HURST - EULESS - BEDFORD
Independent School District

School FIRST

Financial Integrity Rating System of Texas

Financial Management Report

2018

School FIRST
2018 Financial Integrity Rating System of Texas
Hurst-Euless-Bedford ISD
for Fl4 0 10.27f52686(a)-1.1 (l)-2.1 ( )0.5 (Ia1 QP618)4.8FFD

State Indicator		State Expected	HEB ISD 2016-2017	HEB ISD 2015-2016	HEB ISD 2014-2015	HEB ISD 2013-2014
	Indicator Backgro5 (l)-4.6 (n)-3.4 (d)-3.3 (i)4.2 (c)-EMC m.52 (83)S7 (2 75 28.03 0Resu[Expl)15 (B)t(n)-3.4 (d)-3.3 (i)4.61CID 44 BDC 6.97 0Resu[Expl)15 1B)t(n)-3.4					
	Financial Report was approved by the Board of Trustees on January 8, 2018, and electronically submitted to the Texas Education Agency on January 19, 2018.					
	2. Review the AFR for an unmodified opinion and material weaknesses. The school district must pass 2.A to pass this indicator. The school district fails indicator number 2 if it responds "No" to indicator 2.A. or to both indicators 2.A and 2.B.					
	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.)	An unmodified opinion means that the financial statements fairly represent the financial position of the district at fiscal year end.				
	B. 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.)	A clean audit of your Comprehensive Annual Financial Report would state your district has no material weaknesses in internal controls. Any internal control weaknesses create a risk of your District not being able to properly account for its use of public funds, and should be immediately addressed.				

Additional Information:
Weaver and Tidwell LLP, the District's independent auditors, issued an unmodified opinion and reported no material weaknesses for fiscal year ending August 31, 2017.

6.	**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)?** 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 HEB ISD had 241.08 days of cash on hand in FY 2016-2017.	New indicator in 2016 FIRST. This indicator seeks to determine if the district has enough cash and/or investments to pay maintenance & operations expenses before tax revenue is received.	***10 points***	***10 points***	10 points	10 points	N/A
7.	**Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short term debt?** 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 HEB had a current asset to current liability ratio of 5.66 in FY 2016-2017.	New indicator in 2016 FIRST.	***10 points***	***10 points***	10 points	10 points	N/A
8.	**Was the ratio of long term liabilities to total assets for the**	New indicator in 2016 FIRST.	***10 points***	***10 points***	10 points	10 points	N/A

13.

School FIRST

HEB ISD

Compensation / Fees Received by Superintendent for Consulting And / Or Other Services

Fiscal Year 2016-2017

Steve Chapman, Superintendent of HEB ISD, received no compensation for consulting and/or other services during fiscal year 2016-2017.

HEB ISD
Gifts with Economic Value of $250 or More in the Aggegate
Fiscal Year 2016-2017

Steve Chapman, Superintendent of HEB ISD, received no gifts that had an economic value of $250 or more in the aggregate during fiscal year 2016-2017

No HEB ISD Board Member (including their immediate family as described in Govt Code, Chapter 573, Subchapter B) received a gift with an economic value of $250 or more in the aggregate during fiscal year 2016-2017.

HEB ISD
Business Transactions Between School District and Board Member
Fiscal Year 2016-2017

No business transactions occurred between the school district and a board member in 2016-2017.

School FIRST
Hurst Euless Bedford ISD
2016-2017 District Status

Rating: Superior

Maximum Score: 100
HEB ISD Score: 100

Number of Critical Indicators: 5
HEB ISD Critical Indicators answered YES: 5
HEB ISD Critical Indicators answered NO: 0

Determination of Rating

A. Did the District answer **NO** to Indicators 1, 2, 3, 4, or 5?

If So, The District's rating is Substandard Achievement

B. Determine rating by applicable range for summation of the indicator scores (Indicators 5 - 7):

Superior	70 - 100
Above Standard	50 - 69
Meets Standard	31 - 49
Substandard Achievement	< 31

Accounting:

A standard school fiscal accounting system must be adopted by the board of trustees of each school district. The accounting system must conform to generally accepted accounting principles. This accounting system must also meet at least the minimum requirements prescribed by the state board of education, subject to review and comment by the state auditor.

