



**Comprehensive Annual Financial Report  
For the Fiscal Year Ended August 31, 2018**

**Bedford, Texas**

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Hurst-Euless-Bedford Independent School District  
Bedford, Texas



Comprehensive Annual Financial Report  
For the Fiscal Year Ended August 31, 2018

Prepared by  
Business Operations Department

David Garcia  
Deputy Superintendent of Business Operations

Janice Hollingsworth, CPA  
Director of Finance

## **HEB ISD Vision Statement**

Empowering Today to Excel Tomorrow

## **Mission Statement**

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.

## **2014 - 2019 District Goals**

1. Student Achievement
2. Effective and Efficient Operations for All Components
3. Quality Teaching, Administrative, and Support Staff
4. Safe, Healthy, and Nurturing Schools
5. Enduring Relationships with Stakeholders

## **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<br>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   X   approved        disapproved (check one) for the year ended August 31, 2018 at a meeting of the Board of Trustees of such school district on the 14<sup>th</sup> day of January, 2019.

  
\_\_\_\_\_  
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, 2019

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

The Comprehensive Annual Financial Report (CAFR) of Hurst-Euless-Bedford Independent School District ("District") for the fiscal year ended August 31, 2018 is submitted herewith. The District's Business Office has prepared this report, with responsibility for the accuracy and completeness of the report resting solely with the District. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We believe the data, as presented, is accurate in all material aspects, that it is presented in a manner to fairly represent the financial position and results of operations of the District and that all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial affairs have been included. The CAFR for the year ended August 31, 2018 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 2018 fiscal year, 23,429 students were enrolled in the District, which is an increase of 309 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 142,514. 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 has seen new commercial activity over the past years. Due to the increasing popularity in the Hurst Conference Center, a six-level, 140 room Hilton Garden Inn was recently opened. The selection of restaurants continue to grow in Hurst some of which include Corner Street Bakery, Slim Chickens, and Taco Cabana. Work continues in the City of Euless on Founders Parc, a mixed-use development of almost 100 acres of land south of Airport Freeway to include commercial retail and restaurants, urban lofts, and a mix of single family detached homes and townhomes. The City of Bedford’s concentration on repurposing of existing space is proving strong. Some of the renovations includes the American Motorcycle Trading Company transforming a former office building into a 30,000 sf dealership, Salt Grass Steak House renovation of a previous steak house, and Urban Air transforming a former movie theater into an adventure park. Polycoat Products, which moved their U.S. headquarters to Bedford in 2008, is constructing a new 100,000 square foot facility at Reliance Parkway. In addition, the City of Bedford continues to grow as a medical and health care network for the Dallas/ Fort Worth metroplex. Texas Health Harris Methodist Hospital HEB with an estimated 1,550 employees and Carter Bloodcare with an estimated 872 employees are considered some of the city’s major employers. Heartis Midcities opened their 178 unit senior living community this year in Bedford. Two hotels are nearing completion in Bedford: a Residence Inn by Marriott and Home 2 Suites by Hilton. The Viridian community in North Arlington is expecting to add 500 homes for Viridian Elements, a 55+ neighborhood featuring courtyard homes and single-family homes.

## **Major Initiatives**

### Instruction

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

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

The District's two high schools, L.D. Bell and Trinity, were accepted to participate in the prestigious International Baccalaureate Program. The District was the first school system in Tarrant County to offer this rigorous course of study that is designed to meet the needs of highly motivated and academically talented high school students. The International Baccalaureate Diploma Program is offered in 2,790 schools in 143 countries, with 943 IB Diploma programs in the United States. During the 2017-2018 school year, the District served 336 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 fifteenth class of IB graduates received their diplomas in the spring of 2018. Of the 161 seniors in the program, 128 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 will allow continued growth in the many career fields offered to HEB ISD students. Instructional space for various career paths in animation, architecture, audio/video production, automotive technology, collision repair & refinishing, computer technology, cosmetology, culinary arts, education, engineering, health science, and law & public safety has been designed into the new facility.

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

## Planning

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

## **Other Information**

### Independent Audit

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

### Awards

The Association of School Business Officials (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended August 31, 2017. In addition, the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended August 31, 2017. This is the sixteenth 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 2017-2018 certificates.

The District received a rating of "Superior Achievement" for the sixteenth 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 27 campuses in the District, and 23 of the campuses were built before 1983. Enrollment growth is projected to be approximately 200 students in fiscal year 2018-2019. Providing adequate facilities to all students is fundamental to maintaining an effective education environment, involving a number of standards, including safety, class size, and equity.

#### Acknowledgments

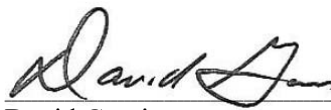
The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Accounting Department. We would like to express our appreciation to all members of the Department who assisted and contributed to its preparation.

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

Sincerely,



Steven Chapman  
Superintendent



David Garcia  
Deputy Superintendent for  
Business Operations

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ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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

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

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended August 31, 2017.**

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards.



**Charles E. Peterson, Jr., SFO, RSBA, MBA**  
President

**John D. Musso, CAE**  
Executive Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

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

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**August 31, 2017**

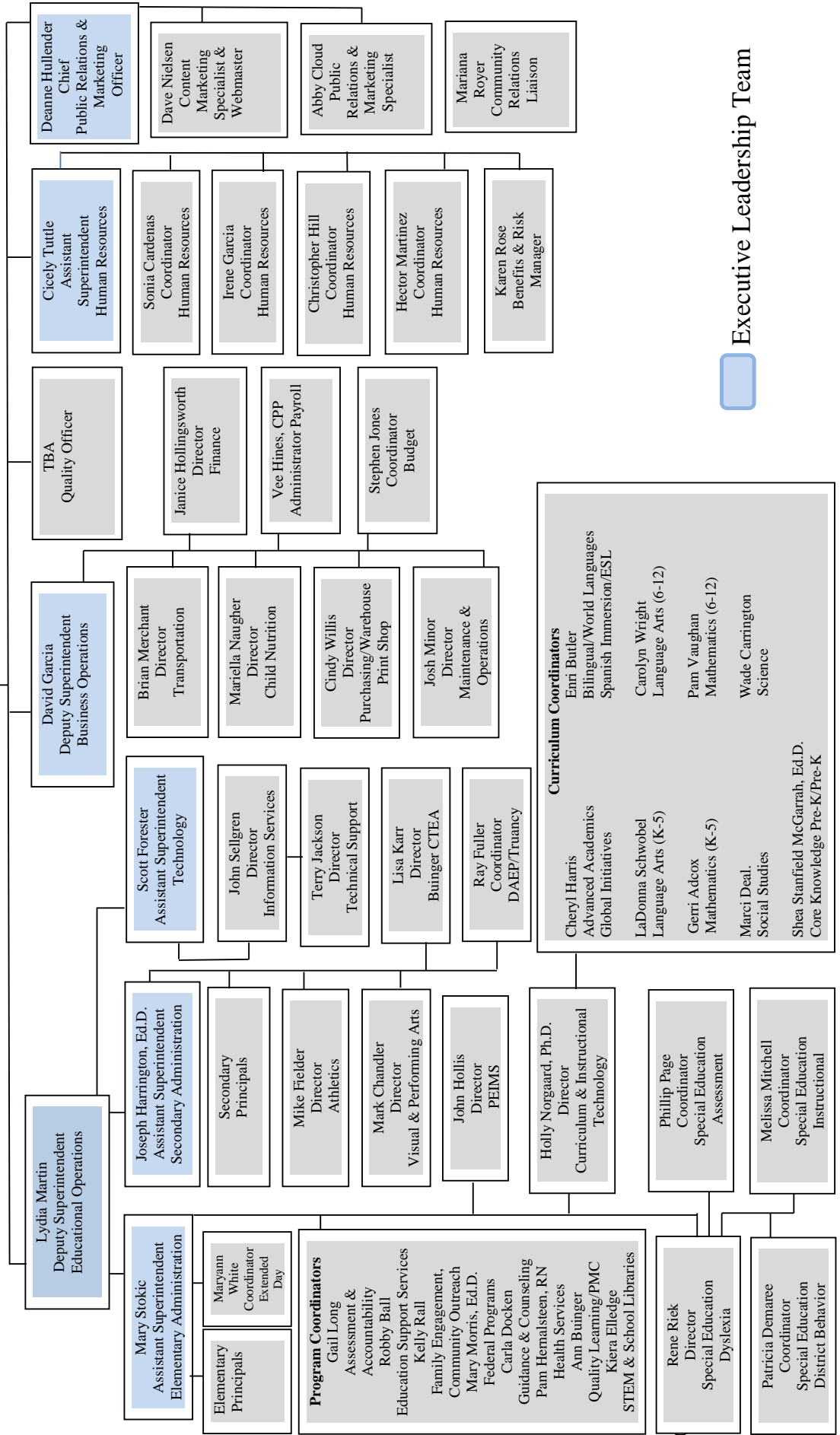
*Christopher P. Morrill*

Executive Director/CEO

# HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT ORGANIZATIONAL CHART 2018-2019

## BOARD OF TRUSTEES

Steve Chapman  
Superintendent of Schools



Executive Leadership Team

## List of Principal Officials

### Board of Trustees

| <u>Name</u>                    | <u>Length of Service</u> | <u>Term Expires</u> | <u>Occupation</u>                |
|--------------------------------|--------------------------|---------------------|----------------------------------|
| Julie Cole<br>President        | 5 years                  | May 2019            | Senior Analyst                   |
| Matt Romero<br>Vice-President  | 5 years                  | May 2021            | Business Owner                   |
| Dawn Jordan-Wells<br>Secretary | 5 years                  | May 2021            | Project Analyst                  |
| Faye Beaulieu, Ph.D.<br>Member | 23 years                 | May 2021            | Regional Director,<br>United Way |
| Fred Campos<br>Member          | 4 years                  | May 2019            | Online Business<br>Marketer      |
| Andy Cargile<br>Member         | 10 years                 | May 2019            | Retired School<br>Administrator  |
| Rochelle Ross<br>Member        | 2 years                  | May 2021            | Business Owner                   |

### Administrative Officials

| <u>Name</u>           | <u>Position</u>   | <u>Experience</u> |
|-----------------------|---|-------------------|
| Steve Chapman         | Superintendent  | 34 years          |
| Lydia Martin          | Deputy Superintendent for Educational<br>Operations       | 37 years          |
| David Garcia          | Deputy Superintendent for Business<br>Operations          | 29 years          |
| Joe Harrington, Ed.D. | Assistant Superintendent for Secondary<br>Administration  | 32 years          |
| Mary Stokic           | Assistant Superintendent for Elementary<br>Administration | 38 years          |
| Cicely Tuttle         | Assistant Superintendent for Human<br>Resources           | 21 years          |
| Scott Forester        | Assistant Superintendent for Technology                   | 28 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, 2018, 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, 2018, 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.11, in 2018 the District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension which supersedes GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to these matters.

### **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 10, 2019, 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 10, 2019

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**Hurst-Euless-Bedford Independent School District  
Management's Discussion and Analysis  
Year Ended August 31, 2018**

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, 2018. 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 \$86.0 million (net position), a decrease of \$73.6 million in comparison with the prior year-end net position of \$159.6 million.
- From the governmental fund perspective, at fiscal year-end the District reported combined ending fund balances of \$265.9 million, an increase of \$107.9 million in comparison with the prior year-end combined ending fund balances of \$158 million. This increase was primarily due to issuance of \$76.5 million in bonds and additional tax revenue of \$13.0 million, along with \$1.2 million in positive payroll variances due to vacancies.
- The District's bond principal liability increased by \$50.0 million or 20.0 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 2017-2018 comprehensive annual financial report's financial section is comprised of four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) supplementary information.

**Government-wide Financial Statements**

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

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

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

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

### **Fund Financial Statements**

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

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

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

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

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

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

### **Required Supplementary Information**

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

### **Supplementary Information**

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Governmental Activities

Net position may serve over time as a useful indicator of a government's financial position. On August 31, 2018, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$86.0 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, 2018, the District's restricted net position for grant funds was \$6.1 million and restricted net position for debt service was \$10.3 million. As of August 31, 2018, 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 \$37.0 million.

The investment in capital assets less any related debt is \$(54.7) 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, 2018 and fiscal year ended August 31, 2017:

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

|                                  | Governmental Activities |                       | Business-type Activities |                   | Total                |                       |
|----------------------------------|-------------------------|-----------------------|--------------------------|-------------------|----------------------|-----------------------|
|                                  | <u>2018</u>             | <u>2017</u>           | <u>2018</u>              | <u>2017</u>       | <u>2018</u>          | <u>2017</u>           |
| Current and other assets         | \$ 290,149,327          | \$ 181,889,998        | \$ 693,818               | \$ 655,210        | \$ 290,843,145       | \$ 182,545,208        |
| Capital assets                   | 285,186,475             | 290,288,114           | -                        | -                 | 285,186,475          | 290,288,114           |
| Total assets                     | <u>575,335,802</u>      | <u>472,178,112</u>    | <u>693,818</u>           | <u>655,210</u>    | <u>576,029,620</u>   | <u>472,833,322</u>    |
| Deferred outflows of resources   | 16,892,846              | 20,231,932            | -                        | -                 | 16,892,846           | 20,231,932            |
| Current liabilities              | 37,230,836              | 32,154,277            | 95,513                   | 82,116            | 37,326,349           | 32,236,393            |
| Long-term liabilities            | 319,801,064             | 252,026,312           | -                        | -                 | 319,801,064          | 252,026,312           |
| Net OPEB liability               | 68,434,612              | -                     | -                        | -                 | 68,434,612           | -                     |
| Net pension liability            | 40,466,073              | 46,503,320            | -                        | -                 | 40,466,073           | 46,503,320            |
| Total liabilities                | <u>465,932,585</u>      | <u>330,683,909</u>    | <u>95,513</u>            | <u>82,116</u>     | <u>466,028,098</u>   | <u>330,766,025</u>    |
| Deferred inflows of resources    | 40,877,556              | 2,681,421             | -                        | -                 | 40,877,556           | 2,681,421             |
| Net position                     |                         |                       |                          |                   |                      |                       |
| Net investment in capital assets | (54,718,359)            | 26,374,493            | -                        | -                 | (54,718,359)         | 26,374,493            |
| Restricted                       | 103,144,608             | 15,137,689            | -                        | -                 | 103,144,608          | 15,137,689            |
| Unrestricted                     | 36,992,258              | 117,532,532           | 598,305                  | 573,094           | 37,590,563           | 118,105,626           |
| Total net position               | <u>\$ 85,418,507</u>    | <u>\$ 159,044,714</u> | <u>\$ 598,305</u>        | <u>\$ 573,094</u> | <u>\$ 86,016,812</u> | <u>\$ 159,617,808</u> |

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

- Total revenues exceeded the total cost of all programs and services which resulted in an increase in net position.
- The increase in long-term liabilities was the result of issuance of bonds.

Table II presents a summary of the changes in net position for the fiscal year ended August 31, 2018 with a comparison to the fiscal year ended August 31, 2017. Net position of the District's governmental activities decreased to \$85.4 million from \$159.0 million in the prior year.

Revenues in the business-type activities exceeded costs, resulting in a \$1.0 million increase in net position excluding transfers out.



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

|  | Governmental Activities |                       | Business-type Activities |                   | Total                |                       |
|--|-------------------------|-----------------------|--------------------------|-------------------|----------------------|-----------------------|
|  | <u>2018</u>             | <u>2017</u>           | <u>2018</u>              | <u>2017</u>       | <u>2018</u>          | <u>2017</u>           |
| Revenues                                   |                         |                       |                          |                   |                      |                       |
| Program revenues                           |                         |                       |                          |                   |                      |                       |
| Charges for services                       | \$ 4,395,642            | \$ 4,180,388          | \$ 2,464,598             | \$ 2,360,056      | \$ 6,860,240         | \$ 6,540,444          |
| Operating grants and contributions         | 32,141,658              | 40,075,836            | -                        | -                 | 32,141,658           | 40,075,836            |
| General revenues                           |                         |                       |                          |                   |                      |                       |
| Property taxes, levied for general purpose | 126,881,939             | 111,853,659           | -                        | -                 | 126,881,939          | 111,853,659           |
| Property taxes, levied for debt service    | 27,236,390              | 29,666,816            | -                        | -                 | 27,236,390           | 29,666,816            |
| State grants, unrestricted                 | 29,269,521              | 66,085,444            | -                        | -                 | 29,269,521           | 66,085,444            |
| Miscellaneous                              | 909,729                 | 751,050               | -                        | -                 | 909,729              | 751,050               |
| Investment earnings                        | 3,409,982               | 1,435,795             | -                        | -                 | 3,409,982            | 1,435,795             |
| Total revenues                             | <u>224,244,861</u>      | <u>254,048,988</u>    | <u>2,464,598</u>         | <u>2,360,056</u>  | <u>226,709,459</u>   | <u>256,409,044</u>    |
| Expenses                                   |                         |                       |                          |                   |                      |                       |
| Instruction                                | 89,232,325              | 131,826,288           | -                        | -                 | 89,232,325           | 131,826,288           |
| Instructional resources and media          | 2,167,281               | 2,940,802             | -                        | -                 | 2,167,281            | 2,940,802             |
| Curriculum and staff development           | 2,723,177               | 3,690,356             | -                        | -                 | 2,723,177            | 3,690,356             |
| Instructional leadership                   | 1,942,842               | 2,694,119             | -                        | -                 | 1,942,842            | 2,694,119             |
| School leadership                          | 8,017,046               | 11,988,748            | -                        | -                 | 8,017,046            | 11,988,748            |
| Guidance, counseling and evaluation        | 5,677,759               | 8,632,914             | -                        | -                 | 5,677,759            | 8,632,914             |
| Social work services                       | 598,651                 | 811,527               | -                        | -                 | 598,651              | 811,527               |
| Health services                            | 1,711,772               | 2,537,303             | -                        | -                 | 1,711,772            | 2,537,303             |
| Student transportation                     | 4,357,510               | 5,125,141             | -                        | -                 | 4,357,510            | 5,125,141             |
| Food service                               | 8,965,783               | 11,314,112            | -                        | -                 | 8,965,783            | 11,314,112            |
| Co-curricular/extracurricular activities   | 5,479,382               | 6,556,564             | -                        | -                 | 5,479,382            | 6,556,564             |
| General administration                     | 4,639,771               | 5,452,596             | -                        | -                 | 4,639,771            | 5,452,596             |
| Plant maintenance and operations           | 15,965,997              | 17,704,345            | -                        | -                 | 15,965,997           | 17,704,345            |
| Security monitoring services               | 1,025,340               | 1,007,759             | -                        | -                 | 1,025,340            | 1,007,759             |
| Data processing services                   | 4,437,579               | 5,272,250             | -                        | -                 | 4,437,579            | 5,272,250             |
| Community services                         | 227,627                 | 488,224               | 1,416,290                | 1,336,961         | 1,643,917            | 1,825,185             |
| Long-term debt interest and fees           | 21,106,779              | 13,354,532            | -                        | -                 | 21,106,779           | 13,354,532            |
| Juvenile justice alternative education     | 2,451                   | 55,470                | -                        | -                 | 2,451                | 55,470                |
| Other intergovernmental charges            | 748,799                 | 761,346               | -                        | -                 | 748,799              | 761,346               |
| Total expenses                             | <u>179,027,871</u>      | <u>232,214,396</u>    | <u>1,416,290</u>         | <u>1,336,961</u>  | <u>180,444,161</u>   | <u>233,551,357</u>    |
| Excess before transfers and special items  | 45,216,990              | 21,834,592            | 1,048,308                | 1,023,095         | 46,265,298           | 22,857,687            |
| Transfers in (out)                         | 1,023,097               | 1,046,047             | (1,023,097)              | (1,046,047)       | -                    | -                     |
| Change in net position                     | <u>46,240,087</u>       | <u>22,880,639</u>     | <u>25,211</u>            | <u>(22,952)</u>   | <u>46,265,298</u>    | <u>22,857,687</u>     |
| Net position - beginning                   | \$ 159,044,714          | 136,164,075           | 573,094                  | 596,046           | 159,617,808          | 136,760,121           |
| Prior period adjustments                   | (119,866,294)           | -                     | -                        | -                 | (119,866,294)        | -                     |
| Net position-beginning, restated           | <u>39,178,420</u>       | <u>136,164,075</u>    | <u>573,094</u>           | <u>596,046</u>    | <u>39,751,514</u>    | <u>136,760,121</u>    |
| Net position-ending                        | <u>\$ 85,418,507</u>    | <u>\$ 159,044,714</u> | <u>\$ 598,305</u>        | <u>\$ 573,094</u> | <u>\$ 86,016,812</u> | <u>\$ 159,617,808</u> |

As shown in Table II, the cost of governmental activities this year was \$179.0 million; however, the revenue of governmental activities totaled \$224.2 million which exceeded expenses by \$45.2 million excluding transfers in. The primary sources of operating revenue were from property taxes totaling \$154.1 million and state grants totaling \$29.3 million. Additionally, program revenue was received from charges for services totaling \$4.4 million and operating grants and contributions totaling \$32.1 million. The remainder of the revenue was from investment earnings and miscellaneous sources.

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

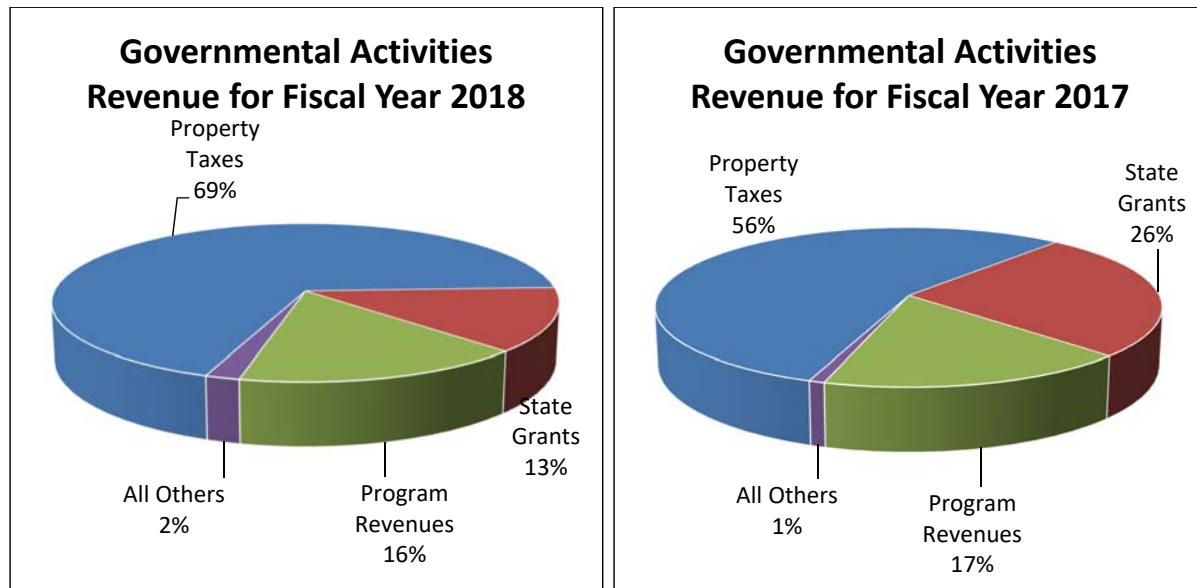


Table III presents the net cost of the District's major functional activities (net cost is total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs):

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

| Function                                 | Governmental Activities |                      | Business-type Activities |                      | Total                |                      |
|--|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
|  | Net Expenses<br>2018    | Net Expenses<br>2017 | Net Expenses<br>2018     | Net Expenses<br>2017 | Net Expenses<br>2018 | Net Expenses<br>2017 |
| Instruction                              | \$ 73,961,090           | \$ 110,375,749       | \$ -                     | \$ -                 | \$ 73,961,090        | \$ 110,375,749       |
| Instructional resources and media        | 1,868,411               | 2,506,554            | -                        | -                    | 1,868,411            | 2,506,554            |
| Curriculum and staff development         | 2,271,312               | 2,952,453            | -                        | -                    | 2,271,312            | 2,952,453            |
| Instructional leadership                 | 1,469,063               | 2,097,570            | -                        | -                    | 1,469,063            | 2,097,570            |
| School leadership                        | 7,081,259               | 10,575,305           | -                        | -                    | 7,081,259            | 10,575,305           |
| Guidance, counseling and evaluation      | 4,322,780               | 6,942,716            | -                        | -                    | 4,322,780            | 6,942,716            |
| Social work services                     | 364,027                 | 567,287              | -                        | -                    | 364,027              | 567,287              |
| Health services                          | 1,494,912               | 2,214,467            | -                        | -                    | 1,494,912            | 2,214,467            |
| Student transportation                   | 3,659,025               | 4,258,908            | -                        | -                    | 3,659,025            | 4,258,908            |
| Food service                             | (3,695,570)             | (532,375)            | -                        | -                    | (3,695,570)          | (532,375)            |
| Co-curricular/extracurricular activities | 3,805,416               | 4,701,910            | -                        | -                    | 3,805,416            | 4,701,910            |
| General administration                   | 4,284,075               | 4,881,221            | -                        | -                    | 4,284,075            | 4,881,221            |
| Plant maintenance and operations         | 14,645,266              | 16,280,865           | -                        | -                    | 14,645,266           | 16,280,865           |
| Security monitoring services             | 982,769                 | 956,385              | -                        | -                    | 982,769              | 956,385              |
| Data processing services                 | 4,219,654               | 4,943,899            | -                        | -                    | 4,219,654            | 4,943,899            |
| Community services                       | (100,947)               | 63,910               | (1,048,308)              | (1,023,095)          | (1,149,255)          | (959,185)            |
| Long-term debt interest and fees         | 21,106,779              | 13,354,532           | -                        | -                    | 21,106,779           | 13,354,532           |
| Juvenile justice alternative education   | 2,451                   | 55,470               | -                        | -                    | 2,451                | 55,470               |
| Other intergovernmental charges          | 748,799                 | 761,346              | -                        | -                    | 748,799              | 761,346              |
| Total expenses                           | \$ 142,490,571          | \$ 187,958,172       | \$ (1,048,308)           | \$ (1,023,095)       | \$ 141,442,263       | \$ 186,935,077       |

## 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 \$265.9 million which reflects a \$107.9 million or 68.3% increase from the prior year. The following comparison schedule shows the fund balance by fund type for the fiscal year ended August 31, 2018 and fiscal year ended August 31, 2017.

