



**School FIRST**  
**Financial Integrity Rating System of Texas**

Financial Management Report  
2022

School FIRST  
 2022 Financial Integrity Rating System of Texas  
 Hurst-Euless-Bedford ISD  
 for Fiscal Year 2020-2021

State Indicator	Indicator Background	State Expected Result	HEB ISD 2020-2021 Result	HEB ISD 2019-2020 Result	HEB ISD 2018-2019 Result	HEB ISD 2017-2018 Result	HEB ISD 2016-2017 Result
<p>1. Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the November 27 or January 28 deadline depending on the school district's fiscal year end date of June 30 or August 31, respectively?</p> <p><b>Additional Information:</b>  <i>HEB ISD's Fiscal Year end date is August 31; therefore, the January 28 deadline is applicable. The Comprehensive Annual Financial Report was approved by the Board of Trustees on January 10, 2022, and electronically submitted to the Texas Education Agency on January 25, 2022.</i></p>	<p>A simple indicator. Was your Annual Financial Report filed by the deadline?</p>	Yes	Yes	Yes	Yes	Yes	Yes
<p>2. A. Was there an unmodified opinion in the AFR on the financial statements as a whole? (The American Institute of Certified Public Accountants (AICPA) defines unmodified opinion. The external independent auditor determines if there was an unmodified opinion.)</p> <p><b>Additional Information:</b>  <i>Weaver and Tidwell LLP, the District's independent auditors, issued an unmodified opinion and reported no material weaknesses for fiscal year ending August 31, 2021.</i></p>	<p>Was there an unmodified opinion in the AFR on the financial statements as a whole? (The American Institute of Certified Public Accountants (AICPA) defines unmodified opinion. The external auditor determines if there was an unmodified opinion.)?</p>	Yes	Yes	Yes	Yes	Yes	Yes

<p><b>3. Was the school district in compliance with the payment terms of all debt agreements at fiscal year end? (If the school district was in default in a prior fiscal year, an exemption applies in following years if the school district is current on its forbearance or payment plan with the lender and the payments are made on schedule for the fiscal year being rated. Also exempted are technical defaults that are not related to monetary defaults. A technical default is a failure to uphold the terms of a debt covenant, contract, or master promissory note even though payments to the lender, trust, or sinking fund are current. A debt agreement is a legal agreement between a debtor (= person, company, etc. that owes money) and their creditors, which includes a plan for paying back the debt.)</b></p> <p><b>Additional Information:</b> <i>HEB ISD has never defaulted on any of its bond indebtedness obligations.</i></p>	<p>This indicator seeks to make certain that your district has timely paid all bills/obligations, including financing arrangements to pay for school construction, school buses, photocopiers, etc.</p>	Yes	Yes	Yes	Yes	Yes	Yes
<p><b>4. Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district received a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments and will fail critical indicator 4. If the school district was issued a warrant hold, the maximum points and highest rating the school district may receive is 95 points, A = Superior Achievement, even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days.)</b></p>	<p>This indicator seeks to make sure the district fulfilled its obligation to the TRS, TWC, and IRS to transfer payroll withholdings and to fulfill any additional payroll-related obligations required to be paid by the district.</p>	Yes	Yes	Yes	Yes	Yes	Yes
<p><b>5. Was the total unrestricted net asset balance (Net of the accretion of interest for capital appreciation bonds) in the governmental activities column in the Statement of Net Assets greater than zero? (If the school district's change of students in membership over 5 years was 7 percent or more, then the school district passes this indicator.)</b></p> <p><b>Additional Information:</b> <i>Indicator not scored for 2022 Rating</i></p>	<p>This indicator simply asks, "Did the district's total assets exceed the total amount of liabilities (according to the very first financial statement in the annual audit report)? Fortunately, this indicator recognizes that high-growth districts incur large amounts of debt to fund construction, and that total debt may exceed the total amount of assets under certain scenarios.</p>	N/A	N/A	N/A	N/A	N/A	Yes