Ad Valorem Property Tax:

Literally the term means "according to value." Ad valorem taxes are based on a fixed proportion of the value of the property with respect to which the tax is assessed. They require an appraisal of the taxable subject matter's worth. General property taxes are almost invariably of this type. Ad valorem property taxes are based on ownership of the property, and are payable regardless of whether the property is used or not and whether it gen us3(ed)5.2 (oc3 T3)(u)5.pth- (i)i6 (s)1.7 (wo)-.3 (er)3.1 6 (s)1.7w (t g)5.6 (en)5 (isrse s ich37 Td[r)33 (- (i)

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Capital Outlay:

This term is used as both a Function and an Object. Expenditures for land, buildings, and equipment are covered under Object 6600. The amount spent on acquisitions, construction, or major renovation of school district facilities are reported under Function 80.

Capital Project Funds:

Fund type used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Cash:

The term, as used in connection with cash flow reporting, includes not only currency on hand, but also demand deposits with banks or other financial institutions. Cash also includes deposits in other kinds of accounts or cash management pools that have the general characteristics of demand deposit accounts in that the governmental enterprise may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty.

Chapter 41:

A key "equity" chapter in the Texas Education Code (TEC) is Chapter 41. This chapter is devoted to wealth equalization through the mechanism of recapture, the recovery of financial resources from districts defined by the state as high property wealth. Resources are recovered for the purpose of sharing them with low-wealth districts. Districts that are subject to the provisions of Chapter 41 must make a choice among several options in order to reduce their property wealth and share financial resources.

Committed Fund Balance:

The committed fund balance represents constraints made by the board of trustees for planned future use of financial resources through a resolution by the board, for various specified purposes including commitments of fund balance earned through campus activity fund activities. Commitments are to be made as to purpose prior to the end of the fiscal year. The dollar amount for the commitment may be determined after the end of the fiscal year when final fund balance is known.

Comptroller Certified Property Value:

The district's total taxable property value as certified by the Comptroller's Property Tax Division (Comptroller Valuation).

Debt Service Fund:

Governmental fund type used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Debt Services:

Two function areas (70 and 71) and one Object (6500) are identified using this terminology "debt services". Function 70 is a major functional area that is used for expenditures that are used for the payment of debt principal and interest including Function 71. Expenditures that are for the retirement of recurring bond, capital lease principal, and other debt, related debt service fees, and for all debt interest fall under Function 71. Object 6500 covers all expenditures for debt service.

Deferred Revenue:

Resource inflows that do not yet meet the criteria for revenue recognition. Unearned amounts are always reported as deferred revenue. In governmental funds, earned amounts also are reported as deferred revenue until they are available to liquidate liabilities of the current period.

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Federal Revenues:

Revenues paid either directly to the district or indirectly through a local or state government entity for Federally subsidized programs including the School Breakfast Program, National School Lunch Program, and School Health and Related Services Program. This amount is recorded as Revenue Object 5900.

Fiscal Year:

A period of 12 consecutive months legislatively selected as the basis for annual financial reporting, planning, and budgeting. The fiscal year may run September 1 through August 31 or July 1 through June 30.

Foundation School Program (FSP) Status:

The Foundation School Program (FSP) is the shared financial arrangement between the state and the school district, where property taxes are blended with revenues from the state to cover the cost of basic and mandated programs. The nature of this arrangement falls in one of the following status categories: Regular, Special Statutory, State Administered, Education Service Center, or Open Enrollment Charter School District.

FTE: Full Time Equivalent:

Measures the extent to which one individual or student occupies a full time position or provides instruction, e.g. a person who works four hours a day or a student that attends a half of a day represents a .5 FTE.

Function:

includes the interest and principal on bonds and other debt secured by property tax revenues.

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Incremental Costs:

The amount spent by a school district with excess wealth per WADA on the purchase of attendance credits either from the state or from other school district(s). Expenditures associated with this functional area are reported under Function 92.

Instruction:

The amount spent on direct classroom instruction and other activities that deliver, enhance or direct the delivery of learning situations to students regardless of location or medium. Expenditures associated with this functional area are reported under Function 11.

Instructional Facilities Allotment (IFA):

(State Aid) Provides assistance to school districts in making debt service payments on qualifying bonds and lease-purchase agreements. Proceeds must be used for the construction or renovation of an instructional facility.

Intergovernmental Charges:

"Intergovernmental" is a classification used when one governmental unit transfers resources to another. In particular, when a Revenue Sharing District purchases WADA or where one school district pays another school district to educate transfer students. Expenditures associated with this functional area are reported under Function 90.