#### *General Fund*

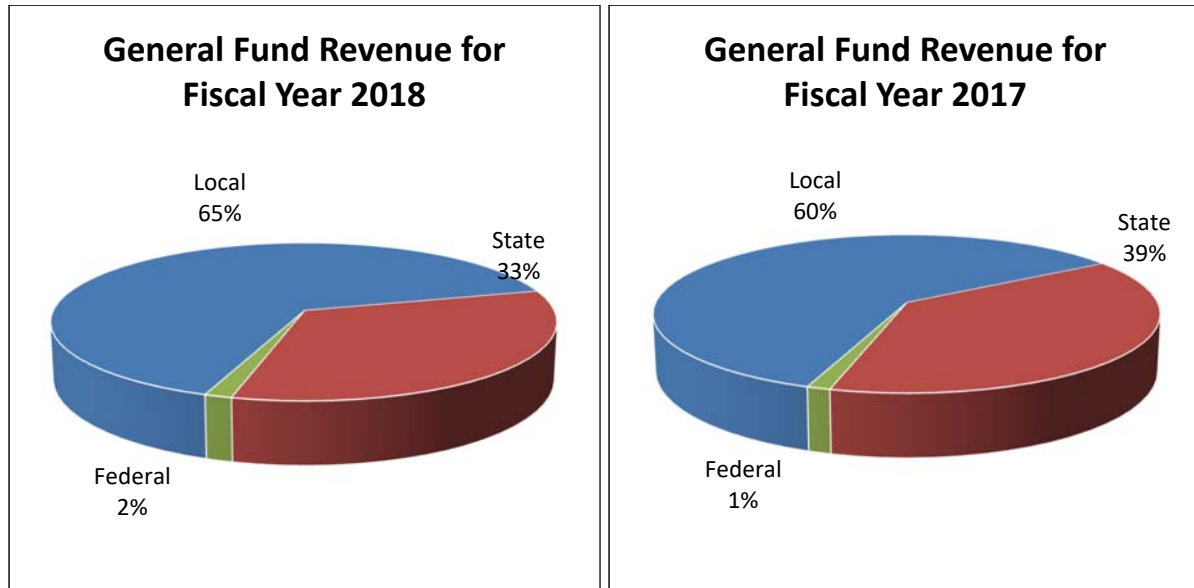
The fund balance of the District's general fund decreased by \$3.1 million during the current fiscal year. Local revenue increased 14.5% while state revenue decreased 8.3%. Expenditures were held to a 3.4% increase, mostly related to a payroll increase. The general fund primarily derives its revenue from local property taxes and state funding.

| <u>Fund Balance</u> | <u>2018</u>           | <u>2017</u>           | <u>% Change</u><br><u>2017 to 2018</u> |
|---------------------|-----------------------|-----------------------|--|
| General fund        | \$ 96,693,144         | \$ 99,758,888         | -3.1%                                  |
| Debt service        | 9,983,559             | 8,922,191             | 11.9%                                  |
| Capital projects    | 150,038,761           | 40,695,182            | 268.7%                                 |
| Non-major           | 9,180,862             | 8,595,753             | 6.8%                                   |
| Total               | <u>\$ 265,896,326</u> | <u>\$ 157,972,014</u> | <u>68.3%</u>                           |

#### General Fund

| <u>Revenue By Object</u>       | <u>2018</u>           | <u>2017</u>           | <u>% Change</u><br><u>2017 to 2018</u> |
|--------------------------------|-----------------------|-----------------------|--|
| Local and intermediate sources | \$ 130,802,138        | \$ 114,253,959        | 14.5%                                  |
| State programs                 | 66,568,896            | 72,624,372            | -8.3%                                  |
| Federal programs               | 3,078,422             | 2,514,195             | 22.4%                                  |
| Total                          | <u>\$ 200,449,456</u> | <u>\$ 189,392,526</u> | <u>5.8%</u>                            |

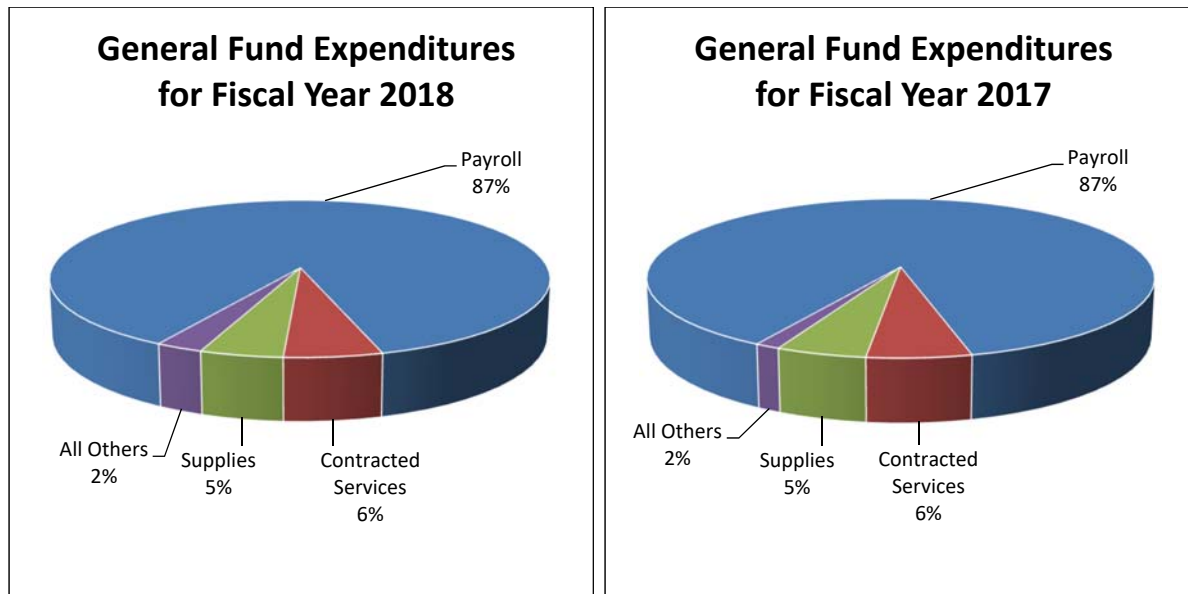
The increase in local revenue is primarily due to the strong growth in local property taxes, which then results in a decrease in state programs because of the strong growth in local property values. The increase in federal program revenues is primarily related to receipt of Medicaid reimbursements.



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

| <u>Expenditures By Object</u> | <u>2018</u>           | <u>2017</u>           | <u>% Change</u><br>2017 to 2018 |
|-------------------------------|-----------------------|-----------------------|---------------------------------|
| Payroll                       | \$ 151,778,577        | \$ 146,859,702        | 3.3%                            |
| Contracted services           | 9,695,421             | 9,756,602             | -0.6%                           |
| Supplies                      | 8,208,614             | 8,452,329             | -2.9%                           |
| Other operating               | 2,470,294             | 2,322,030             | 6.4%                            |
| Capital outlay                | 2,204,754             | 1,213,792             | 81.6%                           |
| <b>Total</b>                  | <b>\$ 174,357,660</b> | <b>\$ 168,604,455</b> | <b>3.4%</b>                     |

Payroll expenditures increased \$4.9 million or 3.3%, accounting for the overall increase in expenditures. This increase was associated with a district-wide pay raise. Contracted services, supplies and other operating costs were basically flat. Capital outlay increased \$990,962 as a result of issuance of the new bond.



#### *Debt Service Fund*

The debt service fund reported an ending fund balance of \$10.0 million, an increase of \$1.1 million or 11.9% in comparison with the prior year. The fund balance increase is attributed to a current year debt refunding.

#### *Capital Projects Fund*

On July 19, 2018, the District issued \$76.5 million (par value) in Unlimited Tax School Building Bonds. The net proceeds of \$85.0 million (\$76.5 million par amount of the bonds plus \$9.2 million premium paid on the bonds less \$0.7 million of underwriting fees, insurance and other issuance costs) are being used for construction and other approved bond projects. For the fiscal year ended August 31, 2018, the capital projects funds have a total fund balance of \$150.0 million, all of which is restricted or committed for authorized capital projects. The net increase in fund balance during the current fiscal year of \$109.3 million was primarily due to the current year bond issuance and a \$30.0 million transfer from the general fund to the locally-defined capital projects fund. This transfer was offset by the expenditure of \$2.5 million or 2.9 percent of the bond proceeds according to the projected schedule of construction and other bond projects approved by voters. An additional \$2.8 million from the locally-defined capital projects fund was expended primarily on 6 elementary campus renovations .

### **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 65, the actual revenue exceeded actual expenditures generating a positive variance of \$26.1 million. This result was based on the favorable performance of property tax collections, student attendance, and cost control initiatives. A favorable budget variance of \$16.9 million is presented for the general fund.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of August 31, 2018, the District had invested \$285.2 million in capital assets, including land, facilities and equipment used for District operations. This amount represents a net decrease after depreciation of \$5.1 million from the prior year. Depreciation expense was \$13.8 million which was a \$0.2 million or 1.2% increase from the prior year.

The following schedule presents capital asset balances net of depreciation for the fiscal year ended August 31, 2018:

|                            | Governmental Activities |                       | Business-type Activities |             | Total                 |                       |
|----------------------------|-------------------------|-----------------------|--------------------------|-------------|-----------------------|-----------------------|
|                            | <u>2018</u>             | <u>2017</u>           | <u>2018</u>              | <u>2017</u> | <u>2018</u>           | <u>2017</u>           |
| Land                       | \$ 16,471,712           | \$ 14,633,912         | \$ -                     | \$ -        | \$ 16,471,712         | \$ 14,633,912         |
| Construction in progress   | 5,988,979               | 7,822,829             | -                        | -           | 5,988,979             | 7,822,829             |
| Furniture and equipment    | 9,817,820               | 9,419,903             | -                        | -           | 9,817,820             | 9,419,903             |
| Buildings and improvements | 252,907,964             | 258,411,470           | -                        | -           | 252,907,964           | 258,411,470           |
| Total                      | <u>\$ 285,186,475</u>   | <u>\$ 290,288,114</u> | <u>\$ -</u>              | <u>\$ -</u> | <u>\$ 285,186,475</u> | <u>\$ 290,288,114</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, 2018, the District had \$341.7 million in general obligation bonds and other long-term liabilities outstanding, of which \$21.9 million is due prior to August 31, 2019.

The District maintained its "AAA" rating based on the guarantee of the Permanent School Fund of the State of Texas. In June 2018 Fitch Ratings affirmed the underlying rating of "AA+" on the District's debt outstanding. Standard & Poor's assigned a "AAA" long-term rating and "AA+" underlying rating in June 2018 also. At the same time, Standard & Poor's affirmed its "AA+" long-term rating and underlying rating on the district's general obligation debt outstanding.

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

Table IV presents a summary of the District's outstanding long-term liabilities for the fiscal year ended August 31, 2018.

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

|                          | Governmental Activities |                       | Business-type Activities |             | Total                 |                       |
|--------------------------|-------------------------|-----------------------|--------------------------|-------------|-----------------------|-----------------------|
|                          | <u>2018</u>             | <u>2017</u>           | <u>2018</u>              | <u>2017</u> | <u>2018</u>           | <u>2017</u>           |
| General obligation bonds | \$ 299,715,000          | \$ 249,669,891        | \$ -                     | \$ -        | \$ 299,715,000        | \$ 249,669,891        |
| Premium on GO bonds      | 41,261,742              | 14,942,244            | -                        | -           | 41,261,742            | 14,942,244            |
| Accreted interest        | -                       | 3,857,290             | -                        | -           | -                     | 3,857,290             |
| Compensated absences     | 756,466                 | 743,527               | -                        | -           | 756,466               | 743,527               |
| Total                    | <u>\$ 341,733,208</u>   | <u>\$ 269,212,952</u> | <u>\$ -</u>              | <u>\$ -</u> | <u>\$ 341,733,208</u> | <u>\$ 269,212,952</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 2018-2019 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 2018-2019 appear to be a continuation of that trend.

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

### *District's Tax Rate*

The District set the combined 2018-2019 tax rate at \$1.273. This is comprised of \$1.040 for Maintenance and Operations (the maximum allowed by current law without voter approval) and \$0.233 for Debt Service (the amount required to service principal and interest on voter-approved bonds). The Maintenance and Operations tax rate has remained the same for 9 years, while the Debt Service tax rate increased by \$0.01 or 4.5% in comparison with the prior year.

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

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

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## **BASIC FINANCIAL STATEMENTS**

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**AUGUST 31, 2018**

| <b>Data<br/>Control<br/>Codes</b>     |  | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>   |
|---------------------------------------|--|------------------------------------|-------------------------------------|----------------|
| <b>ASSETS</b>                         |  |                                    |                                     |                |
| 1110                                  | Cash and equivalents                       | \$ 283,109,105                     | \$ 693,818                          | \$ 283,802,923 |
| 1220                                  | Property taxes receivable (delinquent)     | 5,229,121                          | -                                   | 5,229,121      |
| 1230                                  | Allowance for uncollectible taxes          | (784,368)                          | -                                   | (784,368)      |
| 1240                                  | Due from other governments                 | 696,456                            | -                                   | 696,456        |
| 1250                                  | Accrued interest                           | 348,615                            | -                                   | 348,615        |
| 1290                                  | Other receivables                          | 1,310                              | -                                   | 1,310          |
| 1300                                  | Inventories, at cost                       | 477,183                            | -                                   | 477,183        |
| 1410                                  | Prepaid items                              | 1,071,905                          | -                                   | 1,071,905      |
| 1510                                  | Land                                       | 16,471,712                         | -                                   | 16,471,712     |
| 1520                                  | Buildings and improvements, net            | 252,907,964                        | -                                   | 252,907,964    |
| 1530                                  | Furniture and equipment, net               | 9,817,820                          | -                                   | 9,817,820      |
| 1580                                  | Construction in progress                   | 5,988,979                          | -                                   | 5,988,979      |
| 1000                                  | Total assets                               | 575,335,802                        | 693,818                             | 576,029,620    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b> |  |                                    |                                     |                |
| 1700                                  | Deferred charges on debt refundings        | 927,400                            | -                                   | 927,400        |
| 1705                                  | Deferred outflows of resources-TRS pension | 14,950,796                         | -                                   | 14,950,796     |
| 1706                                  | Deferred outflows of resources-TRS OPEB    | 1,003,937                          | -                                   | 1,003,937      |
| 1711                                  | Deferred outflows of resources-other OPEB  | 10,713                             | -                                   | 10,713         |
|                                       | Total deferred outflows of resources       | 16,892,846                         | -                                   | 16,892,846     |
| <b>LIABILITIES</b>                    |  |                                    |                                     |                |
| 2110                                  | Accounts payable                           | 1,942,038                          | 1,630                               | 1,943,668      |
| 2140                                  | Interest payable                           | 625,397                            | -                                   | 625,397        |
| 2160                                  | Accrued wages and benefits payable         | 9,556,950                          | 93,883                              | 9,650,833      |
| 2180                                  | Due to other governments                   | 2,219,968                          | -                                   | 2,219,968      |
| 2200                                  | Other accrued expenses                     | 803,941                            | -                                   | 803,941        |
| 2300                                  | Unearned revenue                           | 150,397                            | -                                   | 150,397        |
|                                       | Long-term liabilities                      |                                    |                                     |                |
| 2501                                  | Due within one year                        | 21,932,145                         | -                                   | 21,932,145     |
| 2502                                  | Due in more than one year                  | 319,801,064                        | -                                   | 319,801,064    |
| 2545                                  | Net OPEB liability                         | 68,434,612                         | -                                   | 68,434,612     |
| 2540                                  | Net pension liability                      | 40,466,073                         | -                                   | 40,466,073     |
| 2000                                  | Total liabilities                          | 465,932,585                        | 95,513                              | 466,028,098    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |  |                                    |                                     |                |
| 2600                                  | Deferred gains on debt refundings          | 6,061,753                          | -                                   | 6,061,753      |
| 2605                                  | Deferred inflows of resources-TRS pension  | 6,189,476                          | -                                   | 6,189,476      |
| 2605                                  | Deferred inflows of resources-TRS OPEB     | 28,626,327                         | -                                   | 28,626,327     |
|                                       | Total deferred inflows of resources        | 40,877,556                         | -                                   | 40,877,556     |
| <b>NET POSITION</b>                   |  |                                    |                                     |                |
| 3200                                  | Net investment in capital assets           | (54,718,359)                       | -                                   | (54,718,359)   |
| 3820                                  | Restricted for grant funds                 | 6,051,212                          | -                                   | 6,051,212      |
| 3850                                  | Restricted for debt service                | 10,270,818                         | -                                   | 10,270,818     |
| 3860                                  | Restricted for construction                | 86,822,578                         | -                                   | 86,822,578     |
| 3900                                  | Unrestricted                               | 36,992,258                         | 598,305                             | 37,590,563     |
| 3000                                  | Total net position                         | \$ 85,418,507                      | \$ 598,305                          | \$ 86,016,812  |

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, 2018**

| 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                                | \$ 89,232,325    | \$ 78,986            | \$ 15,192,249                    | \$ (73,961,090)                                   | \$ -                     | \$ (73,961,090) |
| 0012                          | Instructional resources and media          | 2,167,281        | -                    | 298,870                          | (1,868,411)                                       | -                        | (1,868,411)     |
| 0013                          | Curriculum and staff development           | 2,723,177        | -                    | 451,865                          | (2,271,312)                                       | -                        | (2,271,312)     |
| 0021                          | Instructional leadership                   | 1,942,842        | -                    | 473,779                          | (1,469,063)                                       | -                        | (1,469,063)     |
| 0023                          | School leadership                          | 8,017,046        | -                    | 935,787                          | (7,081,259)                                       | -                        | (7,081,259)     |
| 0031                          | Guidance, counseling and evaluation        | 5,677,759        | -                    | 1,354,979                        | (4,322,780)                                       | -                        | (4,322,780)     |
| 0032                          | Social work services                       | 598,651          | -                    | 234,624                          | (364,027)   | -                        | (364,027)       |
| 0033                          | Health services                            | 1,711,772        | -                    | 216,860                          | (1,494,912)                                       | -                        | (1,494,912)     |
| 0034                          | Student transportation                     | 4,357,510        | -                    | 698,485                          | (3,659,025)                                       | -                        | (3,659,025)     |
| 0035                          | Food service                               | 8,965,783        | 3,576,044            | 9,085,309                        | 3,695,570   | -                        | 3,695,570       |
| 0036                          | Co-curricular/extracurricular activities   | 5,479,382        | 345,236              | 1,328,730                        | (3,805,416)                                       | -                        | (3,805,416)     |
| 0041                          | General administration                     | 4,639,771        | -                    | 355,696                          | (4,284,075)                                       | -                        | (4,284,075)     |
| 0051                          | Plant maintenance and operations           | 15,965,997       | 395,376              | 925,355                          | (14,645,266)                                      | -                        | (14,645,266)    |
| 0052                          | Security monitoring services               | 1,025,340        | -                    | 42,571                           | (982,769)   | -                        | (982,769)       |
| 0053                          | Data processing services                   | 4,437,579        | -                    | 217,925                          | (4,219,654)                                       | -                        | (4,219,654)     |
| 0061                          | Community services                         | 227,627          | -                    | 328,574                          | 100,947   | -                        | 100,947         |
| 0072                          | Long-term debt interest and fees           | 21,106,779       | -                    | -                                | (21,106,779)                                      | -                        | (21,106,779)    |
| 0095                          | Juvenile justice AEP                       | 2,451            | -                    | -                                | (2,451)   | -                        | (2,451)         |
| 0099                          | Other intergovernmental charges            | 748,799          | -                    | -                                | (748,799)   | -                        | (748,799)       |
| Total governmental activities |  | 179,027,871      | 4,395,642            | 32,141,658                       | (142,490,571)                                     | -                        | (142,490,571)   |
| Business-type activities:     |  |                  |                      |                                  |   |                          |                 |
| 0061                          | Extended day services                      | 1,416,290        | 2,464,598            | -                                | -   | 1,048,308                | 1,048,308       |
|                               |  | 1,416,290        | 2,464,598            | -                                | -   | 1,048,308                | 1,048,308       |
| Total primary government      |  | \$ 180,444,161   | \$ 6,860,240         | \$ 32,141,658                    | (142,490,571)                                     | 1,048,308                | (141,442,263)   |
|                               |  |                  |                      |                                  |   |                          |                 |
| Data control codes            | General revenues                           |                  |                      |                                  |   |                          |                 |
|                               | Taxes                                      |                  |                      |                                  |   |                          |                 |
| MT                            | Property taxes, levied for general purpose |                  |                      |                                  | 126,881,939                                       | -                        | 126,881,939     |
| DT                            | Property taxes, levied for debt service    |                  |                      |                                  | 27,236,390  | -                        | 27,236,390      |
| SF                            | State grants, unrestricted                 |                  |                      |                                  | 29,269,521  | -                        | 29,269,521      |
| MI                            | Miscellaneous                              |                  |                      |                                  | 909,729   | -                        | 909,729         |
| IE                            | Investment earnings                        |                  |                      |                                  | 3,409,982   | -                        | 3,409,982       |
| FR                            | Transfers (out) in                         |                  |                      |                                  | 1,023,097   | (1,023,097)              | -               |
| TR                            | Total general revenues and transfers       |                  |                      |                                  | 188,730,658                                       | (1,023,097)              | 187,707,561     |
| CN                            | Change in net position                     |                  |                      |                                  | 46,240,087  | 25,211                   | 46,265,298      |
|                               |  |                  |                      |                                  |   |                          |                 |
| NB                            | Net position - beginning                   |                  |                      |                                  | 159,044,714                                       | 573,094                  | 159,617,808     |
| PA                            | Prior period adjustments (Note X)          |                  |                      |                                  | (119,866,294)                                     | -                        | (119,866,294)   |
| NB                            | Net position - beginning, restated         |                  |                      |                                  | 39,178,420  | 573,094                  | 39,751,514      |
| NE                            | Net position - ending                      |                  |                      |                                  | \$ 85,418,507                                     | \$ 598,305               | \$ 86,016,812   |

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, 2018**

| <b>Data<br/>Control<br/>Codes</b>        | <b>General<br/>Fund</b> | <b>Debt<br/>Service<br/>Fund</b> | <b>Capital<br/>Projects<br/>Fund</b> | <b>Nonmajor<br/>Funds</b> | <b>Total</b>          |
|--|-------------------------|----------------------------------|--------------------------------------|---------------------------|-----------------------|
| <b>ASSETS</b>                            |                         |                                  |                                      |                           |                       |
| 1110 Cash and temporary investments      | \$ 107,324,865          | \$ 9,985,869                     | \$ 150,653,155                       | \$ 9,052,843              | \$ 277,016,732        |
| 1220 Property taxes - delinquent         | 4,155,434               | 1,073,687                        | -                                    | -                         | 5,229,121             |
| 1230 Allowance for uncollectible taxes   | (623,337)               | (161,031)                        | -                                    | -                         | (784,368)             |
| 1240 Due from other governments          | -                       | -                                | -                                    | 696,456                   | 696,456               |
| 1250 Accrued interest                    | 274,189                 | -                                | 72,504                               | 1,922                     | 348,615               |
| 1260 Due from other funds                | -                       | -                                | -                                    | 283,232                   | 283,232               |
| 1290 Due from other sources              | 1,310                   | -                                | -                                    | -                         | 1,310                 |
| 1300 Inventories, at cost                | 450,793                 | -                                | -                                    | 26,390                    | 477,183               |
| 1410 Prepaid expenditures                | 1,065,606               | -                                | -                                    | 6,299                     | 1,071,905             |
| 1000 Total assets                        | <u>\$ 112,648,860</u>   | <u>\$ 10,898,525</u>             | <u>\$ 150,725,659</u>                | <u>\$ 10,067,142</u>      | <u>\$ 284,340,186</u> |
| <b>LIABILITIES</b>                       |                         |                                  |                                      |                           |                       |
| 2110 Accounts payable                    | \$ 786,388              | \$ -                             | \$ 679,742                           | \$ 395,536                | \$ 1,861,666          |
| 2160 Accrued wages payable               | 9,419,573               | -                                | 7,156                                | 128,314                   | 9,555,043             |
| 2170 Due to other funds                  | -                       | -                                | -                                    | 212,033                   | 212,033               |
| 2180 Due to other governments            | 2,217,658               | 2,310                            | -                                    | -                         | 2,219,968             |
| 2300 Unearned revenue                    | -                       | -                                | -                                    | 150,397                   | 150,397               |
| 2000 Total liabilities                   | <u>12,423,619</u>       | <u>2,310</u>                     | <u>686,898</u>                       | <u>886,280</u>            | <u>13,999,107</u>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>     |                         |                                  |                                      |                           |                       |
| 2600 Unavailable revenue-property taxes  | 3,532,097               | 912,656                          | -                                    | -                         | 4,444,753             |
| Total deferred inflows of resources      | <u>3,532,097</u>        | <u>912,656</u>                   | <u>-</u>                             | <u>-</u>                  | <u>4,444,753</u>      |
| <b>FUND BALANCES</b>                     |                         |                                  |                                      |                           |                       |
| 3410 Non-spendable - inventories         | 450,793                 | -                                | -                                    | 26,390                    | 477,183               |
| 3430 Non-spendable - prepaid items       | 1,065,606               | -                                | -                                    | 6,299                     | 1,071,905             |
| 3450 Restricted - grant funds            | -                       | -                                | -                                    | 6,051,212                 | 6,051,212             |
| 3470 Restricted - construction           | -                       | -                                | 86,214,124                           | -                         | 86,214,124            |
| 3480 Restricted - debt service           | -                       | 9,983,559                        | -                                    | -                         | 9,983,559             |
| 3510 Committed - construction            | -                       | -                                | 63,824,637                           | -                         | 63,824,637            |
| 3545 Committed - other                   | 69,000,000              | -                                | -                                    | 3,096,961                 | 72,096,961            |
| 3600 Unassigned                          | 26,176,745              | -                                | -                                    | -                         | 26,176,745            |
| 3000 Total fund balances                 | <u>96,693,144</u>       | <u>9,983,559</u>                 | <u>150,038,761</u>                   | <u>9,180,862</u>          | <u>265,896,326</u>    |
| 4000 Total liabilities and fund balances | <u>\$ 112,648,860</u>   | <u>\$ 10,898,525</u>             | <u>\$ 150,725,659</u>                | <u>\$ 10,067,142</u>      | <u>\$ 284,340,186</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, 2018**

|  |                             |
|--|-----------------------------|
| <b>Total fund balances - governmental funds (from C-1)</b>   | \$ 265,896,326              |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.   | 523,280,304                 |
| Accumulated depreciation, including current year depreciation expense of \$13,797,696 is not reported in the fund financial statements.  | (238,093,829)               |
| Deferred gains and losses on refundings of debt were not recognized on the balance sheet for governmental funds.   | (5,134,353)                 |
| Long-term liabilities including bonds payable, premiums, accreted interest, and compensated absences are not included on the fund financial statements.  | (341,733,209)               |
| Net OPEB liabilities are not included on the fund financial statements.  | (68,434,612)                |
| Net pension liabilities are not included on the fund financial statements.   | (40,466,073)                |
| Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.   | (625,397)                   |
| 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.                     | 5,134,954                   |
| 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. | 4,444,753                   |
| Items related to net pension and OPEB liabilities are not included on the fund financial statements:   |                             |
| Deferred outflows - pension  | 14,950,796                  |
| Deferred outflows - OPEB   | 1,014,650                   |
| Deferred inflows - pension   | (6,189,476)                 |
| Deferred inflows - OPEB  | (28,626,327)                |
| <b>Net position of governmental activities (from A-1)</b>  | <u><u>\$ 85,418,507</u></u> |

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

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED AUGUST 31, 2018**

| Data<br>Control<br>Codes               |  | 10<br>General<br>Fund | 50<br>Debt Service<br>Fund | 60<br>Capital<br>Projects Fund | Nonmajor<br>Funds   | Total                 |
|--|--|-----------------------|----------------------------|--------------------------------|---------------------|-----------------------|
| <b>REVENUES</b>                        |  |                       |                            |                                |                     |                       |
| 5700                                   | Local and intermediate sources                 | \$ 130,802,138        | \$ 27,699,837              | \$ 972,167                     | \$ 6,834,213        | \$ 166,308,355        |
| 5800                                   | State program revenues                         | 66,568,896            | 697,064                    | -                              | 382,180             | 67,648,140            |
| 5900                                   | Federal program revenues                       | 3,078,422             | -                          | -                              | 17,836,320          | 20,914,742            |
| 5020                                   | Total revenues                                 | <u>200,449,456</u>    | <u>28,396,901</u>          | <u>972,167</u>                 | <u>25,052,713</u>   | <u>254,871,237</u>    |
| <b>EXPENDITURES</b>                    |  |                       |                            |                                |                     |                       |
| <b>Current</b>                         |  |                       |                            |                                |                     |                       |
| 0011                                   | Instruction                                    | 109,228,899           | -                          | 600,852                        | 8,327,659           | 118,157,410           |
| 0012                                   | Instructional resources and media services     | 2,455,174             | -                          | -                              | 154,592             | 2,609,766             |
| 0013                                   | Curriculum and staff development               | 2,673,124             | -                          | -                              | 304,286             | 2,977,410             |
| 0021                                   | Instructional leadership                       | 2,182,687             | -                          | -                              | 316,212             | 2,498,899             |
| 0023                                   | School leadership                              | 10,307,694            | -                          | -                              | 313,096             | 10,620,790            |
| 0031                                   | Guidance and counseling services               | 6,734,018             | -                          | -                              | 937,848             | 7,671,866             |
| 0032                                   | Social work services                           | 603,584               | -                          | -                              | 206,912             | 810,496               |
| 0033                                   | Health services                                | 2,192,319             | -                          | -                              | 69,818              | 2,262,137             |
| 0034                                   | Student transportation                         | 5,238,577             | -                          | -                              | 420,660             | 5,659,237             |
| 0035                                   | Food service                                   | 96,961                | -                          | -                              | 12,242,150          | 12,339,111            |
| 0036                                   | Co-curricular/extracurricular activities       | 4,578,348             | -                          | -                              | 1,281,378           | 5,859,726             |
| 0041                                   | General administration                         | 5,452,888             | -                          | 5,600                          | 4,390               | 5,462,878             |
| 0051                                   | Maintenance and operations                     | 16,495,360            | -                          | -                              | 170,473             | 16,665,833            |
| 0052                                   | Security and monitoring                        | 935,868               | -                          | -                              | 19,040              | 954,908               |
| 0053                                   | Data processing services                       | 4,319,406             | -                          | 799,904                        | 120                 | 5,119,430             |
| 0061                                   | Community services                             | 111,503               | -                          | -                              | 318,193             | 429,696               |
| <b>Debt service</b>                    |  |                       |                            |                                |                     |                       |
| 0071                                   | Principal                                      | -                     | 13,574,890                 | -                              | -                   | 13,574,890            |
| 0072                                   | Interest                                       | -                     | 13,793,540                 | -                              | -                   | 13,793,540            |
| 0073                                   | Cost and fees                                  | -                     | 1,355,557                  | 679,962                        | -                   | 2,035,519             |
| <b>Capital outlay</b>                  |  |                       |                            |                                |                     |                       |
| 0081                                   | Facilities acquisition and construction        | -                     | -                          | 5,223,854                      | -                   | 5,223,854             |
| <b>Other intergovernmental</b>         |  |                       |                            |                                |                     |                       |
| 0095                                   | Juvenile justice alternative education program | 2,451                 | -                          | -                              | -                   | 2,451                 |
| 0099                                   | Other intergovernmental charges                | 748,799               | -                          | -                              | -                   | 748,799               |
| 6030                                   | Total expenditures                             | <u>174,357,660</u>    | <u>28,723,987</u>          | <u>7,310,172</u>               | <u>25,086,827</u>   | <u>235,478,646</u>    |
| <b>Excess (deficiency) of revenues</b> |  |                       |                            |                                |                     |                       |
| 1100                                   | over (under) expenditures                      | <u>26,091,796</u>     | <u>(327,086)</u>           | <u>(6,338,005)</u>             | <u>(34,114)</u>     | <u>19,392,591</u>     |
| <b>Other Financing Sources (Uses)</b>  |  |                       |                            |                                |                     |                       |
| 7911                                   | Issuance of Bonds                              | -                     | 162,450,000                | 76,500,000                     | -                   | 238,950,000           |
| 7912                                   | Sale of real or personal property              | 19,460                | -                          | -                              | 19,126              | 38,586                |
| 7915                                   | Transfers in                                   | 900,000               | -                          | 30,000,000                     | 604,636             | 31,504,636            |
| 7916                                   | Premium on issuance of bonds                   | -                     | 31,953,271                 | 9,181,584                      | -                   | 41,134,855            |
| 8911                                   | Transfers out                                  | (30,077,000)          | -                          | -                              | (4,539)             | (30,081,539)          |
| 8940                                   | Payments to bond refunding escrow agent        | -                     | (193,014,817)              | -                              | -                   | (193,014,817)         |
| 7080                                   | Total other financing sources (uses)           | <u>(29,157,540)</u>   | <u>1,388,454</u>           | <u>115,681,584</u>             | <u>619,223</u>      | <u>88,531,721</u>     |
| 1200                                   | Net change in fund balance                     | (3,065,744)           | 1,061,368                  | 109,343,579                    | 585,109             | 107,924,312           |
| 0100                                   | Fund balance - September 1 (beginning)         | 99,758,888            | 8,922,191                  | 40,695,182                     | 8,595,753           | 157,972,014           |
| 3000                                   | Fund balance - August 31 (ending)              | <u>\$ 96,693,144</u>  | <u>\$ 9,983,559</u>        | <u>\$ 150,038,761</u>          | <u>\$ 9,180,862</u> | <u>\$ 265,896,326</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, 2018**

|  |                       |
|--|-----------------------|
| <b>Net change in fund balances - total governmental funds (from C-3)</b>   | <b>\$ 107,924,312</b> |
| Internal service funds are used to charge for certain activities to the appropriate functions in other funds. The net income of internal service funds is reported with governmental activities, so the net effect is to increase net position.  | 493,624               |
| 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.   | 8,696,057             |
| 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.   | (13,797,696)          |
| 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.  | 13,574,890            |
| 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 decrease net position.  | (26,319,498)          |
| Bond proceeds (\$238,950,000) are not recognized as revenue and payments to bond refund escrow agents (\$175,330,000) to pay off outstanding bonds are not recognized as an expense on the government-wide financial statements.   | (63,620,000)          |
| 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.            | (12,939)              |
| Revenue not recognized on the fund financial statements under the modified accrual basis is recognized on the accrual basis in the government-wide financial statements. The effect of the change in unearned revenue is to decrease net position.   | (365,708)             |
| 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 accreted interest of \$3,857,290 and the increase in accrued interest of \$123,953 was to increase net position. | 3,733,337             |
| Gains and losses on refunding bonds are deferred and amortized on the government-wide financial statements. The effect of the \$6,533,609 addition to deferred charges, net of amortization of \$392,012 was a decrease in net position.   | (6,141,597)           |
| Items related to net pension liabilities are not recognized on the fund financial statements:  |                       |
| Deferred outflows (decrease)   | (4,210,798)           |
| Deferred inflows (increase)  | (32,134,382)          |
| Net OPEB liability decrease  | 52,383,238            |
| Net pension liability decrease   | 6,037,247             |
| <b>Change in net position of governmental activities (from B-1)</b>  | <b>\$ 46,240,087</b>  |

