6,205,636	-	-
US Agency securities	49,998,674	49,996,474	-	49,998,674	-
Municipal bonds	27,314,567	27,359,950	22,064,567	5,250,000	-
Commercial paper	4,995,367	4,995,367	4,995,367	-	-
Total investments	257,317,227	\$ 257,360,410	\$ 202,068,553	\$ 55,248,674	\$ -
Less Private Purpose Trust Fund cash	(1,050,041)				
Less Custodial Fund cash	(536,001)				
Demand deposits and petty cash	41,158,939				
Total cash and investments - primary government	<u>\$ 296,890,124</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, 2021

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.

H. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. The assessed value of the roll upon which the levy for the 2021 fiscal year was based, was \$15,798,326,547. The tax rates assessed for the year ended August 31, 2021 to finance general fund operations and the payment of principal and interest on general obligation long-term debt were \$0.9624 and \$0.2356 per \$100 valuation, respectively, for a total of \$1.198 per \$100 valuation.

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

I. DELINQUENT TAXES RECEIVABLE

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

J. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

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

Interfund balances at August 31, 2021 consisted of the following individual fund balances:

Receivable Fund	Payable Fund	Amount	Purpose
General fund	Nonmajor funds	\$ 1,253,252	Cash allocation
General fund	Internal service funds	128,072	Cash allocation
Nonmajor funds	Nonmajor funds	965,904	Cash allocation
		<u>\$ 2,347,228</u>	

At August 31, 2021, interfund transfers were as follows:

Transfers From	Transfers To	Amount	Purpose
General fund	Nonmajor funds	250,000	Transfer of funds from general fund to Core Knowledge Pre-K Program for operations affected by Coronavirus
General fund	Nonmajor funds	178,800	Transfer of funds from general fund to campus technology fund
Nonmajor funds	Nonmajor funds	8,511,447	Transfer of surplus from summer feeding program to child nutrition fund
Internal service funds	General fund	400,000	Transfer portion of workers' compensation fund to general fund
		<u>\$ 9,340,247</u>	

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

J. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended August 31, 2021 was as follows:

	Beginning Balance	Additions	Retirements/ Transfers	Ending Balance
Governmental Activities				
Capital assets, not depreciated:				
Land	\$ 16,930,478	\$ -	\$ -	\$ 16,930,478
Construction in progress	148,704,627	30,338,363	(56,812,539)	122,230,451
Total capital assets not depreciated	<u>165,635,105</u>	<u>30,338,363</u>	<u>(56,812,539)</u>	<u>139,160,929</u>
Capital assets, being depreciated:				
Buildings and improvements	494,363,397	62,608,410	-	556,971,807
Furniture and equipment	42,663,986	1,793,952	(430,055)	44,027,883
Total capital assets being depreciated	<u>537,027,383</u>	<u>64,402,362</u>	<u>(430,055)</u>	<u>600,999,690</u>
Less accumulated depreciation for:				
Buildings and improvements	(235,448,689)	(13,963,453)	-	(249,412,142)
Furniture and equipment	(31,321,154)	(2,392,142)	-	(33,713,296)
Total accumulated depreciation	<u>(266,769,843)</u>	<u>(16,355,595)</u>	<u>-</u>	<u>(283,125,438)</u>
Total capital assets, being depreciated, net	<u>270,257,540</u>	<u>48,046,767</u>	<u>(430,055)</u>	<u>317,874,252</u>
Governmental activities capital assets, net	<u>\$ 435,892,645</u>	<u>\$ 78,385,130</u>	<u>\$ (57,242,594)</u>	<u>\$ 457,035,181</u>

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

K. CAPITAL ASSET ACTIVITY - continued

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 9,458,365
Instructional resources and media services	171,657
Curriculum and staff development	371,110
Instructional leadership	72,149
School leadership	992,492
Guidance and counseling services	663,150
Health services	175,222
Student transportation	665,143
Food service	826,441
Co-curricular/extracurricular activities	625,358
General administration	60,345
Plant maintenance and operations	1,486,470
Security and monitoring services	145,914
Data processing services	588,197
Community service	53,582
	<u>\$ 16,355,595</u>

L. CHANGES IN LONG-TERM LIABILITIES

Long term liabilities activity for the year ended August 31, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable					
General obligation bonds	\$ 364,720,000	\$ 5,485,000	\$ (26,830,000)	\$ 343,375,000	\$ 21,410,000
Premium on GO bonds	46,296,000	769,625	(3,773,151)	\$ 43,292,474	3,637,976
Total bonds payable	411,016,000	6,254,625	(30,603,151)	386,667,474	25,047,976
Other liabilities					
Workers compensation	460,821	408,141	(197,400)	\$ 671,562	404,186
Compensated absences	929,053	700,617	(640,695)	\$ 988,975	771,400
Total governmental activities long-term liabilities	<u>\$ 412,405,874</u>	<u>\$ 7,363,383</u>	<u>\$ (31,441,246)</u>	<u>\$ 388,328,011</u>	<u>\$ 26,223,562</u>

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

M. BONDS PAYABLE

Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. As of August 31, 2021, the District does not have any defeased bonds outstanding.

A summary of general long-term debt for the year ended August 31, 2021 is as follows:

Description	Interest Rate Payable	Final Maturity Date	Amounts Original Issue	Interest Current Year	Payable Amounts Outstanding 9/1/20	Outstanding 8/31/21
Refunding 2010	3.5% to 5.0%	8/15/2028	104,330,000	140,809	6,075,000	-
Refunding 2015A	3.50%	8/15/2024	7,800,000	187,600	5,360,000	4,090,000
Refunding 2015B	2.4% to 3.0%	8/15/2024	30,467,681	499,282	18,285,000	13,880,000
Refunding 2017A	2.0% to 5.0%	8/15/2028	87,575,000	4,239,600	86,670,000	80,755,000
Refunding 2017B	2.0% to 5.0%	8/15/2036	74,875,000	3,299,600	73,750,000	69,010,000
School Building Series 2018	2.5% to 5.0%	8/15/2043	76,500,000	3,368,075	74,140,000	72,245,000
School Building Series 2019	4.0% to 5.0%	8/15/2044	101,460,000	4,398,850	100,440,000	98,420,000
Refunding 2021	2.0% to 5.0%	8/15/2028	5,485,000	68,946	-	4,975,000
			<u>\$488,492,681</u>	<u>\$ 16,202,762</u>	<u>\$364,720,000</u>	<u>\$343,375,000</u>

Debt service requirements are as follows:

Year Ended August, 31	Governmental Activities		
	Principal	Interest	Total
2022	\$ 21,410,000	\$ 15,374,564	\$ 36,784,564
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
2027-2031	86,935,000	40,195,750	127,130,750
2032-2036	66,405,000	24,063,900	90,468,900
2037-2041	46,460,000	12,149,700	58,609,700
2042-2044	27,685,000	2,190,150	29,875,150
Total	<u>\$ 343,375,000</u>	<u>\$ 146,302,405</u>	<u>\$ 489,677,405</u>

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

N. COMPENSATED ABSENCES

Regular 12-month employees are entitled to an annual vacation of two weeks with full pay, which increases to three weeks during the 15th year. The liability for earned vacation pay is estimated to be \$988,974 and is included on the government-wide statement of net position at August 31, 2021. The General Fund and Special Revenue Funds are used to liquidate compensated absences.

O. DEFINED BENEFIT PENSION PLAN

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

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

Pension Plan Fiduciary Net Position. Detail information about the Teacher Retirement System's fiduciary net position is available in a separately-issued 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 increased by such action. Actuarial implications of the funding provided in the manner are determined by the system's actuary.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

O. DEFINED BENEFIT PENSION PLAN – continued

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

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	
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	
2019	7.7%	\$ 11,063,815	6.8%	\$ 6,641,349	\$ 4,692,165	

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.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

O. DEFINED BENEFIT PENSION PLAN – continued

- When any part or all of an employee’s salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

All public schools, charter schools, and regional educational service centers must contribute 1.5 percent of the member’s salary beginning in fiscal year 2020, gradually increasing to 2 percent in fiscal year 2025.

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

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees. This surcharge was in effect through fiscal year 2019 and was replaced with the Public Education Employer Contribution explained above.

Actuarial Assumptions. The total pension liability in the August 31, 2019 valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2019 rolled forward to August 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Inflation	2.3%
Municipal Bond Rate as of August 2020 *	2.33%
Salary Increases including inflation	3.05% to 9.05% including inflation
Ad hoc post-employment benefit changes	None

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

O. 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, 2019. For a full description of these assumptions please see the actuarial valuation report dated November 14, 2019.

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%. 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, 2020 are summarized on the following page:

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

O. 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%	3.90%	0.99%
Non-U.S. Developed	13%	5.10%	0.92%
Emerging Markets	9%	5.60%	0.83%
Private Equity	14%	6.70%	1.41%
Stable Value			
Government Bonds	16%	-70.00%	-0.05%
Absolute Return (including Credit Sensitive Investments)	0%	1.80%	0.00%
Stable Value Hedge Funds	5%	1.90%	0.11%
Real Return			
Real Estate	15%	4.60%	1.02%
Energy, Natural Resources and Infrastructure	6%	6.00%	0.42%
Commodities	0%	80.00%	0.00%
Risk Parity			
Risk Parity	8%	3.00%	0.30%
Asset Allocation Leverage			
Cash	2%	-1.50%	-0.03%
Asset Allocation Leverage	-6%	-1.30%	0.08%
Inflation Expectation			2.00%
Volatility Drag ³			-0.67%
Expected Return	100%		7.33%

¹ Target allocations are based on the FY2020 policy model.

² Capital Market Assumptions come from AON Hewitt (as of 8/31/2020).

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, 2021

O. 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%)
Hurst-Euleless-Bedford ISD's proportionate share of the net pension liability:	\$91,786,717	\$59,525,150	\$33,313,335

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2021, the District reported a liability of \$59,525,150 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 59,525,150
State's proportionate share that is associated with Hurst-Euleless-Bedford ISD	<u>\$ 111,434,794</u>
Total	<u>\$ 170,959,944</u>

The net pension liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 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, 2019 through August 31, 2020.

At August 31, 2020 the District's proportion of the collective net pension liability was .1111415569% which was a decrease of .0227667748% from its proportion measured as of August 31, 2019.

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, 2021

O. DEFINED BENEFIT PENSION PLAN - continued

For the year ended August 31, 2021, the District recognized pension expense of \$8,897,203 and revenue of \$8,584,761 for support provided by the State.

At August 31, 2021, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 108,688	\$ 1,661,189
Changes in actuarial assumptions	13,811,953	5,872,746
Difference between projected and actual investment earnings	1,205,038	-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	3,951,735	8,345,715
Contributions paid to TRS subsequent to the measurement date	4,310,162	-
Total	<u>\$ 23,387,576</u>	<u>\$ 15,879,650</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
2021	\$ 1,857,670
2022	2,214,183
2023	1,923,319
2024	(255,004)
2025	(2,060,114)
Thereafter	(482,290)
	<u>\$ 3,197,764</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, 2021

P. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description. The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan 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 order 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
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P. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - continued

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is .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
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
2019	0.65%	\$ 933,971	1.25%	\$ 1,782,439	0.75%	\$ 1,077,654

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 \$230.8 million in fiscal year 2020 to maintain premiums and benefit levels in the 2020-2021 biennium.

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2019. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2020. 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, 2021

P. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - continued

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

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. 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 most recently published scale (U-MP).

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on plan specific experience
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% after age 65. 25% of pre-65 retirees are assumed to Discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	3.05% to 9.05%, including inflation
Healthcare Trend Rates	The initial medical trend rates were 10.25 percent for Medicare retirees and 7.5 percent for non-Medicare retirees. There was an initial prescription drug trend rate of 10.25 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.50 percent over a period of 13 years.
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc-post employment benefit changes	None

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

P. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - continued

Discount Rate. A single discount rate of 2.33% was used to measure the total OPEB liability. There was a decrease of .3 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. The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2020 using the fixed-income 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 (2.33%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (1.33%)	Current Single Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
District's proportionate share of the Net OPEB Liability:	\$ 75,309,693	\$ 62,758,197	\$ 52,844,317

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2021, the District reported a liability of \$62,758,197 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	\$ 62,758,197
State's proportionate share that is associated with Hurst-Euless-Bedford ISD	<u>84,331,973</u>
Total	<u>\$ 147,090,170</u>

The Net OPEB Liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 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, 2019 thru August 31, 2020.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

P. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - continued

At August 31, 2020, the District's proportion of the collective Net OPEB Liability was 0.1650900857%, compared to 0.1684827290% as of August 31, 2019.