Investments in Capital Assets, Net of Related Debt:

One of three components of net assets that must be reported in both government wide and proprietary fund financial statements. Related debt, for this purpose, includes the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of capital assets of the government.

Local & Intermediate Revenues:

All revenues from local taxes and other local and intermediate revenues. For specifics, see the definitions for Local Tax and Other Local & Intermediate Revenues. This amount is recorded under Object 5700.

Local Tax:

This is all revenues from local real and personal property taxes, including recaptured funds from 1) Contracted Instructional Services

related employee benefits and the purchase of goods and services.

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Payments for Shared Services Arrangements:

Payments made either from a member district to a fiscal agent or payments from a fiscal agent to a member district as part of a Shared Services Arrangement (SSA). The most common types of SSAs relate to special education services, adult education services, and activities funded by the Elementary and Secondary Education Act (ESEA). Expenditures associated with functional area are reported under function 93.

Payroll:

Payroll costs include the gross salaries or wages and benefit costs for services or tasks performed by employees at the general direction of the school district. This amount is recorded as Expenditure/Expense Object 6100. (NOTE: Payroll amounts do not include salaries for contract workers, e.g., for food service and maintenance. Therefore, this figure will vary significantly between districts and campuses that use contract workers and those that do not.)

PEIMS:

A statewide data management system for public education information in the State of Texas. One of the basic goals of PEIMS, as adopted by the State Board of Education in 1986, is to improve education practices of local school districts. PEIMS is a major improvement over previous information sources gathered from aggregated data available on paper reports. School districts submit their data via standardized computer files. These are defined in a yearly publication, the **PEIMS DATA Standards**.

Plant Maintenance & Operations:

The amount spent on the maintenance and operation of the physical plant and grounds and for warehousing and receiving services. Expenditures associated with this functional area are reported under Function 51.

Property/Refined ADA:

The district's Comptroller Certified Property Value divided by its total Refined ADA.

Refined ADA:

Refined Average Daily Attendance (also called RADA) is based on the number of days of instruction in the school year. The aggregate eligible days attendance is divided by the number of days of instruction to compute the refined average daily attendance.

Restricted Fund Balance:

This is the portion of fund balance that has externally enforceable constraints made by outside parties.

Revenues:

Any increase in a school district's financial resources from property taxes, foundation fund entitlements, user charges, grants, and other sources. Revenues fall into the three broad sources of revenues: Local & Intermediate, State, and Federal.

Robin Hood Funds:

See Wealth Equalization Transfer

Rollback Tax Rate:

Provides governments other than school districts with approximately the same amount of tax revenue it spent the previous year for day to day operations plus an extra 8 percent cushion, and suf (u)-0.T1 1 Tf 3.1 ly.y tt cushhe c Tscsxt-lDC h-2.8 (c)-4.9 (s)5hm0.8 3yg 1 Tf0.0nss(e)-6 (n (f (u)-01.7

		2014-2015 (2016 Rating)	2015-2016 (2017 Rating)	2016-2017 (2018 Rating)
	Total Current Year Students	22,365	22,780	23,065
	Total Students 5 yrs prior	21,000	21,540	21,775
	5 Year Growth	6.50%	5.76%	5.92%
	Required Growth for Exemption from Indicator	10.00%	10.00%	7.00%

If 5 year growth is less than 10%:

CAFR Schedule				
A-1	Total Unrestricted Net Asset Balance	$ 93,332,672	$ 105,560,374	$ 117,532,532
Notes	Note L: Page 46 - Accreted Interest	10,401,697	7,409,432	3,857,290
A-1	Net Pension Liability	22,138,073	44,324,368	46,503,320
		$ 125,872,442	$ 157,294,174	$ 167,893,142
		> 0	> 0	> 0

Accreted Interest: An account that represents interest that is accrued on deep discount bonds. This account should be used by school districts that issue capital appreciation bonds. Such bonds are usually issued at a deep discount from the face value, and no interest payment is made until maturity. Under full accrual accounting, the district is required to accrete the interest on the bonds ovesr[illegible] -7TD[12)2 (a) -5.7 (c)- >>6TD[12)2 (I -5.5 (I -5.6 (a)-30e)1) -5.7 (I)-8.7 (c)- >>6 (c)-982 [