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

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**AUGUST 31, 2018**

|                              | <b>Enterprise<br/>Fund</b> | <b>Internal<br/>Service<br/>Funds</b> |
|------------------------------|----------------------------|---------------------------------------|
| <b>ASSETS</b>                |                            |                                       |
| Current Assets               |                            |                                       |
| Cash & temporary investments | \$ 693,818                 | \$ 6,092,373                          |
| Total assets                 | <u>\$ 693,818</u>          | <u>\$ 6,092,373</u>                   |
| <b>LIABILITIES</b>           |                            |                                       |
| Current Liabilities          |                            |                                       |
| Accounts payable             | \$ 1,630                   | \$ 80,372                             |
| Accrued wages payable        | 93,883                     | 1,907                                 |
| Due to other funds           | -                          | 71,199                                |
| Other accrued expenses       | -                          | 803,941                               |
| Total liabilities            | <u>95,513</u>              | <u>957,419</u>                        |
| <b>NET POSITION</b>          |                            |                                       |
| Unrestricted Net Position    | 598,305                    | 5,134,954                             |
| Total net position           | <u>\$ 598,305</u>          | <u>\$ 5,134,954</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, 2018**

|  | <b>Enterprise<br/>Fund</b> | <b>Internal<br/>Service<br/>Funds</b> |
|--|----------------------------|---------------------------------------|
| <b>Operating Revenues</b>                    |                            |                                       |
| Charges for services                         | \$ 2,464,598               | \$ 1,769,882                          |
| Total operating revenues                     | <u>2,464,598</u>           | <u>1,769,882</u>                      |
| <b>Operating Expenses</b>                    |                            |                                       |
| Payroll                                      | 1,187,479                  | 138,781                               |
| Insurance claims                             | -                          | 623,025                               |
| Contracted services                          | 87,550                     | 60,556                                |
| Supplies and materials                       | 38,172                     | 64,302                                |
| Other operating expenses                     | 103,089                    | 64,716                                |
| Total operating expenses                     | <u>1,416,290</u>           | <u>951,380</u>                        |
| Operating income                             | <u>1,048,308</u>           | <u>818,502</u>                        |
| <b>Nonoperating Revenues</b>                 |                            |                                       |
| Investment earnings                          | -                          | 75,122                                |
| Income before transfers                      | <u>1,048,308</u>           | <u>893,624</u>                        |
| Transfers out                                | <u>(1,023,097)</u>         | <u>(400,000)</u>                      |
| Change in net position                       | 25,211                     | 493,624                               |
| Total net position - September 1 (beginning) | <u>573,094</u>             | <u>4,641,330</u>                      |
| Total net position - August 31 (ending)      | <u>\$ 598,305</u>          | <u>\$ 5,134,954</u>                   |

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

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED AUGUST 31, 2018**

|  | <b>Enterprise<br/>Fund</b> | <b>Internal<br/>Service<br/>Funds</b> |
|--|----------------------------|---------------------------------------|
| <u>Cash flows from operating activities</u>  |                            |                                       |
| Cash received from user charges  | \$ 2,464,598               | \$ 1,769,882                          |
| Cash received from other funds   | -                          | 71,199                                |
| Cash payments to employees for services  | (1,172,223)                | (139,446)                             |
| Cash payments for contracted services  | (88,657)                   | (60,556)                              |
| Cash payments for insurance claims   | -                          | (591,821)                             |
| Cash payments for supplies   | (38,694)                   | (85,632)                              |
| Cash payments for other operating expenses   | (103,319)                  | (64,716)                              |
| Net cash provided by operating activities  | <u>1,061,705</u>           | <u>898,910</u>                        |
| <u>Cash flows from noncapital financing activities</u>                                     |                            |                                       |
| Transfers to other funds   | (1,023,097)                | (400,000)                             |
| Net cash used in noncapital financing activities   | <u>(1,023,097)</u>         | <u>(400,000)</u>                      |
| <u>Cash flows from investing activities</u>  |                            |                                       |
| Interest received  | -                          | 75,122                                |
| Net cash provided by investing activities  | <u>-</u>                   | <u>75,122</u>                         |
| Net increase (decrease) in cash and cash equivalents                                       | 38,608                     | 574,032                               |
| Cash and cash equivalents at beginning of the year   | <u>655,210</u>             | <u>5,518,341</u>                      |
| Cash and cash equivalents at end of the year   | <u>\$ 693,818</u>          | <u>\$ 6,092,373</u>                   |
| <u>Reconciliation of operating income to net cash<br/>provided by operating activities</u> |                            |                                       |
| Operating income   | \$ 1,048,308               | \$ 818,502                            |
| Adjustments to reconcile operating income<br>to net cash provided by operating activities  |                            |                                       |
| Increase (decrease) in accounts payable  | (1,859)                    | 19,004                                |
| Increase (decrease) in accrued wages   | 15,256                     | (665)                                 |
| Increase (decrease) in payments from other funds   | -                          | 71,199                                |
| Increase (decrease) in other accrued expenses  | -                          | (9,130)                               |
| Net cash provided by operating activities  | <u>\$ 1,061,705</u>        | <u>\$ 898,910</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, 2018**

|                                | <b>Private-<br/>Purpose Trust<br/>Funds</b> | <b>Agency Funds</b> |
|--------------------------------|---|---------------------|
| <b>Assets</b>                  |   |                     |
| Cash and temporary investments | \$ 1,101,887                                | \$ 439,564          |
| Other current assets           | -   | -                   |
| Due from other sources         | -   | 98,985              |
| Total assets                   | <u>\$ 1,101,887</u>                         | <u>\$ 538,549</u>   |
| <b>Liabilities</b>             |   |                     |
| Accounts payable               | \$ -  | \$ 1,027            |
| Due to student groups          | -   | 301,644             |
| Due to employees               | -   | 235,878             |
| Total liabilities              | <u>-</u>                                    | <u>\$ 538,549</u>   |
| <b>Net Position</b>            |   |                     |
| Held in trust for scholarships | 1,101,887                                   |                     |
| Total net position             | <u>\$ 1,101,887</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, 2018**

|  | <b>Private-<br/>Purpose Trust<br/>Funds</b> |
|--|---|
| <b>Additions</b>                       |   |
| Gifts and contributions                | \$ 8,347                                    |
| Earnings on investments                | 3,554                                       |
| Total additions                        | <u>11,901</u>                               |
| <b>Deductions</b>                      |   |
| Scholarships awarded                   | <u>2,000</u>                                |
| Total deductions                       | <u>2,000</u>                                |
| Change in net position                 | 9,901                                       |
| Net position - September 1 (beginning) | <u>1,091,986</u>                            |
| Net position - August 31 (ending)      | <u><u>\$ 1,101,887</u></u>                  |

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

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2018**

**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 Elementary and Secondary Education 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, 2018**

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

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

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

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

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

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

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

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

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2018**

**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, 2018**

**D. FUND ACCOUNTING - continued**

Fiduciary Funds:

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

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

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

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

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



**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2018**

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

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

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

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

**6. Pensions**

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

**7. Other Post-Employment Benefits**

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

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2018**

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

due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

**8. Fund Balances**

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

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

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

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

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

Unassigned – Includes all amounts not included in other spendable classifications. It is the residual classification for the general fund.

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.

**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:

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2018**

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

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

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

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

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

11. New Accounting Pronouncements

In fiscal year 2018, the District adopted Governmental Accounting Standards Board Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – which supersedes GASB Statement No. 45.

The requirements of Statement No. 75 apply to the financial statements of all state and local government employers whose employees are provided postemployment benefits other than pensions that are administered through trusts or equivalent arrangements, and to the financial statements of state and local governments in which the non-employer contributing entity (State) and District have a legal obligation to make contributions directly to such OPEB plan. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to the OPEB plan. Note disclosure and RSI requirements about the OPEB plan also are addressed. The adoption of Statement No. 75 has no impact on the District’s governmental fund financial statements, which continue to report expenditures in the contribution amount determined legislatively. The calculation of OPEB contributions is unaffected by the change. However, the adoption has resulted in the restatement of the District’s beginning net position for the fiscal year 2018 government-wide financial statements to reflect the reporting of net OPEB liability and deferred inflows of resources and deferred outflows of resources for its qualified OPEB plan and the recognition of OPEB expense in accordance with the provisions of GASB 75. Net position as of September 1, 2017 was decreased by \$19,866,294 to reflect the cumulative effect of adoption. An aggregate net OPEB liability of \$120,817,850 offset by aggregate deferred outflows of resources of \$951,556 at August 31, 2017 were reported as a prior period adjustment to the net position on September 1, 2017. Refer to Note P for more information regarding the District’s OPEB plan.

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
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**STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**F. BUDGETARY INFORMATION**

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

**DETAILED NOTES ON ALL FUNDS**

**G. DEPOSITS AND INVESTMENTS**

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

At August 31, 2018, the carrying amount of the District's deposits (cash, bank balances, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$53,124,890. The carrying amount of the District's deposits at August 31, 2018 were covered by \$500,000 FDIC insurance or collateralized with securities held by the Federal Reserve Bank in the District's name valued at \$39,736,412 and an irrevocable letter of credit for \$10,710,000 from the Federal Home Loan Bank.

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

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

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
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**G. DEPOSITS AND INVESTMENTS - continued**

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

|  | Investments<br><u>August 31, 2018</u> | Fair Value Measurements  |  |  | Percent of<br>Total<br>Investments | <u>Credit Risk</u> | Weighted<br>Average<br><u>Maturity (Days)</u> |
|--|---------------------------------------|--|--|--|------------------------------------|--------------------|---|
|  |                                       | Quoted Prices in<br>Active Markets for<br>Identical Assets<br><u>(Level 1)</u> | Significant Other<br>Observable Inputs<br><u>(Level 2)</u> | Significant<br>Unobservable<br><u>Inputs (Level 3)</u> |                                    |                    |   |
|  |                                       |  |  |  |                                    |                    |   |
| <i>Investments not Subject to Fair Value:</i>                                    |                                       |  |  |  |                                    |                    |   |
| Government investment pools, measured at<br>amortized cost/Net Asset Value (NAV) |                                       |  |  |  |                                    |                    |   |
| Texas CLASS  | \$ 111,428,899                        | \$ -   | \$ -   | \$ -   | 48%                                | AAAm               | 47  |
| LOGIC  | 2,502,015                             | -  | -  | -  | 1%                                 | AAAm               | 33  |
| Texpool  | 5,098,322                             | -  | -  | -  | 2%                                 | AAAm               | 28  |
| Lone Star  | 25,302,369                            | -  | -  | -  | 11%                                | AAAm               | 20  |
| <i>Investments by Fair Value Level:</i>  |                                       |  |  |  |                                    |                    |   |
| US Agency Security   | 79,278,133                            | 79,278,133   | -  | -  | 34%                                | Aaa                | 429   |
| Treasury Coupon Securities   | 9,911,525                             | 9,911,525  | -  | -  | 4%                                 | n/a                | 286   |
| Total  | \$ 233,521,263                        | \$ 89,189,658  | \$ -   | \$ -   | 100%                               |                    |   |

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

*U.S. Government Agency Securities* and *Municipal Bonds* classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

*U.S. Treasury Bonds* classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

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

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**G. DEPOSITS AND INVESTMENTS – continued**

redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

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

**Interest Rate Risk**

Interest rate risk is the risk that improving economic conditions would stimulate interest rates resulting in a decline in the fair value of District investments. To limit exposure to fair value losses caused by rising interest rates, District policy limits the total portfolio to a maximum weighted average maturity of one year. As of August 31, 2018, the weighted average maturity of the total portfolio was 108 days.

As of August 31, 2018, 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                | \$ 8,322,739                     | \$ 8,322,739   | \$ 8,322,739   | \$ -          | \$ -        |
| Certificates of deposit                         | 10,519,052                       | 10,519,052     | 10,519,052     | -             | -           |
| Government investment pools                     |                                  |                |                |               |             |
| Texas CLASS                                     | 111,428,899                      | 111,428,899    | 111,428,899    | -             | -           |
| LOGIC   | 2,502,015                        | 2,502,015      | 2,502,015      | -             | -           |
| Texpool   | 5,098,322                        | 5,098,322      | 5,098,322      | -             | -           |
| Lone Star                                       | 25,302,369                       | 25,302,369     | 25,302,369     | -             | -           |
| US Agency securities                            | 79,278,133                       | 79,278,133     | 59,505,865     | 19,772,268    | -           |
| Treasury Coupon Securities                      | 9,911,525                        | 9,911,525      | 9,911,525      | -             | -           |
| Total investments                               | 252,363,054                      | \$ 252,363,054 | \$ 232,590,786 | \$ 19,772,268 | \$ -        |
| Less Private Purpose Trust Fund cash            | (1,101,887)                      |                |                |               |             |
| Less Agency Fund cash                           | (439,564)                        |                |                |               |             |
| Demand deposits and petty cash                  | 32,981,320                       |                |                |               |             |
| Total cash and investments - primary government | <u>\$ 283,802,923</u>            |                |                |               |             |

**Credit Risk**

Credit Risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment policy and the Public Funds Investment Act establish minimum ratings for investments eligible for purchase. At August 31, 2018, the District's exposure to credit risk is shown by comparing the minimum required rating and the rating assigned by Standard & Poor's for each investment type.

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**G. DEPOSITS AND INVESTMENTS - continued**

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

U.S. Agency securities equate to 31.3% of the portfolio.

**Concentration of Credit Risk**

The District investment policy does not limit the amount that can be invested in any one issuer. As of August 31, 2018, the composition of the District's deposits and investments at carrying value was as follows:

|                                       |               |
|---------------------------------------|---------------|
| Wells Fargo public funds account      | 3.3%          |
| EastWest Bank certificates of deposit | 4.2%          |
| Texas CLASS                           | 44.2%         |
| LOGIC                                 | 1.0%          |
| Texpool                               | 2.0%          |
| Lone Star                             | 10.0%         |
| US Agency securities                  |               |
| FHLB Notes                            | 13.6%         |
| FHLMC Call Note                       | 4.0%          |
| FFCB Note                             | 9.7%          |
| FRMAC Note                            | 4.0%          |
| Total US Agency securities            | 31.3%         |
| Treasury securities                   | 4.0%          |
| Total                                 | <u>100.0%</u> |

**Custodial Credit Risk**

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

As of August 31, 2018, \$6,835,000 of the District deposits with the financial institution were uninsured and uncollateralized as they were in excess of federal depository insurance limits. This was corrected on the next banking business day.

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

- a. Depository: Wells Fargo Bank, N.A.

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
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**G. DEPOSITS AND INVESTMENTS – continued**

- b. The fair value of securities pledged and the irrevocable letter of credit as of the date of the highest combined balance on deposit was \$97,448,461.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$84,623,689 and occurred on September 4, 2017.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$500,000.

**H. PROPERTY TAXES**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. The assessed value of the roll upon which the levy for the 2018 fiscal year was based, was \$12,240,981,339. The tax rates assessed for the year ended August 31, 2018 to finance general fund operations and the payment of principal and interest on general obligation long-term debt were \$1.0400 and \$0.2230 per \$100 valuation, respectively, for a total of \$1.263 per \$100 valuation.

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

**I. DELINQUENT TAXES RECEIVABLE**

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

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

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

Interfund balances at August 31, 2018 consisted of the following individual fund balances:

| Receivable Fund | Payable Fund           | Amount            | Purpose         |
|-----------------|------------------------|-------------------|-----------------|
| Nonmajor funds  | Nonmajor funds         | \$ 212,033        | Cash allocation |
| Nonmajor funds  | Internal service funds | \$ 71,199         | Cash allocation |
|                 |                        | <u>\$ 283,232</u> |                 |



**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
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**J. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS – continued**

At August 31, 2018, interfund transfers were as follows:

| Transfers From         | Transfers To           | Amount               | Purpose  |
|------------------------|------------------------|----------------------|--|
| General fund           | Capital projects funds | \$ 30,000,000        | Transfer of funds from general fund to capital projects fund for authorized construction       |
| General fund           | Nonmajor funds         | 77,000               | Transfer of funds from general fund to campus technology fund                                  |
| Nonmajor funds         | Nonmajor funds         | 4,539                | Transfer of surplus from summer feeding program to child nutrition fund                        |
| Enterprise fund        | General fund           | 500,000              | Transfer of funds related to extended day program from enterprise fund to general fund         |
| Enterprise fund        | Nonmajor funds         | 523,097              | Transfer of funds related to extended day program from enterprise fund to campus activity fund |
| Internal service funds | General fund           | 400,000              | Transfer portion of workers' compensation fund to general fund                                 |
|                        |                        | <u>\$ 31,504,636</u> |  |

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
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**K. CAPITAL ASSET ACTIVITY**

Capital asset activity for the District for the year ended August 31, 2018 was as follows:

|  | Beginning<br>Balance  | Additions           | Retirements/<br>Transfers | Ending Balance        |
|--|-----------------------|---------------------|---------------------------|-----------------------|
| Governmental Activities                      |                       |                     |                           |                       |
| Capital assets, not depreciated:             |                       |                     |                           |                       |
| Land   | \$ 14,633,912         | \$ 1,837,800        | \$ -                      | \$ 16,471,712         |
| Construction in progress                     | 7,822,829             | 3,813,792           | (5,647,642)               | 5,988,979             |
| Total capital assets not depreciated         | <u>22,456,741</u>     | <u>5,651,592</u>    | <u>(5,647,642)</u>        | <u>22,460,691</u>     |
| Capital assets, being depreciated:           |                       |                     |                           |                       |
| Buildings and improvements                   | 457,191,924           | 6,412,824           | -                         | 463,604,748           |
| Furniture and equipment                      | 35,151,862            | 2,279,283           | (216,280)                 | 37,214,865            |
| Total capital assets being depreciated       | <u>492,343,786</u>    | <u>8,692,107</u>    | <u>(216,280)</u>          | <u>500,819,613</u>    |
| Less accumulated depreciation for:           |                       |                     |                           |                       |
| Buildings and improvements                   | (198,780,454)         | (11,916,330)        | -                         | (210,696,784)         |
| Furniture and equipment                      | (25,731,959)          | (1,881,366)         | 216,280                   | (27,397,045)          |
| Total accumulated depreciation               | <u>(224,512,413)</u>  | <u>(13,797,696)</u> | <u>216,280</u>            | <u>(238,093,829)</u>  |
| Total capital assets, being depreciated, net | <u>267,831,373</u>    | <u>(5,105,589)</u>  | <u>-</u>                  | <u>262,725,784</u>    |
| Governmental activities capital assets, net  | <u>\$ 290,288,114</u> | <u>\$ 546,003</u>   | <u>\$ (5,647,642)</u>     | <u>\$ 285,186,475</u> |

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
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**K. CAPITAL ASSET ACTIVITY - continued**

Depreciation expense was charged to governmental functions as follows:

|  |                      |
|--|----------------------|
| Instruction                                | \$ 8,227,418         |
| Instructional resources and media services | 163,574              |
| Curriculum and staff development           | 248,365              |
| Instructional leadership                   | 147,995              |
| School leadership                          | 940,812              |
| Guidance and counseling services           | 582,345              |
| Social work services                       | -                    |
| Health services                            | 147,408              |
| Student transportation                     | 361,298              |
| Food service                               | 187,525              |
| Co-curricular/extracurricular activities   | 535,902              |
| General administration                     | 51,023               |
| Plant maintenance and operations           | 1,372,074            |
| Security and monitoring services           | 101,344              |
| Data processing services                   | 728,882              |
| Community service                          | 1,731                |
|  | <u>\$ 13,797,696</u> |

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

Long term liabilities activity for the year ended August 31, 2018 was as follows:

|  | Beginning<br>Balance  | Additions             | Reductions              | Ending<br>Balance     | Due Within<br>One Year |
|--|-----------------------|-----------------------|-------------------------|-----------------------|------------------------|
| Governmental Activities                                |                       |                       |                         |                       |                        |
| Bonds payable  |                       |                       |                         |                       |                        |
| General obligation bonds                               | \$ 249,669,891        | \$ 238,950,000        | \$ (188,904,891)        | \$ 299,715,000        | \$ 17,625,000          |
| Premium on GO bonds                                    | 14,942,244            | 41,134,855            | (14,815,357)            | \$ 41,261,742         | 3,664,149              |
| Total bonds payable                                    | 264,612,135           | 280,084,855           | (203,720,248)           | 340,976,742           | 21,289,149             |
| Other liabilities                                      |                       |                       |                         |                       |                        |
| Accreted interest                                      | 3,857,290             | 350,848               | (4,208,138)             | \$ -                  | -                      |
| Compensated absences                                   | 743,527               | 695,925               | (682,985)               | \$ 756,467            | 642,996                |
| Total governmental activities<br>long-term liabilities | <u>\$ 269,212,952</u> | <u>\$ 281,131,628</u> | <u>\$ (208,611,371)</u> | <u>\$ 341,733,209</u> | <u>\$ 21,932,145</u>   |

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

Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. As of August 31, 2018 the District does not have any defeased bonds outstanding.

A summary of general long-term debt for the year ended August 31, 2018 is as follows:

| Description                 | Interest Rate Payable | Final Maturity Date | Amounts Original Issue | Interest Current Year | Payable Amounts Outstanding | Outstanding          |
|-----------------------------|-----------------------|---------------------|------------------------|-----------------------|-----------------------------|----------------------|
|                             |                       |                     |                        |                       | 9/1/17                      | 8/31/18              |
| Refunding 1994              | 4.1% to 7.1%          | 8/15/2018           | \$ 66,541,545          | \$ 4,545,110          | \$ 659,891                  | \$ -                 |
| Refunding 2006              | 5.0%                  | 8/15/2020           | 84,185,000             | 1,065,750             | 21,315,000                  | 21,315,000           |
| Refunding 2010              | 3.5% to 5.0%          | 8/15/2028           | 104,330,000            | 297,005               | 103,420,000                 | 6,380,000            |
| School Building Series 2011 | 5.0%                  | 8/15/2020           | 124,695,000            | 646,750               | 91,370,000                  | 8,750,000            |
| Refunding 2015A             | 3.0% to 3.5%          | 8/15/2024           | 7,800,000              | 260,800               | 7,800,000                   | 7,800,000            |
| Refunding 2015B             | 2.0% to 3.0%          | 8/15/2024           | 30,467,681             | 598,460               | 25,105,000                  | 18,550,000           |
| Refunding 2017A             | 5.0%                  | 8/15/2028           | 87,575,000             | 3,583,564             | -                           | 86,670,000           |
| Refunding 2017B             | 2.0% to 5.0%          | 8/15/2036           | 74,875,000             | 2,796,101             | -                           | 73,750,000           |
| School Building Series 2018 | 2.5% to 5.0%          | 8/15/2043           | 76,500,000             | -                     | -                           | 76,500,000           |
|                             |                       |                     | <u>\$656,969,226</u>   | <u>\$ 13,793,540</u>  | <u>\$249,669,891</u>        | <u>\$299,715,000</u> |

On October 12, 2017, the District issued \$87,575,000 in unlimited tax refunding bonds, Series 2017A. The District received a net premium of \$19,403,515 on the issuance of bonds. The net proceeds were used to refund \$96,895,000 of the District's unlimited tax refunding bonds, Series 2010. The bond proceeds were used to partially advance refund the Series 2010 bonds, and the refunded amounts were placed in escrow with an escrow agent for the purpose of redeeming the bonds on August 15, 2020. As a result, the refunded bonds are considered to be defeased. The reacquisition price exceeded the net carrying value of the old debt by \$6,583,026. The amount is reported as a deferred inflow of resources, deferred gain on refunding, and amortized over the remaining life of the refunded debt issued. This advance refunding was undertaken to reduce total debt service payments over the next ten years by \$11,266,748 and resulted in an economic gain of \$9,767,192.

Also on October 12, 2017, the District issued \$74,875,000 in unlimited tax refunding bonds, Series 2017B. The District received a net premium of \$12,549,756 on the issuance of the bonds. The net proceeds were used to refund \$78,435,000 of the District's unlimited tax school building bonds, Series 2011. The bond proceeds were used to partially advance refund the Series 2011 bonds, and the refunded amounts were placed in escrow with an escrow agent for the purpose of redeeming the bonds on August 15, 2020. As a result, the refunded bonds are considered to be defeased. The net carrying value of the old debt exceeded the reacquisition price by \$49,417. The amount is reported as a deferred outflow of resources, deferred loss on refunding, and amortized over the remaining life of the refunded debt issued. This advance refunding was undertaken to reduce total debt service payments over the next eighteen years by \$12,733,499 and resulted in an economic gain of \$9,677,232.

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

On July 19, 2018, the District issued \$76,500,000 (par value) in unlimited tax school building bonds. The net proceeds of \$85,681,584 (\$76,500,000 par amount of the bonds plus \$9,181,584 premium paid on the bonds less \$679,962 of underwriting fees, insurance and other insurance costs) are to be used for construction funds.

Debt service requirements are as follows:

| Year Ended<br>August, 31 | Governmental Activities |                |                |
|--------------------------|-------------------------|----------------|----------------|
|                          | Principal               | Interest       | Total          |
| 2019                     | \$ 17,625,000           | \$ 13,820,832  | \$ 31,445,832  |
| 2020                     | 17,810,000              | 12,719,237     | 30,529,237     |
| 2021                     | 18,665,000              | 11,875,775     | 30,540,775     |
| 2022                     | 17,745,000              | 11,121,982     | 28,866,982     |
| 2023                     | 18,415,000              | 10,454,945     | 28,869,945     |
| 2024-2028                | 110,390,000             | 38,919,003     | 149,309,003    |
| 2029-2033                | 40,025,000              | 18,158,750     | 58,183,750     |
| 2034-2038                | 36,215,000              | 9,213,400      | 45,428,400     |
| 2039-2043                | 22,825,000              | 3,488,850      | 26,313,850     |
| Total                    | \$ 299,715,000          | \$ 129,772,774 | \$ 429,487,774 |

**N. COMPENSATED ABSENCES**

Regular 12-month employees are entitled to an annual vacation of two weeks with full pay, which increases to three weeks during the 15<sup>th</sup> year. The liability for earned vacation pay is estimated to be \$756,467 and is included on the government-wide statement of net position at August 31, 2018. The General Fund and Special Revenue Funds are used to liquidate compensated absences.

**O. DEFINED BENEFIT PENSION PLAN**

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

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

**Pension Plan Fiduciary Net Position.** Detail information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on

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

the Internet at [https://www.trs.texas.gov/TRS%20Documents/cafr\\_2017.pdf](https://www.trs.texas.gov/TRS%20Documents/cafr_2017.pdf); 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.