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

	1% Decrease in Healthcare Trend Rate (7.5%)	Current Single Healthcare Trend Rate (8.5%)	1% Increase in Healthcare Trend Rate (9.5%)
District's proportionate share of the Net OPEB Liability:	\$ 51,265,406	\$ 62,758,197	\$ 78,064,970

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 2.63 percent as of August 31, 2019 to 2.33 percent as of August 31, 2020. This change increased the Total OPEB Liability.
- The health care trend rates were reset to better reflect the plan's anticipated experience. This change increased the Total OPEB Liability.
- The participation rate for post-65 retirees was lowered from 50 percent to 40 percent. This change lowered the Total OPEB Liability.
- The ultimate health care trend rate assumption was lowered from 4.50 percent to 4.25 percent as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the Total OPEB Liability.

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

For the year ended August 31, 2021, the District recognized OPEB expense of \$1,686,127 and revenue of \$1,686,127 for support provided by the State.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

P. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - continued

At August 31, 2021, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 3,285,994	\$ 28,721,360
Changes in actuarial assumptions	3,870,876	17,233,725
Difference between projected and actual investment earnings	20,394	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	4,842,751	1,897,573
Contributions paid to TRS subsequent to the measurement date	1,236,369	-
Total	<u>\$ 13,256,384</u>	<u>\$ 47,852,658</u>

\$1,236,369 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended August 31, 2022. 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	\$ (5,936,334)
2023	(5,939,061)
2024	(5,940,620)
2025	(5,940,193)
2026	(4,263,893)
Thereafter	(7,812,542)
	<u>\$ (35,832,643)</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, 2021, 2020 and 2019, the subsidy payments received by TRS-Care on behalf of the District were \$689,297, \$641,449 and \$533,056, respectively.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

Q. GENERAL LIABILITY AND WORKERS' COMPENSATION INSURANCE

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

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

Estimates of claims payable and of claims incurred but not reported at August 31, 2021 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, 2021	Year Ended August 31, 2020
Unpaid claims, beginning of the year	\$ 460,821	\$ 606,596
Incurred claims (including IBNR)	408,141	291,987
Claim payments	(197,400)	(437,762)
Unpaid claims, end of fiscal year	<u>\$ 671,562</u>	<u>\$ 460,821</u>

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

R. UNEARNED REVENUE

Unearned revenue at August 31, 2021 consisted of the following:

	Nonmajor Funds
Other	<u>\$ 140,471</u>

S. DUE FROM/ (TO) OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District received entitlements from the state through the School Foundation and Per Capita programs. Amounts due to or from federal, state and local governments as of August 31, 2021 are summarized below and are reported on the combined financial statements as Due from/(to) Other Governments.

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Due from (to) State Agencies	\$ (24,934,313)	\$ 33,616	\$ 3,129,211	\$ (21,771,486)
Due from County	1,348,228	330,134	-	1,678,362
Due from Federal Agencies	-	-	85,074	85,074
Total	<u>\$ (23,586,085)</u>	<u>\$ 363,750</u>	<u>\$ 3,214,285</u>	<u>\$ (20,008,050)</u>

T. COMMITTED AND ASSIGNED FUND BALANCE

General Fund

The non-spendable fund balances were inventories of \$478,022 and prepaid items of \$1,120,660. The committed fund balance of \$98,580,532 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>43,580,532</u>
Total	<u>\$ 98,580,532</u>

The unassigned fund balance was \$42,690,127.

Other Major Funds

The debt service fund had a restricted fund balance of \$12,980,677 to be used for debt service payments. The capital projects fund had a restricted fund balance of \$33,274,517 and a committed fund balance of \$48,431,286 to be used for authorized construction and other capital asset acquisitions.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

T. COMMITTED AND ASSIGNED FUND BALANCE - continued

Nonmajor Funds

Special revenue funds had a restricted fund balance of \$6,377,460 for child nutrition and other grant obligations. Special revenue funds also had a committed fund balance of \$4,102,321 primarily for campus activities and other local programs, and non-spendable fund balance of \$4,886 for inventory.

U. LITIGATION

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

V. COMMITMENTS AND CONTINGENCIES

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

Construction Contracts – The funds in the capital project fund will be used for future school construction and renovation. At August 31, 2021 there were various construction contracts for renovations and new construction with unaccrued commitments totaling \$10,329,726.

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REQUIRED SUPPLEMENTARY INFORMATION

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED AUGUST 31, 2021

Data Control Codes		Budgeted Amounts			Actual Amounts (GAAP Basis)	Variance With Final Budget (Over) or Under			
		Original		Final					
REVENUES									
5700	Local and intermediate sources	\$	150,576,792	\$	152,576,792	\$	154,433,972	\$	(1,857,180)
5800	State program revenues		61,508,820		57,008,820		53,903,259		3,105,561
5900	Federal program revenues		450,000		3,244,502		4,073,182		(828,680)
5020	Total revenues		212,535,612		212,830,114		212,410,413		419,701
EXPENDITURES									
Current									
0011	Instruction		124,402,472		120,623,239		122,540,321		(1,917,082)
0012	Instructional resources and media services		2,724,124		2,751,589		2,693,847		57,742
0013	Curriculum and staff development		4,035,975		4,062,202		3,100,041		962,161
0021	Instructional leadership		2,565,909		2,649,488		2,456,475		193,013
0023	School leadership		11,815,112		11,842,448		11,548,914		293,534
0031	Guidance and counseling services		7,619,532		7,659,145		7,277,798		381,347
0032	Social work services		748,459		607,421		424,729		182,692
0033	Health services		3,095,865		3,324,380		2,840,327		484,053
0034	Student transportation		6,402,852		5,944,909		4,732,251		1,212,658
0035	Food service		238,040		358,367		257,288		101,079
0036	Co-curricular/extracurricular activities		4,904,864		5,026,014		4,443,274		582,740
0041	General administration		6,287,933		6,609,732		5,638,041		971,691
0051	Maintenance and operations		19,589,636		22,491,619		17,222,313		5,269,306
0052	Security and monitoring		1,180,601		1,149,741		1,091,100		58,641
0053	Data processing services		4,593,756		4,717,840		4,541,005		176,835
0061	Community services		210,703		192,201		66,369		125,832
0095	Juvenile justice alternative education program		22,500		22,500		-		22,500
Other intergovernmental									
0099	Other intergovernmental charges		960,000		960,000		865,014		94,986
6030	Total expenditures		201,398,333		200,992,835		191,739,107		9,253,728
Excess (deficiency) of revenues over (under) expenditures									
1100			11,137,279		11,837,279		20,671,306		(8,834,027)
Other Financing Sources (Uses)									
7912	Sale of real or personal property		5,000		55,000		61,313		(6,313)
7915	Transfers in		900,000		12,263,479		400,000		11,863,479
8911	Transfers out		(12,042,279)		(12,292,279)		(428,800)		(11,863,479)
7080	Total other financing sources (uses)		(11,137,279)		26,200		32,513		(6,313)
1200	Net change in fund balance		-		11,863,479		20,703,819		(8,840,340)
0100	Fund balance - September 1 (beginning)		122,165,522		122,165,522		122,165,522		
3000	Fund balance - August 31 (ending)	\$	122,165,522	\$	134,029,001	\$	142,869,341	\$	(8,840,340)

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED AUGUST 31, 2021

BUDGETARY DATA

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

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

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to September 1, the budget is legally adopted by the Board of Trustees. Once a budget is adopted, it can only be amended at the fund and function level by approval of a majority of the members of the Board. Fund and function level amendments are presented to the Board at its regular meetings and each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.
4. Each budget is controlled by the budget owner at the revenue and expenditure function/object level. Budgeted amounts are as adopted and, if applicable, amended by the Board. Annual budgets are legally adopted for the General Fund, the National School Breakfast and Lunch Program and the Debt Service Fund. All budget appropriations lapse at year end.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS PENSION PLAN
YEAR ENDED AUGUST 31, 2021

Measurement period ending August 31,	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net pension liability	0.1111415569%	0.1339083317%	0.1295894880%	0.1265568809%
District's proportionate share of the net pension liability	\$ 59,525,150	\$ 69,609,737	\$ 71,329,199	\$ 40,466,073
State's proportionate share of the net pension liability associated with the District	<u>\$ 111,434,794</u>	<u>\$ 96,762,975</u>	<u>\$ 105,649,729</u>	<u>\$ 63,194,080</u>
Total	<u><u>\$ 170,959,944</u></u>	<u><u>\$ 166,372,712</u></u>	<u><u>\$ 176,978,928</u></u>	<u><u>\$ 103,660,153</u></u>
District's covered payroll (for Measurement Year)	\$ 149,362,530	\$ 142,595,146	\$ 137,860,153	\$ 133,047,929
District's proportionate share of the net pension liability as a percentage of its covered payroll	39.85%	48.82%	51.74%	30.41%
Plan fiduciary net position as a percentage of the total pension liability*	75.54%	75.24%	73.74%	82.17%
Plan's net pension liability as a percentage of covered payroll*	110.36%	114.93%	126.11%	75.93%

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

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

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

Exhibit G-2

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.1230620535%	0.1253919%	0.0828788%
\$ 46,503,320	\$ 44,324,368	\$ 22,138,073
<u>\$ 75,891,668</u>	<u>\$ 74,414,323</u>	<u>\$ 64,059,757</u>
<u><u>\$ 122,394,988</u></u>	<u><u>\$ 118,738,691</u></u>	<u><u>\$ 86,197,830</u></u>
\$ 128,231,609	\$ 124,496,697	\$ 118,444,474
36.27%	35.60%	18.69%
78.00%	78.43%	83.25%
92.75%	91.94%	72.89%

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

Fiscal year ending August 31,	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 4,310,162	\$ 4,283,031	\$ 4,692,165	\$ 4,302,257
Contributions in relation to the contractually required contribution	<u>(4,310,162)</u>	<u>(4,283,031)</u>	<u>(4,692,165)</u>	<u>(4,302,257)</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
District's covered payroll	\$ 154,750,203	\$ 149,362,530	\$ 142,595,146	\$ 137,860,153
Contributions as a percentage of covered payroll	2.79%	2.87%	3.29%	3.12%

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

This schedule will ultimately contain ten years of information, but data was unavailable prior to 2015.

Additional years will be presented on a prospective basis in accordance with GASB 68.

Exhibit G-3

<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 4,147,796	\$ 3,909,993	\$ 3,712,908
<u>(4,147,796)</u>	<u>(3,909,993)</u>	<u>(3,712,908)</u>
<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>
\$ 133,047,929	\$ 128,231,609	\$ 124,496,697
3.12%	3.05%	2.98%

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
Teacher Retirement System of Texas
YEAR ENDED AUGUST 31, 2021

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
YEAR ENDED AUGUST 31, 2021

Measurement period ending August 31,	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.1650900857%	0.1684827290%	0.1648004000%	0.1573706948%
District's proportionate share of the net OPEB liability	\$ 62,758,197	\$ 79,677,545	\$ 82,286,333	\$ 68,434,612
State's proportionate share of the net OPEB liability associated with the District	<u>\$ 84,331,973</u>	<u>\$ 105,873,637</u>	<u>\$ 118,333,548</u>	<u>\$ 104,951,155</u>
Total	<u>\$ 147,090,170</u>	<u>\$ 185,551,182</u>	<u>\$ 200,619,881</u>	<u>\$ 173,385,767</u>
District's covered payroll (for Measurement Year)	\$ 149,362,530	\$ 142,595,146	\$ 137,860,153	\$ 133,047,929
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	42.02%	55.88%	59.69%	51.44%
Plan fiduciary net position as a percentage of the total OPEB liability*	4.99%	2.66%	1.57%	0.91%
Plan's net OPEB liability as a percentage of covered payroll*	101.46%	135.21%	146.64%	132.55%

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

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

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

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

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

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

This schedule will ultimately contain ten years of information, but data was unavailable prior to 2018.

Additional years will be presented on a prospective basis in accordance with GASB 75.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY OPEB INFORMATION
Teacher Retirement System of Texas
YEAR ENDED AUGUST 31, 2021

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

Changes in Benefit Terms

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

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SUPPLEMENTARY INFORMATION - COMBINING STATEMENTS AND SCHEDULES

NON-MAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

CRRSA ESSER II – Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act of 2021, ESSER II –this fund accounts for funds granted to prevent, prepare for, or respond to the COVID-19 pandemic, including its impact on the social, emotional, mental health, and academic needs of students.

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

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

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

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

State Supplemental Visually Impaired (SSVI) - this fund accounts for State Supplemental Visually Impaired funds received from the Region 11 Education Service Center.