<p><b>6. Was the average change in (assigned and unassigned) fund balances over 3 years less than a 25 percent decrease or did the current year's assigned and unassigned fund balance exceed 75 days of operational expenditures? (If the school district fails indicator 6, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)</b></p>	<p>This indicator measures the percentage change in fund balance to see whether the fund balance is declining too quickly, and if it is declining, whether sufficient fund balance remains to operate for at least 75 days.</p>	Yes	Yes	Yes	N/A	N/A	N/A
<p><b>7. Was the number of days of cash on hand and current investments in the general fund for the school district sufficient to cover operating expenditures (excluding facilities acquisition and construction)?</b></p> <p>90 Days or more = 10 Points  75-89 Days = 8 Points  60-74 Days = 6 Points  45-59 Days = 4 Points  30-44 Days = 2 Points  Less than 30 days = 0 Points</p> <p>HEB ISD had 338.98 days of cash on hand in FY 2020-2021.</p>	<p>This indicator measures how long in days after the end of the fiscal the school district could have disbursed funds for its operating expenditures without receiving any new revenues.</p>	10 points max	10 points	10 points	10 points	10 points	10 points
<p><b>8. Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short term debt?</b></p> <p>3.00 or greater = 10 points  2.50 - 3.00 = 8 points  2.00 - 2.50 = 6 points  1.50 - 2.00 = 4 points  1.00 - 1.50 = 2 points  Less than 1.00 = 0 points</p> <p>HEB had a current asset to current liability ratio of 4.1843 in FY 2020-2021.</p>	<p>This indicator measures whether the school district had sufficient short-term assets at the end of the fiscal year to pay off its short-term liabilities.</p>	10 points max	10 points	10 points	10 points	10 points	10 points
<p><b>9. Did the school district's general fund revenues equal or exceed expenditures (excluding facilities acquisition and construction)? If not, was the school district's number of days of cash on hand greater than or equal to 60 days?</b></p> <p>HEB ISD had revenues exceeding expenditures by \$20,671,306 in FY 2020-2021.</p>	<p>This indicator simply asks, "Did you spend more than you earned?" (the school district will automatically pass this indicator if the school district had at least 60 days cash on hand.)</p>	10 points max	10 points	10 points	10 points	10 points	10 points

<p><b>10. Did the school district average less than a 10 percent variance (90% to 110%) when comparing budgeted revenues to actual revenues for the last 3 fiscal years?</b></p> <p>This indicator measures how accurately the district forecast projected revenue by comparing budgeted revenue submitted through PEIMS in October of the fiscal year to actual revenue submitted after the close of the fiscal year.</p> <p><b>Additional Information:</b> Indicator not scored for 2022 Rating</p>	<p>10 points max</p>	<p>N/A</p>	<p>10 points</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>
<p><b>11. Was the ratio of long term liabilities to total assets for the school district sufficient to support long term solvency? (If the school district's change of students in membership over 5 years was 7 percent or more, then the school district passes this indicator.)</b></p> <p>This question is like asking someone if their mortgage exceeds the market value of their home. Were you below the cap for this ratio in School FIRST? Fortunately, this indicator recognizes that high-growth districts incur additional operating costs to open new instructional campuses.</p> <p><i>0.60 or less = 10 points 0.60 - 0.70 = 8 points 0.70 - 0.80 = 6 points 0.80 - 0.90 = 4 points 0.90 - 1.00 = 2 points Greater than 1.00 = 0 points</i></p> <p><i>HEB had a long term liability to total asset ratio of 0.4735 in FY 2020-2021.</i></p>	<p>10 points max</p>	<p>10 points</p>	<p>10 points</p>	<p>10 points</p>	<p>10 points</p>	<p>10 points</p>
<p><b>12. Was the debt per \$100 of assessed property value ratio sufficient to support future debt repayments?</b></p> <p>This indicator asks about the school district's ability to make debt principal and interest payments. Did you meet or exceed the target amount in School FIRST?</p> <p><i>HEB has a ratio of 2.2625, well below a ratio of 4 set to achieve maximum points.</i></p>	<p>10 points max</p>	<p>10 points</p>	<p>10 points</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>
<p><b>13. Was the school district's administrative cost ratio equal to or less than the threshold ratio?</b></p> <p>This indicator measures the percentage of their budget that Texas school districts spent on administration.</p> <p><b>Additional Information:</b> <i>The TEA established thresholds on the amount of money school districts should spend on administrative costs. The "Administrative Cost Ratio" limit is set as a ratio of administrative costs to instructional costs. Administrative costs are defined as Instructional Leadership (function 21) and General Administration (function 41). Instructional Leadership includes costs to provide leadership for staff and all instructional services. This excludes campus leadership. General Administration includes costs for managing the school district as an overall entity. HEB's administrative cost ratio for 2020-2021 was 5.95%, well below the limit of 8.55% set to achieve maximum points.</i></p>	<p>10 points max</p>	<p>10 Points 5.95%</p>	<p>10 Points 6.17%</p>	<p>10 Points 6.09%</p>	<p>10 Points 6.21%</p>	<p>10 Points 6.07%</p>