**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. 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.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83<sup>rd</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84<sup>th</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

| Year | Contribution Rates and Contribution Amounts |               |       |              |              |  |
|------|---|---------------|-------|--------------|--------------|--|
|      | Member                                      |               | State |              | District     |  |
|      | Rate  | Amount        | Rate  | Amount       | Amount       |  |
| 2018 | 7.7%  | \$ 10,603,366 | 6.8%  | \$ 6,674,823 | \$ 4,302,257 |  |
| 2017 | 7.7%  | \$ 10,270,674 | 6.8%  | \$ 6,434,562 | \$ 4,147,796 |  |
| 2016 | 7.2%  | \$ 9,224,761  | 6.8%  | \$ 6,298,602 | \$ 3,903,993 |  |

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).

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
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**O. DEFINED BENEFIT PENSION PLAN – continued**

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there are two additional surcharges 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.

**Actuarial Assumptions.** The total pension liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

|  |                             |
|--|-----------------------------|
| Valuation Date   | August 31, 2017             |
| Actuarial Cost Method  | Individual Entry Age Normal |
| Asset Valuation Method   | Market Value                |
| Single Discount Rate   | 8.00%                       |
| Long-term expected Investment Rate of Return                             | 8.00%                       |
| Municipal Bond Rate  | N/A*                        |
| Last year ending August 31 in 2017 to 2116 Projection period (100 years) | 2116                        |
| Inflation  | 2.5%                        |
| Salary Increases including inflation                                     | 3.5% to 9.5%                |
| Benefit Changes during the year  | None                        |
| Ad hoc post-employment benefit changes                                   | None                        |

*\*If a municipal bond rate was to be used, the rate would be 3.42% as of August 2017 (i.e. the rate closest to but not later than the measurement date). The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-YEAR Municipal GO AA Index."*

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
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**O. DEFINED BENEFIT PENSION PLAN – continued**

The actuarial methods and assumptions are based primarily on a study of actual experience for the four year period ending August 31, 2014 and adopted on September 24, 2015.

**Discount Rate.** The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan 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 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 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2017 are summarized on the next page:



**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
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**O. DEFINED BENEFIT PENSION PLAN - continued**

| Asset Class                   | Target Allocation %* | Long-Term<br>Expected<br>Geometric Rate of<br>Return | Expected<br>Contribution to<br>Long-Term<br>Portfolio<br>Returns** |
|-------------------------------|----------------------|--|--|
| <b>Global Equity</b>          |                      |  |  |
| U.S.                          | 18%                  | 4.6%   | 1.0%   |
| Non-U.S. Developed            | 13%                  | 5.1%   | 0.8%   |
| Emerging Markets              | 9%                   | 5.9%   | 0.7%   |
| Directional Hedge Funds       | 4%                   | 3.2%   | 0.1%   |
| Private Equity                | 13%                  | 7.0%   | 1.1%   |
| <b>Stable Value</b>           |                      |  |  |
| U.S. Treasuries               | 11%                  | 0.7%   | 0.1%   |
| Absolute Return               | 0%                   | 1.8%   | 0.0%   |
| Stable Value Hedge Funds      | 4%                   | 3.0%   | 0.1%   |
| Cash                          | 1%                   | -0.2%  | 0.0%   |
| <b>Real Return</b>            |                      |  |  |
| Global Inflation-Linked Bonds | 3%                   | 0.9%   | 0.0%   |
| Real Assets                   | 16%                  | 5.1%   | 1.1%   |
| Energy & Natural Resources    | 3%                   | 6.6%   | 0.2%   |
| Commodities                   | 0%                   | 1.2%   | 0.0%   |
| <b>Risk Parity</b>            |                      |  |  |
| Risk Parity                   | 5%                   | 6.7%   | 0.3%   |
| Inflation Expectation         |                      |  | 2.2%   |
| Alpha                         |                      |  | 1.0%   |
| <b>Total</b>                  | <b>100%</b>          |  | <b>8.7%</b>  |

*\*Target allocations are based on the FY2014 policy model. Infrastructure was moved from Real Assets to Energy and Natural Resources in FY2017, but the reallocation does not affect the long-term expected geometric real rate of return or expected contribution to long-term portfolio returns.*

*\*\* The Expected Contribution to Long-Term Portfolio Returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.*

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

**Discount Rate Sensitivity Analysis.** The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the Net Pension Liability.

|  | 1% Decrease in Discount<br>Rate (7.0%) | Discount Rate<br>(8.0%) | 1% Increase in<br>Discount Rate<br>(9.0%) |
|--|--|-------------------------|---|
| Hurst-Euleless-Bedford ISD's<br>proportionate share of the net<br>pension liability: | \$68,217,803                           | \$40,466,073            | \$17,358,523                              |

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At August 31, 2018, the District reported a liability of \$40,466,073 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         | \$ 40,466,073                |
| State's proportionate share that is associated with Hurst-Euleless-Bedford ISD | <u>\$ 63,194,080</u>         |
| Total  | <u><u>\$ 103,660,153</u></u> |

The net pension liability was measured as of August 31, 2017 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, 2016 through August 31, 2017.

At August 31, 2017 the District's proportion of the collective net pension liability was .1265569% which was an increase of .0034948% from its proportion measured as of August 31, 2016.

**Changes Since the Prior Actuarial Valuation.** There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

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

For the year ended August 31, 2018, the District recognized pension expense of \$6,564,893 and revenue of \$4,820,193 for support provided by the State.

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

At August 31, 2018, 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<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual economic experience   | \$ 592,037                           | \$ 2,182,282                        |
| Changes in actuarial assumptions  | 1,843,294                            | 1,055,243                           |
| Difference between projected and actual investment earnings   | -                                    | 2,949,079                           |
| Changes in proportion and difference between the District's<br>contributions and the proportionate share of contributions | 8,213,208                            | 2,872                               |
| Contributions paid to TRS subsequent to the measurement date  | 4,302,257                            | -                                   |
| Total   | <u>\$ 14,950,796</u>                 | <u>\$ 6,189,476</u>                 |

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

| <u>Year ended August 31:</u> | <u>Pension Expense Amount</u> |
|------------------------------|-------------------------------|
| 2019                         | \$ 660,918                    |
| 2020                         | 3,243,972                     |
| 2021                         | 462,451                       |
| 2022                         | (310,629)                     |
| 2023                         | 306,366                       |
| Thereafter                   | 95,985                        |
|                              | <u>\$ 4,459,063</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 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**  
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**P. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS**

**Plan Description.** The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

**OPEB Plan Fiduciary Net Position.** Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [https://www.trs.texas.gov/TRS%20Documents/cafr\\_2017.pdf](https://www.trs.texas.gov/TRS%20Documents/cafr_2017.pdf); by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

**Benefits Provided.** TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

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

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with Medicare Parts A&B coverage, with 20 to 29 years of service for the basic plan and the two optional plans.

| <b>TRS-Care Plan Premium Rates</b>      |                                      |   |   |
|---|--------------------------------------|---|---|
| Effective Sept. 1, 2016 - Dec. 31, 2017 |                                      |   |   |
|   | <b>TRS-Care<br/>1 Basic<br/>Plan</b> | <b>TRS-Care 2<br/>Optional<br/>Plan</b> | <b>TRS-Care 3<br/>Optional<br/>Plan</b> |
| Retiree*                                | \$ -                                 | \$ 70                                   | \$ 100                                  |
| Retiree and Spouse                      | 20                                   | 175                                     | 255                                     |
| Retiree* and Children                   | 41                                   | 132                                     | 182                                     |
| Retiree and Family                      | 61                                   | 237                                     | 337                                     |
| Surviving Children only                 | 28                                   | 62                                      | 82                                      |

\*or surviving spouse

**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 1.0% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

| Contribution Rates and Contribution Amounts |               |            |       |              |       |                 |  |
|---|---------------|------------|-------|--------------|-------|-----------------|--|
| Year  | Active Member |            |       | State        |       | School District |  |
|   | Rate          | Amount     | Rate  | Amount       | Rate  | Amount          |  |
| 2018  | 0.65%         | \$ 895,098 | 1.25% | \$ 1,723,252 | 0.75% | \$ 1,032,804    |  |
| 2017  | 0.65%         | \$ 867,008 | 1.00% | \$ 1,330,479 | 0.55% | \$ 733,624      |  |
| 2016  | 0.65%         | \$ 832,800 | 1.00% | \$ 1,282,316 | 0.55% | \$ 704,670      |  |

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.

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

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to. When employers hire a TRS retiree, they 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 \$15.6 million in fiscal year 2017 and \$182.6 million in fiscal year 2018.

**Actuarial Assumptions.** The total OPEB liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation:

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

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

|  |  |
|--|--|
| Valuation Date                         | August 31, 2017  |
| Actuarial Cost Method                  | Individual Entry Age Normal  |
| Inflation                              | 2.50%  |
| Discount Rate *                        | 3.42% *  |
| Aging Factors                          | Based on plan specific experience  |
| Expenses                               | Third party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs. |
| Payroll Growth Rate                    | 2.50%  |
| Projected Salary Increases **          | 3.50% to 9.50% **  |
| Healthcare Trend Rates ***             | 4.50% to 12.00% ***  |
| Election Rates                         | Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65  |
| Ad hoc-post employment benefit changes | None   |

\* Source: Fixed income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2017.

\*\* Includes Inflation at 2.50%

\*\*\* Initial trend rates are 7.00% for non-Medicare retirees; 10.00% for Medicare retirees and 12.00% for prescriptions for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 10 years.

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

**Other Information:** There was a significant plan change adopted in fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will be offered and all retirees will be required to contribute monthly premiums for coverage. Assumption changes made for the August 31, 2017 valuation include a change to the assumption regarding the phase-out of the Medicare Part D subsidies and a change to the discount rate from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017.

**Discount Rate.** A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of .44 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to *not be able* to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Discount Rate Sensitivity Analysis.** The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.42%) in measuring the Net OPEB Liability.

|   | 1% Decrease in<br>Discount Rate (2.42%) | Current Single<br>Discount Rate (3.42%) | 1% Increase in<br>Discount Rate (4.42%) |
|---|---|---|---|
| District's proportionate<br>share of the Net OPEB<br>Liability: | \$ 80,769,831                           | \$ 68,434,612                           | \$ 58,519,877                           |

**Healthcare Cost Trend Rates.** The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

|  | 1% Decrease   | Current Discount Rate | 1% Increase   |
|--|---------------|-----------------------|---------------|
|  | \$ 56,978,651 | \$ 68,434,612         | \$ 83,466,276 |

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2018**

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

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.*** At August 31, 2018, the District reported a liability of \$68,434,612 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            | \$ 68,434,612                |
| State's proportionate share that is associated with Hurst-Euleless-Bedford ISD | <u>\$ 104,951,155</u>        |
| Total  | <u><u>\$ 173,385,767</u></u> |

The Net OPEB Liability was measured as of August 31, 2017 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The District's proportion of the Net OPEB Liability was based on the District's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2016 thru August 31, 2017.

At August 31, 2017 the District's proportion of the collective Net OPEB Liability was 0.1573707% which was the same proportion measured as of August 31, 2016.

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

1. Significant plan changes were adopted during the fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates.
2. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
3. The discount rate changed from 2.98% as of August 31, 2016, to 3.42% as of August 31, 2017. This change lowered the total OPEB liability.

For the year ended August 31, 2018, the District recognized OPEB expense of \$(58,939,452) and revenue of \$(35,119,447) for support provided by the State.



**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2018**

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

At August 31, 2018, 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<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual economic experience  | \$ -                                 | \$ 1,428,624                        |
| Changes in actuarial assumptions   | -                                    | 27,197,703                          |
| Difference between projected and actual investment earnings  | 10,395                               | -                                   |
| Changes in proportion and difference between the employer's contributions and the proportionate share of contributions | 318                                  | -                                   |
| Contributions paid to TRS subsequent to the measurement date   | 1,003,937                            | -                                   |
| Total  | <u>\$ 1,014,650</u>                  | <u>\$ 28,626,327</u>                |

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

| <u>Year ended August 31:</u> | <u>OPEB Expense Amount</u> |
|------------------------------|----------------------------|
| 2019                         | \$ (3,775,864)             |
| 2020                         | (3,775,864)                |
| 2021                         | (3,775,864)                |
| 2022                         | (3,775,864)                |
| 2023                         | (3,778,462)                |
| Thereafter                   | (9,733,696)                |
|                              | <u>\$ (28,615,614)</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 entity. The allocation of these on-behalf payments is based on the ratio of a reporting entity's covered payroll to the entire covered payroll reported by all participating reporting entities. TRS based this allocation percentage on the "completed" report submissions by reporting entities for the month of May. For the years ended August 31, 2018, 2017 and 2016, the subsidy payments received by TRS-Care on behalf of the District were \$417,348, \$414,944 and \$524,677, respectively.

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2018**

**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, 2017 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<br>August 31, 2017 | Year Ended<br>August 31, 2018 |
|--------------------------------------|-------------------------------|-------------------------------|
| Unpaid claims, beginning of the year | \$ 659,561                    | \$ 813,071                    |
| Incurred claims (including IBNR)     | 574,307                       | 623,024                       |
| Claim payments                       | (420,797)                     | (632,154)                     |
| Unpaid claims, end of fiscal year    | <u>\$ 813,071</u>             | <u>\$ 803,941</u>             |

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2018**

**R. UNEARNED REVENUE**

Unearned revenue at August 31, 2018 consisted of the following:

|       | Nonmajor<br>Funds |
|-------|-------------------|
| Other | <u>\$ 150,397</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 of federal, state and local governments as of August 31, 2018, are summarized below and are reported on the combined financial statements as Due from/(to) Other Governments.

|                      | Federal<br>Grants | State<br>Governments  | Other Local<br>Governments | Total                 |
|----------------------|-------------------|-----------------------|----------------------------|-----------------------|
| General fund         | \$ -              | \$ (2,201,408)        | \$ (16,250)                | \$ (2,217,658)        |
| Debt service fund    | -                 | (103)                 | (2,207)                    | (2,310)               |
| Child nutrition fund | -                 | 423,879               | -                          | 423,879               |
| Other nonmajor funds | 72,016            | 200,561               | -                          | 272,577               |
| Total                | <u>\$ 72,016</u>  | <u>\$ (1,577,071)</u> | <u>\$ (18,457)</u>         | <u>\$ (1,523,512)</u> |

**T. COMMITTED AND ASSIGNED FUND BALANCE**

**General Fund**

The non-spendable fund balances were inventories of \$450,793 and prepaid items of \$1,065,606. The committed fund balance of \$69,000,000 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                            | 14,000,000           |
| Total  | <u>\$ 69,000,000</u> |

The unassigned fund balance was \$26,176,745.

**Other Major Funds**

The debt service fund had a restricted fund balance of \$9,983,559 to be used for debt service payments. The capital projects fund had a restricted fund balance of \$86,214,124 and a committed fund balance of \$63,824,637 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, 2018**

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

**Nonmajor Funds**

Special revenue funds had a restricted fund balance of \$6,051,212 for child nutrition and other grant obligations. Special revenue funds also had a committed fund balance of \$3,096,961 primarily for campus activities and other local programs, and non-spendable fund balance of \$26,390 for inventory and \$6,299 for prepaid items.

**U. INSTRUCTIONAL MATERIALS ALLOTMENT**

In May 2011, Senate Bill 6 repealed the technology allotment used by Texas schools and created an Instructional Materials Allotment (IMA) for the purchase of instructional materials, technology equipment, and technology related services. Under the IMA, instructional material purchases must be made through TEA's online registration system. Instructional materials acquired through the IMA totaling \$267,904 are recorded as expenditures in the Instructional Materials fund and \$252,690 of revenue has been recorded in the fund.

**V. LITIGATION**

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

**W. COMMITMENTS AND CONTINGENCIES**

**Federal Programs** – The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at August 31, 2018 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, 2018 there were various construction contracts for renovations and new construction with unaccrued commitments totaling \$5,278,285.

**X. PRIOR PERIOD ADJUSTMENT**

Net position at September 1, 2017 was restated per the following table for the implementation of GASB 75:

|  | Governmental Activities |
|--|-------------------------|
| Beginning net position, as previously reported | \$ 159,044,714          |
| Implementation of GASB 75 for OPEB             | \$ (119,866,294)        |
| Beginning net position, restated               | \$ 39,178,420           |

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2018**

**Y. SUBSEQUENT EVENTS**

In November 2018, the District committed approximately \$54,000,000 from the locally-defined capital projects fund for various projects including replacement of an elementary campus, as well as multiple roofing, HVAC, turf and parking lot renovations.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED AUGUST 31, 2018**

| Data<br>Control<br>Codes |  | Budgeted Amounts     |                      | Actual Amounts<br>(GAAP Basis) | Variance With<br>Final Budget<br>(Over) or Under |
|--------------------------|--|----------------------|----------------------|--------------------------------|--|
|                          |  | Original             | Final                |                                |  |
|                          | <b>REVENUES</b>  |                      |                      |                                |  |
| 5700                     | Local and intermediate sources                               | \$ 127,658,305       | \$ 128,658,305       | \$ 130,802,138                 | \$ (2,143,833)                                   |
| 5800                     | State program revenues                                       | 61,600,722           | 63,600,722           | 66,568,896                     | (2,968,174)                                      |
| 5900                     | Federal program revenues                                     | 450,000              | 2,133,300            | 3,078,422                      | (945,122)  |
| 5020                     | Total revenues   | <u>189,709,027</u>   | <u>194,392,327</u>   | <u>200,449,456</u>             | <u>(6,057,129)</u>                               |
|                          | <b>EXPENDITURES</b>  |                      |                      |                                |  |
|                          | Current  |                      |                      |                                |  |
| 0011                     | Instruction  | 112,442,506          | 112,400,485          | 109,228,899                    | 3,171,586  |
| 0012                     | Instructional resources and media services                   | 2,534,435            | 2,545,159            | 2,455,174                      | 89,985   |
| 0013                     | Curriculum and staff development                             | 2,982,978            | 2,966,473            | 2,673,124                      | 293,349  |
| 0021                     | Instructional leadership                                     | 2,273,261            | 2,326,901            | 2,182,687                      | 144,214  |
| 0023                     | School leadership  | 10,734,382           | 10,778,365           | 10,307,694                     | 470,671  |
| 0031                     | Guidance and counseling services                             | 7,243,044            | 7,292,570            | 6,734,018                      | 558,552  |
| 0032                     | Social work services   | 613,648              | 663,648              | 603,584                        | 60,064   |
| 0033                     | Health services  | 2,246,146            | 2,282,305            | 2,192,319                      | 89,986   |
| 0034                     | Student transportation                                       | 5,085,817            | 5,855,218            | 5,238,577                      | 616,641  |
| 0035                     | Food service   | 57,609               | 207,609              | 96,961                         | 110,648  |
| 0036                     | Co-curricular/extracurricular activities                     | 4,571,206            | 4,789,926            | 4,578,348                      | 211,578  |
| 0041                     | General administration                                       | 5,898,572            | 6,406,940            | 5,452,888                      | 954,052  |
| 0051                     | Maintenance and operations                                   | 17,771,807           | 19,857,005           | 16,495,360                     | 3,361,645  |
| 0052                     | Security and monitoring                                      | 955,297              | 1,015,668            | 935,868                        | 79,800   |
| 0053                     | Data processing services                                     | 4,160,975            | 4,811,982            | 4,319,406                      | 492,576  |
| 0061                     | Community services   | 137,044              | 186,773              | 111,503                        | 75,270   |
| 0095                     | Juvenile justice alternative education program               | 22,500               | 27,500               | 2,451                          | 25,049   |
|                          | Other intergovernmental                                      |                      |                      |                                |  |
| 0099                     | Other intergovernmental charges                              | 805,800              | 805,800              | 748,799                        | 57,001   |
| 6030                     | Total expenditures   | <u>180,537,027</u>   | <u>185,220,327</u>   | <u>174,357,660</u>             | <u>10,862,667</u>                                |
|                          | Excess (deficiency) of revenues<br>over (under) expenditures | <u>9,172,000</u>     | <u>9,172,000</u>     | <u>26,091,796</u>              | <u>(16,919,796)</u>                              |
|                          | Other Financing Sources (Uses)                               |                      |                      |                                |  |
| 7912                     | Sale of real or personal property                            | 5,000                | 5,000                | 19,460                         | (14,460)   |
| 7915                     | Transfers in   | 900,000              | 900,000              | 900,000                        | -  |
| 8911                     | Transfers out  | (10,077,000)         | (30,077,000)         | (30,077,000)                   | -  |
| 7080                     | Total other financing sources (uses)                         | <u>(9,172,000)</u>   | <u>(29,172,000)</u>  | <u>(29,157,540)</u>            | <u>(14,460)</u>                                  |
| 1200                     | Net change in fund balance                                   | -                    | (20,000,000)         | (3,065,744)                    | (16,934,256)                                     |
| 0100                     | Fund balance - September 1 (beginning)                       | <u>99,758,888</u>    | <u>99,758,888</u>    | <u>99,758,888</u>              |  |
| 3000                     | Fund balance - August 31 (ending)                            | <u>\$ 99,758,888</u> | <u>\$ 79,758,888</u> | <u>\$ 96,693,144</u>           | <u>\$ (16,934,256)</u>                           |

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED AUGUST 31, 2018**

**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, 2018**

| Measurement period ending<br>August 31,  | <u>2017</u>                  | <u>2016</u>                  | <u>2015</u>                  | <u>2014</u>                 |
|--|------------------------------|------------------------------|------------------------------|-----------------------------|
| District's proportion of the net pension liability   | 0.1265568809%                | 0.1230620535%                | 0.1253919%                   | 0.0828788%                  |
| District's proportionate share of the net pension liability  | \$ 40,466,073                | \$ 46,503,320                | \$ 44,324,368                | \$ 22,138,073               |
| State's proportionate share of the net pension liability associated with the District              | <u>\$ 63,194,080</u>         | <u>\$ 75,891,668</u>         | <u>\$ 74,414,323</u>         | <u>\$ 64,059,757</u>        |
| Total  | <u><u>\$ 103,660,153</u></u> | <u><u>\$ 122,394,988</u></u> | <u><u>\$ 118,738,691</u></u> | <u><u>\$ 86,197,830</u></u> |
|  |                              |                              |                              |                             |
| District's covered payroll (for Measurement Year)  | \$ 133,047,929               | \$ 128,231,609               | \$ 124,496,697               | \$ 118,444,474              |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 30.41%                       | 36.27%                       | 35.60%                       | 18.69%                      |
| Plan fiduciary net position as a percentage of the total pension liability*                        | 82.17%                       | 78.00%                       | 78.43%                       | 83.25%                      |
| Plan's net pension liability as a percentage of covered payroll*                                   | 95.45%                       | 92.75%                       | 91.94%                       | 72.89%                      |

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

Net pension liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 68.

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

Ten years of data should be presented in this schedule, but data was unavailable prior to 2014.

Net pension liability and related ratios will be presented as data becomes available.

**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>2018</u>        | <u>2017</u>        | <u>2016</u>        | <u>2015</u>        |
|--|--------------------|--------------------|--------------------|--------------------|
| Contractually required contribution                                  | \$ 4,302,257       | \$ 4,147,796       | \$ 3,909,993       | \$ 3,712,908       |
| Contributions in relation to the contractually required contribution | <u>(4,302,257)</u> | <u>(4,147,796)</u> | <u>(3,909,993)</u> | <u>(3,712,908)</u> |
| Contribution deficiency (excess)                                     | <u>\$ —</u>        | <u>\$ —</u>        | <u>\$ —</u>        | <u>\$ —</u>        |
| District's covered payroll   | \$ 137,860,153     | \$ 133,047,929     | \$ 128,231,609     | \$ 124,496,697     |
| Contributions as a percentage of covered payroll                     | 3.12%              | 3.12%              | 3.05%              | 2.98%              |

**Notes to Required Supplementary Information - Pension**

Effective September 1, 2014, employers who did not contribute Social Security for TRS-eligible employees were required to contribute an additional 1.5% of TRS-eligible compensation which nearly doubled the District's contributions into the Plan. Because the District's proportional share of the plan is determined by its proportional share of contributions, the District recognized a corresponding increase in its share of net pension liability.

**Changes of benefit items**

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

**Changes of assumptions**

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior 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, 2018**

|   |                              |
|---|------------------------------|
| Measurement period ending<br>August 31,   | <u><b>2017</b></u>           |
| District's proportion of the net OPEB liability   | 0.1573706948%                |
| District's proportionate share of the net OPEB liability  | \$ 68,434,612                |
| State's proportionate share of the net OPEB liability associated with the District              | <u>\$ 104,951,155</u>        |
| Total   | <u><u>\$ 173,385,767</u></u> |
|   |                              |
| District's covered payroll (for Measurement Year)   | \$ 133,047,929               |
| District's proportionate share of the net OPEB liability as a percentage of its covered payroll | 51.44%                       |
| Plan fiduciary net position as a percentage of the total OPEB liability*                        | 0.91%                        |
| Plan's net OPEB liability as a percentage of covered payroll*                                   | 130.32%                      |

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

Net OPEB liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 75.

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

Ten years of data should be presented in this schedule, but data was unavailable prior to 2017.

Net OPEB liability and related ratios will be presented as data becomes available.

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

|  |                    |
|--|--------------------|
| Fiscal year ending August 31,  | <b><u>2018</u></b> |
| Contractually required contribution                                  | \$ 1,003,937       |
| Contributions in relation to the contractually required contribution | <u>(1,003,937)</u> |
| Contribution deficiency (excess)                                     | <u>\$ —</u>        |
| District's covered payroll   | \$ 137,860,153     |
| Contributions as a percentage of covered payroll                     | 0.73%              |

**Notes to Required Supplementary Information - OPEB**

**Changes of benefit items**

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

**Changes of assumptions**

The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period:

Significant plan changes were adopted during the fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several assumptions, including participation rates, retirement rates, and spousal participation rates. This change in plan benefits significantly lowered the OPEB liability and had an immediate effect on the OPEB expenses recognized by participating entities.

The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.

The discount rate changed from 2.98 percent as of August 31, 2016, to 3.42 percent as of August 31, 2017. This change lowered the total OPEB liability.

**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.

**Title I – School Improvement** - this fund accounts for funds granted to provide supplemental funds to Title I campuses identified for school improvement by failing to make adequate yearly progress (AYP) for two or more consecutive years. Campuses use funds to implement their revised campus improvement plan, which incorporates strategies based on scientifically based research, in ways that have the greatest likelihood of improving the performance of participating children in meeting the state’s 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.

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

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

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

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

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

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

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



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

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

**High-Quality Prekindergarten** - this fund accounts for funds granted to provide supplemental funding to districts and charter schools to implement new or enhance existing prekindergarten programs in addition to the half-day Foundation School Program (FSP) funding that is already received for each eligible four-year old prekindergarten student. The High-Quality Prekindergarten Grant program focuses on certain enhanced quality standards related to curriculum, teacher qualifications, academic performance, and family engagement.