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

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

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

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

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

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

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2021

Assets	Title X, Part C - Education for Homeless Children and Youth	Title I, Part A - Improving Basic Programs	IDEA - Part B, Formula	IDEA - Part B, Preschool	National School Breakfast and Lunch Programs
Cash & temporary investments	\$ -	\$ -	\$ -	\$ -	\$ 5,322,632
Due from other governments	12,081	328,682	415,981	7,111	1,129,630
Accrued interest	-	-	-	-	184
Due from other funds	-	-	-	-	-
Inventories, at cost	-	-	-	-	4,886
Total assets	<u>\$ 12,081</u>	<u>\$ 328,682</u>	<u>\$ 415,981</u>	<u>\$ 7,111</u>	<u>\$ 6,457,332</u>
Liabilities and fund balance					
Accounts payable	\$ -	\$ -	\$ 11,703	\$ -	\$ 67,757
Accrued wages payable	-	2,668	13,382	-	7,229
Due to other funds	12,081	326,014	390,896	7,111	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>12,081</u>	<u>328,682</u>	<u>415,981</u>	<u>7,111</u>	<u>74,986</u>
Fund balance					
Non-spendable - inventories	-	-	-	-	4,886
Restricted - grant funds	-	-	-	-	6,377,460
Committed - other	-	-	-	-	-
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,382,346</u>
Total liabilities and fund balance	<u>\$ 12,081</u>	<u>\$ 328,682</u>	<u>\$ 415,981</u>	<u>\$ 7,111</u>	<u>\$ 6,457,332</u>

Special Revenue Funds

Summer Food Service Program for Children	Carl D. Perkins - Basic Formula Grant	Carl D. Perkins - Perkins Reserve	Title II, Part A - Supporting Effective Instruction	Title III, Part A - English Language Acquisition	Cares Act - Elementary and Secondary School Emergency Relief Grants	CRRSA ESSER II	ARP ESSER III
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 163,137	\$ -	\$ -
-	11,905	-	57,251	32,575	99,107	-	1,010,066
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 11,905</u>	<u>\$ -</u>	<u>\$ 57,251</u>	<u>\$ 32,575</u>	<u>\$ 262,244</u>	<u>\$ -</u>	<u>\$ 1,010,066</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 526
-	-	-	-	-	-	-	359
-	11,905	-	57,251	32,575	262,244	-	1,009,181
-	-	-	-	-	-	-	-
<u>-</u>	<u>11,905</u>	<u>-</u>	<u>57,251</u>	<u>32,575</u>	<u>262,244</u>	<u>-</u>	<u>1,010,066</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 11,905</u>	<u>\$ -</u>	<u>\$ 57,251</u>	<u>\$ 32,575</u>	<u>\$ 262,244</u>	<u>\$ -</u>	<u>\$ 1,010,066</u>

(Continued)

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2021

Assets	Title IV, Part A, SSAEP	Medicaid Administrative Claiming Program	Federally Funded Special Revenue Funds	State Supplemental Visually Impaired	Advanced Placement Incentives	Instructional Materials Allotment
Cash & temporary investments	\$ -	\$ -	\$ -	\$ -	\$ 284,541	\$ 196,463
Due from other governments	24,824	-	85,074	-	-	-
Accrued interest	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Inventories, at cost	-	-	-	-	-	-
Total assets	<u>\$ 24,824</u>	<u>\$ -</u>	<u>\$ 85,074</u>	<u>\$ -</u>	<u>\$ 284,541</u>	<u>\$ 196,463</u>
Liabilities and fund balance						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,909
Accrued wages payable	-	-	-	-	-	-
Due to other funds	24,824	-	85,074	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>24,824</u>	<u>-</u>	<u>85,074</u>	<u>-</u>	<u>-</u>	<u>2,909</u>
Fund balance						
Non-spendable - inventories	-	-	-	-	-	-
Restricted - grant funds	-	-	-	-	-	-
Committed - other	-	-	-	-	284,541	193,554
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>284,541</u>	<u>193,554</u>
Total liabilities and fund balance	<u>\$ 24,824</u>	<u>\$ -</u>	<u>\$ 85,074</u>	<u>\$ -</u>	<u>\$ 284,541</u>	<u>\$ 196,463</u>

Special Revenue Funds

State Funded Special Revenue Funds	Campus Activity Fund	Campus Technology	Core Knowledge Pre-K	Locally Funded Special Revenue Funds	Total Nonmajor Governmental Funds (See C-1)
6,153	\$ 2,035,686	\$ 471,922	\$ 161,121	\$ 173,617	\$ 8,815,272
-	-	-	-	-	3,214,287
-	-	-	-	-	184
-	965,904	-	-	-	965,904
-	-	-	-	-	4,886
<u>\$ 6,153</u>	<u>\$ 3,001,590</u>	<u>\$ 471,922</u>	<u>\$ 161,121</u>	<u>\$ 173,617</u>	<u>\$ 13,000,533</u>
\$ -	\$ 43,893	\$ -	\$ 635	\$ -	\$ 127,423
-	5,178	-	-	-	28,816
-	-	-	-	-	2,219,156
-	-	-	140,471	-	140,471
-	49,071	-	141,106	-	2,515,866
-	-	-	-	-	4,886
-	-	-	-	-	6,377,460
6,153	2,952,519	471,922	20,015	173,617	4,102,321
6,153	2,952,519	471,922	20,015	173,617	10,484,667
<u>\$ 6,153</u>	<u>\$ 3,001,590</u>	<u>\$ 471,922</u>	<u>\$ 161,121</u>	<u>\$ 173,617</u>	<u>\$ 13,000,533</u>

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON MAJOR GOVERNMENTAL FUNDS
YEAR ENDED AUGUST 31, 2021

	Title X, Part C - Education for Homeless Children and Youth	Title I, Part A - Improving Basic Programs	IDEA - Part B, Formula	IDEA - Part B, Preschool	National School Breakfast and Lunch Programs
Revenues					
Local, intermediate and out-of-state	\$ -	\$ -	\$ -	\$ -	\$ 461,080
State program revenues	-	-	-	-	61,567
Federal program revenues	82,314	3,623,629	4,386,977	76,031	2,961,778
Total revenues	82,314	3,623,629	4,386,977	76,031	3,484,425
Expenditures					
Instruction	-	762,071	2,716,997	76,031	-
Instructional resources and media	-	-	-	-	-
Curriculum and staff development	-	2,278,629	11,695	-	-
Instructional leadership	-	184,178	101,220	-	-
School leadership	-	-	-	-	-
Guidance and counseling services	-	-	1,069,941	-	-
Social work services	82,314	167,389	-	-	-
Health services	-	-	2,962	-	-
Student transportation	-	-	483,919	-	-
Food service	-	-	-	-	10,436,758
Co-curricular/extracurricular activities	-	-	-	-	-
General administration	-	-	-	-	-
Maintenance and operations	-	-	-	-	73,219
Security and monitoring	-	-	-	-	-
Community services	-	231,362	243	-	-
Total expenditures	82,314	3,623,629	4,386,977	76,031	10,509,977
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	(7,025,552)
Other Financing Sources (Uses)					
Sale of real or personal property	-	-	-	-	35,377
Transfers in	-	-	-	-	8,511,447
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	8,546,824
Net change in fund balance	\$ -	\$ -	\$ -	\$ -	\$ 1,521,272
Fund balance - September 1 (beginning)	-	-	-	-	4,861,074
Fund balance - August 31 (ending)	\$ -	\$ -	\$ -	\$ -	\$ 6,382,346

Special Revenue Funds							
Summer Food Service Program for Children	Carl D. Perkins - Basic Formula Grant	Carl D. Perkins - Perkins Reserve	Title II, Part A - Supporting Effective Instruction	Title III, Part A - English Language Acquisition	Cares Act - Elementary and Secondary School Emergency Relief Grants	CRRSA ESSER II	ARP ESSER III
\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
-	-		-	-			
8,511,447	223,624	871	613,831	377,464	118,174	3,113,866	896,283
8,511,447	223,624	871	613,831	377,464	118,174	3,113,866	896,283
-	165,554	871	-	43,792	174,672	3,113,866	678,857
-	-	-	-	-	-	-	3,473
-	4,840	-	613,831	215,086	-	-	-
-	1,100	-	-	43,155	-	-	-
-	44,590	-	-	-	-	-	40,550
-	7,540	-	-	-	-	-	13,557
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	20,358
-	-	-	-	-	-	-	125,951
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	12,190
-	-	-	-	-	-	-	1,347
-	-	-	-	75,431	-	-	-
-	223,624	871	613,831	377,464	174,672	3,113,866	896,283
8,511,447	-	-	-	-	(56,498)	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(8,511,447)	-	-	-	-	-	-	-
(8,511,447)	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ (56,498)	\$ -	\$ -
-	-	-	-	-	56,498	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(continued)

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON MAJOR GOVERNMENTAL FUNDS
YEAR ENDED AUGUST 31, 2021

	Title IV, Part A, SSAEP	Medicaid Administrative Claiming Program	Federally Funded Special Revenue Funds	State Supplemental Visually Impaired	Advanced Placement Incentives	Instructional Materials Allotment
Revenues						
Local, intermediate and out-of-state	\$ -	\$ -	-	\$ -	\$ -	\$ 1,371
State program revenues	-	-	-	10,400	14,500	1,343,173
Federal program revenues	278,176	45,533	85,074	-	-	-
Total revenues	<u>\$ 278,176</u>	<u>45,533</u>	<u>85,074</u>	<u>10,400</u>	<u>14,500</u>	<u>1,344,544</u>
Expenditures						
Instruction	14,788	-	76,634	10,400	-	1,229,290
Instructional resources and media	-	-	-	-	-	-
Curriculum and staff development	2,119	-	-	-	-	-
Instructional leadership	29	-	-	-	-	-
School leadership	-	-	-	-	-	-
Guidance and counseling services	105,821	-	-	-	18,446	-
Social work services	155,419	-	-	-	-	-
Health services	-	45,533	-	-	-	-
Student transportation	-	-	-	-	-	-
Food service	-	-	-	-	-	-
Co-curricular/extracurricular activities	-	-	-	-	-	-
General administration	-	-	-	-	-	-
Maintenance and operations	-	-	8,440	-	-	-
Security and monitoring	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Total expenditures	<u>278,176</u>	<u>45,533</u>	<u>85,074</u>	<u>10,400</u>	<u>18,446</u>	<u>1,229,290</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,946)</u>	<u>115,254</u>
Other Financing Sources (Uses)						
Sale of real or personal property	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -	\$ (3,946)	\$ 115,254
Fund balance - September 1 (beginning)	-	-	-	-	288,487	78,300
Fund balance - August 31 (ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 284,541</u>	<u>\$ 193,554</u>

Special Revenue Funds					
State Funded Special Revenue Funds	Campus Activity Fund	Campus Technology	Core Knowledge Pre-K	Locally Funded Special Revenue Funds	Total Nonmajor Governmental Funds (See C-3)
\$ 1,020,034	\$ 1,068,265		\$ 445,117	133,810	\$ 3,129,677
71,586	-	-	-	-	1,501,226
-	-	-	-	-	25,395,072
1,091,620	1,068,265	-	445,117	133,810	30,025,975
4,139	368,461	-	498,258	102,497	10,037,178
-	48,866	-	-	2,000	54,339
-	15,171	-	82,497	280	3,224,148
-	2,159	-	-	-	331,841
-	237,182	-	-	10,232	332,554
143,685	5,424	-	-	-	1,364,414
-	4,470	-	-	-	409,592
-	348	-	-	-	69,201
14,333	95	-	-	-	624,298
-	4,785	-	-	-	10,441,543
-	558,229	-	-	-	558,229
-	16,331	-	-	-	16,331
-	5,429	-	-	-	99,278
71,458	6,872	-	-	-	79,677
-	-	-	17,176	-	324,212
233,615	1,273,822	-	597,931	115,009	27,966,835
858,005	(205,557)	-	(152,814)	18,801	2,059,140
-	-	-	-	-	35,377
-	-	178,800	250,000	-	8,940,247
-	-	-	-	-	(8,511,447)
-	-	178,800	250,000	-	464,177
\$ 858,005	\$ (205,557)	\$ 178,800	\$ 97,186	\$ 18,801	\$ 2,523,317
(851,852)	3,158,076	293,122	(77,171)	154,816	7,961,350
\$ 6,153	\$ 2,952,519	\$ 471,922	\$ 20,015	\$ 173,617	\$ 10,484,667