School FIRST
Indicator 6

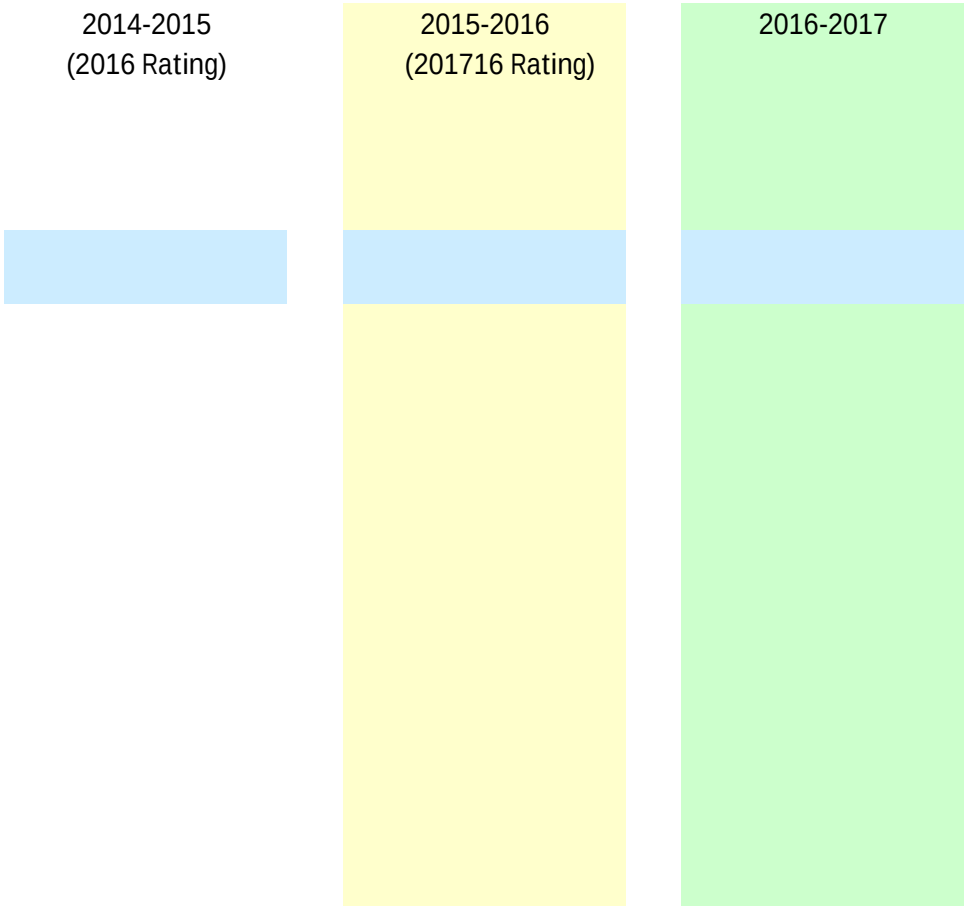
Cash or Current Investments on Hand (2016 Rating first time used)

CAFR Schedule		2014-2015 (2016 Rating)	2015-2016 (2017 Rating)	2016-2017 (2018 Rating)
C-1	Cash and Equivalents	$ 87,844,542	$ 99,864,402	$ 111,363,596
C-1	Current Investments	-	-	-
	Total Cash and Current Investments	$ 87,844,542	$ 99,864,402	$ 111,363,596
C-3	Total Expenditures	$ 155,883,884	$ 161,992,030	$ 168,604,455
C-3	Less: Facilities Acquisition and Construction	-	-	-
		$ 155,883,884	$ 161,992,030	$ 168,604,455
	Expenditures per Day	$ 427,079	$ 443,814	$ 461,930
	Days of Cash on Hand	205.69	225.01	241.08

School FIRST
Indicator 7

Current Asset to Current Liabilities Ratio (2016 Rating first time used)

CAFR Schedule		2014-2015 (2016 Rating)	2015-2016 (2017 Rating)	2016-2017 (2018 Rating)
A-1	Total Assets	$ 447,143,292	$ 462,692,898	$ 472,178,112
A-1	Less: Land	13,540,259	13,540,259	14,633,912
A-1	Less: Building and Improvements	220,026,086	263,344,693	258,411,470
A-1	Less: Furniture and Equipment	7,453,198	9,841,103	9,419,903
A-1	Less: Construction in Progress	55,205,412	8,224,013	7,822,829
	Total Current Assets	$ 150,918,337	$ 167,742,830	$ 181,889,998
A-1	Total Liabilities	$ 337,446,325	$ 345,376,948	$ 330,683,909
A-1	Less: Long Term Due in More Than One Year	284,513,728	268,219,091	252,026,312
A-1	Less: Net Pension Liability	22138073	44,324,368	46,503,320
	Total Current Liabilities	$ 30,794,524	$ 32,833,489	$ 32,154,277
	Current Asset to Current Liability Ratio	4.900817334	5.1089	5.6568