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

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

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

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

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

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NON MAJOR GOVERNMENTAL FUNDS**  
**AUGUST 31, 2018**

| <b>Assets</b>                         | <b>Title X, Part C -<br/>Education for<br/>Homeless<br/>Children and<br/>Youth</b> | <b>Title I, Part A -<br/>Improving Basic<br/>Programs</b> | <b>Title I - School<br/>Improvement</b> | <b>IDEA - Part B,<br/>Formula</b> | <b>IDEA - Part B,<br/>Preschool</b> |
|---------------------------------------|--|---|---|-----------------------------------|-------------------------------------|
| Cash & temporary investments          | \$ -   | \$ -  | \$ -                                    | \$ -                              | \$ -                                |
| Due from other governments            | 15,402   | 19,915  | 1,259                                   | 132,667                           | 485                                 |
| Accrued interest                      | -  | -   | -                                       | -                                 | -                                   |
| Due from other funds                  | -  | -   | -                                       | -                                 | -                                   |
| Inventories, at cost                  | -  | -   | -                                       | -                                 | -                                   |
| Prepays                               | -  | -   | -                                       | -                                 | -                                   |
| Total assets                          | <u>\$ 15,402</u>   | <u>\$ 19,915</u>  | <u>\$ 1,259</u>                         | <u>\$ 132,667</u>                 | <u>\$ 485</u>                       |
| <b>Liabilities and fund balance</b>   |  |   |   |                                   |                                     |
| Accounts payable                      | \$ -   | \$ 1,036  | \$ -                                    | \$ 3,728                          | \$ -                                |
| Accrued wages payable                 | -  | 2,387   | -                                       | 49,440                            | -                                   |
| Due to other funds                    | 15,402   | 16,492  | 1,259                                   | 79,499                            | 485                                 |
| Unearned revenue                      | -  | -   | -                                       | -                                 | -                                   |
| Total liabilities                     | <u>15,402</u>  | <u>19,915</u>   | <u>1,259</u>                            | <u>132,667</u>                    | <u>485</u>                          |
| Fund balance                          |  |   |   |                                   |                                     |
| Non-spendable - inventories           | -  | -   | -                                       | -                                 | -                                   |
| Non-spendable - prepaid items         | -  | -   | -                                       | -                                 | -                                   |
| Restricted - grant funds              | -  | -   | -                                       | -                                 | -                                   |
| Committed - other                     | -  | -   | -                                       | -                                 | -                                   |
| Total fund balance                    | <u>-</u>   | <u>-</u>  | <u>-</u>                                | <u>-</u>                          | <u>-</u>                            |
| Total liabilities and<br>fund balance | <u>\$ 15,402</u>   | <u>\$ 19,915</u>  | <u>\$ 1,259</u>                         | <u>\$ 132,667</u>                 | <u>\$ 485</u>                       |

## Special Revenue Funds

| National School<br>Breakfast and<br>Lunch Programs | Summer Food<br>Service Program<br>for Children | Carl D. Perkins -<br>Basic Formula<br>Grant | Title II, Part A -<br>Supporting<br>Effective<br>Instruction | Title III, Part A -<br>English Language<br>Acquisition | Title III, Part A -<br>Immigrant | Title IV,<br>Part A,<br>Subpart I |
|--|--|---|--|--|----------------------------------|-----------------------------------|
| \$ 5,994,567                                       | \$ -   | \$ -  | \$ -   | \$ -   | \$ -                             | \$ -                              |
| 423,879  | -  | 1,667                                       | 14,969   | 6,351  | 497                              | 7,349                             |
| 1,922  | -  | -   | -  | -  | -                                | -                                 |
| -  | -  | -   | -  | -  | -                                | -                                 |
| 26,390   | -  | -   | -  | -  | -                                | -                                 |
| -  | -  | -   | -  | -  | -                                | -                                 |
| <u>\$ 6,446,758</u>                                | <u>\$ -</u>                                    | <u>\$ 1,667</u>                             | <u>\$ 14,969</u>   | <u>\$ 6,351</u>  | <u>\$ 497</u>                    | <u>\$ 7,349</u>                   |
|  |  |   |  |  |                                  |                                   |
| \$ 345,493   | \$ -   | \$ -  | \$ -   | \$ 3,953   | \$ -                             | \$ -                              |
| 23,663   | -  | -   | -  | -  | -                                | -                                 |
| -  | -  | 1,667                                       | 14,969   | 2,398  | 497                              | 7,349                             |
| -  | -  | -   | -  | -  | -                                | -                                 |
| <u>369,156</u>                                     | <u>-</u>                                       | <u>1,667</u>                                | <u>14,969</u>  | <u>6,351</u>   | <u>497</u>                       | <u>7,349</u>                      |
|  |  |   |  |  |                                  |                                   |
| 26,390   | -  | -   | -  | -  | -                                | -                                 |
| -  | -  | -   | -  | -  | -                                | -                                 |
| 6,051,212  | -  | -   | -  | -  | -                                | -                                 |
| -  | -  | -   | -  | -  | -                                | -                                 |
| <u>6,077,602</u>                                   | <u>-</u>                                       | <u>-</u>                                    | <u>-</u>   | <u>-</u>   | <u>-</u>                         | <u>-</u>                          |
|  |  |   |  |  |                                  |                                   |
| <u>\$ 6,446,758</u>                                | <u>\$ -</u>                                    | <u>\$ 1,667</u>                             | <u>\$ 14,969</u>   | <u>\$ 6,351</u>  | <u>\$ 497</u>                    | <u>\$ 7,349</u>                   |

(Continued)

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NON MAJOR GOVERNMENTAL FUNDS**  
**AUGUST 31, 2018**

| <b>Assets</b>                       | <b>Medicaid<br/>Administrative<br/>Claiming Program</b> | <b>Federally Funded<br/>Special Revenue<br/>Funds</b> | <b>State<br/>Supplemental<br/>Visually Impaired</b> | <b>Advanced<br/>Placement<br/>Incentives</b> | <b>Instructional<br/>Materials Allotment</b> |
|-------------------------------------|---|---|---|--|--|
| Cash & temporary investments        | \$ -  | \$ -  | \$ -  | \$ 267,551                                   | \$ 13,143                                    |
| Due from other governments          | -   | 72,016  | -   | -  | -  |
| Accrued interest                    | -   | -   | -   | -  | -  |
| Due from other funds                | -   | -   | -   | -  | -  |
| Inventories, at cost                | -   | -   | -   | -  | -  |
| Prepays                             | -   | -   | -   | -  | -  |
| Total assets                        | <u>\$ -</u>   | <u>\$ 72,016</u>                                      | <u>\$ -</u>   | <u>\$ 267,551</u>                            | <u>\$ 13,143</u>                             |
| <b>Liabilities and fund balance</b> |   |   |   |  |  |
| Accounts payable                    | \$ -  | \$ -  | \$ -  | \$ -   | \$ -   |
| Accrued wages payable               | -   | -   | -   | -  | -  |
| Due to other funds                  | -   | 72,016  | -   | -  | -  |
| Unearned revenue                    | -   | -   | -   | -  | -  |
| Total liabilities                   | <u>-</u>  | <u>72,016</u>   | <u>-</u>  | <u>-</u>                                     | <u>-</u>                                     |
| Fund balance                        |   |   |   |  |  |
| Non-spendable - inventories         | -   | -   | -   | -  | -  |
| Non-spendable - prepaid items       | -   | -   | -   | -  | -  |
| Restricted - grant funds            | -   | -   | -   | -  | -  |
| Committed - other                   | -   | -   | -   | 267,551                                      | 13,143                                       |
| Total fund balance                  | <u>-</u>  | <u>-</u>  | <u>-</u>  | <u>267,551</u>                               | <u>13,143</u>                                |
| Total liabilities and fund balance  | <u>\$ -</u>   | <u>\$ 72,016</u>                                      | <u>\$ -</u>   | <u>\$ 267,551</u>                            | <u>\$ 13,143</u>                             |

## Special Revenue Funds

| High-Quality<br>Prekindergarten | State Funded<br>Special Revenue<br>Funds | Campus Activity<br>Fund | Campus<br>Technology | Pre-K Core<br>Knowledge | Locally Funded<br>Special Revenue<br>Funds | Total Nonmajor<br>Governmental<br>Funds (See C-1) |
|---------------------------------|--|-------------------------|----------------------|-------------------------|--|---|
| \$ -                            | 1,888                                    | \$ 2,266,694            | \$ 243,716           | \$ 207,809              | \$ 57,475                                  | \$ 9,052,843                                      |
| -                               | -  | -                       | -                    | -                       | -  | 696,456   |
| -                               | -  | -                       | -                    | -                       | -  | 1,922   |
| -                               | -  | 283,232                 | -                    | -                       | -  | 283,232   |
| -                               | -  | -                       | -                    | -                       | -  | 26,390  |
| -                               | -  | 6,299                   | -                    | -                       | -  | 6,299   |
| <u>\$ -</u>                     | <u>\$ 1,888</u>                          | <u>\$ 2,556,225</u>     | <u>\$ 243,716</u>    | <u>\$ 207,809</u>       | <u>\$ 57,475</u>                           | <u>\$ 10,067,142</u>                              |
|                                 |  |                         |                      |                         |  |   |
| \$ -                            | \$ -                                     | \$ 40,424               | \$ -                 | \$ 281                  | \$ 621                                     | \$ 395,536  |
| -                               | -  | 38,866                  | -                    | —                       | 13,958                                     | 128,314   |
| -                               | -  | -                       | -                    | -                       | -  | 212,033   |
| -                               | -  | -                       | -                    | 150,397                 | -  | 150,397   |
| -                               | -  | 79,290                  | -                    | 150,678                 | 14,579                                     | 886,280   |
|                                 |  |                         |                      |                         |  |   |
| -                               | -  | -                       | -                    | -                       | -  | 26,390  |
| -                               | -  | 6,299                   | -                    | -                       | -  | 6,299   |
| -                               | -  | -                       | -                    | -                       | -  | 6,051,212   |
| -                               | 1,888                                    | 2,470,636               | 243,716              | 57,131                  | 42,896                                     | 3,096,961   |
| -                               | 1,888                                    | 2,476,935               | 243,716              | 57,131                  | 42,896                                     | 9,180,862   |
|                                 |  |                         |                      |                         |  |   |
| <u>\$ -</u>                     | <u>\$ 1,888</u>                          | <u>\$ 2,556,225</u>     | <u>\$ 243,716</u>    | <u>\$ 207,809</u>       | <u>\$ 57,475</u>                           | <u>\$ 10,067,142</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, 2018**

|  | <b>Title X, Part C -<br/>Education for<br/>Homeless<br/>Children and<br/>Youth</b> | <b>Title I, Part A -<br/>Improving Basic<br/>Programs</b> | <b>Title I - School<br/>Improvement</b> | <b>IDEA - Part B,<br/>Formula</b> | <b>IDEA - Part B,<br/>Preschool</b> |
|--|--|---|---|-----------------------------------|-------------------------------------|
| <b>Revenues</b>  |  |   |   |                                   |                                     |
| Local, intermediate and out-of-state                                 | \$ -   | \$ -  | \$ -                                    | \$ -                              | \$ -                                |
| State program revenues   | -  | -   | -                                       | -                                 | -                                   |
| Federal program revenues   | 57,272   | 3,494,423   | 94,112                                  | 3,812,096                         | 68,496                              |
| Total revenues   | 57,272   | 3,494,423   | \$ 94,112                               | 3,812,096                         | 68,496                              |
| <b>Expenditures</b>  |  |   |   |                                   |                                     |
| Instruction  | -  | 2,962,318   | 77,320                                  | 2,340,185                         | 68,496                              |
| Instructional resources and media                                    | -  | -   | -                                       | -                                 | -                                   |
| Curriculum and staff development                                     | -  | -   | 16,792                                  | 12,671                            | -                                   |
| Instructional leadership   | 572  | 168,291   | -                                       | 112,081                           | -                                   |
| School leadership  | -  | -   | -                                       | -                                 | -                                   |
| Guidance and counseling services                                     | -  | -   | -                                       | 896,968                           | -                                   |
| Social work services   | 56,700   | 150,212   | -                                       | -                                 | -                                   |
| Health services  | -  | 3,254   | -                                       | 33,182                            | -                                   |
| Student transportation   | -  | -   | -                                       | 417,009                           | -                                   |
| Food service   | -  | -   | -                                       | -                                 | -                                   |
| Co-curricular/extracurricular activities                             | -  | -   | -                                       | -                                 | -                                   |
| General administration   | -  | -   | -                                       | -                                 | -                                   |
| Maintenance and operations   | -  | -   | -                                       | -                                 | -                                   |
| Security and monitoring  | -  | -   | -                                       | -                                 | -                                   |
| Data processing services   | -  | -   | -                                       | -                                 | -                                   |
| Community services   | -  | 210,348   | -                                       | -                                 | -                                   |
| Total expenditures   | 57,272   | 3,494,423   | 94,112                                  | 3,812,096                         | 68,496                              |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | -  | -   | -                                       | -                                 | -                                   |
| <b>Other Financing Sources (Uses)</b>                                |  |   |   |                                   |                                     |
| Sale of real or personal property                                    | -  | -   | -                                       | -                                 | -                                   |
| Transfers in   | -  | -   | -                                       | -                                 | -                                   |
| Transfers out  | -  | -   | -                                       | -                                 | -                                   |
| Total other financing sources (uses)                                 | -  | -   | -                                       | -                                 | -                                   |
| <b>Net change in fund balance</b>                                    | \$ -   | \$ -  | \$ -                                    | \$ -                              | \$ -                                |
| Fund balance - September 1 (beginning)                               | -  | -   | -                                       | -                                 | -                                   |
| Fund balance - August 31 (ending)                                    | \$ -   | \$ -  | \$ -                                    | \$ -                              | \$ -                                |

## Special Revenue Funds

| <u>National School<br/>Breakfast and<br/>Lunch Programs</u> | <u>Summer Food<br/>Service Program<br/>for Children</u> | <u>Carl D. Perkins -<br/>Basic Formula<br/>Grant</u> | <u>Title II, Part A -<br/>Supporting<br/>Effective<br/>Instruction</u> | <u>Title III, Part A -<br/>English Language<br/>Acquisition</u> | <u>Title III, Part A -<br/>Immigrant</u> | <u>Title IV,<br/>Part A, Subpart I</u> | <u>Medicaid<br/>Administrative<br/>Claiming Program</u> |
|---|---|--|--|---|--|--|---|
| \$ 3,619,152  | \$ -  | \$ -   | \$ -   | \$ -  | \$ -                                     | \$ -                                   | \$ -  |
| 67,510  | -   | -  | -  | -   | -  | -                                      | -   |
| 8,873,496   | 119,473   | 192,229  | 487,322  | 293,206   | 127,443                                  | 80,244                                 | 31,428  |
| 12,560,158  | 119,473   | 192,229  | 487,322  | 293,206   | 127,443                                  | \$ 80,244                              | 31,428  |
| -   | -   | 117,359  | 452,968  | 215,001   | 112,392                                  | 78,553                                 | -   |
| -   | -   | -  | -  | -   | -  | -                                      | -   |
| -   | -   | 7,478  | 34,354   | 8,799   | 9,643                                    | -                                      | -   |
| -   | -   | 4,084  | -  | 27,356  | -  | 1,691                                  | -   |
| -   | -   | 49,898   | -  | -   | -  | -                                      | -   |
| -   | -   | 13,410   | -  | -   | -  | -                                      | -   |
| -   | -   | -  | -  | -   | -  | -                                      | -   |
| -   | -   | -  | -  | -   | -  | -                                      | 31,428  |
| -   | -   | -  | -  | -   | -  | -                                      | -   |
| 12,122,294  | 114,230   | -  | -  | -   | -  | -                                      | -   |
| -   | -   | -  | -  | -   | -  | -                                      | -   |
| -   | -   | -  | -  | -   | -  | -                                      | -   |
| 76,145  | 704   | -  | -  | -   | -  | -                                      | -   |
| -   | -   | -  | -  | -   | -  | -                                      | -   |
| -   | -   | -  | -  | -   | -  | -                                      | -   |
| -   | -   | -  | -  | 42,050  | 5,408                                    | -                                      | -   |
| 12,198,439  | 114,934   | 192,229  | 487,322  | 293,206   | 127,443                                  | 80,244                                 | 31,428  |
| 361,719   | 4,539   | -  | -  | -   | -  | -                                      | -   |
| 19,126  | -   | -  | -  | -   | -  | -                                      | -   |
| 4,539   | -   | -  | -  | -   | -  | -                                      | -   |
| -   | (4,539)   | -  | -  | -   | -  | -                                      | -   |
| 23,665  | (4,539)   | -  | -  | -   | -  | -                                      | -   |
| \$ 385,384  | \$ -  | \$ -   | \$ -   | \$ -  | \$ -                                     | \$ -                                   | \$ -  |
| 5,692,218   | -   | -  | -  | -   | -  | -                                      | -   |
| \$ 6,077,602  | \$ -  | \$ -   | \$ -   | \$ -  | \$ -                                     | \$ -                                   | \$ -  |

(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, 2018**

|  | <b>Federally Funded<br/>Special Revenue<br/>Funds</b> | <b>State<br/>Supplemental<br/>Visually Impaired</b> | <b>Advanced<br/>Placement<br/>Incentives</b> | <b>Instructional<br/>Materials Allotment</b> | <b>High-Quality<br/>Prekindergarten</b> |
|--|---|---|--|--|---|
| <b>Revenues</b>  |   |   |  |  |   |
| Local, intermediate and out-of-state                         | \$ -  | \$ -  | \$ -   | \$ 2,739                                     | \$ -                                    |
| State program revenues                                       | -   | 10,043  | 46,075                                       | 252,690                                      | 5,833                                   |
| Federal program revenues                                     | 105,080   | -   | -  | -  | -                                       |
| Total revenues   | 105,080   | 10,043  | 46,075                                       | 255,429                                      | 5,833                                   |
| <b>Expenditures</b>  |   |   |  |  |   |
| Instruction  | 80,438  | 9,734   | 3,871  | 267,904                                      | 1,003                                   |
| Instructional resources and media                            | -   | -   | -  | -  | -                                       |
| Curriculum and staff development                             | 23,756  | 309   | 22,483                                       | -  | -                                       |
| Instructional leadership                                     | -   | -   | 2,137  | -  | -                                       |
| School leadership  | -   | -   | 6,272  | -  | -                                       |
| Guidance and counseling services                             | -   | -   | 6,869  | -  | -                                       |
| Social work services   | -   | -   | -  | -  | -                                       |
| Health services  | -   | -   | -  | -  | -                                       |
| Student transportation                                       | -   | -   | -  | -  | -                                       |
| Food service   | -   | -   | -  | -  | -                                       |
| Co-curricular/extracurricular activities                     | -   | -   | -  | -  | -                                       |
| General administration                                       | -   | -   | -  | -  | -                                       |
| Maintenance and operations                                   | 886   | -   | -  | -  | -                                       |
| Security and monitoring                                      | -   | -   | -  | -  | -                                       |
| Data processing services                                     | -   | -   | -  | -  | -                                       |
| Community services   | -   | -   | -  | -  | 4,830                                   |
| Total expenditures   | 105,080   | 10,043  | 41,632                                       | 267,904                                      | 5,833                                   |
| Excess (deficiency) of revenues<br>over (under) expenditures | -   | -   | 4,443  | (12,475)                                     | -                                       |
| <b>Other Financing Sources (Uses)</b>                        |   |   |  |  |   |
| Sale of real or personal property                            | -   | -   | -  | -  | -                                       |
| Transfers in   | -   | -   | -  | -  | -                                       |
| Transfers out  | -   | -   | -  | -  | -                                       |
| Total other financing sources (uses)                         | -   | -   | -  | -  | -                                       |
| Net change in fund balance                                   | \$ -  | \$ -  | \$ 4,443                                     | \$ (12,475)                                  | \$ -                                    |
| Fund balance - September 1 (beginning)                       | -   | -   | 263,108                                      | 25,618                                       | -                                       |
| Fund balance - August 31 (ending)                            | \$ -  | \$ -  | \$ 267,551                                   | \$ 13,143                                    | \$ -                                    |



| Special Revenue Funds                    |                         |                      |                         |  |   |
|--|-------------------------|----------------------|-------------------------|--|---|
| State Funded<br>Special Revenue<br>Funds | Campus Activity<br>Fund | Campus<br>Technology | Pre-K Core<br>Knowledge | Locally Funded<br>Special Revenue<br>Funds | Total Nonmajor<br>Governmental Funds<br>(See C-3) |
| \$ -                                     | \$ 2,606,184            | \$ -                 | \$ 497,595              | \$ 108,543                                 | \$ 6,834,213                                      |
| 29                                       | -                       | -                    | -                       | -  | 382,180   |
| -  | -                       | -                    | -                       | -  | 17,836,320  |
| 29                                       | 2,606,184               | -                    | 497,595                 | 108,543                                    | 25,052,713  |
| -  | 1,052,151               | -                    | 411,179                 | 76,787                                     | 8,327,659   |
| -  | 152,992                 | -                    | -                       | 1,600                                      | 154,592   |
| -  | 67,474                  | -                    | 80,982                  | 19,545                                     | 304,286   |
| -  | -                       | -                    | -                       | -  | 316,212   |
| -  | 256,926                 | -                    | -                       | -  | 313,096   |
| -  | 20,601                  | -                    | -                       | -  | 937,848   |
| -  | -                       | -                    | -                       | -  | 206,912   |
| -  | 1,954                   | -                    | -                       | -  | 69,818  |
| -  | 3,651                   | -                    | -                       | -  | 420,660   |
| -  | 5,626                   | -                    | -                       | -  | 12,242,150  |
| -  | 1,278,678               | -                    | -                       | 2,700                                      | 1,281,378   |
| -  | 4,390                   | -                    | -                       | -  | 4,390   |
| -  | 92,738                  | -                    | -                       | -  | 170,473   |
| -  | 19,040                  | -                    | -                       | -  | 19,040  |
| -  | 120                     | -                    | -                       | -  | 120   |
| -  | 1,098                   | -                    | 52,959                  | 1,500                                      | 318,193   |
| -  | 2,957,439               | -                    | 545,120                 | 102,132                                    | 25,086,827  |
| 29                                       | (351,255)               | -                    | (47,525)                | 6,411                                      | (34,114)  |
| -  | -                       | -                    | -                       | -  | 19,126  |
| -  | 523,097                 | 77,000               | -                       | -  | 604,636   |
| -  | -                       | -                    | -                       | -  | (4,539)   |
| -  | 523,097                 | 77,000               | -                       | -  | 619,223   |
| \$ 29                                    | \$ 171,842              | \$ 77,000            | \$ (47,525)             | \$ 6,411                                   | \$ 585,109  |
| 1,859                                    | 2,305,093               | 166,716              | 104,656                 | 36,485                                     | 8,595,753   |
| \$ 1,888                                 | \$ 2,476,935            | \$ 243,716           | \$ 57,131               | \$ 42,896                                  | \$ 9,180,862                                      |

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## INTERNAL SERVICE FUNDS

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

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

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

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

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

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**AUGUST 31, 2018**

|                              | <u>Workers'</u><br><u>compensation</u> | <u>Tech trades</u> | <u>Catering</u>  | <u>Print shop</u>  | <u>Total Internal</u><br><u>Service Funds</u><br><u>(See D-1)</u> |
|------------------------------|--|--------------------|------------------|--------------------|---|
| <b>Assets</b>                |  |                    |                  |                    |   |
| Current Assets               |  |                    |                  |                    |   |
| Cash & temporary investments | \$ 5,981,597                           | \$ 39,019          | \$ 71,757        | \$ -               | \$ 6,092,373  |
| Total assets                 | <u>\$ 5,981,597</u>                    | <u>\$ 39,019</u>   | <u>\$ 71,757</u> | <u>\$ -</u>        | <u>\$ 6,092,373</u>   |
| <b>Liabilities</b>           |  |                    |                  |                    |   |
| Current Liabilities          |  |                    |                  |                    |   |
| Accounts payable             | \$ 79,345                              | \$ 391             | \$ 636           | \$ -               | \$ 80,372   |
| Accrued wages payable        | -                                      | -                  | 221              | 1,686              | 1,907   |
| Due to other funds           | -                                      | -                  | -                | 71,199             | 71,199  |
| Other accrued expenses       | <u>803,941</u>                         | <u>-</u>           | <u>-</u>         | <u>-</u>           | <u>803,941</u>  |
| Total liabilities            | <u>883,286</u>                         | <u>391</u>         | <u>857</u>       | <u>72,885</u>      | <u>957,419</u>  |
| <b>Net Position</b>          |  |                    |                  |                    |   |
| Unrestricted                 | <u>\$ 5,098,311</u>                    | <u>\$ 38,628</u>   | <u>\$ 70,900</u> | <u>\$ (72,885)</u> | <u>\$ 5,134,954</u>   |

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED AUGUST 31, 2018**

|  | <u>Workers'</u><br><u>compensation</u> | <u>Tech trades</u> | <u>Catering</u>  | <u>Print shop</u>  | <u>Total Internal Service</u><br><u>Funds (See D-2)</u> |
|--|--|--------------------|------------------|--------------------|---|
| <b>Operating Revenues</b>                    |  |                    |                  |                    |   |
| Charges for services                         | \$ 1,703,990                           | \$ 23,087          | \$ 13,332        | \$ 29,473          | \$ 1,769,882  |
| Total operating revenues                     | <u>1,703,990</u>                       | <u>23,087</u>      | <u>13,332</u>    | <u>29,473</u>      | <u>1,769,882</u>  |
| <b>Operating Expenses</b>                    |  |                    |                  |                    |   |
| Payroll                                      | 90,105                                 | 1,453              | 2,072            | 45,151             | 138,781   |
| Insurance claims                             | 623,025                                | -                  | -                | -                  | 623,025   |
| Contracted services                          | 49,183                                 | -                  | -                | 11,373             | 60,556  |
| Supplies and materials                       | 13,056                                 | 13,298             | 10,495           | 27,453             | 64,302  |
| Other operating costs                        | 63,824                                 | 892                | -                | -                  | 64,716  |
| Total operating expenses                     | <u>839,193</u>                         | <u>15,643</u>      | <u>12,567</u>    | <u>83,977</u>      | <u>951,380</u>  |
| Operating income (loss)                      | <u>864,797</u>                         | <u>7,444</u>       | <u>765</u>       | <u>(54,504)</u>    | <u>818,502</u>  |
| <b>Nonoperating Revenues</b>                 |  |                    |                  |                    |   |
| Investment earnings                          | <u>75,122</u>                          | <u>-</u>           | <u>-</u>         | <u>-</u>           | <u>75,122</u>   |
| Income (loss) before transfers               | <u>939,919</u>                         | <u>7,444</u>       | <u>765</u>       | <u>(54,504)</u>    | <u>893,624</u>  |
| Transfers out                                | <u>(400,000)</u>                       | <u>-</u>           | <u>-</u>         | <u>-</u>           | <u>(400,000)</u>  |
| Change in net position                       | 539,919                                | 7,444              | 765              | (54,504)           | 493,624   |
| Total net position - September 1 (beginning) | <u>4,558,392</u>                       | <u>31,184</u>      | <u>70,135</u>    | <u>(18,381)</u>    | <u>4,641,330</u>  |
| Total net position - August 31 (ending)      | <u>\$ 5,098,311</u>                    | <u>\$ 38,628</u>   | <u>\$ 70,900</u> | <u>\$ (72,885)</u> | <u>\$ 5,134,954</u>                                     |

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED AUGUST 31, 2018**

|   | <b>Workers'<br/>compensation</b> | <b>Tech trades</b> | <b>Catering</b>  | <b>Print shop</b> | <b>Total Internal Service<br/>Funds (See D-3)</b> |
|---|----------------------------------|--------------------|------------------|-------------------|---|
| <u>Cash flows from operating activities</u>   |                                  |                    |                  |                   |   |
| Cash received from user charges   | \$ 1,703,990                     | \$ 23,087          | \$ 13,332        | \$ 29,473         | \$ 1,769,882                                      |
| Cash received from other funds  | -                                | -                  | -                | 71,199            | 71,199  |
| Cash payments to employees for services   | (90,105)                         | (1,453)            | (2,023)          | (45,865)          | (139,446)   |
| Cash payments for contracted services   | (49,183)                         | -                  | -                | (11,373)          | (60,556)  |
| Cash payments for insurance claims  | (591,821)                        | -                  | -                | -                 | (591,821)   |
| Cash payments for supplies  | (13,014)                         | (13,367)           | (9,859)          | (49,392)          | (85,632)  |
| Cash payments for other operating expenses  | (63,824)                         | (892)              | -                | -                 | (64,716)  |
| Net cash provided by (used in) operating activities   | <u>896,043</u>                   | <u>7,375</u>       | <u>1,450</u>     | <u>(5,958)</u>    | <u>898,910</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   | 75,122                           | -                  | -                | -                 | 75,122  |
| Net cash provided by investing activities   | <u>75,122</u>                    | <u>-</u>           | <u>-</u>         | <u>-</u>          | <u>75,122</u>                                     |
| Net increase (decrease) in cash and cash equivalents  | 571,165                          | 7,375              | 1,450            | (5,958)           | 574,032   |
| Cash and cash equivalents at beginning of the year  | <u>5,410,432</u>                 | <u>31,644</u>      | <u>70,307</u>    | <u>5,958</u>      | <u>5,518,341</u>                                  |
| Cash and cash equivalents at end of the year  | <u>\$ 5,981,597</u>              | <u>\$ 39,019</u>   | <u>\$ 71,757</u> | <u>\$ -</u>       | <u>\$ 6,092,373</u>                               |
| <u>Reconciliation of operating income (loss) to net cash<br/>provided by (used in) operating activities</u> |                                  |                    |                  |                   |   |
| Operating income (loss)   | \$ 864,797                       | \$ 7,444           | \$ 765           | \$ (54,504)       | \$ 818,502  |
| Adjustments to reconcile operating income (loss)<br>to net cash provided by (used in) operating activities  |                                  |                    |                  |                   |   |
| Increase (decrease) in accounts payable   | 40,376                           | (69)               | 636              | (21,939)          | 19,004  |
| Increase (decrease) in accrued wages  | -                                | -                  | 49               | (714)             | (665)   |
| Increase (decrease) in payments from other funds  | -                                | -                  | -                | 71,199            | 71,199  |
| Increase (decrease) in other accrued expenses   | (9,130)                          | -                  | -                | -                 | (9,130)   |
| Net cash provided by (used in) operating activities   | <u>\$ 896,043</u>                | <u>\$ 7,375</u>    | <u>\$ 1,450</u>  | <u>\$ (5,958)</u> | <u>\$ 898,910</u>                                 |

## **AGENCY FUNDS**

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

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

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

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**YEAR ENDED AUGUST 31, 2018**

|                                |  | Balance<br>September 1,<br>2017 | Additions           | Deductions        | Balance August<br>31, 2018 |
|--------------------------------|--|---------------------------------|---------------------|-------------------|----------------------------|
| <b>Student Activity Fund</b>   |  |                                 |                     |                   |                            |
| <b>Assets</b>                  |  |                                 |                     |                   |                            |
| Cash and temporary investments |  | \$ 281,432                      | \$ 394,062          | \$ 372,823        | \$ 302,671                 |
| Other current assets           |  | 5,000                           | -                   | 5,000             | -                          |
| Total assets                   |  | <u>\$ 286,432</u>               | <u>\$ 394,062</u>   | <u>\$ 377,823</u> | <u>\$ 302,671</u>          |
| <b>Liabilities</b>             |  |                                 |                     |                   |                            |
| Accounts payable               |  | \$ 3,705                        | \$ 1,027            | \$ 3,705          | \$ 1,027                   |
| Due to student groups          |  | 282,727                         | 271,493             | 252,576           | 301,644                    |
| Total liabilities              |  | <u>\$ 286,432</u>               | <u>\$ 272,520</u>   | <u>\$ 256,281</u> | <u>\$ 302,671</u>          |
| <b>Flexible Spending Fund</b>  |  |                                 |                     |                   |                            |
| <b>Assets</b>                  |  |                                 |                     |                   |                            |
| Cash and temporary investments |  | \$ 124,965                      | \$ 11,928           | \$ -              | \$ 136,893                 |
| Due from other sources         |  | 75,726                          | 609,020             | 585,761           | 98,985                     |
| Total assets                   |  | <u>\$ 200,691</u>               | <u>\$ 620,948</u>   | <u>\$ 585,761</u> | <u>\$ 235,878</u>          |
| <b>Liabilities</b>             |  |                                 |                     |                   |                            |
| Due to employees               |  | \$ 200,691                      | \$ 611,202          | \$ 576,015        | \$ 235,878                 |
| Total liabilities              |  | <u>\$ 200,691</u>               | <u>\$ 611,202</u>   | <u>\$ 576,015</u> | <u>\$ 235,878</u>          |
| <b>Total Agency Funds</b>      |  |                                 |                     |                   |                            |
| <b>Assets</b>                  |  |                                 |                     |                   |                            |
| Cash and temporary investments |  | \$ 406,397                      | \$ 405,990          | \$ 372,823        | \$ 439,564                 |
| Other current assets           |  | 5,000                           | -                   | 5,000             | -                          |
| Due from other sources         |  | 75,726                          | 609,020             | 585,761           | 98,985                     |
| Total assets                   |  | <u>\$ 487,123</u>               | <u>\$ 1,015,010</u> | <u>\$ 963,584</u> | <u>\$ 538,549</u>          |
| <b>Liabilities</b>             |  |                                 |                     |                   |                            |
| Accounts payable               |  | \$ 3,705                        | \$ 1,027            | \$ 3,705          | \$ 1,027                   |
| Due to student groups          |  | 282,727                         | 271,493             | 252,576           | 301,644                    |
| Due to employees               |  | 200,691                         | 611,202             | 576,015           | 235,878                    |
| Total liabilities              |  | <u>\$ 487,123</u>               | <u>\$ 883,722</u>   | <u>\$ 832,296</u> | <u>\$ 538,549</u>          |