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INTERNAL SERVICE FUNDS

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

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

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

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

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
AUGUST 31, 2021

	<u>Workers'</u> <u>compensation</u>	<u>Tech trades</u>	<u>Catering</u>	<u>Print shop</u>	<u>Total Internal</u> <u>Service Funds</u> <u>(See D-1)</u>
Assets					
Current Assets					
Cash & temporary investments	\$ 8,647,105	\$ 21,239	\$ 128,499	\$ -	\$ 8,796,843
Other receivables	130,000	-	-	-	130,000
Total assets	<u>\$ 8,777,105</u>	<u>\$ 21,239</u>	<u>\$ 128,499</u>	<u>\$ -</u>	<u>\$ 8,926,843</u>
Liabilities					
Current Liabilities					
Accounts payable	\$ 4,599	\$ -	\$ 291	\$ -	\$ 4,890
Accrued wages payable	-	-	-	1,848	1,848
Due to other funds	-	-	-	128,072	128,072
Claims payable	404,186	-	-	-	404,186
Total current liabilities	<u>408,785</u>	<u>-</u>	<u>291</u>	<u>129,920</u>	<u>538,996</u>
Non-current Liabilities					
Workers comp claims	267,376	-	-	-	267,376
Total non-current liabilities	<u>267,376</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>267,376</u>
Total liabilities	<u>676,161</u>	<u>-</u>	<u>291</u>	<u>129,920</u>	<u>806,372</u>
Net Position					
Unrestricted	<u>\$ 8,100,944</u>	<u>\$ 21,239</u>	<u>\$ 128,208</u>	<u>\$ (129,920)</u>	<u>\$ 8,120,471</u>

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED AUGUST 31, 2021

	Workers' compensation	Tech trades	Catering	Print shop	Total Internal Service Funds (See D-2)
Operating Revenues					
Charges for services	\$ 1,782,306	\$ 11,027	\$ 58,129	\$ 23,740	\$ 1,875,202
Total operating revenues	<u>1,782,306</u>	<u>11,027</u>	<u>58,129</u>	<u>23,740</u>	<u>1,875,202</u>
Operating Expenses					
Payroll	97,558	-	-	48,028	145,586
Insurance claims	408,141	-	-	-	408,141
Contracted services	44,944	-	-	5,807	50,751
Supplies and materials	12,782	18,047	34,422	13,568	78,819
Other operating costs	65,983	116	-	-	66,099
Total operating expenses	<u>629,408</u>	<u>18,163</u>	<u>34,422</u>	<u>67,403</u>	<u>749,396</u>
Operating income (loss)	<u>1,152,898</u>	<u>(7,136)</u>	<u>23,707</u>	<u>(43,663)</u>	<u>1,125,806</u>
Nonoperating Revenues					
Investment earnings	5,284	-	-	-	5,284
Income (loss) before transfers	<u>1,158,182</u>	<u>(7,136)</u>	<u>23,707</u>	<u>(43,663)</u>	<u>1,131,090</u>
Transfers out (in)	<u>(400,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(400,000)</u>
Change in net position	758,182	(7,136)	23,707	(43,663)	731,090
Total net position - September 1 (beginning)	<u>7,342,762</u>	<u>28,375</u>	<u>104,501</u>	<u>(86,257)</u>	<u>7,389,381</u>
Total net position - August 31 (ending)	<u>\$ 8,100,944</u>	<u>\$ 21,239</u>	<u>\$ 128,208</u>	<u>\$ (129,920)</u>	<u>\$ 8,120,471</u>

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED AUGUST 31, 2021

	<u>Workers'</u> <u>compensation</u>	<u>Tech trades</u>	<u>Catering</u>	<u>Print shop</u>	<u>Total Internal Service</u> <u>Funds (See D-3)</u>
<u>Cash flows from operating activities</u>					
Cash received from user charges	\$ 1,782,306	\$ 11,027	\$ 58,129	\$ 23,740	\$ 1,875,202
Cash received from other funds	-	-	-	43,944	43,944
Cash payments to employees for services	(97,558)	-	-	(48,112)	(145,670)
Cash payments for contracted services	(44,944)	-	-	(6,004)	(50,948)
Cash payments for insurance claims	(271,564)	-	-	-	(271,564)
Cash payments for supplies	(12,782)	(18,047)	(34,368)	(13,568)	(78,765)
Cash payments for other operating expenses	(69,842)	(116)	-	-	(69,958)
Net cash provided by (used in) operating activities	<u>1,285,616</u>	<u>(7,136)</u>	<u>23,761</u>	<u>-</u>	<u>1,302,241</u>
<u>Cash flows from noncapital financing activities</u>					
Transfers to/from other funds	(400,000)	-	-	-	(400,000)
Net cash used in noncapital financing activities	<u>(400,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(400,000)</u>
<u>Cash flows from investing activities</u>					
Interest received	5,284	-	-	-	5,284
Net cash provided by investing activities	<u>5,284</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,284</u>
Net increase (decrease) in cash and cash equivalents	890,900	(7,136)	23,761	-	907,525
Cash and cash equivalents at beginning of the year	<u>7,756,205</u>	<u>28,375</u>	<u>104,738</u>	<u>-</u>	<u>7,889,318</u>
Cash and cash equivalents at end of the year	<u>\$ 8,647,105</u>	<u>\$ 21,239</u>	<u>\$ 128,499</u>	<u>\$ -</u>	<u>\$ 8,796,843</u>
<u>Reconciliation of operating income (loss) to net cash</u> <u>provided by (used in) operating activities</u>					
Operating income (loss)	\$ 1,152,898	\$ (7,136)	\$ 23,707	\$ (43,663)	\$ 1,125,806
Adjustments to reconcile operating income (loss)					
to net cash provided by (used in) operating activities					
(Increase) decrease in other receivable	-	-	-	-	-
Increase (decrease) in accounts payable	(78,023)	-	54	(197)	(78,166)
Increase (decrease) in accrued wages	-	-	-	(84)	(84)
Increase (decrease) in payments from other funds	-	-	-	43,944	43,944
Increase (decrease) in other accrued expenses	210,741	-	-	-	210,741
Net cash provided by (used in) operating activities	<u>\$ 1,285,616</u>	<u>\$ (7,136)</u>	<u>\$ 23,761</u>	<u>\$ -</u>	<u>\$ 1,302,241</u>

CUSTODIAL FUNDS

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

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

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
CUSTODIAL FUNDS
YEAR ENDED AUGUST 31, 2021

	Flexible Spending Fund	Student Activity Funds	Total Custodial Funds
Assets			
Cash and temporary investments	\$ 171,884	\$ 364,117	\$ 536,001
Due from other sources	113,858	-	113,858
Total assets	<u>\$ 285,742</u>	<u>\$ 364,117</u>	<u>\$ 649,859</u>
Liabilities			
Accounts payable	\$ -	\$ 974	\$ 974
Total liabilities	<u>\$ -</u>	<u>\$ 974</u>	<u>\$ 974</u>
Net Position			
Restricted for other purposes	\$ 285,742	\$ 363,143	\$ 648,885
Total net position	<u>\$ 285,742</u>	<u>\$ 363,143</u>	<u>\$ 648,885</u>

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN NET POSITION
CUSTODIAL FUNDS
YEAR ENDED AUGUST 31, 2021

	Flexible Spending Fund	Student Activity Funds	Total Custodial Funds
Additions			
Miscellaneous revenue	\$ 521,849	\$ 89,298	\$ 611,147
Earnings on investments	154	293	447
Total additions	<u>522,003</u>	<u>89,591</u>	<u>611,594</u>
Deductions			
Contracted services	495,612	835	496,447
Supplies and materials	-	42,279	42,279
Other miscellaneous operating expenses	-	45,564	45,564
Total deductions	<u>495,612</u>	<u>88,678</u>	<u>584,290</u>
Change in net position	26,391	913	27,304
Net position - September 1 (beginning)	-	-	-
Cumulative effect of implementation of GASB 84	259,351	362,230	621,581
Net position - (beginning) restated	259,351	362,230	621,581
Net position - August 31 (ending)	<u>\$ 285,742</u>	<u>\$ 363,143</u>	<u>\$ 648,885</u>

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

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TEXAS EDUCATION AGENCY REQUIRED SCHEDULES

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
YEAR ENDED AUGUST 31, 2021

	1	2	3	10
	Tax rates		Assessed or appraised valuation	Delinquent balance by year September 1
<u>Years ended August 31,</u>	<u>Maintenance</u>	<u>Debt Service</u>		
2012 or prior	Various	Various	Various	\$ 2,716,118
2013	1.0400	0.3675	8,649,491,017	163,649
2014	1.0400	0.3475	8,941,327,326	154,580
2015	1.0400	0.3350	9,592,152,999	180,577
2016	1.0400	0.3100	9,176,034,157	165,070
2017	1.0400	0.2760	10,771,940,001	328,546
2018	1.0400	0.2230	12,240,981,339	388,238
2019	1.0400	0.2330	13,698,779,740	352,514
2020	0.9700	0.2500	15,498,767,290	382,843
2021 (current)	0.9624	0.2356	15,798,326,547	—
Totals				<u>\$ 4,832,135</u>

Exhibit J-1

20	31	32	30	40	50
Current year's total levy	Maintenance Collections	Debt Service Collections	Total collections	Adjustments	Delinquent balance by year August 31, 2021
\$ —	\$ 51,991	\$ 10,837	\$ 62,828	\$ (98,082)	\$ 2,555,208
—	5,425	1,917	7,342	-	156,307
—	6,972	2,330	9,302	-	145,278
—	9,765	3,145	12,910	-	167,667
—	10,289	3,067	13,356	2,162	153,876
—	17,322	4,597	21,919	6,674	313,301
—	23,952	5,136	29,088	3,413	362,563
—	(18,609)	(4,169)	(22,778)	(100,979)	274,313
—	(314,553)	(81,071)	(395,624)	(482,633)	295,834
180,663,110	152,219,924	37,264,144	189,484,068	9,411,599	590,641
<u>\$ 180,663,110</u>	<u>\$ 152,012,478</u>	<u>\$ 37,209,933</u>	<u>\$ 189,222,411</u>	<u>\$ 8,742,154</u>	<u>\$ 5,014,988</u>

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE (GAAP Basis)
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
YEAR ENDED AUGUST 31, 2021

Data Control Codes		Budgeted Amounts			Variance With Final Budget (Over) or Under
		Original	Final	Actual Amounts	
REVENUES					
5700	Local and intermediate sources	\$ 3,570,230	\$ 370,230	\$ 461,080	\$ (90,850)
5800	State program revenues	56,402	56,402	61,567	(5,165)
5900	Federal program revenues	9,989,217	989,217	2,961,778	(1,972,561)
5020	Total revenues	13,615,849	1,415,849	3,484,425	(2,068,576)
EXPENDITURES					
0035	Food service	14,922,566	11,147,566	10,436,758	710,808
0051	Maintenance and operations	73,219	73,219	73,219	-
6030	Total expenditures	14,995,785	11,220,785	10,509,977	710,808
Excess (deficiency) of revenues					
1100	over (under) expenditures	(1,379,936)	(9,804,936)	(7,025,552)	(2,779,384)
Other Financing Sources (Uses)					
7912	Sale of real or personal property	5,000	30,000	35,377	(5,377)
7915	Transfers in	-	8,400,000	8,511,447	(111,447)
7080	Total other financing sources (uses)	5,000	8,430,000	8,546,824	(116,824)
1200	Net change in fund balance	\$ (1,374,936)	\$ (1,374,936)	\$ 1,521,272	\$ (2,896,208)
0100	Fund balance - September 1 (beginning)	4,861,074	4,861,074	4,861,074	-
3000	Fund balance - August 31 (ending)	\$ 3,486,138	\$ 3,486,138	\$ 6,382,346	\$ (2,896,208)

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE (GAAP Basis)
DEBT SERVICE FUND
YEAR ENDED AUGUST 31, 2021

Data Control Codes		Budgeted Amounts			Variance With Final Budget (Over) or Under
		Original	Final	Actual Amounts	
REVENUES					
5700	Local and intermediate sources	\$ 36,514,635	\$ 36,514,635	\$ 37,356,936	\$ (842,301)
5800	State program revenues	452,490	452,490	487,197	(34,707)
5020	Total revenues	36,967,125	36,967,125	37,844,133	(877,008)
EXPENDITURES					
0071	Debt service - principal on long-term debt	36,967,125	20,685,000	20,755,000	(70,000)
0072	Debt service - interest on long-term debt	-	16,274,625	16,202,762	71,863
0073	Debt service - bond issuance cost and fees	-	7,500	100,550	(93,050)
6030	Total expenditures	36,967,125	36,967,125	37,058,312	(91,187)
Excess of revenues					
1100	over expenditures	-	-	785,821	(785,821)
Other Financing Sources (Uses)					
7911	Issuance of Bonds	-	-	5,485,000	(5,485,000)
7916	Premium on Issuance of Bonds	-	-	769,626	(769,626)
8949	Payments to bond refunding escrow agent	-	-	(6,128,694)	6,128,694
7080	Total other financing sources (uses)	-	-	125,932	(125,932)
1200	Net change in fund balance	-	-	911,753	(911,753)
0100	Fund balance - September 1 (beginning)	12,068,924	12,068,924	12,068,924	-
3000	Fund balance - August 31 (ending)	\$ 12,068,924	\$ 12,068,924	\$ 12,980,677	\$ (911,753)