2014-2015
(2016 Rating)
2015-2016
(201716 Rating)
2016-2017

School FIRST
Indicator 9

Revenues Equal or Exceed Expenditures (2016 Rating first time used)

CAFR Schedule		2014-2015 (2016 Rating)	2015-2016 (2017 Rating)	2016-2017 (2018 Rating)
C-3	Total Revenue	$ 172,024,737	$ 178,642,422	$ 189,392,526
	Less:			
C-3	Total Expenditures	155,883,884	161,992,030	168,604,455
C-3	Excluding: Facilities and Construction	-	-	-
		155,883,884	161,992,030	168,604,455
	Revenue less Expenditures	$ 16,140,853	$ 16,650,392	$ 20,788,071
		>=0	>=0	>=0
				Yes
If No:				
C-1	Cash and Equivalents			$ 111,363,596
C-1	Current Investments			-
	Total Cash and Current Investments	$ 87,844,542	$ 99,864,402	$ 111,363,596
C-3	Total Expenditures	$ 155,883,884	$ 161,992,030	$ 168,604,455
C-3	Less: Facilities Acquisition and Construction	-	-	-
		$ 155,883,884	$ 161,992,030	$ 168,604,455
	Expenditures per Day	$ 427,079	$ 443,814	$ 461,930
	Days of Cash on Hand	205.69	225.01	241.08
		>=60	>=60	>=60
		Yes	Yes	Yes

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CAFR Schedule		2014-2015 (2016 Rating)	2015-2016 (2017 Rating)	2016-2017 (2018 Rating)
C-3	Total Revenue - General Fund	$ 172,024,737	$ 178,642,422	$ 189,392,526
C-3	Total Revenue - Debt Service	31,212,093	30,772,151	30,693,683
	Total Revenue	$ 203,236,830	$ 209,414,573	$ 220,086,209
	Less:			
C-3	Total Expenditures - General Fund	$ 155,883,884	$ 161,992,030	$ 168,604,455
C-3	Total Expenditures - Debt Service	30,153,106	29,876,002	29,878,381
	Total Expenditures	$ 186,036,990	$ 191,868,032	$ 198,482,836
	Plus:			
C-3	Debt Service - fnct codes 71, 72, and 73	9 9 , 8 8 8 , 7 7 . 6 4 2 2 , (, s) 9-		

School FIRST
Indicator 11

Administrative Cost Ratio

CAFR Schedule			2014-2015 (2016 Rating)	2015-2016 (2017 Rating)	2016-2017 (2018 Rating)
C-3	Function 11		97,603,182	100,899,525	105,871,322
C-3	Function 12		2,301,179	2,360,190	2,422,530
C-3	Function 13		2,353,663	2,653,982	2,728,511
		Subtotal	102,258,024	105,913,697	111,022,363
C-3	Function 21		1,932,984	1,966,557	2,057,703
C-3	Function 41		4,406,019	4,551,283	5,085,957
		Subtotal	6,339,003	6,517,840	7,143,660
		Total	108,597,027	112,431,537	118,166,023
		Admin %	5.81%	5.79%	6.07%

School FIRST
Indicator 12

Student to Staff Ratio

CAFR Schedule		2014-2015 (2016 Rating)	2015-2016 (2017 Rating)	2016-2017 (2018 Rating)
Total Enrollment		22416	22,834	23,120
3 Yr Prior Total Enrollment		21814	22,180	22,416
	Difference	602	654	704
		> 0	> 0	> 0
		Yes	Yes	Yes
If NO:				
2015-2016 FTE Staff		2,509.0186	2,511.0833	2,546.3484
2015-2016 Student to Staff Ratio		8.93	9.09	9.08
2013-2017 FTE Staff		2,433.0309	2,439.5415	2,509.0186
2013-2014 Student to Staff Ratio		8.97	9.09	8.93
Percent Change in Ratio		-0.35%	0.02%	1.63%
		> -15%	> -15%	> -15%
		Yes	Yes	Yes