**TEXAS EDUCATION AGENCY REQUIRED SCHEDULES**

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DELINQUENT TAXES RECEIVABLE**  
**YEAR ENDED AUGUST 31, 2018**

|                           | 1           | 2            | 3                                     | 10  |
|---------------------------|-------------|--------------|---------------------------------------|---|
|                           | Tax rates   |              | Assessed or<br>appraised<br>valuation | Delinquent<br>balance<br>by year<br>September 1 |
| Years ended<br>August 31, | Maintenance | Debt Service |                                       |   |
| 2009 or prior             | Various     | Various      | Various                               | \$ 2,314,048                                    |
| 2010                      | 1.0400      | 0.2555       | 8,566,619,851                         | 254,288   |
| 2011                      | 1.0400      | 0.2482       | 8,451,571,654                         | 170,109   |
| 2012                      | 1.0400      | 0.3740       | 8,508,099,394                         | 203,292   |
| 2013                      | 1.0400      | 0.3675       | 8,649,491,017                         | 190,175   |
| 2014                      | 1.0400      | 0.3475       | 8,941,327,326                         | 181,265   |
| 2015                      | 1.0400      | 0.3350       | 9,592,152,999                         | 234,837   |
| 2016                      | 1.0400      | 0.3100       | 9,176,034,157                         | 713,243   |
| 2017                      | 1.0400      | 0.2760       | 10,771,940,001                        | 1,398,109                                       |
| 2018 (current)            | 1.0400      | 0.2230       | 12,240,981,339                        | —   |
| Totals                    |             |              |                                       | <u>\$ 5,659,366</u>                             |

| 20                              | 31                         | 32                          | 30                    | 40                  | 50   |
|---------------------------------|----------------------------|-----------------------------|-----------------------|---------------------|--|
| Current<br>year's total<br>levy | Maintenance<br>Collections | Debt Service<br>Collections | Total<br>collections  | Adjustments         | Delinquent<br>balance<br>by year<br>August 31,<br>2018 |
| \$ —                            | \$ 37,343                  | \$ 6,959                    | \$ 44,302             | \$ (4,867)          | \$ 2,264,879   |
| —                               | 3,613                      | 888                         | 4,501                 | (384)               | 249,403  |
| —                               | 4,720                      | 1,126                       | 5,846                 | (366)               | 163,897  |
| —                               | 7,481                      | 2,690                       | 10,171                | (46)                | 193,075  |
| —                               | 15,648                     | 5,530                       | 21,178                | 2,556               | 171,553  |
| —                               | 14,173                     | 4,735                       | 18,908                | 1,135               | 163,492  |
| —                               | 31,146                     | 10,033                      | 41,179                | (1,348)             | 192,310  |
| —                               | 232,862                    | 69,411                      | 302,273               | (72,010)            | 338,960  |
| —                               | 344,044                    | 91,304                      | 435,348               | (317,778)           | 644,983  |
| <u>149,697,774</u>              | <u>125,884,418</u>         | <u>26,992,522</u>           | <u>152,876,940</u>    | <u>4,025,735</u>    | <u>846,569</u>   |
| <u>\$ 149,697,774</u>           | <u>\$ 126,575,448</u>      | <u>\$ 27,185,198</u>        | <u>\$ 153,760,646</u> | <u>\$ 3,632,627</u> | <u>\$ 5,229,121</u>                                    |

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE (GAAP Basis)**  
**NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM**  
**YEAR ENDED AUGUST 31, 2018**

| Data Control Codes              |  | Budgeted Amounts |                |                | Variance With Final Budget (Over) or Under |
|---------------------------------|--|------------------|----------------|----------------|--|
|                                 |  | Original         | Final          | Actual Amounts |  |
| REVENUES                        |  |                  |                |                |  |
| 5700                            | Local and intermediate sources         | \$ 3,240,431     | \$ 3,240,431   | \$ 3,619,152   | \$ (378,721)                               |
| 5800                            | State program revenues                 | 55,641           | 55,641         | 67,510         | (11,869)                                   |
| 5900                            | Federal program revenues               | 8,215,483        | 8,215,483      | 8,873,496      | (658,013)                                  |
| 5020                            | Total revenues                         | 11,511,555       | 11,511,555     | 12,560,158     | (1,048,603)                                |
| EXPENDITURES                    |  |                  |                |                |  |
| 0035                            | Food service                           | 12,552,515       | 12,552,515     | 12,122,294     | 430,221                                    |
| 0051                            | Maintenance and operations             | 76,145           | 76,145         | 76,145         | -  |
| 0052                            | Security and monitoring                | -                | -              | -              | -  |
| 6030                            | Total expenditures                     | 12,628,660       | 12,628,660     | 12,198,439     | 430,221                                    |
| Excess (deficiency) of revenues |  |                  |                |                |  |
| 1100                            | over (under) expenditures              | (1,117,105)      | (1,117,105)    | 361,719        | (1,478,824)                                |
| Other Financing Sources (Uses)  |  |                  |                |                |  |
| 7912                            | Sale of real or personal property      | -                | -              | 19,126         | (19,126)                                   |
| 7915                            | Transfers in                           | -                | -              | 4,539          | (4,539)                                    |
| 7080                            | Total other financing sources (uses)   | -                | -              | 23,665         | (23,665)                                   |
| 1200                            | Net change in fund balance             | \$ (1,117,105)   | \$ (1,117,105) | \$ 385,384     | \$ (1,502,489)                             |
| 0100                            | Fund balance - September 1 (beginning) | 5,692,218        | 5,692,218      | 5,692,218      | -  |
| 3000                            | Fund balance - August 31 (ending)      | \$ 4,575,113     | \$ 4,575,113   | \$ 6,077,602   | \$ (1,502,489)                             |

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE (GAAP Basis)**  
**DEBT SERVICE FUND**  
**YEAR ENDED AUGUST 31, 2018**

| Data<br>Control<br>Codes       | Budgeted Amounts                           |               |                | Variance With Final<br>Budget (Over) or<br>Under |                |
|--------------------------------|--|---------------|----------------|--|----------------|
|                                | Original                                   | Final         | Actual Amounts |  |                |
| REVENUES                       |  |               |                |  |                |
| 5700                           | Local and intermediate sources             | \$ 26,695,471 | \$ 26,695,471  | \$ 27,699,837                                    | \$ (1,004,366) |
| 5800                           | State program revenues                     | 684,513       | 684,513        | 697,064  | (12,551)       |
| 5020                           | Total revenues                             | 27,379,984    | 27,379,984     | 28,396,901                                       | (1,016,917)    |
| EXPENDITURES                   |  |               |                |  |                |
| 0071                           | Debt service - principal on long-term debt | 11,544,890    | 11,544,890     | 13,574,890                                       | (2,030,000)    |
| 0072                           | Debt service - interest on long-term debt  | 15,827,594    | 15,827,594     | 13,793,540                                       | 2,034,054      |
| 0073                           | Debt service - bond issuance cost and fees | 7,500         | 7,500          | 1,355,557  | (1,348,057)    |
| 6030                           | Total expenditures                         | 27,379,984    | 27,379,984     | 28,723,987                                       | (1,344,003)    |
| Excess of revenues             |  |               |                |  |                |
| 1100                           | over expenditures                          | -             | -              | (327,086)  | 327,086        |
| Other Financing Sources (Uses) |  |               |                |  |                |
| 7911                           | Issuance of Bonds                          | -             | 162,450,000    | 162,450,000                                      | -              |
| 7916                           | Premium on Issuance of Bonds               | -             | 31,953,271     | 31,953,271                                       | -              |
| 8949                           | Payments to bond refunding escrow agent    | -             | (193,014,817)  | (193,014,817)                                    | -              |
| 7080                           | Total other financing sources (uses)       | -             | 1,388,454      | 1,388,454  | -              |
| 1200                           | Net change in fund balance                 | -             | 1,388,454      | 1,061,368  | 327,086        |
| 0100                           | Fund balance - September 1 (beginning)     | 8,922,191     | 8,922,191      | 8,922,191  | -              |
| 3000                           | Fund balance - August 31 (ending)          | \$ 8,922,191  | \$ 10,310,645  | \$ 9,983,559                                     | \$ 327,086     |

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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><b>2009</b></u>          | <u><b>2010</b></u>          | <u><b>2011</b></u>          | <u><b>2012</b></u>          |
|---------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Governmental activities               |                             |                             |                             |                             |
| Net investment                        |                             |                             |                             |                             |
| in capital assets                     | \$ (18,395,943)             | \$ (22,462,462)             | \$ (24,968,464)             | \$ (26,195,799)             |
| Restricted                            | 3,257,514                   | 4,501,767                   | 12,545,449                  | 12,652,448                  |
| Unrestricted                          | 53,752,487                  | 65,312,522                  | 75,191,024                  | 93,754,964                  |
| Total Governmental Net Position       | <u><u>\$ 38,614,058</u></u> | <u><u>\$ 47,351,827</u></u> | <u><u>\$ 62,768,009</u></u> | <u><u>\$ 80,211,613</u></u> |
| Business-Type Activities              |                             |                             |                             |                             |
| Net investment                        |                             |                             |                             |                             |
| in capital assets                     | \$ —                        | \$ —                        | \$ —                        | \$ —                        |
| Restricted                            | —                           | —                           | —                           | —                           |
| Unrestricted                          | —                           | 884,584                     | 532,852                     | 636,553                     |
| Total Business-Type Net Position      | <u><u>\$ —</u></u>          | <u><u>\$ 884,584</u></u>    | <u><u>\$ 532,852</u></u>    | <u><u>\$ 636,553</u></u>    |
| Total Primary Government              |                             |                             |                             |                             |
| Net investment                        |                             |                             |                             |                             |
| in capital assets                     | \$ (18,395,943)             | \$ (22,462,462)             | \$ (24,968,464)             | \$ (26,195,799)             |
| Restricted                            | 3,257,514                   | 4,501,767                   | 12,545,449                  | 12,652,448                  |
| Unrestricted                          | 53,752,487                  | 66,197,106                  | 75,723,876                  | 94,391,517                  |
| Total Primary Government Net Position | <u><u>\$ 38,614,058</u></u> | <u><u>\$ 48,236,411</u></u> | <u><u>\$ 63,300,861</u></u> | <u><u>\$ 80,848,166</u></u> |

## Schedule 1

| <u>2013</u>          | <u>2014</u>           | <u>2015</u>           | <u>2016</u>           | <u>2017</u>           | <u>2018</u>          |
|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| \$ (19,681,276)      | \$ 1,740,718          | \$ 4,204,062          | \$ 16,583,665         | \$ 26,374,493         | \$ (54,718,359)      |
| 14,776,503           | 14,865,637            | 12,674,504            | 14,020,036            | 15,137,689            | 103,144,608          |
| 98,716,010           | 92,910,772            | 93,332,672            | 105,560,374           | 117,532,532           | 36,992,258           |
| <u>\$ 93,811,237</u> | <u>\$ 109,517,127</u> | <u>\$ 110,211,238</u> | <u>\$ 136,164,075</u> | <u>\$ 159,044,714</u> | <u>\$ 85,418,507</u> |
|                      |                       |                       |                       |                       |                      |
| \$ —                 | \$ —                  | \$ —                  | \$ —                  | \$ —                  | \$ —                 |
| —                    | —                     | —                     | —                     | —                     | —                    |
| 276,599              | 358,736               | 520,618               | 596,046               | 573,094               | 598,305              |
| <u>\$ 276,599</u>    | <u>\$ 358,736</u>     | <u>\$ 520,618</u>     | <u>\$ 596,046</u>     | <u>\$ 573,094</u>     | <u>\$ 598,305</u>    |
|                      |                       |                       |                       |                       |                      |
| \$ (19,681,276)      | \$ 1,740,718          | \$ 4,204,062          | \$ 16,583,665         | \$ 26,374,493         | \$ (54,718,359)      |
| 14,776,503           | 14,865,637            | 12,674,504            | 14,020,036            | 15,137,689            | 103,144,608          |
| 98,992,609           | 93,269,508            | 93,853,290            | 106,156,420           | 118,105,626           | 37,590,563           |
| <u>\$ 94,087,836</u> | <u>\$ 109,875,863</u> | <u>\$ 110,731,856</u> | <u>\$ 136,760,121</u> | <u>\$ 159,617,808</u> | <u>\$ 86,016,812</u> |

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

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

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

| <b>Expenses by function</b>                        | <b>2009</b>             | <b>2010</b>             | <b>2011</b>             | <b>2012</b>             |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| Governmental activities:                           |                         |                         |                         |                         |
| Instruction  | \$ 103,284,370          | \$ 108,329,333          | \$ 108,020,977          | \$ 111,039,082          |
| Instructional resources & media services           | 2,753,186               | 2,840,423               | 3,742,050               | 2,425,289               |
| Curriculum and staff development                   | 3,374,375               | 3,410,622               | 3,249,869               | 2,874,207               |
| Instructional leadership                           | 2,079,054               | 2,114,017               | 2,034,095               | 2,266,882               |
| School leadership                                  | 9,661,878               | 9,537,018               | 9,658,587               | 9,662,891               |
| Guidance and counseling services                   | 7,158,865               | 7,199,051               | 6,962,607               | 6,890,930               |
| Social work services                               | 493,394                 | 542,794                 | 556,460                 | 571,689                 |
| Health services                                    | 1,980,903               | 2,001,392               | 1,923,735               | 1,920,753               |
| Student transportation                             | 2,986,197               | 3,213,528               | 3,381,918               | 3,536,540               |
| Food service                                       | 7,545,630               | 7,960,379               | 8,896,988               | 9,020,670               |
| Co-curricular/extracurricular activities           | 5,263,787               | 5,615,394               | 5,441,159               | 5,193,290               |
| General administration                             | 4,060,199               | 4,007,514               | 4,237,873               | 4,118,796               |
| Plant maintenance and operations                   | 15,415,206              | 15,775,662              | 15,050,429              | 14,630,314              |
| Security and monitoring services                   | 869,982                 | 834,336                 | 779,536                 | 858,975                 |
| Data processing services                           | 3,735,441               | 3,896,995               | 3,762,137               | 4,125,634               |
| Community services                                 | 1,563,542               | 396,389                 | 458,645                 | 336,993                 |
| Debt service - interest and fees on long-term debt | 15,172,325              | 14,726,635              | 11,828,936              | 16,847,892              |
| Contracted instructional                           | 19,170                  | —                       | —                       | —                       |
| Juvenile justice alternative education program     | 10,375                  | 24,125                  | 2,375                   | —                       |
| Other intergovernmental charges                    | 637,303                 | 650,452                 | 649,301                 | 703,318                 |
| Total governmental expenses                        | <u>\$ 188,065,182</u>   | <u>\$ 193,076,059</u>   | <u>\$ 190,637,677</u>   | <u>\$ 197,024,145</u>   |
| Business-type activities:                          |                         |                         |                         |                         |
| Extended day services                              | \$ —                    | \$ 2,221,550            | \$ 1,503,289            | \$ 1,147,358            |
| Total Primary Government Expenses                  | <u>\$ 188,065,182</u>   | <u>\$ 195,297,609</u>   | <u>\$ 192,140,966</u>   | <u>\$ 198,171,503</u>   |
| <b>Program Revenues</b>                            |                         |                         |                         |                         |
| Governmental activities                            |                         |                         |                         |                         |
| Charges for services                               |                         |                         |                         |                         |
| Instruction  | \$ 90,732               | \$ 98,925               | \$ 91,428               | \$ 112,066              |
| Instructional resources and media services         | —                       | —                       | —                       | —                       |
| Curriculum and staff development                   | —                       | —                       | —                       | —                       |
| School leadership                                  | —                       | —                       | —                       | —                       |
| Guidance and counseling services                   | —                       | —                       | —                       | —                       |
| Social work services                               | —                       | —                       | —                       | —                       |
| Health services                                    | —                       | —                       | —                       | —                       |
| Student transportation                             | —                       | —                       | —                       | —                       |
| Food service                                       | 3,719,003               | 3,378,091               | 3,209,174               | 3,039,535               |
| Co-curricular/extracurricular services             | 521,069                 | 484,605                 | 514,943                 | 331,680                 |
| General administration                             | —                       | —                       | —                       | —                       |
| Plant maintenance and operations                   | 501,084                 | 440,035                 | 492,920                 | 536,389                 |
| Security and monitoring services                   | —                       | —                       | —                       | —                       |
| Data processing services                           | —                       | —                       | —                       | —                       |
| Community services                                 | —                       | —                       | —                       | —                       |
| Operating grants and contributions                 | 28,151,592              | 35,332,208              | 34,800,240              | 32,756,374              |
| Total governmental program revenues                | <u>32,983,480</u>       | <u>39,733,864</u>       | <u>39,108,705</u>       | <u>36,776,044</u>       |
| Business-type activities                           |                         |                         |                         |                         |
| Charges for services                               | \$ —                    | \$ 2,175,315            | \$ 2,283,559            | \$ 1,983,941            |
| Total business-type activities revenues            | <u>\$ —</u>             | <u>\$ 2,175,315</u>     | <u>\$ 2,283,559</u>     | <u>\$ 1,983,941</u>     |
| Total Primary Government Revenues                  | <u>\$ 32,983,480</u>    | <u>\$ 41,909,179</u>    | <u>\$ 41,392,264</u>    | <u>\$ 38,759,985</u>    |
| <b>Net (Expense)/Revenue</b>                       |                         |                         |                         |                         |
| Total primary government net expense               | <u>\$ (155,081,702)</u> | <u>\$ (153,388,430)</u> | <u>\$ (150,748,702)</u> | <u>\$ (159,411,518)</u> |

## Schedule 2

| <u>2013</u>             | <u>2014</u>             | <u>2015</u>             | <u>2016</u>             | <u>2017</u>             | <u>2018</u>             |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| \$ 111,492,523          | \$ 111,078,006          | \$ 112,968,442          | \$ 121,340,167          | \$ 131,826,288          | \$ 89,232,325           |
| 2,329,131               | 2,496,469               | 2,545,275               | 2,747,096               | 2,940,802               | 2,167,281               |
| 2,561,519               | 2,818,037               | 2,838,684               | 3,382,001               | 3,690,356               | 2,723,177               |
| 2,159,302               | 2,124,495               | 2,353,852               | 2,550,029               | 2,694,119               | 1,942,842               |
| 9,807,094               | 9,957,175               | 10,488,800              | 11,497,851              | 11,988,748              | 8,017,046               |
| 7,056,441               | 7,233,773               | 7,680,282               | 8,076,076               | 8,632,914               | 5,677,759               |
| 687,337                 | 709,408                 | 721,998                 | 764,470                 | 811,527                 | 598,651                 |
| 1,989,305               | 2,010,771               | 2,113,607               | 2,372,931               | 2,537,303               | 1,711,772               |
| 3,949,383               | 3,955,100               | 4,254,762               | 4,532,814               | 5,125,141               | 4,357,510               |
| 8,843,422               | 9,371,710               | 9,656,425               | 10,455,808              | 11,314,112              | 8,965,783               |
| 5,405,116               | 5,354,416               | 5,742,981               | 6,069,578               | 6,556,564               | 5,479,382               |
| 4,185,830               | 4,399,247               | 4,428,016               | 4,864,989               | 5,452,596               | 4,639,771               |
| 14,300,611              | 15,629,249              | 16,886,392              | 18,004,751              | 17,704,345              | 15,965,997              |
| 1,148,050               | 931,706                 | 922,635                 | 1,065,500               | 1,007,759               | 1,025,340               |
| 4,205,302               | 4,271,269               | 4,254,918               | 4,533,861               | 5,272,250               | 4,437,579               |
| 142,639                 | 190,905                 | 226,473                 | 281,053                 | 488,224                 | 227,627                 |
| 16,265,343              | 17,336,054              | 14,160,123              | 13,053,831              | 13,354,532              | 21,106,779              |
| —                       | —                       | —                       | —                       | —                       | —                       |
| 9,750                   | 5,289                   | 12,642                  | 7,611                   | 55,470                  | 2,451                   |
| 726,074                 | 722,295                 | 760,734                 | 714,384                 | 761,346                 | 748,799                 |
| <u>\$ 197,264,172</u>   | <u>\$ 200,595,374</u>   | <u>\$ 203,017,041</u>   | <u>\$ 216,314,801</u>   | <u>\$ 232,214,396</u>   | <u>\$ 179,027,871</u>   |
| <u>\$ 1,241,623</u>     | <u>\$ 1,257,850</u>     | <u>\$ 1,307,741</u>     | <u>\$ 1,331,290</u>     | <u>\$ 1,336,961</u>     | <u>\$ 1,416,290</u>     |
| <u>\$ 198,505,795</u>   | <u>\$ 201,853,224</u>   | <u>\$ 204,324,782</u>   | <u>\$ 217,646,091</u>   | <u>\$ 233,551,357</u>   | <u>\$ 180,444,161</u>   |
| \$ 87,291               | \$ 72,379               | \$ 104,387              | \$ 129,335              | \$ 100,350              | \$ 78,986               |
| —                       | —                       | —                       | —                       | —                       | —                       |
| —                       | —                       | —                       | —                       | —                       | —                       |
| —                       | —                       | —                       | —                       | —                       | —                       |
| —                       | —                       | —                       | —                       | —                       | —                       |
| —                       | —                       | —                       | —                       | —                       | —                       |
| —                       | —                       | —                       | —                       | —                       | —                       |
| —                       | —                       | —                       | —                       | —                       | —                       |
| 2,848,209               | 2,706,225               | 2,982,993               | 3,209,741               | 3,404,257               | 3,576,044               |
| 336,426                 | 295,526                 | 395,865                 | 364,926                 | 321,510                 | 345,236                 |
| —                       | —                       | —                       | —                       | —                       | —                       |
| 437,380                 | 412,040                 | 430,730                 | 399,616                 | 354,271                 | 395,376                 |
| 7,489                   | —                       | —                       | —                       | —                       | —                       |
| —                       | —                       | —                       | —                       | —                       | —                       |
| —                       | —                       | —                       | —                       | —                       | —                       |
| 27,557,856              | 30,687,883              | 30,135,722              | 34,320,753              | 40,075,836              | 32,141,658              |
| <u>31,274,651</u>       | <u>34,174,053</u>       | <u>34,049,697</u>       | <u>38,424,371</u>       | <u>44,256,224</u>       | <u>36,537,300</u>       |
| <u>\$ 1,968,222</u>     | <u>\$ 2,066,585</u>     | <u>\$ 2,278,357</u>     | <u>\$ 2,377,336</u>     | <u>\$ 2,360,056</u>     | <u>\$ 2,464,598</u>     |
| <u>\$ 1,968,222</u>     | <u>\$ 2,066,585</u>     | <u>\$ 2,278,357</u>     | <u>\$ 2,377,336</u>     | <u>\$ 2,360,056</u>     | <u>\$ 2,464,598</u>     |
| <u>\$ 33,242,873</u>    | <u>\$ 36,240,638</u>    | <u>\$ 36,328,054</u>    | <u>\$ 40,801,707</u>    | <u>\$ 46,616,280</u>    | <u>\$ 39,001,898</u>    |
| <u>\$ (165,262,922)</u> | <u>\$ (165,612,586)</u> | <u>\$ (167,996,728)</u> | <u>\$ (176,844,384)</u> | <u>\$ (186,935,077)</u> | <u>\$ (141,442,263)</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><b>2009</b></u>      | <u><b>2010</b></u>      | <u><b>2011</b></u>      | <u><b>2012</b></u>      |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Net (Expense)/Revenue</b>                                  |                         |                         |                         |                         |
| Governmental activities                                       | \$ (155,081,702)        | \$ (153,342,195)        | \$ (151,528,972)        | \$ (160,248,101)        |
| Business-type activities                                      | —                       | (46,235)                | 780,270                 | 836,583                 |
| Total Net Expenses  | <u>\$ (155,081,702)</u> | <u>\$ (153,388,430)</u> | <u>\$ (150,748,702)</u> | <u>\$ (159,411,518)</u> |
| <br><b>General Revenues and Other Changes in Net Position</b> |                         |                         |                         |                         |
| Governmental activities:                                      |                         |                         |                         |                         |
| Taxes   |                         |                         |                         |                         |
| Property taxes levied for general purposes                    | 88,613,301              | 88,202,870              | 85,275,737              | 86,569,499              |
| Property taxes levied for debt service                        | 21,721,284              | 21,632,299              | 20,324,739              | 31,001,833              |
| State aid - formula grants                                    | 48,412,841              | 50,804,880              | 56,240,786              | 57,285,384              |
| Miscellaneous local and intermediate                          | 1,168,424               | 2,334,396               | 782,767                 | 608,011                 |
| Investment earnings   | 1,690,820               | 796,766                 | 618,994                 | 774,674                 |
| Transfers in (out)  | —                       | (930,819)               | 1,132,002               | 732,882                 |
| Special Item  | 5,449                   | (760,428)               | 2,570,129               | 719,422                 |
| Total governmental activities revenues                        | <u>161,612,119</u>      | <u>162,079,964</u>      | <u>166,945,154</u>      | <u>177,691,705</u>      |
| Business-type activities:                                     |                         |                         |                         |                         |
| Transfers in (out)  | <u>—</u>                | <u>930,819</u>          | <u>(1,132,002)</u>      | <u>(732,882)</u>        |
| Total general revenues and other changes                      | <u>\$ 161,612,119</u>   | <u>\$ 163,010,783</u>   | <u>\$ 165,813,152</u>   | <u>\$ 176,958,823</u>   |
| <br><b>Change in Net Position</b>                             |                         |                         |                         |                         |
| Governmental activities                                       | \$ 6,530,417            | \$ 8,737,769            | \$ 15,416,182           | \$ 17,443,604           |
| Business-type activities                                      | —                       | 884,584                 | (351,732)               | 103,701                 |
| Total primary government                                      | <u>\$ 6,530,417</u>     | <u>\$ 9,622,353</u>     | <u>\$ 15,064,450</u>    | <u>\$ 17,547,305</u>    |

## Schedule 3

| <u>2013</u>             | <u>2014</u>             | <u>2015</u>             | <u>2016</u>             | <u>2017</u>             | <u>2018</u>             |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| \$ (165,989,521)        | \$ (166,421,321)        | \$ (168,967,344)        | \$ (177,890,430)        | \$ (187,958,172)        | \$ (142,490,571)        |
| 726,599                 | 808,735                 | 970,616                 | 1,046,046               | 1,023,095               | 1,048,308               |
| <u>\$ (165,262,922)</u> | <u>\$ (165,612,586)</u> | <u>\$ (167,996,728)</u> | <u>\$ (176,844,384)</u> | <u>\$ (186,935,077)</u> | <u>\$ (141,442,263)</u> |
| 88,147,440              | 90,922,907              | 97,775,691              | 100,415,176             | 111,853,659             | 126,881,939             |
| 31,058,000              | 30,327,043              | 31,451,260              | 29,897,309              | 29,666,816              | 27,236,390              |
| 52,594,103              | 60,211,733              | 63,492,821              | 67,267,056              | 66,085,444              | 29,269,521              |
| 5,997,738               | 729,879                 | 628,678                 | 2,045,625               | 751,050                 | 909,729                 |
| 705,311                 | 645,038                 | 586,803                 | 822,655                 | 1,435,795               | 3,409,982               |
| 1,086,553               | 726,598                 | 808,734                 | 970,618                 | 1,046,047               | 1,023,097               |
| —                       | (1,435,987)             | —                       | 2,424,828               | —                       | —                       |
| <u>179,589,145</u>      | <u>182,127,211</u>      | <u>194,743,987</u>      | <u>203,843,267</u>      | <u>210,838,811</u>      | <u>188,730,658</u>      |
| (1,086,553)             | (726,598)               | (808,734)               | (970,618)               | (1,046,047)             | (1,023,097)             |
| <u>\$ 178,502,592</u>   | <u>\$ 181,400,613</u>   | <u>\$ 193,935,253</u>   | <u>\$ 202,872,649</u>   | <u>\$ 209,792,764</u>   | <u>\$ 187,707,561</u>   |
| \$ 13,599,624           | \$ 15,705,890           | \$ 25,776,643           | \$ 25,952,837           | \$ 22,880,639           | \$ 46,240,087           |
| (359,954)               | 82,137                  | 161,882                 | 75,428                  | (22,952)                | 25,211                  |
| <u>\$ 13,239,670</u>    | <u>\$ 15,788,027</u>    | <u>\$ 25,938,525</u>    | <u>\$ 26,028,265</u>    | <u>\$ 22,857,687</u>    | <u>\$ 46,265,298</u>    |