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**STATISTICAL SECTION
(Unaudited)**

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

Financial Trends

Schedules 1 - 7

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

Revenue Capacity

Schedules 8 - 11

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

Debt Capacity

Schedules 12 - 15

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

Demographic and Economic Information

Schedules 16 - 17

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

Operating Information

Schedules 18 - 21

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

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities				
Net investment				
in capital assets	\$ (26,195,799)	\$ (19,681,276)	\$ 1,740,718	\$ 4,204,062
Restricted	12,652,448	14,776,503	14,865,637	12,674,504
Unrestricted	<u>93,754,964</u>	<u>98,716,010</u>	<u>92,910,772</u>	<u>93,332,672</u>
Total Governmental Net Position	<u>\$ 80,211,613</u>	<u>\$ 93,811,237</u>	<u>\$ 109,517,127</u>	<u>\$ 110,211,238</u>
Business-Type Activities				
Net investment				
in capital assets	\$ —	\$ —	\$ —	\$ —
Restricted	—	—	—	—
Unrestricted	<u>636,553</u>	<u>276,599</u>	<u>358,736</u>	<u>520,618</u>
Total Business-Type Net Position	<u>\$ 636,553</u>	<u>\$ 276,599</u>	<u>\$ 358,736</u>	<u>\$ 520,618</u>
Total Primary Government				
Net investment				
in capital assets	\$ (26,195,799)	\$ (19,681,276)	\$ 1,740,718	\$ 4,204,062
Restricted	12,652,448	14,776,503	14,865,637	12,674,504
Unrestricted	<u>94,391,517</u>	<u>98,992,609</u>	<u>93,269,508</u>	<u>93,853,290</u>
Total Primary Government Net Position	<u>\$ 80,848,166</u>	<u>\$ 94,087,836</u>	<u>\$ 109,875,863</u>	<u>\$ 110,731,856</u>

Schedule 1

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 16,583,665	\$ 26,374,493	\$ 31,495,765	\$ 45,868,215	\$ 72,235,802	\$ 99,781,019
14,020,036	15,137,689	16,322,030	16,130,034	17,077,837	19,526,856
105,560,374	117,532,532	37,600,712	48,912,805	54,912,226	56,648,763
<u>\$ 136,164,075</u>	<u>\$ 159,044,714</u>	<u>\$ 85,418,507</u>	<u>\$ 110,911,054</u>	<u>\$ 144,225,865</u>	<u>\$ 175,956,638</u>

\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
596,046	573,094	598,305	615,040	161,851	426,690
<u>\$ 596,046</u>	<u>\$ 573,094</u>	<u>\$ 598,305</u>	<u>\$ 615,040</u>	<u>\$ 161,851</u>	<u>\$ 426,690</u>

\$ 16,583,665	\$ 26,374,493	\$ 31,495,765	\$ 45,868,215	\$ 72,235,802	\$ 99,781,019
14,020,036	15,137,689	16,322,030	16,130,034	17,077,837	19,526,856
106,156,420	118,105,626	38,199,017	49,527,845	55,074,077	57,075,453
<u>\$ 136,760,121</u>	<u>\$ 159,617,808</u>	<u>\$ 86,016,812</u>	<u>\$ 111,526,094</u>	<u>\$ 144,387,716</u>	<u>\$ 176,383,328</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	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities:				
Instruction	\$ 111,039,082	\$ 111,492,523	\$ 111,078,006	\$ 112,968,442
Instructional resources & media services	2,425,289	2,329,131	2,496,469	2,545,275
Curriculum and staff development	2,874,207	2,561,519	2,818,037	2,838,684
Instructional leadership	2,266,882	2,159,302	2,124,495	2,353,852
School leadership	9,662,891	9,807,094	9,957,175	10,488,800
Guidance and counseling services	6,890,930	7,056,441	7,233,773	7,680,282
Social work services	571,689	687,337	709,408	721,998
Health services	1,920,753	1,989,305	2,010,771	2,113,607
Student transportation	3,536,540	3,949,383	3,955,100	4,254,762
Food service	9,020,670	8,843,422	9,371,710	9,656,425
Co-curricular/extracurricular activities	5,193,290	5,405,116	5,354,416	5,742,981
General administration	4,118,796	4,185,830	4,399,247	4,428,016
Plant maintenance and operations	14,630,314	14,300,611	15,629,249	16,886,392
Security and monitoring services	858,975	1,148,050	931,706	922,635
Data processing services	4,125,634	4,205,302	4,271,269	4,254,918
Community services	336,993	142,639	190,905	226,473
Debt service - interest and fees on long-term debt	16,847,892	16,265,343	17,336,054	14,160,123
Contracted instructional	—	—	—	—
Juvenile justice alternative education program	—	9,750	5,289	12,642
Other intergovernmental charges	703,318	726,074	722,295	760,734
Total governmental expenses	<u>\$ 197,024,145</u>	<u>\$ 197,264,172</u>	<u>\$ 200,595,374</u>	<u>\$ 203,017,041</u>
Business-type activities:				
Extended day services	\$ 1,147,358	\$ 1,241,623	\$ 1,257,850	\$ 1,307,741
Total Primary Government Expenses	<u>\$ 198,171,503</u>	<u>\$ 198,505,795</u>	<u>\$ 201,853,224</u>	<u>\$ 204,324,782</u>
Program Revenues				
Governmental activities				
Charges for services				
Instruction	\$ 112,066	\$ 87,291	\$ 72,379	\$ 104,387
Instructional resources and media services	—	—	—	—
Curriculum and staff development	—	—	—	—
School leadership	—	—	—	—
Guidance and counseling services	—	—	—	—
Social work services	—	—	—	—
Health services	—	—	—	—
Student transportation	—	—	—	—
Food service	3,039,535	2,848,209	2,706,225	2,982,993
Co-curricular/extracurricular services	331,680	336,426	295,526	395,865
General administration	—	—	—	—
Plant maintenance and operations	536,389	437,380	412,040	430,730
Security and monitoring services	—	7,489	—	—
Data processing services	—	—	—	—
Community services	—	—	—	—
Operating grants and contributions	32,756,374	27,557,856	30,687,883	30,135,722
Total governmental program revenues	<u>36,776,044</u>	<u>31,274,651</u>	<u>34,174,053</u>	<u>34,049,697</u>
Business-type activities				
Charges for services	\$ 1,983,941	\$ 1,968,222	\$ 2,066,585	\$ 2,278,357
Total business-type activities revenues	<u>\$ 1,983,941</u>	<u>\$ 1,968,222</u>	<u>\$ 2,066,585</u>	<u>\$ 2,278,357</u>
Total Primary Government Revenues	<u>\$ 38,759,985</u>	<u>\$ 33,242,873</u>	<u>\$ 36,240,638</u>	<u>\$ 36,328,054</u>
Net (Expense)/Revenue				
Total primary government net expense	<u>\$ (159,411,518)</u>	<u>\$ (165,262,922)</u>	<u>\$ (165,612,586)</u>	<u>\$ (167,996,728)</u>

Schedule 2

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 121,340,167	\$ 131,826,288	\$ 89,232,325	\$ 148,793,500	\$ 154,834,942	\$ 152,990,277
2,747,096	2,940,802	2,167,281	3,254,407	3,061,483	3,101,913
3,382,001	3,690,356	2,723,177	8,974,535	7,357,001	7,779,033
2,550,029	2,694,119	1,942,842	2,563,178	3,203,032	3,148,664
11,497,851	11,988,748	8,017,046	12,230,574	14,182,590	13,899,405
8,076,076	8,632,914	5,677,759	8,712,204	10,315,034	10,200,311
764,470	811,527	598,651	914,747	1,168,079	954,199
2,372,931	2,537,303	1,711,772	2,585,128	3,479,565	3,308,490
4,532,814	5,125,141	4,357,510	7,294,347	6,656,937	6,285,217
10,455,808	11,314,112	8,965,783	12,543,361	13,884,170	10,759,862
6,069,578	6,556,564	5,479,382	5,676,268	6,642,266	5,870,866
4,864,989	5,452,596	4,639,771	6,046,974	5,939,452	5,984,313
18,004,751	17,704,345	15,965,997	21,324,782	19,661,436	19,955,409
1,065,500	1,007,759	1,025,340	1,244,514	1,551,039	1,320,482
4,533,861	5,272,250	4,437,579	5,539,749	5,253,644	5,304,294
281,053	488,224	227,627	634,905	700,300	527,236
13,053,831	13,354,532	21,106,779	11,234,319	12,541,676	11,984,304
—	—	—	—	—	—
7,611	55,470	2,451	—	—	—
714,384	761,346	748,799	869,854	903,549	865,014
<u>\$ 216,314,801</u>	<u>\$ 232,214,396</u>	<u>\$ 179,027,871</u>	<u>\$ 260,437,346</u>	<u>\$ 271,336,195</u>	<u>\$ 264,239,289</u>
<u>\$ 1,331,290</u>	<u>\$ 1,336,961</u>	<u>\$ 1,416,290</u>	<u>\$ 1,474,450</u>	<u>\$ 1,394,841</u>	<u>\$ 1,088,076</u>
<u>\$ 217,646,091</u>	<u>\$ 233,551,357</u>	<u>\$ 180,444,161</u>	<u>\$ 261,911,796</u>	<u>\$ 272,731,036</u>	<u>\$ 265,327,365</u>
<u><u>\$ 129,335</u></u>	<u><u>\$ 100,350</u></u>	<u><u>\$ 78,986</u></u>	<u><u>\$ 78,313</u></u>	<u><u>\$ 76,083</u></u>	<u><u>\$ 211,804</u></u>
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
3,209,741	3,404,257	3,576,044	3,546,431	2,464,050	512,642
364,926	321,510	345,236	342,573	241,027	214,389
—	—	—	—	—	—
399,616	354,271	395,376	237,532	635,417	526,684
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
34,320,753	40,075,836	32,141,658	39,152,058	37,499,156	42,773,813
<u>38,424,371</u>	<u>44,256,224</u>	<u>36,537,300</u>	<u>43,356,907</u>	<u>40,915,733</u>	<u>44,239,332</u>
<u>\$ 2,377,336</u>	<u>\$ 2,360,056</u>	<u>\$ 2,464,598</u>	<u>\$ 2,539,492</u>	<u>\$ 1,506,691</u>	<u>\$ 1,352,915</u>
<u>\$ 2,377,336</u>	<u>\$ 2,360,056</u>	<u>\$ 2,464,598</u>	<u>\$ 2,539,492</u>	<u>\$ 1,506,691</u>	<u>\$ 1,352,915</u>
<u>\$ 40,801,707</u>	<u>\$ 46,616,280</u>	<u>\$ 39,001,898</u>	<u>\$ 45,896,399</u>	<u>\$ 42,422,424</u>	<u>\$ 45,592,247</u>
<u><u>\$ (176,844,384)</u></u>	<u><u>\$ (186,935,077)</u></u>	<u><u>\$ (141,442,263)</u></u>	<u><u>\$ (216,015,397)</u></u>	<u><u>\$ (230,308,612)</u></u>	<u><u>\$ (219,735,118)</u></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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Net (Expense)/Revenue				
Governmental activities	\$ (160,248,101)	\$ (165,989,521)	\$ (166,421,321)	\$ (168,967,344)
Business-type activities	<u>836,583</u>	<u>726,599</u>	<u>808,735</u>	<u>970,616</u>
Total Net Expenses	<u>\$ (159,411,518)</u>	<u>\$ (165,262,922)</u>	<u>\$ (165,612,586)</u>	<u>\$ (167,996,728)</u>
 General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes levied for general purposes	86,569,499	88,147,440	90,922,907	97,775,691
Property taxes levied for debt service	31,001,833	31,058,000	30,327,043	31,451,260
State aid - formula grants	57,285,384	52,594,103	60,211,733	63,492,821
Miscellaneous local and intermediate	608,011	5,997,738	729,879	628,678
Investment earnings	774,674	705,311	645,038	586,803
Transfers in (out)	732,882	1,086,553	726,598	808,734
Special Item	<u>719,422</u>	<u>—</u>	<u>(1,435,987)</u>	<u>—</u>
Total governmental activities revenues	<u>177,691,705</u>	<u>179,589,145</u>	<u>182,127,211</u>	<u>194,743,987</u>
Business-type activities:				
Transfers in (out)	<u>(732,882)</u>	<u>(1,086,553)</u>	<u>(726,598)</u>	<u>(808,734)</u>
 Total general revenues and other changes	<u>\$ 176,958,823</u>	<u>\$ 178,502,592</u>	<u>\$ 181,400,613</u>	<u>\$ 193,935,253</u>
 Change in Net Position				
Governmental activities	\$ 17,443,604	\$ 13,599,624	\$ 15,705,890	\$ 25,776,643
Business-type activities	<u>103,701</u>	<u>(359,954)</u>	<u>82,137</u>	<u>161,882</u>
Total primary government	<u>\$ 17,547,305</u>	<u>\$ 13,239,670</u>	<u>\$ 15,788,027</u>	<u>\$ 25,938,525</u>