<p><b>14. Did the school district not have a 15 percent decline in the student to staff ratio over 3 years (total enrollment to total staff)? (If the student enrollment did not decrease, the school district will automatically pass this indicator.)</b></p> <p><i>HEB ISD enrollment dropped by 724 students over the three years. Therefore the district could not have more than a 15 percent decline in the student to staff ratio over the same three years. HEB ISD's student to staff ratio decreased by 4.72 percent over the three years, therefore passing the indicator.</i></p>	<p>If the school district had a decline in students over 3 school years, this indicator asks if the school district decreased the number of the staff on the payroll in proportion to the decline in students. (The school district automatically passes this indicator if there was no decline in students.)</p>	<p><i>10 points max</i></p>	<p><i>10 points</i></p>	<p><i>10 points</i></p>	<p><i>10 points</i></p>	<p><i>10 points</i></p>	<p><i>10 points</i></p>
<p><b>15. Was the school district's ADA within the allotted range of the district's biennial pupil projection(s) submitted to TEA? If the district did not submit pupil projections to TEA, did it certify TEA's projections?</b></p> <p><b>Additional Information:</b> <i>Indicator not scored for 2022 Rating</i></p>	<p>This indicator measures how well the district was able to project average daily attendance for the coming biennium for payment purposes. Projected ADA is compared to actual</p>	<p><i>5 points max</i></p>	<p><i>N/A</i></p>	<p><i>5 points</i></p>	<p><i>N/A</i></p>	<p><i>N/A</i></p>	<p><i>N/A</i></p>
<p><b>16. Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's AFR result in a total variance of less than 3 percent of all expenditures by function? (If the district fails indicator 16, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.</b></p>	<p>This indicator measures the quality of data reported to PEIMS and in your Annual Financial Report to make certain that the data reported in each case "matches up." If the difference in numbers reported in any fund type is more than 3 percent, your district "fails" this measure.</p>	<p><i>Ceiling Indicator</i>  <i>Yes</i></p>	<p><i>Yes</i></p>	<p><i>Yes</i></p>	<p><i>10 points</i></p>	<p><i>10 points</i></p>	<p><i>10 points</i></p>
<p><b>17. Did the external independent auditor report that the AFR was free of any instance(s) of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds? (The AICPA defines material weakness.) (If the school district fails indicator 17, the maximum points and highest rating that the school district may receive is 79 points, C = Meets Standard Achievement)</b></p>	<p>A clean audit of your Annual Financial Report would state that your district has no material weaknesses in internal controls. Any internal weaknesses create a risk of your District not being able to properly account for its use of public funds, and should be immediately addressed. 2.B is a simple "Yes" or "No" indicator.</p>	<p><i>Ceiling Indicator</i>  <i>Yes</i></p>	<p><i>Yes</i></p>	<p><i>Yes</i></p>	<p><i>Yes</i></p>	<p><i>Yes</i></p>	<p><i>Yes</i></p>
<p><b>18. Did the external independent auditor indicate the AFR was free of material noncompliance for grants, contracts, and laws related to local, state, or federal funds? (The AICPA defines material noncompliance.)</b></p>	<p>A clean audit of your Annual Financial Report would state that your district has no material weaknesses in internal controls. Any internal weaknesses create a risk of your District not being able to properly account for its use of public funds and should be immediately addressed.</p>	<p><i>10 points max</i></p>	<p><i>10 points</i></p>	<p><i>10 points</i></p>	<p><i>10 points</i></p>	<p><i>10 points</i></p>	<p><i>10 points</i></p>

<p><b>19. Did the school district post the required financial information on its website in accordance with Government Code, Texas Education Code, Texas Administrative Code and other statues, laws and rules that were in effect at the school district's fiscal year end?</b></p>	<p>This indicator measures whether the district is complying with legal requirements related to financial transparency by posting all required information.</p>	<p><i>5 points max</i></p>	<p><i>5 points</i></p>	<p><i>5 points</i></p>	<p><i>N/A</i></p>	<p><i>N/A</i></p>	<p><i>N/A</i></p>
<p><b>20. Did the school board members discuss the district's property values at a board meeting within 120 days before the district adopted its budget? (If the school district fails indicator 20 the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement)</b></p>	<p>This indicator measures whether the school board had the opportunity to consider the impact of changes in property value on the finances of the district. If the district fails this indicator, the maximum points and highest rating the district may receive is 89 points and a B, which is equal to above standard achievement.</p>	<p><i>Ceiling Indicator</i></p> <p><i>Yes</i></p>	<p><i>Yes</i></p>	<p><i>Yes</i></p>	<p><i>N/A</i></p>	<p><i>N/A</i></p>	<p><i>N/A</i></p>



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Disclosures





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Glossary