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

## Fund Balances, Governmental Funds

Last Ten Fiscal Years

*(modified accrual basis of accounting)*

(Unaudited)

|                                    | <u><b>2009</b></u>          | <u><b>2010</b></u>          | <u><b>2011</b></u>           | <u><b>2012</b></u>           |
|------------------------------------|-----------------------------|-----------------------------|------------------------------|------------------------------|
| General Fund                       |                             |                             |                              |                              |
| Non-spendable                      | \$ 546,139                  | \$ 580,536                  | \$ 587,582                   | \$ 680,472                   |
| Restricted                         | —                           | —                           | —                            | —                            |
| Committed                          | 29,203,320                  | 42,500,000                  | 48,000,000                   | 43,000,000                   |
| Unassigned                         | 33,605,640                  | 26,997,669                  | 27,346,092                   | 23,861,655                   |
| Total general fund                 | <u><u>\$ 63,355,099</u></u> | <u><u>\$ 70,078,205</u></u> | <u><u>\$ 75,933,674</u></u>  | <u><u>\$ 67,542,127</u></u>  |
| All Other Governmental Funds       |                             |                             |                              |                              |
| Non-spendable                      | \$ 31,483                   | \$ 7,731                    | \$ 7,836                     | \$ 20,710                    |
| Restricted                         | 7,989,676                   | 10,479,946                  | 147,760,898                  | 114,001,129                  |
| Committed                          | 3,913,290                   | 3,127,587                   | 9,650,003                    | 33,559,526                   |
| Unassigned                         | —                           | —                           | —                            | —                            |
| Total all other governmental funds | <u><u>\$ 11,934,449</u></u> | <u><u>\$ 13,615,264</u></u> | <u><u>\$ 157,418,737</u></u> | <u><u>\$ 147,581,365</u></u> |

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



## Schedule 4

| <u>2013</u>          | <u>2014</u>          | <u>2015</u>          | <u>2016</u>          | <u>2017</u>          | <u>2018</u>           |
|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| \$ 542,732           | \$ 492,655           | \$ 761,371           | \$ 637,082           | \$ 668,658           | \$ 1,516,399          |
| —                    | —                    | —                    | —                    | —                    | —                     |
| 41,000,000           | 45,000,000           | 55,000,000           | 62,000,000           | 69,000,000           | 69,000,000            |
| 22,903,830           | 24,615,370           | 24,439,434           | 26,155,113           | 30,090,230           | 26,176,745            |
| <u>\$ 64,446,562</u> | <u>\$ 70,108,025</u> | <u>\$ 80,200,805</u> | <u>\$ 88,792,195</u> | <u>\$ 99,758,888</u> | <u>\$ 96,693,144</u>  |
|                      |                      |                      |                      |                      |                       |
| \$ 42,158            | \$ 29,110            | \$ 13,498            | \$ 2,195             | \$ 13,781            | \$ 32,689             |
| 58,837,896           | 24,142,921           | 19,560,795           | 20,233,817           | 19,217,311           | 102,248,895           |
| 39,042,597           | 25,992,820           | 28,732,700           | 35,261,672           | 38,982,034           | 66,921,598            |
| —                    | —                    | —                    | —                    | —                    | —                     |
| <u>\$ 97,922,651</u> | <u>\$ 50,164,851</u> | <u>\$ 48,306,993</u> | <u>\$ 55,497,684</u> | <u>\$ 58,213,126</u> | <u>\$ 169,203,182</u> |

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

## Governmental Funds Revenues

Last Ten Fiscal Years

*(modified accrual basis of accounting)*

(Unaudited)

|   | <u><b>2009</b></u>           | <u><b>2010</b></u>           | <u><b>2011</b></u>           | <u><b>2012</b></u>           |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| Local Sources:                          |                              |                              |                              |                              |
| Local maintenance and debt service tax  | \$ 111,089,410               | \$ 109,739,637               | \$ 105,962,637               | \$ 117,413,874               |
| Tuition from patrons                    | 594,036                      | 497,495                      | 502,726                      | 539,785                      |
| Other revenue from local sources        | 3,498,486                    | 3,082,612                    | 2,091,394                    | 2,084,049                    |
| Co-curricular revenues                  | 8,360,617                    | 5,860,967                    | 5,715,991                    | 5,464,052                    |
| Other revenue from intermediate sources | 44,130                       | 35,635                       | 47,220                       | 8,524                        |
| Total Local Sources                     | <u>123,586,679</u>           | <u>119,216,346</u>           | <u>114,319,968</u>           | <u>125,510,284</u>           |
| State Sources:                          |                              |                              |                              |                              |
| Per capita and foundation               | 50,022,160                   | 50,905,125                   | 56,272,185                   | 57,285,204                   |
| Other state program revenues            | <u>8,260,126</u>             | <u>9,247,638</u>             | <u>9,577,078</u>             | <u>9,488,241</u>             |
| Total State Sources                     | <u>58,282,286</u>            | <u>60,152,763</u>            | <u>65,849,263</u>            | <u>66,773,445</u>            |
| Federal Sources:                        |                              |                              |                              |                              |
| Federal Grants                          | <u>13,476,011</u>            | <u>23,431,695</u>            | <u>22,544,658</u>            | <u>20,574,258</u>            |
| Total Revenues                          | <u><u>\$ 195,344,976</u></u> | <u><u>\$ 202,800,804</u></u> | <u><u>\$ 202,713,889</u></u> | <u><u>\$ 212,857,987</u></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>2013</u>           | <u>2014</u>           | <u>2015</u>           | <u>2016</u>           | <u>2017</u>           | <u>2018</u>           |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 119,453,877        | \$ 121,166,877        | \$ 128,100,599        | \$ 129,889,502        | \$ 141,461,964        | \$ 154,484,036        |
| 453,562               | 448,738               | 608,533               | 695,310               | 683,644               | 631,921               |
| 2,181,312             | 1,951,876             | 1,945,867             | 2,322,165             | 2,779,549             | 5,148,472             |
| 5,261,052             | 5,045,486             | 5,391,078             | 5,659,558             | 5,800,695             | 6,013,926             |
| 45,000                | —                     | 30,000                | —                     | 20,000                | 30,000                |
| <u>127,394,803</u>    | <u>128,612,977</u>    | <u>136,076,077</u>    | <u>138,566,535</u>    | <u>150,745,852</u>    | <u>166,308,355</u>    |
| 52,593,803            | 60,169,961            | 62,017,885            | 66,357,420            | 65,214,427            | 58,871,711            |
| <u>6,911,567</u>      | <u>10,004,605</u>     | <u>11,032,130</u>     | <u>9,142,186</u>      | <u>10,377,547</u>     | <u>8,776,429</u>      |
| <u>59,505,370</u>     | <u>70,174,566</u>     | <u>73,050,015</u>     | <u>75,499,606</u>     | <u>75,591,974</u>     | <u>67,648,140</u>     |
| 17,964,654            | 18,127,045            | 17,842,521            | 18,833,229            | 19,758,399            | 20,914,742            |
| <u>\$ 204,864,827</u> | <u>\$ 216,914,588</u> | <u>\$ 226,968,613</u> | <u>\$ 232,899,370</u> | <u>\$ 246,096,225</u> | <u>\$ 254,871,237</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>2009</u>           | <u>2010</u>           | <u>2011</u>           |
|---|-----------------------|-----------------------|-----------------------|
| Expenditures by Function                                |                       |                       |                       |
| Instruction   | \$ 97,232,937         | \$ 103,337,415        | \$ 103,386,692        |
| Instructional resources and media services              | 2,590,625             | 2,651,767             | 2,690,745             |
| Curriculum and staff development                        | 3,077,974             | 3,164,489             | 3,092,446             |
| Instructional leadership                                | 2,081,493             | 2,117,197             | 2,048,486             |
| School leadership                                       | 9,039,498             | 8,967,867             | 9,278,597             |
| Guidance and counseling services                        | 6,765,257             | 6,823,113             | 6,949,035             |
| Social work services                                    | 525,483               | 538,993               | 562,493               |
| Health services   | 1,869,247             | 1,894,510             | 1,923,011             |
| Student transportation                                  | 2,859,269             | 3,598,029             | 3,350,005             |
| Food service  | 7,551,749             | 8,445,619             | 9,030,588             |
| Co-curricular/extracurricular activities                | 4,992,133             | 5,674,515             | 5,060,042             |
| General administration                                  | 4,060,058             | 4,006,630             | 4,298,643             |
| Plant maintenance and operations                        | 14,730,191            | 15,171,917            | 15,168,174            |
| Security and monitoring services                        | 800,538               | 773,105               | 735,034               |
| Data processing services                                | 3,293,341             | 3,293,237             | 3,601,469             |
| Community services                                      | 1,560,473             | 389,787               | 456,417               |
| Debt service  |                       |                       |                       |
| Principal   | 2,778,461             | 2,705,306             | 5,879,847             |
| Interest  | 17,742,641            | 17,795,096            | 13,345,394            |
| Cost and fees   | 1,175                 | 894,104               | 1,036,394             |
| Facilities acquisition and construction                 | 1,203,434             | 1,227,345             | 1,779,979             |
| Contracted instructional                                | —                     | —                     | —                     |
| Juvenile justice alternative educational program        | 10,375                | 24,125                | 2,375                 |
| Other intergovernmental charges                         | 637,303               | 650,452               | 649,301               |
|   | <u>\$ 185,403,655</u> | <u>\$ 194,144,618</u> | <u>\$ 194,325,167</u> |
| Total Expenditures                                      |                       |                       |                       |
|   | <u>\$ 185,403,655</u> | <u>\$ 194,144,618</u> | <u>\$ 194,325,167</u> |
| Debt service as a percentage of noncapital expenditures | 11.18%                | 10.77%                | 10.06%                |

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

| <u>2012</u>           | <u>2013</u>           | <u>2014</u>           | <u>2015</u>           | <u>2016</u>           | <u>2017</u>           | <u>2018</u>           |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 107,419,003        | \$ 107,838,054        | \$ 105,579,751        | \$ 107,743,088        | \$ 110,015,918        | \$ 117,447,507        | \$ 118,157,410        |
| 2,295,263             | 2,235,638             | 2,364,542             | 2,427,546             | 2,486,314             | 2,563,066             | 2,609,766             |
| 2,650,592             | 2,341,202             | 2,627,929             | 2,691,495             | 2,965,799             | 3,029,069             | 2,977,410             |
| 2,206,601             | 2,102,688             | 2,065,292             | 2,317,564             | 2,342,777             | 2,413,718             | 2,498,899             |
| 9,144,807             | 9,304,459             | 9,398,174             | 9,962,392             | 10,257,491            | 10,337,581            | 10,620,790            |
| 6,553,623             | 6,735,941             | 6,865,581             | 7,327,570             | 7,246,711             | 7,570,588             | 7,671,866             |
| 572,125               | 688,594               | 709,582               | 725,966               | 765,301               | 779,638               | 810,496               |
| 1,828,844             | 1,896,540             | 1,908,172             | 2,020,216             | 2,132,941             | 2,225,132             | 2,262,137             |
| 3,492,474             | 3,873,123             | 4,182,028             | 4,534,645             | 4,959,360             | 4,904,750             | 5,659,237             |
| 9,446,461             | 8,748,743             | 9,677,254             | 10,408,285            | 10,777,817            | 11,626,082            | 12,339,111            |
| 4,837,620             | 5,140,407             | 5,054,435             | 5,271,385             | 5,576,166             | 5,929,557             | 5,859,726             |
| 4,134,907             | 4,196,294             | 4,402,339             | 4,447,205             | 4,654,135             | 5,102,897             | 5,462,878             |
| 14,120,218            | 13,751,849            | 15,327,285            | 15,519,294            | 16,808,862            | 16,340,729            | 16,665,833            |
| 795,033               | 1,085,157             | 864,655               | 846,200               | 890,994               | 900,711               | 954,908               |
| 3,693,698             | 3,299,788             | 5,095,727             | 5,355,121             | 3,831,552             | 4,360,013             | 5,119,430             |
| 335,037               | 140,673               | 188,185               | 228,464               | 247,512               | 486,868               | 429,696               |
| 11,028,454            | 10,815,492            | 11,435,286            | 12,167,159            | 13,255,590            | 11,957,689            | 13,574,890            |
| 19,176,916            | 19,061,249            | 18,744,942            | 17,587,923            | 16,617,465            | 17,917,744            | 13,793,540            |
| 1,100                 | 1,392                 | 1,533                 | 398,024               | 2,947                 | 2,948                 | 2,035,519             |
| 28,514,376            | 60,290,053            | 52,930,239            | 4,173,835             | 8,700,686             | 7,165,540             | 5,223,854             |
| —                     | —                     | —                     | —                     | —                     | —                     | —                     |
| —                     | 9,750                 | 5,289                 | 12,642                | 7,611                 | 55,470                | 2,451                 |
| 703,318               | 726,074               | 722,295               | 760,734               | 714,384               | 761,346               | 748,799               |
| <u>\$ 232,950,470</u> | <u>\$ 264,283,160</u> | <u>\$ 260,150,515</u> | <u>\$ 216,926,753</u> | <u>\$ 225,258,333</u> | <u>\$ 233,878,643</u> | <u>\$ 235,478,646</u> |
| 14.96%                | 14.79%                | 14.79%                | 14.19%                | 13.94%                | 13.28%                | 12.07%                |

# 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>2009</u>         | <u>2010</u>         | <u>2011</u>           | <u>2012</u>            |
|--|---------------------|---------------------|-----------------------|------------------------|
| <b>Excess (deficiency) of revenues over<br/>(under) expenditures</b> | \$ 9,941,321        | \$ 8,656,186        | \$ 8,388,722          | \$ (20,092,483)        |
| <b>Other Financing Sources (Uses)</b>                                |                     |                     |                       |                        |
| Proceeds from sale of bonds  | —                   | 104,330,000         | 124,695,000           | —                      |
| Sale of equipment and/or capital assets                              | 5,449               | 29,363              | 2,581,565             | 730,682                |
| Transfers in   | 77,611              | 71,923              | 4,934,500             | 28,247,190             |
| Premium on issuance of bonds   | —                   | 5,095,880           | 12,861,653            | —                      |
| Other resources  | —                   | 608,739             | —                     | —                      |
| Transfers out  | (77,611)            | (1,002,742)         | (3,802,498)           | (27,114,308)           |
| Payment to refunded bond escrow                                      | —                   | (108,625,000)       | —                     | —                      |
| Other uses   | —                   | (760,428)           | —                     | —                      |
| Total other financing sources (uses)                                 | <u>5,449</u>        | <u>(252,265)</u>    | <u>141,270,220</u>    | <u>1,863,564</u>       |
| <b>Net change in fund balances</b>                                   | <u>\$ 9,946,770</u> | <u>\$ 8,403,921</u> | <u>\$ 149,658,942</u> | <u>\$ (18,228,919)</u> |

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

## Schedule 7

| <u>2013</u>            | <u>2014</u>            | <u>2015</u>         | <u>2016</u>          | <u>2017</u>          | <u>2018</u>           |
|------------------------|------------------------|---------------------|----------------------|----------------------|-----------------------|
| \$ (59,418,333)        | \$ (43,235,927)        | \$ 10,041,860       | \$ 7,641,037         | \$ 12,217,582        | \$ 19,392,591         |
| —                      | —                      | 38,267,681          | —                    | —                    | 238,950,000           |
| 3,770                  | 12,992                 | 276,527             | 1,245,598            | 18,506               | 38,586                |
| 15,000,245             | 11,801,746             | 8,447,871           | 20,604,540           | 12,316,919           | 31,504,636            |
| —                      | —                      | 2,490,595           | —                    | —                    | 41,134,855            |
| 5,173,731              | —                      | —                   | 2,424,828            | —                    | —                     |
| (13,513,692)           | (10,675,148)           | (7,239,137)         | (16,133,922)         | (10,870,872)         | (30,081,539)          |
| —                      | —                      | (44,050,475)        | —                    | —                    | (193,014,817)         |
| —                      | —                      | —                   | —                    | —                    | —                     |
| <u>6,664,054</u>       | <u>1,139,590</u>       | <u>(1,806,938)</u>  | <u>8,141,044</u>     | <u>1,464,553</u>     | <u>88,531,721</u>     |
| <u>\$ (52,754,279)</u> | <u>\$ (42,096,337)</u> | <u>\$ 8,234,922</u> | <u>\$ 15,782,081</u> | <u>\$ 13,682,135</u> | <u>\$ 107,924,312</u> |

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

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

(Unaudited)

| <b>Fiscal<br/>Year</b> | <b>Real<br/>Property</b> | <b>Personal<br/>Property</b> | <b>Less:<br/>Exemptions</b> | <b>Total<br/>Taxable<br/>Value</b> | <b>Total<br/>Direct Tax<br/>Rate <sup>a</sup></b> |
|------------------------|--------------------------|------------------------------|-----------------------------|------------------------------------|---|
| 2009                   | 7,434,746,326            | 1,423,080,387                | 348,212,238                 | 8,509,614,475                      | 1.296   |
| 2010                   | 7,408,861,268            | 1,481,527,756                | 323,769,173                 | 8,566,619,851                      | 1.296   |
| 2011                   | 7,118,898,921            | 1,431,765,379                | 99,092,646                  | 8,451,571,654                      | 1.288   |
| 2012                   | 7,218,704,495            | 1,399,604,825                | 110,209,926                 | 8,508,099,394                      | 1.414   |
| 2013                   | 7,378,753,826            | 1,366,117,534                | 95,380,343                  | 8,649,491,017                      | 1.408   |
| 2014                   | 7,598,746,539            | 1,428,903,955                | 86,323,168                  | 8,941,327,326                      | 1.388   |
| 2015                   | 8,028,034,251            | 1,588,971,343                | 24,852,595                  | 9,592,152,999                      | 1.375   |
| 2016                   | 8,375,373,853            | 1,872,889,461                | 1,072,229,157               | 9,176,034,157                      | 1.350   |
| 2017                   | 9,425,586,083            | 1,753,794,311                | 407,440,393                 | 10,771,940,001                     | 1.316   |
| 2018                   | 10,945,293,959           | 1,969,582,033                | 673,894,653                 | 12,240,981,339                     | 1.263   |

Source: Tarrant Appraisal District.

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

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

# HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(rate per \$100 of assessed value)

(Unaudited)

| District Direct Rates |           |              |       |                   |                 |                     |                |
|-----------------------|-----------|--------------|-------|-------------------|-----------------|---------------------|----------------|
| Fiscal Year           | Operating | Debt Service | Total | City of Arlington | City of Bedford | City of Colleyville | City of Euless |
| 2009                  | 1.040     | 0.255        | 1.295 | 0.648             | 0.447           | 0.356               | 0.470          |
| 2010                  | 1.040     | 0.255        | 1.295 | 0.648             | 0.463           | 0.356               | 0.470          |
| 2011                  | 1.040     | 0.248        | 1.288 | 0.648             | 0.492           | 0.356               | 0.470          |
| 2012                  | 1.040     | 0.374        | 1.414 | 0.648             | 0.504           | 0.356               | 0.470          |
| 2013                  | 1.040     | 0.368        | 1.408 | 0.648             | 0.499           | 0.356               | 0.470          |
| 2014                  | 1.040     | 0.348        | 1.388 | 0.648             | 0.495           | 0.356               | 0.470          |
| 2015                  | 1.040     | 0.335        | 1.375 | 0.648             | 0.495           | 0.356               | 0.468          |
| 2016                  | 1.040     | 0.310        | 1.350 | 0.648             | 0.495           | 0.356               | 0.468          |
| 2017                  | 1.040     | 0.276        | 1.316 | 0.645             | 0.477           | 0.339               | 0.463          |
| 2018                  | 1.040     | 0.223        | 1.263 | 0.640             | 0.520           | 0.334               | 0.463          |

Source: Information obtained from Tarrant Appraisal District website.

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

Overlapping Rates<sup>a</sup>

| City of<br>Hurst | City of<br>Fort Worth | City of North<br>Richland Hills | Tarrant<br>County | Tarrant Co.<br>Hospital<br>District | Tarrant Co.<br>College<br>District | Viridian<br>Municipal<br>Management<br>District |
|------------------|-----------------------|---------------------------------|-------------------|-------------------------------------|------------------------------------|---|
| 0.535            | 0.855                 | 0.570                           | 0.264             | 0.228                               | 0.138                              | 0.000   |
| 0.535            | 0.855                 | 0.570                           | 0.264             | 0.228                               | 0.138                              | 0.000   |
| 0.578            | 0.855                 | 0.570                           | 0.264             | 0.228                               | 0.138                              | 0.448   |
| 0.578            | 0.855                 | 0.570                           | 0.264             | 0.228                               | 0.149                              | 0.448   |
| 0.608            | 0.855                 | 0.610                           | 0.264             | 0.228                               | 0.149                              | 0.448   |
| 0.608            | 0.855                 | 0.610                           | 0.264             | 0.228                               | 0.149                              | 0.448   |
| 0.606            | 0.855                 | 0.610                           | 0.264             | 0.228                               | 0.149                              | 0.448   |
| 0.611            | 0.855                 | 0.610                           | 0.264             | 0.228                               | 0.149                              | 0.448   |
| 0.588            | 0.835                 | 0.610                           | 0.254             | 0.228                               | 0.145                              | 0.448   |
| 0.581            | 0.805                 | 0.590                           | 0.244             | 0.224                               | 0.140                              | 0.448   |

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
Principal Property Taxpayers  
Current Year and Nine Years Ago  
(Unaudited)

| Principal Taxpayers <sup>a</sup>    | Type of Property | 2017-2018 Assessed Valuation <sup>b</sup> | Rank | Percentage of Total Assessed Value | 2008-2009 Assessed Valuation | Rank | Percentage of Total Assessed Value |
|-------------------------------------|------------------|---|------|------------------------------------|------------------------------|------|------------------------------------|
| Bell Helicopter Textron             | Defense Industry | \$ 491,634,698                            | 1    | 4.02%                              | \$ 252,960,397               | 1    | 2.97%                              |
| American Airlines                   | Airline Industry | 411,776,747                               | 2    | 3.36%                              | 217,739,448                  | 2    | 2.56%                              |
| Cmf 15 Portfolio LLC                | Real Estate      | 164,360,980                               | 3    | 1.34%                              | -                            | -    | -                                  |
| Westdale Hills 2013 LP              | Real Estate      | 116,500,000                               | 4    | 0.95%                              | -                            | -    | -                                  |
| LSREF3 Bravo (Dallas) LLC           | Real Estate      | 78,450,000                                | 5    | 0.64%                              | -                            | -    | -                                  |
| Oncor Electric Delivery Co (TXU)    | Utility          | 73,515,352                                | 6    | 0.60%                              | 67,414,570                   | 3    | 0.79%                              |
| Viridian Holdings LP                | Real Estate      | 66,328,611                                | 7    | 0.54%                              | -                            | -    | -                                  |
| Shops at Northeast Mall LLC         | Real Estate      | 63,238,285                                | 8    | 0.52%                              | -                            | -    | -                                  |
| Stoneleigh at Bear Creek Apartments | Real Estate      | 62,675,000                                | 9    | 0.51%                              | -                            | -    | -                                  |
| WW Davis LP                         | Real Estate      | 61,400,000                                | 10   | 0.50%                              | -                            | -    | -                                  |
| Simon Property Group                | Real Estate      | -   | -    | -                                  | 60,092,977                   | 4    | 0.71%                              |
| Southwestern Bell (AT&T)            | Utility          | -   | -    | -                                  | 59,334,685                   | 5    | 0.70%                              |
| Crp Central Park Blvd LLC           | Real Estate      | -   | -    | -                                  | 55,476,044                   | 6    | 0.65%                              |
| Somerset Village Partners LP        | Real Estate      | -   | -    | -                                  | 55,302,858                   | 7    | 0.65%                              |
| Flint Hills Resources LP            | Refining         | -   | -    | -                                  | 55,245,312                   | 8    | 0.65%                              |
| Centreport Venture Inc              | Real Estate      | -   | -    | -                                  | 49,990,263                   | 9    | 0.59%                              |
| Colonial Realty LP                  | Real Estate      | -   | -    | -                                  | 38,990,269                   | 10   | 0.46%                              |
| Total                               |                  | <u>\$ 1,589,879,673</u>                   |      | <u>12.99%</u>                      | <u>\$ 912,546,823</u>        |      | <u>10.72%</u>                      |

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

<sup>b</sup> July 2017 assessed valuation of \$12,240,981,339 was the basis of the 2018 fiscal year property tax revenues.

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

Property Tax Levies and Collections

Last Ten Fiscal Years

(Unaudited)

| <b>Fiscal<br/>Year</b> | <b>Taxes Levied<br/>for the<br/>Fiscal Year</b> | <b>Subsequent<br/>Adjustments<br/>to Levy</b> | <b>Final<br/>Adjusted<br/>Levy</b> | <b>Collected within the<br/>Fiscal Year of the Levy</b> |                               | <b>Collections in<br/>Subsequent<br/>Years</b> | <b>Total Collections to Date</b> |  |
|------------------------|---|---|------------------------------------|---|-------------------------------|--|----------------------------------|--|
|                        |   |   |                                    | <b>Amount</b>   | <b>Percentage<br/>of Levy</b> |  | <b>Amount</b>                    | <b>Percentage of<br/>Adjusted Levy</b> |
| 2009                   | 107,392,908                                     | 3,466,134                                     | 110,859,042                        | 109,680,859   | 98.94%                        | 1,031,652                                      | 110,712,511                      | 99.87%                                 |
| 2010                   | 108,168,725                                     | 1,379,460                                     | 109,548,185                        | 108,282,487   | 98.84%                        | 1,016,295                                      | 109,298,782                      | 99.77%                                 |
| 2011                   | 106,553,531                                     | (894,540)                                     | 105,658,991                        | 104,715,937   | 99.11%                        | 779,157  | 105,495,094                      | 99.84%                                 |
| 2012                   | 117,229,312                                     | (177,117)                                     | 117,052,195                        | 116,087,559   | 99.18%                        | 771,561  | 116,859,120                      | 99.84%                                 |
| 2013                   | 118,733,124                                     | (125,999)                                     | 118,607,125                        | 117,906,660   | 99.41%                        | 528,912  | 118,435,572                      | 99.86%                                 |
| 2014                   | 121,092,304                                     | (74,508)                                      | 121,017,796                        | 120,283,726   | 99.39%                        | 570,578  | 120,854,304                      | 99.86%                                 |
| 2015                   | 128,768,688                                     | (705,639)                                     | 128,063,049                        | 126,928,214   | 99.11%                        | 942,525  | 127,870,739                      | 99.85%                                 |
| 2016                   | 121,718,481                                     | 8,621,581                                     | 130,340,062                        | 129,035,301   | 99.00%                        | 965,801  | 130,001,102                      | 99.74%                                 |
| 2017                   | 137,694,774                                     | 3,565,026                                     | 141,259,800                        | 139,861,691   | 99.01%                        | 753,126  | 140,614,817                      | 99.54%                                 |
| 2018                   | 149,697,774                                     | 4,025,735                                     | 153,723,509                        | 152,876,940   | 99.45%                        | -  | 152,876,940                      | 99.45%                                 |

Source: Information obtained from Tarrant County Tax Assessor.