Schedule 3

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ (177,890,430)	\$ (187,958,172)	\$ (142,490,571)	\$ (217,080,439)	\$ (230,420,462)	\$ (219,999,957)
1,046,046	1,023,095	1,048,308	1,065,042	111,850	264,839
<u>\$ (176,844,384)</u>	<u>\$ (186,935,077)</u>	<u>\$ (141,442,263)</u>	<u>\$ (216,015,397)</u>	<u>\$ (230,308,612)</u>	<u>\$ (219,735,118)</u>
100,415,176	111,853,659	126,881,939	138,406,918	145,361,068	152,734,160
29,897,309	29,666,816	27,236,390	30,976,825	37,408,241	37,359,385
67,267,056	66,085,444	29,269,521	62,864,707	74,082,722	60,282,410
2,045,625	751,050	909,729	744,591	679,350	668,646
822,655	1,435,795	3,409,982	8,531,638	5,638,853	686,129
970,618	1,046,047	1,023,097	1,048,307	565,039	—
2,424,828	—	—	—	—	—
<u>203,843,267</u>	<u>210,838,811</u>	<u>188,730,658</u>	<u>242,572,986</u>	<u>263,735,273</u>	<u>251,730,730</u>
(970,618)	(1,046,047)	(1,023,097)	(1,048,307)	(565,039)	—
<u>\$ 202,872,649</u>	<u>\$ 209,792,764</u>	<u>\$ 187,707,561</u>	<u>\$ 241,524,679</u>	<u>\$ 263,170,234</u>	<u>\$ 251,730,730</u>
\$ 25,952,837	\$ 22,880,639	\$ 46,240,087	\$ 25,492,547	\$ 33,314,811	\$ 31,730,773
75,428	(22,952)	25,211	16,735	(453,189)	264,839
<u>\$ 26,028,265</u>	<u>\$ 22,857,687</u>	<u>\$ 46,265,298</u>	<u>\$ 25,509,282</u>	<u>\$ 32,861,622</u>	<u>\$ 31,995,612</u>

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund				
Non-spendable	\$ 680,472	\$ 542,732	\$ 492,655	\$ 761,371
Restricted	—	—	—	—
Committed	43,000,000	41,000,000	45,000,000	55,000,000
Unassigned	23,861,655	22,903,830	24,615,370	24,439,434
Total general fund	<u>\$ 67,542,127</u>	<u>\$ 64,446,562</u>	<u>\$ 70,108,025</u>	<u>\$ 80,200,805</u>
All Other Governmental Funds				
Non-spendable	\$ 20,710	\$ 42,158	\$ 29,110	\$ 13,498
Restricted	114,001,129	58,837,896	24,142,921	19,560,795
Committed	33,559,526	39,042,597	25,992,820	28,732,700
Unassigned	—	—	—	—
Total all other governmental funds	<u>\$ 147,581,365</u>	<u>\$ 97,922,651</u>	<u>\$ 50,164,851</u>	<u>\$ 48,306,993</u>

Source: Balance Sheet - Governmental Funds - audited financial reports

Schedule 4

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 637,082	\$ 668,658	\$ 1,516,399	\$ 1,470,844	\$ 1,502,592	\$ 1,598,682
—	—	—	—	—	—
62,000,000	69,000,000	69,000,000	69,000,000	86,717,053	98,580,532
26,155,113	30,090,230	26,176,745	37,821,976	33,945,877	42,690,127
<u>\$ 88,792,195</u>	<u>\$ 99,758,888</u>	<u>\$ 96,693,144</u>	<u>\$ 108,292,820</u>	<u>\$ 122,165,522</u>	<u>\$ 142,869,341</u>
\$ 2,195	\$ 13,781	\$ 32,689	\$ 25,101	\$ 18,894	\$ 4,886
20,233,817	19,217,311	102,248,895	184,574,600	68,677,090	52,632,654
35,261,672	38,982,034	66,921,598	66,107,933	69,819,344	52,533,607
—	—	—	—	—	—
<u>\$ 55,497,684</u>	<u>\$ 58,213,126</u>	<u>\$ 169,203,182</u>	<u>\$ 250,707,634</u>	<u>\$ 138,515,328</u>	<u>\$ 105,171,147</u>

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Governmental Funds Revenues

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Local Sources:				
Local maintenance and debt service tax	\$ 117,413,874	\$ 119,453,877	\$ 121,166,877	\$ 128,100,599
Tuition from patrons	539,785	453,562	448,738	608,533
Other revenue from local sources	2,084,049	2,181,312	1,951,876	1,945,867
Co-curricular revenues	5,464,052	5,261,052	5,045,486	5,391,078
Other revenue from intermediate sources	8,524	45,000	—	30,000
Total Local Sources	<u>125,510,284</u>	<u>127,394,803</u>	<u>128,612,977</u>	<u>136,076,077</u>
State Sources:				
Per capita and foundation	57,285,204	52,593,803	60,169,961	62,017,885
Other state program revenues	<u>9,488,241</u>	<u>6,911,567</u>	<u>10,004,605</u>	<u>11,032,130</u>
Total State Sources	<u>66,773,445</u>	<u>59,505,370</u>	<u>70,174,566</u>	<u>73,050,015</u>
Federal Sources:				
Federal Grants	<u>20,574,258</u>	<u>17,964,654</u>	<u>18,127,045</u>	<u>17,842,521</u>
Total Revenues	<u>\$ 212,857,987</u>	<u>\$ 204,864,827</u>	<u>\$ 216,914,588</u>	<u>\$ 226,968,613</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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 129,889,502	\$ 141,461,964	\$ 154,484,036	\$ 169,217,791	\$ 183,272,698	\$ 189,938,119
695,310	683,644	631,921	791,777	568,565	662,518
2,322,165	2,779,549	5,148,472	9,842,023	7,224,064	2,058,109
5,659,558	5,800,695	6,013,926	5,913,020	4,156,517	1,551,196
—	20,000	30,000	30,500	98,955	1,058,812
<u>138,566,535</u>	<u>150,745,852</u>	<u>166,308,355</u>	<u>185,795,111</u>	<u>195,320,799</u>	<u>195,268,754</u>
66,357,420	65,214,427	58,871,711	47,421,007	55,512,627	44,746,370
<u>9,142,186</u>	<u>10,377,547</u>	<u>8,776,429</u>	<u>12,849,073</u>	<u>12,212,932</u>	<u>11,145,312</u>
<u>75,499,606</u>	<u>75,591,974</u>	<u>67,648,140</u>	<u>60,270,080</u>	<u>67,725,559</u>	<u>55,891,682</u>
18,833,229	19,758,399	20,914,742	23,874,088	23,511,406	29,468,254
<u>\$ 232,899,370</u>	<u>\$ 246,096,225</u>	<u>\$ 254,871,237</u>	<u>\$ 269,939,279</u>	<u>\$ 286,557,764</u>	<u>\$ 280,628,690</u>

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Governmental Funds Expenditures and Debt Service Ratio

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenditures by Function				
Instruction	\$ 107,419,003	\$ 107,838,054	\$ 105,579,751	\$ 107,743,088
Instructional resources and media services	2,295,263	2,235,638	2,364,542	2,427,546
Curriculum and staff development	2,650,592	2,341,202	2,627,929	2,691,495
Instructional leadership	2,206,601	2,102,688	2,065,292	2,317,564
School leadership	9,144,807	9,304,459	9,398,174	9,962,392
Guidance and counseling services	6,553,623	6,735,941	6,865,581	7,327,570
Social work services	572,125	688,594	709,582	725,966
Health services	1,828,844	1,896,540	1,908,172	2,020,216
Student transportation	3,492,474	3,873,123	4,182,028	4,534,645
Food service	9,446,461	8,748,743	9,677,254	10,408,285
Co-curricular/extracurricular activities	4,837,620	5,140,407	5,054,435	5,271,385
General administration	4,134,907	4,196,294	4,402,339	4,447,205
Plant maintenance and operations	14,120,218	13,751,849	15,327,285	15,519,294
Security and monitoring services	795,033	1,085,157	864,655	846,200
Data processing services	3,693,698	3,299,788	5,095,727	5,355,121
Community services	335,037	140,673	188,185	228,464
Debt service				
Principal	11,028,454	10,815,492	11,435,286	12,167,159
Interest	19,176,916	19,061,249	18,744,942	17,587,923
Cost and fees	1,100	1,392	1,533	398,024
Facilities acquisition and construction	28,514,376	60,290,053	52,930,239	4,173,835
Contracted instructional	—	—	—	—
Juvenile justice alternative educational program	—	9,750	5,289	12,642
Other intergovernmental charges	703,318	726,074	722,295	760,734
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>\$ 232,950,470</u>	<u>\$ 264,283,160</u>	<u>\$ 260,150,515</u>	<u>\$ 216,926,753</u>
Debt service as a percentage of noncapital expenditures	14.96%	14.79%	14.79%	14.19%

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

Governmental Funds - audited financial reports

Schedule 6

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 110,015,918	\$ 117,447,507	\$ 118,157,410	\$ 130,276,229	\$ 128,193,715	\$ 132,731,025
2,486,314	2,563,066	2,609,766	2,656,412	2,598,661	2,748,186
2,965,799	3,029,069	2,977,410	5,415,986	5,536,770	6,324,189
2,342,777	2,413,718	2,498,899	2,536,975	2,645,643	2,788,316
10,257,491	10,337,581	10,620,790	10,848,121	11,543,799	11,881,468
7,246,711	7,570,588	7,671,866	8,086,392	8,289,217	8,642,212
765,301	779,638	810,496	885,278	986,391	834,321
2,132,941	2,225,132	2,262,137	2,339,704	2,976,099	2,909,528
4,959,360	4,904,750	5,659,237	6,260,242	7,513,778	5,356,549
10,777,817	11,626,082	12,339,111	13,191,128	12,412,940	10,698,831
5,576,166	5,929,557	5,859,726	6,005,091	5,666,763	5,001,503
4,654,135	5,102,897	5,462,878	5,424,656	5,434,505	5,654,372
16,808,862	16,340,729	16,665,833	16,250,942	17,139,182	17,321,591
890,994	900,711	954,908	1,071,734	1,415,803	1,170,777
3,831,552	4,360,013	5,119,430	5,041,718	6,676,815	5,105,036
247,512	486,868	429,696	494,916	463,531	390,581
13,255,590	11,957,689	13,574,890	17,625,000	18,830,000	20,755,000
16,617,465	17,917,744	13,793,540	13,820,832	18,157,618	16,202,762
2,947	2,948	2,035,519	839,057	3,100	100,550
8,700,686	7,165,540	5,223,854	43,211,544	128,495,626	36,409,863
—	—	—	—	—	—
7,611	55,470	2,451	—	—	—
714,384	761,346	748,799	869,854	903,549	865,014
<u>\$ 225,258,333</u>	<u>\$ 233,878,643</u>	<u>\$ 235,478,646</u>	<u>\$ 293,151,811</u>	<u>\$ 385,883,505</u>	<u>\$ 293,891,674</u>
13.94%	13.28%	12.07%	12.72%	14.66%	14.41%

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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (20,092,483)	\$ (59,418,333)	\$ (43,235,927)	\$ 10,041,860
Other Financing Sources (Uses)				
Proceeds from sale of bonds	—	—	—	38,267,681
Sale of equipment and/or capital assets	730,682	3,770	12,992	276,527
Transfers in	28,247,190	15,000,245	11,801,746	8,447,871
Premium on issuance of bonds	—	—	—	2,490,595
Other resources	—	5,173,731	—	—
Transfers out	(27,114,308)	(13,513,692)	(10,675,148)	(7,239,137)
Payment to refunded bond escrow	—	—	—	(44,050,475)
Other uses	—	—	—	—
Total other financing sources (uses)	<u>1,863,564</u>	<u>6,664,054</u>	<u>1,139,590</u>	<u>(1,806,938)</u>
Net change in fund balances	<u>\$ (18,228,919)</u>	<u>\$ (52,754,279)</u>	<u>\$ (42,096,337)</u>	<u>\$ 8,234,922</u>

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

Schedule 7

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 7,641,037	\$ 12,217,582	\$ 19,392,591	\$ (23,212,532)	\$ (99,325,741)	\$ (13,262,984)
—	—	238,950,000	101,460,000	—	5,485,000
1,245,598	18,506	38,586	15,585	41,098	96,690
20,604,540	12,316,919	31,504,636	15,040,440	40,161,702	9,340,247
—	—	41,134,855	13,392,768	—	769,626
2,424,828	—	—	—	—	—
(16,133,922)	(10,870,872)	(30,081,539)	(13,592,133)	(39,196,663)	(8,940,247)
—	—	(193,014,817)	—	—	(6,128,694)
—	—	—	—	—	—
<u>8,141,044</u>	<u>1,464,553</u>	<u>88,531,721</u>	<u>116,316,660</u>	<u>1,006,137</u>	<u>622,622</u>
<u>\$ 15,782,081</u>	<u>\$ 13,682,135</u>	<u>\$ 107,924,312</u>	<u>\$ 93,104,128</u>	<u>\$ (98,319,604)</u>	<u>\$ (12,640,362)</u>

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HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Real Property	Personal Property	Less: Exemptions	Total Taxable Value	Total Direct Tax Rate ^a
2012	7,218,704,495	1,399,604,825	110,209,926	8,508,099,394	1.414
2013	7,378,753,826	1,366,117,534	95,380,343	8,649,491,017	1.408
2014	7,598,746,539	1,428,903,955	86,323,168	8,941,327,326	1.388
2015	8,028,034,251	1,588,971,343	24,852,595	9,592,152,999	1.375
2016	8,375,373,853	1,872,889,461	1,072,229,157	9,176,034,157	1.350
2017	9,425,586,083	1,753,794,311	407,440,393	10,771,940,001	1.316
2018	10,945,293,959	1,969,582,033	673,894,653	12,240,981,339	1.263
2019	12,119,403,559	2,033,626,213	454,250,032	13,698,779,740	1.273
2020	13,919,978,708	2,104,169,254	525,380,672	15,498,767,290	1.220
2021	14,685,400,892	2,178,293,001	1,065,367,346	15,798,326,547	1.198

Source: Tarrant Appraisal District.

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

^a Per \$100 of assessed value.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(rate per \$100 of assessed value)

(Unaudited)

District Direct Rates							
Fiscal Year	Operating	Debt Service	Total	City of Arlington	City of Bedford	City of Colleyville	City of Euless
2012	1.040	0.374	1.414	0.648	0.504	0.356	0.470
2013	1.040	0.368	1.408	0.648	0.499	0.356	0.470
2014	1.040	0.348	1.388	0.648	0.495	0.356	0.470
2015	1.040	0.335	1.375	0.648	0.495	0.356	0.468
2016	1.040	0.310	1.350	0.648	0.495	0.356	0.468
2017	1.040	0.276	1.316	0.645	0.477	0.339	0.463
2018	1.040	0.223	1.263	0.640	0.520	0.334	0.463
2019	1.040	0.233	1.273	0.635	0.562	0.321	0.463
2020	0.970	0.250	1.220	0.624	0.569	0.307	0.463
2021	0.962	0.235	1.198	0.623	0.569	0.304	0.463

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
0.578	0.855	0.570	0.264	0.228	0.149	0.448
0.608	0.855	0.610	0.264	0.228	0.149	0.448
0.608	0.855	0.610	0.264	0.228	0.149	0.448
0.606	0.855	0.610	0.264	0.228	0.149	0.448
0.611	0.855	0.610	0.264	0.228	0.149	0.448
0.588	0.835	0.610	0.254	0.228	0.145	0.448
0.581	0.805	0.590	0.244	0.224	0.140	0.448
0.580	0.785	0.585	0.234	0.224	0.136	0.448
0.597	0.748	0.572	0.234	0.224	0.130	0.448
0.625	0.748	0.576	0.234	0.224	0.130	0.448

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

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

Principal Taxpayers ^a	Type of Property	2019-2020 Assessed Valuation ^b	Rank	Percentage of Total Assessed Value	2011-2012 Assessed Valuation	Rank	Percentage of Total Assessed Value
American Airlines	Airline Industry	\$ 964,319,609	1	6.10%	\$ 165,526,523	2	1.95%
Bell Helicopter Textron	Defense Industry	482,484,771	2	3.05%	275,882,079	1	3.24%
Cmf 15 Portfolio LLC	Real Estate	184,090,000	3	1.17%	106,180,000	3	1.25%
Westdale Hills 2013 LP	Real Estate	157,700,000	4	1.00%	-	-	-
Oncor Electric Delivery Co (TXU)	Utility	108,062,159	5	0.68%	62,725,468	4	0.74%
Crest Gateway LP/Crest Oasis LP	Real Estate	86,890,000	6	0.55%	-	-	-
CCI-Amon Carter Blvd 1 LP		72,950,000	7	0.46%	-	-	-
Canopy on Central LP		71,155,181	8	0.45%	-	-	-
Virdian Holdings LP	Real Estate	68,549,885	9	0.43%	-	-	-
Centre Station Apartments LLC	Real Estate	67,600,000	10	0.43%	-	-	-
Somerset Village Partners LP	Real Estate	-	-	-	49,994,994	5	0.59%
Flint Hills Resources LP	Refining	-	-	-	47,938,709	6	0.56%
Simon Property Group	Real Estate	-	-	-	47,784,000	7	0.56%
Ira Stoneleigh Feeco LLC	Real Estate	-	-	-	37,294,700	8	0.44%
Broadstone Centreport LP	Real Estate	-	-	-	37,211,500	9	0.44%
AA Real Estate Holdings	Real Estate	-	-	-	36,821,787	10	0.43%
Total		<u>\$ 2,263,801,605</u>		<u>14.33%</u>	<u>\$ 867,359,760</u>		<u>10.19%</u>

^a Information obtained from Tarrant Appraisal District.

^b July 2020 assessed valuation of \$15,798,326,547 was the basis of the 2021 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
2012	117,229,312	(177,117)	117,052,195	116,087,559	99.18%	782,950	116,870,509	99.84%
2013	118,733,124	(125,999)	118,607,125	117,906,660	99.41%	542,704	118,449,364	99.87%
2014	121,092,304	(74,508)	121,017,796	120,283,726	99.39%	587,689	120,871,415	99.88%
2015	128,768,688	(705,639)	128,063,049	126,928,214	99.11%	964,487	127,892,701	99.87%
2016	121,718,481	8,621,581	130,340,062	129,035,301	99.00%	1,148,719	130,184,020	99.88%
2017	137,694,774	3,565,026	141,259,800	139,861,691	99.01%	1,080,968	140,942,659	99.78%
2018	149,697,774	4,025,735	153,723,509	152,876,940	99.45%	480,340	153,357,280	99.76%
2019	167,538,782	1,988,764	169,527,546	168,571,499	99.44%	680,019	169,251,518	99.84%
2020	181,172,255	1,133,276	182,305,531	181,922,688	99.79%	489,704	182,412,392	100.06%
2021	180,663,110	9,411,599	190,074,709	189,484,068	99.69%	-	189,484,068	99.69%

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
2012	131,977,187	217,538,374	349,515,561	8.55%	2,578
2013	126,707,721	209,009,444	335,717,165	8.27%	2,471
2014	120,948,255	199,998,966	320,947,221	7.89%	2,317
2015	114,613,789	187,992,598	302,606,387	6.93%	2,149
2016	108,034,323	177,134,571	285,168,894	6.39%	2,016
2017	101,144,857	167,324,568	268,469,425	5.91%	1,894
2018	95,003,799	245,972,943	340,976,742	7.41%	2,393
2019	202,445,646	231,579,609	434,025,255	9.15%	3,038
2020	195,064,726	215,951,274	411,016,000	8.27%	2,852
2021	190,281,482	196,385,992	386,667,474	7.38%	2,648

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, 2021

(Unaudited)

Taxing Body	Net Debt Outstanding	Percent Overlapping ^a	Amount Overlapping Net Debt
City of Fort Worth	\$ 857,075,000	8.08%	\$ 69,251,660
City of Colleyville	2,700,000	5.63%	152,010
City of North Richland Hills	129,795,000	0.20%	259,590
City of Euless	64,710,000	67.08%	43,407,468
City of Hurst	49,568,523	58.75%	29,121,507
City of Bedford	133,270,000	100.00%	133,270,000
City of Arlington	603,925,000	0.12%	724,710
Tarrant County College District	255,995,000	9.37%	23,986,732
Tarrant County	222,602,000	9.50%	21,147,190
Tarrant County Hospital District	26,660,000	9.50%	2,532,700
Viridian Municipal Management District	352,926,641	100.00%	352,926,641
Total Overlapping Net Debt			676,780,208
Hurst - Euless - Bedford ISD	386,667,474	100.00%	386,667,474
Total Direct and Overlapping Debt to Net Debt			<u>\$ 1,063,447,682</u>
Ratio of Total Direct and Overlapping Net Debt to 2021 Taxable Assessed Valuation	\$ 15,798,326,547		<u>6.73%</u>

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

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

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

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

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Legal Debt Margin Information

Last Ten Fiscal Years

(Unaudited)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$ 850,809,939	\$ 864,949,102	\$ 894,132,733	\$ 959,215,300
Total net debt applicable to limit	<u>341,514,948</u>	<u>326,428,782</u>	<u>311,503,269</u>	<u>295,395,647</u>
Legal debt margin	<u>\$ 509,294,991</u>	<u>\$ 538,520,320</u>	<u>\$ 582,629,464</u>	<u>\$ 663,819,653</u>
Total net debt applicable to the limit as a percentage of debt limit	40.14%	37.74%	34.84%	30.80%

^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 2021

Assessed value	\$ 15,798,326,547
Debt limit (10% of assessed value)	1,579,832,655 ^a
Debt applicable to limit	<u>373,686,797</u>
Legal debt margin	<u><u>\$ 1,206,145,858</u></u>

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 917,603,416	\$ 1,077,194,000	\$ 1,224,098,134	\$ 1,369,877,974	\$ 1,549,876,729	\$ 1,579,832,655
<u>277,062,005</u>	<u>259,547,234</u>	<u>330,993,183</u>	<u>423,227,364</u>	<u>398,947,076</u>	<u>373,686,797</u>
<u><u>\$ 640,541,411</u></u>	<u><u>\$ 817,646,766</u></u>	<u><u>\$ 893,104,951</u></u>	<u><u>\$ 946,650,610</u></u>	<u><u>\$ 1,150,929,653</u></u>	<u><u>\$ 1,206,145,858</u></u>
30.19%	24.09%	27.04%	30.90%	25.74%	23.65%

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
2012	8,508,099,394	100%	349,515,561	8,000,613	341,514,948
2013	8,649,491,017	100%	335,717,165	9,288,383	326,428,782
2014	8,941,327,326	100%	320,947,221	9,443,952	311,503,269
2015	9,592,152,999	100%	302,606,387	7,210,740	295,395,647
2016	9,176,034,157	100%	285,168,894	8,106,889	277,062,005
2017	10,771,940,001	100%	268,469,425	8,922,191	259,547,234
2018	12,240,981,339	100%	340,976,742	9,983,559	330,993,183
2019	13,698,779,740	100%	434,025,255	10,797,890	423,227,365
2020	15,498,767,290	100%	411,016,000	12,068,924	398,947,076
2021	15,798,326,547	100%	386,667,474	12,980,677	373,686,797

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
4.01%	135,586	2,519	62,751
3.77%	135,861	2,403	63,664
3.48%	138,510	2,249	64,554
3.08%	140,781	2,098	68,135
3.02%	141,444	1,959	64,874
2.41%	141,781	1,831	75,976
2.70%	142,514	2,323	85,893
3.09%	142,862	2,962	95,888
2.57%	144,098	2,769	107,557
2.37%	146,042	2,559	108,177

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
2012	135,586	4,085,619	30,133	7.20
2013	135,861	4,059,303	29,878	5.90
2014	138,510	4,065,460	29,351	5.50
2015	140,781	4,367,914	31,026	4.90
2016	141,444	4,465,146	31,568	4.00
2017	141,781	4,546,120	32,064	3.80
2018	142,514	4,601,470	32,288	3.30
2019	142,862	4,742,197	33,194	3.40
2020	144,098	4,970,095	34,491	3.90
2021	146,042	5,236,322	35,855	7.70

Demographic Statistics table from the Comprehensive Annual Financial Reports for fiscal year ended September 30, 2020 for cities of Bedford, Euless, and Hurst.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Principal Employers
 Current Year and Nine Years Ago
 (Unaudited)

12/7/2021 8:57

<u>Employer</u>	2021			2012		
	Employees	Rank	Percentage of Total Employment^a	Employees	Rank	Percentage of Total Employment^a
Bell Helicopter Textron	3,800	1	4.94%	4,000	1	6.17%
Hurst-Euleless-Bedford ISD	2,654	2	3.45%	2,447	2	3.77%
Northeast Mall (Collective)	1,706	3	2.22%	1,659	3	2.56%
Texas Health Harris Methodist HEB	1,327	4	1.72%	1,600	4	2.47%
LSG Sky Chefs, Inc.	1,000	5	1.30%	571	8	0.88%
Carter Blood Care	871	6	1.13%	1,100	5	1.70%
The Shops at Northeast Mall	800	7	1.04%	750	6	1.16%
Tarrant County College	575	8	0.75%	479	9	0.74%
State National Companies	509	9	0.66%	-		
Warrantech	494	10	0.64%			
Autogrill Group Inc.				462	10	0.71%
Walmart Supercenter - (Collective/Hurst)				575	7	0.89%
	<u>13,736</u>		<u>17.85%</u>	<u>13,643</u>		<u>21.05%</u>

^a Percentages of total employment for 2021 and 2012 were calculated using total employment data from the City of Hurst, City of Euleless, and City of Bedford Comprehensive Annual Financial Reports from the corresponding fiscal years.