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

Outstanding Debt by Type

Last Ten Fiscal Years

(Unaudited)

| <b>Governmental Activities</b> |                                      |                            |   |  |                                   |
|--------------------------------|--------------------------------------|----------------------------|---|--|-----------------------------------|
| <b>Fiscal<br/>Year</b>         | <b>School<br/>Building<br/>Bonds</b> | <b>Refunding<br/>Bonds</b> | <b>Total<br/>Primary<br/>Government</b> | <b>Percentage<br/>of Personal<br/>Income<sup>a</sup></b> | <b>Per<br/>Capita<sup>a</sup></b> |
| 2009                           | 110,933,796                          | 127,517,256                | 238,451,052                             | 5.80%  | 1,684                             |
| 2010                           | -                                    | 233,326,135                | 233,326,135                             | 5.55%  | 1,637                             |
| 2011                           | 137,556,653                          | 225,640,540                | 363,197,193                             | 8.37%  | 2,544                             |
| 2012                           | 131,977,187                          | 217,538,374                | 349,515,561                             | 8.55%  | 2,578                             |
| 2013                           | 126,707,721                          | 209,009,444                | 335,717,165                             | 8.27%  | 2,471                             |
| 2014                           | 120,948,255                          | 199,998,966                | 320,947,221                             | 7.89%  | 2,317                             |
| 2015                           | 114,613,789                          | 187,992,598                | 302,606,387                             | 6.93%  | 2,149                             |
| 2016                           | 108,034,323                          | 177,134,571                | 285,168,894                             | 6.39%  | 2,016                             |
| 2017                           | 101,144,857                          | 167,324,568                | 268,469,425                             | 5.91%  | 1,894                             |
| 2018                           | 95,003,799                           | 245,972,943                | 340,976,742                             | 7.41%  | 2,393                             |

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

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

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

## Direct and Overlapping Governmental Activities Debt

August 31, 2018

(Unaudited)

| Taxing Body   | Net Debt<br>Outstanding | Percent<br>Overlapping <sup>a</sup> | Amount<br>Overlapping<br>Net Debt |
|---|-------------------------|-------------------------------------|-----------------------------------|
| City of Fort Worth  | \$ 785,165,949          | 8.08%                               | \$ 63,441,409                     |
| City of Colleyville   | 5,665,000               | 5.63%                               | 318,940                           |
| City of North Richland Hills  | 119,765,000             | 0.20%                               | 239,530                           |
| City of Euless  | 52,625,000              | 67.08%                              | 35,300,850                        |
| City of Hurst   | 48,931,642              | 58.75%                              | 28,747,340                        |
| City of Bedford   | 76,623,383              | 100.00%                             | 76,623,383                        |
| City of Arlington   | 408,365,000             | 0.12%                               | 490,038                           |
| Tarrant County College District   | —                       | 9.37%                               | -                                 |
| Tarrant County  | 307,996,000             | 9.50%                               | 29,259,620                        |
| Tarrant County Hospital District  | 36,430,000              | 9.50%                               | 3,460,850                         |
| Viridian Municipal Management District  | 71,640,000              | 100.00%                             | 71,640,000                        |
| Total Overlapping Net Debt  |                         |                                     | 309,521,960                       |
| Hurst - Euless - Bedford ISD  | 340,976,742             | 100.00%                             | 340,976,742                       |
| Total Direct and Overlapping Debt to Net Debt                                     |                         |                                     | <u>\$ 650,498,702</u>             |
| Ratio of Total Direct and Overlapping Net Debt to 2018 Taxable Assessed Valuation | \$ 12,240,981,339       |                                     | <u>5.31%</u>                      |

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

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

This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the district's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

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

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

## **Legal Debt Margin Information**

**Last Ten Fiscal Years**

**(Unaudited)**

|   | <u><b>2009</b></u>           | <u><b>2010</b></u>           | <u><b>2011</b></u>           | <u><b>2012</b></u>           |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| Debt limit  | \$ 850,961,448               | \$ 856,661,985               | \$ 845,157,165               | \$ 850,809,939               |
| Total net debt applicable to limit                                      | <u>233,788,870</u>           | <u>227,347,956</u>           | <u>356,003,608</u>           | <u>341,514,948</u>           |
| Legal debt margin   | <u><u>\$ 617,172,578</u></u> | <u><u>\$ 629,314,029</u></u> | <u><u>\$ 489,153,557</u></u> | <u><u>\$ 509,294,991</u></u> |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 27.47%                       | 26.54%                       | 42.12%                       | 40.14%                       |

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



## Legal Debt Margin Calculation for Fiscal Year 2018

|                                    |                              |
|------------------------------------|------------------------------|
| Assessed value                     | \$ 12,240,981,339            |
| Debt limit (10% of assessed value) | 1,224,098,134 <sup>a</sup>   |
| Debt applicable to limit           | <u>330,993,183</u>           |
| Legal debt margin                  | <u><u>\$ 893,104,951</u></u> |

| <u>2013</u>                  | <u>2014</u>                  | <u>2015</u>                  | <u>2016</u>                  | <u>2017</u>                  | <u>2018</u>                  |
|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| \$ 864,949,102               | \$ 894,132,733               | \$ 959,215,300               | \$ 917,603,416               | \$ 1,077,194,000             | \$ 1,224,098,134             |
| <u>326,428,782</u>           | <u>311,503,269</u>           | <u>295,395,647</u>           | <u>277,062,005</u>           | <u>259,547,234</u>           | <u>330,993,183</u>           |
| <u><u>\$ 538,520,320</u></u> | <u><u>\$ 582,629,464</u></u> | <u><u>\$ 663,819,653</u></u> | <u><u>\$ 640,541,411</u></u> | <u><u>\$ 817,646,766</u></u> | <u><u>\$ 893,104,951</u></u> |
| 37.74%                       | 34.84%                       | 30.80%                       | 30.19%                       | 24.09%                       | 27.04%                       |

## HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

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

Last Ten Years

(Unaudited)

| <b>August 31,</b> | <b>Taxable<br/>Assessed Value</b> | <b>Assessment<br/>Ratio</b> | <b>Gross Bonded<br/>Debt Outstanding<br/>at Year End <sup>a</sup></b> | <b>Reserve For<br/>Retirement of<br/>Bonded Debt</b> | <b>Net Bonded Debt<br/>Outstanding<br/>at Year End</b> |
|-------------------|-----------------------------------|-----------------------------|---|--|--|
| 2009              | 8,509,614,475                     | 100%                        | 238,451,052   | 4,662,182  | 233,788,870  |
| 2010              | 8,566,619,851                     | 100%                        | 233,326,135   | 5,978,179  | 227,347,956  |
| 2011              | 8,451,571,654                     | 100%                        | 363,197,193   | 7,193,585  | 356,003,608  |
| 2012              | 8,508,099,394                     | 100%                        | 349,515,561   | 8,000,613  | 341,514,948  |
| 2013              | 8,649,491,017                     | 100%                        | 335,717,165   | 9,288,383  | 326,428,782  |
| 2014              | 8,941,327,326                     | 100%                        | 320,947,221   | 9,443,952  | 311,503,269  |
| 2015              | 9,592,152,999                     | 100%                        | 302,606,387   | 7,210,740  | 295,395,647  |
| 2016              | 9,176,034,157                     | 100%                        | 285,168,894   | 8,106,889  | 277,062,005  |
| 2017              | 10,771,940,001                    | 100%                        | 268,469,425   | 8,922,191  | 259,547,234  |
| 2018              | 12,240,981,339                    | 100%                        | 340,976,742   | 9,983,559  | 330,993,183  |

Source: Information obtained from Tarrant Appraisal District.

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

| <b>Ratio Net Bonded<br/>Debt to Taxable<br/>Assessed Valuation</b> | <b>Estimated<br/>Population</b> | <b>Net Bonded<br/>Debt Per Capita</b> | <b>Taxable Assessed<br/>Valuation Per Capita</b> |
|--|---------------------------------|---------------------------------------|--|
| 2.75%  | 141,600                         | 1,651                                 | 60,096   |
| 2.65%  | 142,523                         | 1,595                                 | 60,107   |
| 4.21%  | 142,779                         | 2,493                                 | 59,193   |
| 4.01%  | 135,586                         | 2,519                                 | 62,751   |
| 3.77%  | 135,861                         | 2,403                                 | 63,664   |
| 3.48%  | 138,510                         | 2,249                                 | 64,554   |
| 3.08%  | 140,781                         | 2,098                                 | 68,135   |
| 3.02%  | 141,444                         | 1,959                                 | 64,874   |
| 2.41%  | 141,781                         | 1,831                                 | 75,976   |
| 2.70%  | 142,514                         | 2,323                                 | 85,893   |

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

Demographic and Economic Statistics

Last Ten Calendar Years

(Unaudited)

| <b>Calendar<br/>Year</b> | <b>Estimated<br/>Population</b> | <b>Personal Income<br/>(in thousands)</b> | <b>Per<br/>Capita<br/>Personal<br/>Income</b> | <b>Unemployment<br/>Rate</b> |
|--------------------------|---------------------------------|---|---|------------------------------|
| 2009                     | 141,600                         | 4,108,170                                 | 29,012  | 4.30                         |
| 2010                     | 142,523                         | 4,207,141                                 | 29,519  | 6.90                         |
| 2011                     | 142,779                         | 4,341,082                                 | 30,404  | 7.50                         |
| 2012                     | 135,586                         | 4,085,619                                 | 30,133  | 7.20                         |
| 2013                     | 135,861                         | 4,059,303                                 | 29,878  | 5.90                         |
| 2014                     | 138,510                         | 4,065,460                                 | 29,351  | 5.50                         |
| 2015                     | 140,781                         | 4,367,914                                 | 31,026  | 4.90                         |
| 2016                     | 141,444                         | 4,465,146                                 | 31,568  | 4.00                         |
| 2017                     | 141,781                         | 4,546,120                                 | 32,064  | 3.80                         |
| 2018                     | 142,514                         | 4,601,470                                 | 32,288  | 3.30                         |

Demographic Statistics table from the Comprehensive Annual Financial Reports for fiscal year ended September 30, 2017 for cities of Bedford, Euless, and Hurst.

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

Principal Employers  
Current Year and Nine Years Ago  
(Unaudited)

| <b><u>Employer</u></b>             | <b>2018</b>             |                    |  | <b>2009</b>             |                    |  |
|------------------------------------|-------------------------|--------------------|--|-------------------------|--------------------|--|
|                                    | <b><u>Employees</u></b> | <b><u>Rank</u></b> | <b><u>Percentage<br/>of Total<br/>Employment<sup>a</sup></u></b> | <b><u>Employees</u></b> | <b><u>Rank</u></b> | <b><u>Percentage<br/>of Total<br/>Employment<sup>a</sup></u></b> |
| Bell Helicopter Textron            | 3,800                   | 1                  | 4.89%  | 4,000                   | 1                  | 5.26%  |
| Hurst-Euleless-Bedford ISD         | 2,544                   | 2                  | 3.27%  | 2,550                   | 3                  | 3.35%  |
| Northeast Mall (Collective)        | 2,500                   | 3                  | 3.21%  | 2,850                   | 2                  | 3.75%  |
| Texas Health Harris Methodist HEB  | 1,550                   | 4                  | 1.99%  | 1,600                   | 4                  | 2.11%  |
| LSG Sky Chefs, Inc.                | 900                     | 5                  | 1.16%  | 800                     | 5                  | 1.05%  |
| Carter Blood Care                  | 872                     | 6                  | 1.12%  | 600                     | 7                  | 0.79%  |
| Walmart Supercenter - (Collective) | 868                     | 7                  | 1.12%  | 575                     | 8                  | 0.76%  |
| The Shops at Northeast Mall        | 800                     | 8                  | 1.03%  | 800                     | 6                  | 1.05%  |
| Tarrant County College             | 575                     | 9                  | 0.74%  | -                       | -                  | -  |
| Warrantech                         | 473                     | 10                 | 0.61%  | 550                     | 9                  | 0.72%  |
| Citigroup                          | -                       | -                  | -  | 540                     | 10                 | 0.71%  |
|                                    | <u>14,882</u>           |                    | <u>19.14%</u>  | <u>14,865</u>           |                    | <u>19.55%</u>  |

<sup>a</sup> Percentages of total employment for 2018 and 2009 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<br>Change |
|-----------------------------------|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|----------------------|
|                                   | 2009   | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  | 2018-2009            |
| <b>Supervisory</b>                |  |       |       |       |       |       |       |       |       |       |                      |
| Instructional administrators      | 17   | 18    | 21    | 21    | 19    | 21    | 24    | 24    | 24    | 22    | 29.4%                |
| Noninstructional administrators   | 9  | 9     | 8     | 8     | 8     | 8     | 8     | 8     | 9     | 13    | 44.4%                |
| Principals                        | 27   | 27    | 27    | 27    | 27    | 27    | 28    | 28    | 28    | 28    | 3.7%                 |
| Assistant principals              | 41   | 41    | 41    | 41    | 41    | 40    | 40    | 41    | 40    | 42    | 2.4%                 |
| Total supervisory                 | 94   | 95    | 97    | 97    | 95    | 96    | 100   | 101   | 101   | 105   | 11.7%                |
| <b>Instruction</b>                |  |       |       |       |       |       |       |       |       |       |                      |
| Elementary classroom teachers     | 670  | 671   | 674   | 658   | 657   | 671   | 694   | 693   | 697   | 701   | 4.6%                 |
| Secondary classroom teachers      | 461  | 453   | 459   | 427   | 451   | 454   | 436   | 444   | 455   | 461   | 0.0%                 |
| Special education teachers        | 114  | 120   | 120   | 131   | 106   | 95    | 115   | 108   | 112   | 124   | 8.8%                 |
| Other teachers                    | 62   | 66    | 72    | 81    | 81    | 87    | 92    | 92    | 95    | 93    | 50.0%                |
| Aides                             | 193  | 195   | 194   | 191   | 188   | 183   | 180   | 180   | 184   | 189   | -2.1%                |
| Total instruction                 | 1,500  | 1,505 | 1,519 | 1,488 | 1,483 | 1,490 | 1,517 | 1,517 | 1,543 | 1,568 | 4.5%                 |
| <b>Student Services</b>           |  |       |       |       |       |       |       |       |       |       |                      |
| Guidance counselors               | 43   | 42    | 43    | 40    | 41    | 41    | 42    | 42    | 42    | 41    | -4.7%                |
| Therapists                        | 21   | 22    | 22    | 22    | 21    | 21    | 23    | 22    | 24    | 25    | 19.0%                |
| Psychologists/diagnosticians      | 26   | 26    | 25    | 26    | 27    | 26    | 27    | 27    | 27    | 27    | 3.8%                 |
| Librarians                        | 26   | 26    | 26    | 23    | 22    | 23    | 24    | 24    | 24    | 24    | -7.7%                |
| Nurses                            | 29   | 29    | 29    | 31    | 31    | 31    | 32    | 34    | 34    | 34    | 17.2%                |
| Total student services            | 145  | 145   | 145   | 142   | 142   | 142   | 148   | 149   | 151   | 151   | 4.1%                 |
| <b>Support and Administration</b> |  |       |       |       |       |       |       |       |       |       |                      |
| Professional Support              | 57   | 59    | 60    | 65    | 65    | 63    | 64    | 64    | 68    | 80    | 40.4%                |
| Auxiliary staff                   | 639  | 650   | 668   | 655   | 648   | 649   | 680   | 680   | 683   | 640   | 0.2%                 |
| Total support and administration  | 696  | 709   | 728   | 720   | 713   | 712   | 744   | 744   | 751   | 720   | 3.4%                 |
| <b>Total</b>                      | 2,435  | 2,454 | 2,489 | 2,447 | 2,433 | 2,440 | 2,509 | 2,511 | 2,546 | 2,544 | 4.5%                 |

Source: Information obtained from Texas Education Agency PEIMS reports

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

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

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

| <b>Fiscal<br/>Year</b> | <b>Enrollment</b> | <b>Operating<br/>Expenditures</b> | <b>Cost<br/>per<br/>Pupil</b> | <b>Percentage<br/>Change</b> | <b>Government<br/>Wide<br/>Expenses</b> |
|------------------------|-------------------|-----------------------------------|-------------------------------|------------------------------|---|
| 2009                   | 20,565            | 163,677,944                       | 7,959                         | 1.83%                        | 188,065,182                             |
| 2010                   | 20,762            | 171,522,767                       | 8,261                         | 3.80%                        | 195,297,609                             |
| 2011                   | 21,046            | 172,283,553                       | 8,186                         | -0.91%                       | 192,140,966                             |
| 2012                   | 21,570            | 174,229,624                       | 8,077                         | -1.33%                       | 198,256,196                             |
| 2013                   | 21,814            | 174,114,974                       | 7,982                         | -1.18%                       | 198,505,795                             |
| 2014                   | 22,180            | 177,038,515                       | 7,982                         | 0.00%                        | 201,853,224                             |
| 2015                   | 22,416            | 182,599,812                       | 8,146                         | 2.06%                        | 204,324,782                             |
| 2016                   | 22,834            | 186,681,645                       | 8,176                         | 0.36%                        | 217,646,091                             |
| 2017                   | 23,120            | 196,834,722                       | 8,514                         | 4.13%                        | 233,551,357                             |
| 2018                   | 23,429            | 200,850,843                       | 8,573                         | 0.69%                        | 180,444,161                             |

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 23.76% decrease in the cost per pupil.



**Schedule 19**

| <b>Cost<br/>per<br/>Pupil</b> | <b>Percentage<br/>Change</b> | <b>Teaching<br/>Staff</b> | <b>Pupil-<br/>Teacher<br/>Ratio</b> | <b>Percentage<br/>of Students<br/>Receiving<br/>Free or<br/>Reduced-Price<br/>Meals</b> |
|-------------------------------|------------------------------|---------------------------|-------------------------------------|---|
| 9,145                         | 1.43%                        | 1,306                     | 15.7                                | 45.5%   |
| 9,406                         | 2.86%                        | 1,310                     | 15.8                                | 49.0%   |
| 9,130                         | -2.94%                       | 1,325                     | 15.9                                | 50.4%   |
| 9,191                         | 0.68%                        | 1,297                     | 16.6                                | 51.9%   |
| 9,100                         | -0.99%                       | 1,295                     | 16.8                                | 53.1%   |
| 9,101                         | 0.01%                        | 1,307                     | 17.0                                | 53.1%   |
| 9,115                         | 0.16%                        | 1,337                     | 16.8                                | 52.1%   |
| 9,532                         | 4.57%                        | 1,337                     | 17.1                                | 52.7%   |
| 10,102                        | 5.98%                        | 1,359                     | 17.0                                | 51.9%   |
| 7,702                         | -23.76%                      | 1,379                     | 17.0                                | 52.5%   |

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

Teacher Base Salaries

Last Ten Fiscal Years

(Unaudited)

| <b>Fiscal<br/>Year</b> | <b>Minimum<br/>Salary<sup>a</sup></b> | <b>Maximum<br/>Salary<sup>a</sup></b> | <b>District<br/>Average<br/>Salary<sup>b</sup></b> | <b>Region<br/>Average<br/>Salary<sup>b</sup></b> | <b>Statewide<br/>Average<br/>Salary<sup>b</sup></b> |
|------------------------|---------------------------------------|---------------------------------------|--|--|---|
| 2009                   | 47,370                                | 65,814                                | 53,637   | 49,584   | 47,159  |
| 2010                   | 48,308                                | 66,752                                | 54,844   | 50,642   | 48,263  |
| 2011                   | 49,260                                | 67,695                                | 55,641   | 50,986   | 48,638  |
| 2012                   | 49,250                                | 76,713                                | 55,120   | 50,386   | 48,375  |
| 2013                   | 50,225                                | 77,688                                | 55,607   | 51,130   | 48,821  |
| 2014                   | 51,220                                | 79,242                                | 56,169   | 52,208   | 49,692  |
| 2015                   | 52,750                                | 81,620                                | 57,127   | 53,291   | 50,715  |
| 2016                   | 53,500                                | 84,069                                | 58,542   | 54,379   | 51,891  |
| 2017                   | 54,500                                | 86,592                                | 59,885   | 55,194   | 52,525  |
| 2018                   | 55,000                                | 88,324                                | 60,691   | 56,144   | 53,334  |

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

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

<sup>b</sup> Information obtained from Texas Education Agency - AEIS (Academic Excellence Indicator System) reports for fiscal years 2009 through 2012; Texas Education Agency - TAPR (Texas Academic Performance Report) reports for fiscal years 2013 through 2018

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

## Capital Asset Information

Last Ten Fiscal Years

(Unaudited)

|  | <u><b>2009</b></u> | <u><b>2010</b></u> | <u><b>2011</b></u> | <u><b>2012</b></u> |
|--|--------------------|--------------------|--------------------|--------------------|
| <u><b>Schools</b></u>                    |                    |                    |                    |                    |
| <b>Elementary</b>                        |                    |                    |                    |                    |
| Buildings                                | 19                 | 19                 | 19                 | 19                 |
| Square feet                              | 1,343,414          | 1,343,414          | 1,343,414          | 1,343,414          |
| Capacity                                 | 13,301             | 13,301             | 13,301             | 13,301             |
| Enrollment                               | 11,653             | 11,654             | 11,895             | 12,292             |
| <b>Junior High</b>                       |                    |                    |                    |                    |
| Buildings                                | 5                  | 5                  | 5                  | 5                  |
| Square feet                              | 690,552            | 690,552            | 690,552            | 690,552            |
| Capacity                                 | 5,379              | 5,379              | 5,379              | 5,379              |
| Enrollment                               | 4,501              | 4,581              | 4,563              | 4,653              |
| <b>High</b>                              |                    |                    |                    |                    |
| Buildings                                | 2                  | 2                  | 2                  | 2                  |
| Square feet                              | 637,936            | 637,936            | 637,936            | 637,936            |
| Capacity                                 | 4,525              | 4,525              | 4,525              | 4,525              |
| Enrollment                               | 4,221              | 4,280              | 4,405              | 4,429              |
| <b>Other</b>                             |                    |                    |                    |                    |
| Buildings                                | 3                  | 3                  | 3                  | 3                  |
| Square feet                              | 137,889            | 137,889            | 137,889            | 137,889            |
| <u><b>Activity Centers</b></u>           |                    |                    |                    |                    |
| Buildings                                | —                  | —                  | —                  | —                  |
| Square feet                              | —                  | —                  | —                  | —                  |
| <u><b>Administrative</b></u>             |                    |                    |                    |                    |
| Buildings                                | 2                  | 2                  | 2                  | 2                  |
| Square feet                              | 69,919             | 69,919             | 69,919             | 69,919             |
| <u><b>Auxiliary Services Complex</b></u> |                    |                    |                    |                    |
| Buildings                                | 3                  | 3                  | 2                  | 2                  |
| Square feet                              | 43,330             | 43,330             | 28,223             | 28,223             |
| Buses                                    | 91                 | 99                 | 101                | 103                |
| <u><b>Portable Buildings</b></u>         |                    |                    |                    |                    |
| Buildings                                | 35                 | 39                 | 39                 | 40                 |
| Square feet                              | 50,400             | 56,160             | 56,160             | 57,696             |
| <u><b>Athletics</b></u>                  |                    |                    |                    |                    |
| Football fields                          | 4                  | 5                  | 5                  | 5                  |
| Running tracks                           | 7                  | 7                  | 7                  | 7                  |
| Baseball/softball                        | 4                  | 4                  | 4                  | 4                  |
| Swimming pools                           | 1                  | 1                  | 1                  | 1                  |
| Playgrounds                              | 19                 | 19                 | 19                 | 19                 |
| Physical fitness areas                   | 25                 | 25                 | 25                 | 25                 |

Source: Information obtained from District records.

## Schedule 21

| <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 19          | 20          | 20          | 20          | 20          | 20          |
| 1,343,414   | 1,435,727   | 1,435,727   | 1,435,727   | 1,435,727   | 1,435,727   |
| 13,301      | 14,001      | 14,001      | 14,001      | 14,001      | 14,001      |
| 12,359      | 12,573      | 12,772      | 13,015      | 13,075      | 13,356      |
| 5           | 5           | 5           | 5           | 5           | 5           |
| 690,552     | 690,552     | 690,552     | 690,552     | 690,552     | 690,552     |
| 5,379       | 5,379       | 5,379       | 5,379       | 5,379       | 5,379       |
| 4,786       | 4,909       | 4,906       | 4,975       | 5,067       | 5,076       |
| 2           | 2           | 2           | 2           | 2           | 2           |
| 637,936     | 637,936     | 637,936     | 637,936     | 604,795     | 604,795     |
| 4,525       | 4,525       | 4,525       | 4,525       | 4,525       | 4,525       |
| 4,483       | 4,509       | 4,561       | 4,658       | 4,838       | 4,847       |
| 3           | 3           | 3           | 3           | 3           | 3           |
| 137,889     | 253,470     | 253,470     | 253,470     | 253,470     | 253,470     |
| —           | 2           | 2           | 2           | 2           | 2           |
| —           | 182,536     | 182,536     | 182,536     | 182,536     | 182,536     |
| 2           | 2           | 2           | 2           | 2           | 2           |
| 69,919      | 69,919      | 69,919      | 69,919      | 69,919      | 69,919      |
| 2           | 3           | 3           | 3           | 3           | 3           |
| 5,132       | 78,671      | 78,671      | 78,671      | 78,671      | 78,761      |
| 106         | 110         | 116         | 123         | 127         | 128         |
| 39          | 40          | 40          | 42          | 42          | 42          |
| 56,160      | 57,696      | 57,696      | 60,768      | 60,768      | 60,768      |
| 5           | 5           | 5           | 5           | 5           | 5           |
| 7           | 7           | 7           | 7           | 7           | 7           |
| 4           | 4           | 4           | 4           | 4           | 4           |
| 1           | 1           | 1           | 1           | 1           | —           |
| 19          | 20          | 20          | 20          | 20          | 20          |
| 25          | 26          | 26          | 26          | 26          | 26          |

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## **FEDERAL AWARDS SECTION**

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

Board of Trustees  
Hurst-Euless-Bedford Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hurst-Euless-Bedford Independent School District (the District), as of and for the year ended August 31, 2018, 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 10, 2019.

**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 10, 2019

**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, 2018. 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, 2018.

## **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 10, 2019

**HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT**  
**SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED AUGUST 31, 2018**

| <b>Federal grantor agency</b>   | <b>Federal CFDA number</b> | <b>Pass-through entity identification number</b> | <b>Expenditures indirect costs and refunds</b> |
|---|----------------------------|--|--|
| U.S. Department of Education  |                            |  |  |
| (Passed through State Department of Education)                          |                            |  |  |
| Title X, Part C - Education for Homeless Children and Youth             | 84.196A                    | 18-024   | \$ 59,700                                      |
| Title I, Part A - Improving Basic Programs                              | 84.010A                    | 18610101220916                                   | 3,642,187                                      |
| Title I School Improvement  | 84.010A                    | 18610123220916                                   | 98,087   |
| Special Education Cluster (IDEA):                                       |                            |  |  |
| IDEA - Part B, Formula  | 84.027A                    | 186600012209166600                               | 3,972,756                                      |
| IDEA - Part B, Preschool  | 84.173A                    | 186610012209166610                               | 71,385   |
| Total Special Education Cluster (IDEA)                                  |                            |  | 4,044,141                                      |
| Title I, Part C, Carl D. Perkins - Basic Formula Grant                  | 84.048A                    | 18420006220916                                   | 192,229  |
| Title II, Part A - Supporting Effective Instruction                     | 84.367A                    | 18694501220916                                   | 507,863  |
| Title III, Part A - English Language Acquisition                        | 84.365A                    | 18671001220916                                   | 299,070  |
| Title III, Part A - Immigrant   | 84.365A                    | 18671003220916                                   | 132,802  |
| Title IV, Part A, Subpart 1   | 84.424A                    | 18680101220916                                   | 81,849   |
| Summer School LEP   | 84.369A                    | 69551702   | 18,994   |
| Total Department of Education   |                            |  | 9,076,922                                      |
| U.S. Department of Agriculture  |                            |  |  |
| (Passed through State Department of Agriculture)                        |                            |  |  |
| Child Nutrition Cluster:  |                            |  |  |
| National School Lunch   | 10.555                     | 71301801   | 6,196,060                                      |
| National School Breakfast   | 10.553                     | 71401801   | 1,794,704                                      |
| Summer Food Service Program for Children                                | 10.559                     | 71301801/71401801                                | 119,473  |
| Total passed through State Department of Agriculture                    |                            |  | 8,110,237                                      |
| U.S. Department of Agriculture ( <b>direct</b> )                        |                            |  |  |
| Commodity donation ( <b>noncash</b> )                                   | 10.555                     | 01028  | 882,732  |
| Total Child Nutrition Cluster   |                            |  | 8,992,969                                      |
| Total Department of Agriculture   |                            |  | 8,992,969                                      |
| U.S. Department of Defense  |                            |  |  |
| Startalk Around the World in 12 Days                                    | 12.900                     | H98230-17-1-0095                                 | 14,070   |
| Startalk Better Together  | 12.900                     | H98230-18-1-0036                                 | 72,016   |
| Total Department of Defense   |                            |  | 86,086   |
| U.S. General Services Administration                                    |                            |  |  |
| (Passed through State Facilities Commission)                            |                            |  |  |
| Donation of Federal Surplus Personal Property                           | 39.003                     | 22857  | -  |
| Total General Services Administration                                   |                            |  | -  |
| 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                                | 31,428   |
| Total Department of Health and Human Services                           |                            |  | 31,428   |
| Total expenditures of federal awards                                    |                            |  | \$ 18,187,405                                  |
| RECONCILIATION  |                            |  |  |
| Federal program revenues General Fund                                   |                            |  | 3,078,422                                      |
| Federal program revenues Special Revenue Fund                           |                            |  | 17,836,320                                     |
| Total federal program revenues per exhibit C-3                          |                            |  | 20,914,742                                     |
| Medicaid Administrative Claiming and School Health and Related Services |                            |  | (2,727,337)                                    |
| Total expenditures of federal awards                                    |                            |  | \$ 18,187,405                                  |

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

Notes to Supplementary Schedule of Expenditures of Federal Awards

Year Ended August 31, 2018

### **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-Eules-Bedford Independent School District

## Schedule of Findings and Questioned Costs

Year Ended August 31, 2018

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

#### Financial Statements

- a. An unmodified opinion was issued on the financial statements.
- b. Internal control over financial reporting:
- Material weakness(es) identified? ☐ Yes ☒ No
  - Significant deficiency(s) identified? ☐ Yes ☒ None reported
- c. Noncompliance material to financial statements noted? ☐ Yes ☒ No

#### Federal Awards

- d. Internal control over major programs
- Material weakness(es) identified? ☐ Yes ☒ No
  - Significant deficiency(s) identified? ☐ Yes ☒ None reported
- e. An unmodified opinion was issued on compliance for major programs
- f. Any audit findings disclosed that were required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No
- g. Identification of major programs:
- |        |  |
|--------|--|
| 10.553 | National School Breakfast                |
| 10.555 | National School Lunch                    |
| 10.559 | Summer Food Service Program for Children |
- h. The dollar threshold used to distinguish between Type A and Type B programs \$750,000
- i. Auditee qualified as a low-risk auditee. ☒ Yes ☐ No

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

Schedule of Findings and Questioned Costs

Year Ended August 31, 2018

## **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, 2018

None