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HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Full-time-Equivalent District Employees by Type

Last Ten Fiscal Years

(Unaudited)

	Full-time-Equivalent Employees as of August 31										Percentage
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Change 2021-2012
Supervisory											
Instructional administrators	21	19	21	24	24	24	22	22	23	28	33.3%
Noninstructional administrators	8	8	8	8	8	9	13	13	13	13	62.5%
Principals	27	27	27	28	28	28	28	28	28	29	7.4%
Assistant principals	41	41	40	40	41	40	42	42	42	43	4.9%
Total supervisory	97	95	96	100	101	101	105	105	106	113	16.5%
Instruction											
Elementary classroom teachers	658	657	671	694	693	697	701	711	698	715	8.7%
Secondary classroom teachers	427	451	454	436	444	455	461	473	483	482	12.9%
Special education teachers	131	106	95	115	108	112	124	126	129	132	0.8%
Other teachers	81	81	87	92	92	95	93	93	106	119	46.9%
Aides	191	188	183	180	180	184	189	208	221	212	11.0%
Total instruction	1,488	1,483	1,490	1,517	1,517	1,543	1,568	1,611	1,637	1,660	11.6%
Student Services											
Guidance counselors	40	41	41	42	42	42	41	43	44	44	10.0%
Therapists	22	21	21	23	22	24	25	24	26	30	36.4%
Psychologists/diagnosticians	26	27	26	27	27	27	27	28	30	31	19.2%
Librarians	23	22	23	24	24	24	24	24	24	25	8.7%
Nurses	31	31	31	32	34	34	34	34	34	36	16.1%
Total student services	142	142	142	148	149	151	151	153	158	166	16.9%
Support and Administration											
Professional Support	65	65	63	64	64	68	80	86	88	88	35.4%
Auxiliary staff	655	648	649	680	680	683	640	651	664	627	-4.3%
Total support and administration	720	713	712	744	744	751	720	737	752	715	-0.7%
Total	<u>2,447</u>	<u>2,433</u>	<u>2,440</u>	<u>2,509</u>	<u>2,511</u>	<u>2,546</u>	<u>2,544</u>	<u>2,606</u>	<u>2,653</u>	<u>2,654</u>	<u>8.5%</u>

Source: Information obtained from Texas Education Agency PEIMS reports

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

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

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

Fiscal Year	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Government Wide Expenses
2012	21,570	174,229,624	8,077	-1.33%	198,256,196
2013	21,814	174,114,974	7,982	-1.18%	198,505,795
2014	22,180	177,038,515	7,982	0.00%	201,853,224
2015	22,416	182,599,812	8,146	2.06%	204,324,782
2016	22,834	186,681,645	8,176	0.36%	217,646,091
2017	23,120	196,834,722	8,514	4.13%	233,551,357
2018	23,429	200,850,843	8,573	0.69%	180,444,161
2019	23,686	217,655,378	9,189	7.19%	261,911,796
2020	23,816	220,397,161	9,254	0.71%	272,731,036
2021	22,962	219,558,485	9,562	3.32%	265,327,365

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

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

Schedule 19

Cost per Pupil	Percentage Change	Teaching Staff	Pupil– Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
9,191	0.68%	1,297	16.6	51.9%
9,100	-0.99%	1,295	16.8	53.1%
9,101	0.01%	1,307	17.0	53.1%
9,115	0.16%	1,337	16.8	52.1%
9,532	4.57%	1,337	17.1	52.7%
10,102	5.98%	1,359	17.0	51.9%
7,702	-23.76%	1,379	17.0	52.5%
11,058	43.57%	1,403	16.9	56.0%
11,452	3.56%	1,416	16.8	54.5%
11,555	0.90%	1,448	15.9	51.0%

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HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Teacher Base Salaries

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Minimum Salary^a	Maximum Salary^a	District Average Salary^b	Region Average Salary^b	Statewide Average Salary^b
2012	49,250	76,713	55,120	50,386	48,375
2013	50,225	77,688	55,607	51,130	48,821
2014	51,220	79,242	56,169	52,208	49,692
2015	52,750	81,620	57,127	53,291	50,715
2016	53,500	84,069	58,542	54,379	51,891
2017	54,500	86,592	59,885	55,194	52,525
2018	55,000	88,324	60,691	56,144	53,334
2019	55,500	90,533	61,803	56,985	54,122
2020	56,000	82,304	63,623	59,339	57,091
2021	57,700	83,719	64,273	60,028	57,641

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 - AEIS (Academic Excellence Indicator System) reports for fiscal years 2012 through 2012; Texas Education Agency - TAPR (Texas Academic Performance Report) reports for fiscal years 2013 through 2021

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Capital Asset Information

Last Ten Fiscal Years

(Unaudited)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Schools</u>				
Elementary				
Buildings	19	19	20	20
Square feet	1,343,414	1,343,414	1,435,727	1,435,727
Capacity	13,301	13,301	14,001	14,001
Enrollment	12,292	12,359	12,573	12,772
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	4,653	4,786	4,909	4,906
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	4,429	4,483	4,509	4,561
Other				
Buildings	3	3	3	3
Square feet	137,889	137,889	253,470	253,470
<u>Activity Centers</u>				
Buildings	—	—	2	2
Square feet	—	—	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	2	3	3
Square feet	28,223	5,132	78,671	78,671
Buses	103	106	110	116
<u>Portable Buildings</u>				
Buildings	40	39	40	40
Square feet	57,696	56,160	57,696	57,696
<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	19	20	20
Physical fitness areas	25	25	26	26

Source: Information obtained from District records.

Schedule 21

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
20	20	20	20	20	21
1,435,727	1,435,727	1,435,727	1,435,727	1,435,727	1,567,958
14,001	14,001	14,001	14,001	14,001	15,091
13,015	13,075	13,356	13,382	13,348	12,559
5	5	5	5	5	5
690,552	690,552	690,552	690,552	690,552	858,436
5,379	5,379	5,379	5,379	5,379	6,504
4,975	5,067	5,076	5,257	5,388	5,356
2	2	2	2	2	2
637,936	604,795	604,795	604,795	604,795	604,795
4,525	4,525	4,525	4,525	4,525	4,525
4,658	4,838	4,847	4,903	4,971	5,047
3	3	3	3	3	3
253,470	253,470	253,470	253,470	253,470	253,470
2	2	2	2	2	2
182,536	182,536	182,536	182,536	182,536	183,536
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
123	127	128	133	148	148
42	42	42	42	40	32
60,768	60,768	60,768	60,768	57,888	46,368
5	5	5	5	5	5
7	7	7	7	7	7
4	4	4	4	4	4
1	1	—	—	—	—
20	20	20	20	20	21
26	26	26	26	26	27

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FEDERAL AWARDS SECTION

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

Board of Trustees
Hurst-Euless-Bedford Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hurst-Euless-Bedford Independent School District (the District), as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 5, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Board of Trustees
Hurst-Euless-Bedford Independent School District

Purpose of this Report

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
January 5, 2022

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

Board of Trustees
Hurst-Euless-Bedford Independent School District

Report on Compliance for Each Major Federal Program

We have audited Hurst-Euless-Bedford Independent School District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2021.

Report on Internal Control over Compliance

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

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

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

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
January 5, 2022

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2021

Federal grantor agency	Federal Assistance Listing number	Pass-through entity identification number	Expenditures indirect costs and refunds
U.S. Department of Education (Passed through State Department of Education)			
Title X, Part C - Education for Homeless Children and Youth	84.196A	214600057110038	\$ 85,850
Title I, Part A - Improving Basic Programs -2020	84.010A	20610101220916	966,878
Title I, Part A - Improving Basic Programs -2021	84.010A	21610101220916	2,812,355
Special Education Cluster (IDEA):			
IDEA - Part B Formula -2020	84.027A	206600012209166600	387,395
IDEA - Part B Formula -2021	84.027A	216600012209166600	4,187,973
IDEA - Part B Preschool-2020	84.173A	206610012209166610	37,093
IDEA - Part B Preschool-2021	84.173A	216610012209166610	42,203
Total Special Education Cluster (IDEA)			<u>4,654,664</u>
Carl D. Perkins - Basic Formula Grant	84.048A	21420006220916	223,624
Carl D. Perkins - Perkins Reserve	84.048A	204200287110038	871
Title II, Part A - Supporting Effective Instruction-2020	84.367A	20694501220916	93,871
Title II, Part A - Supporting Effective Instruction-2021	84.367A	21694501220916	546,322
Title III, Part A - English Language Acquisition-2020	84.365A	20671001220916	98,801
Title III, Part A - English Language Acquisition-2021	84.365A	21671001220916	286,212
Title IV, Part A, SSAEP-2020	84.424A	20680101220916	53,136
Title IV, Part A, SSAEP-2021	84.424A	21680101220916	230,604
COVID-19 Cares Act - Elementary and Secondary School Emergency Relief Grant I	84.425D	20521001220916	174,672
COVID-19 ESSER II PPRP Grant	84.425D	21521001220916	3,257,937
COVID-19 ARP ESSER III	84.425U	21528001220916	1,010,066
Total Department of Education			<u>14,495,863</u>
U.S. Department of Agriculture (Passed through State Department of Agriculture)			
Child Nutrition Cluster:			
National School Lunch	10.555	71302101	940,274
National School Breakfast	10.553	71402101	217,644
Summer Food Service Program for Children	10.559	71302101/71402101	8,511,447
Total passed through State Department of Agriculture			<u>9,669,365</u>
COVID-19 National School Lunch	10.555	71302101	805,803
			<u>10,475,168</u>
U.S. Department of Agriculture (direct)			
Commodity donation (noncash)	10.555	01028	<u>998,057</u>
Total Child Nutrition Cluster			<u>11,473,225</u>
Total Department of Agriculture			<u>11,473,225</u>
U.S. Department of Defense			
Startalk Made for This	12.900	H98230-20-1-0228	<u>85,074</u>
Total Department of Defense			<u>85,074</u>
U.S. Department of Health and Human Services (Passed through State Department of Health and Human Services)			
Medicaid Administrative Claiming Program	93.778	529-07-0157-00180	<u>45,533</u>
Total Department of Health and Human Services			<u>45,533</u>
U.S. Federal Emergency Management (Passed through Texas Department of Emergency Management)			
COVID-19 Coronavirus Relief Fund for LEA's (CARES Act)	21.019	4890	<u>939,016</u>
Total U.S. Federal Emergency Management			<u>939,016</u>
Total expenditures of federal awards			<u>\$ 27,038,711</u>
RECONCILIATION			
Federal program revenues General Fund			\$ 4,073,182
Federal program revenues Special Revenue Fund			<u>25,395,072</u>
Total federal program revenues per exhibit C-3			<u>29,468,254</u>
School Health and Related Services			(2,486,041)
ESSER I revenue received in FY 2020 but expended in FY 2021			<u>56,498</u>
Total expenditures of federal awards			<u>\$ 27,038,711</u>

Hurst-Euless-Bedford Independent School District

Notes to Supplementary Schedule of Expenditures of Federal Awards

Year Ended August 31, 2021

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, 2021

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 | COVID-19: ESSER Grants |
| 10.553, 10.555, and 10.559 | Child Nutrition Cluster |
| 21.019 | COVID-19: Coronavirus Relief Fund |
- h. The dollar threshold used to distinguish between Type A and Type B programs \$811,161
- 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, 2021

**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