



POTEET INDEPENDENT SCHOOL DISTRICT

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2024**



POTEET INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
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CERTIFICATE OF BOARD

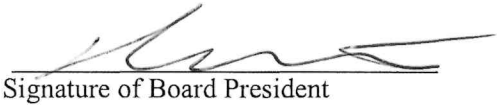
Poteet Independent School District
Name of School District

Atascosa
County

007-906
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) approved disapproved for the Year ended August 31, 2024, at a meeting of the board of trustees of such school district on the 18 day of November, 2024


Signature of Board Secretary


Signature of Board President



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Poteet Independent School District
Poteet, TX

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Poteet Independent School District, as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise Poteet Independent School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Poteet Independent School District, as of August 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Poteet Independent School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Poteet Independent School District's 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Poteet Independent School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Poteet Independent School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Poteet Independent School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information (consisting of management's discussion and analysis and the required supplementary information section 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 the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Poteet Independent School District's basic financial statements. The supplementary information (as listed in the table of contents) and schedule of expenditures of federal awards (SEFA) as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

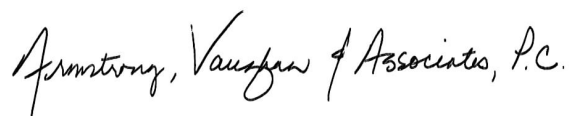
Other Information

Management is responsible for the other information included in the annual report. The other information (as listed in the table of contents) does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2024 on our consideration of Poteet Independent School 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 Poteet Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,



Armstrong, Vaughan & Associates, P.C.

November 1, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Poteet Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal period ended August 31, 2024. Please read it in conjunction with the Independent Auditor's Report, which precedes this Analysis and the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position increased by \$427 thousand as a result of this period's operations.
- Total cost of all of the District's programs increased \$4.7 million or 21%. \$2.0 million of the increase was in instruction and related to staff compensation adjustments to be competitive in the market.
- Governmental fund balances increased \$31.8 million, primarily from the issuance of voter approved bonds for campus renovations.
- General Fund expenditures for the fiscal period were \$307 thousand less than the final budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the district's assets and liabilities. All of the current period's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position—the difference between the District's assets and liabilities is one way to measure the District's financial health or position.

- Viewed over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the Governmental activities. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of funds:

- *Governmental funds*—All of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* can readily be converted to cash flow in and out and (2) the balances left at period-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Internal Service funds*—Workers compensation is charged to all funds of the District based on payroll and recorded in an internal service fund. This simplifies the recording for the District by having only one fund to account for the actual costs of the modified self-insurance program.
- *Fiduciary fund*—Student activity funds are held by the District for the benefit of the various student groups. The custodial fund segregates those funds from the rest of the District's operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$12.4 million at August 31, 2024 (See Table A-1). Of this amount, \$8.3 million is invested in capital assets net of related debt, \$2.1 million is restricted for grants or debt service and \$2.1 million is unrestricted for any lawful purpose of the District.

Table A-1
Poteet Independent School District's Net Position

	Governmental Activities		Percentage Change
	8/31/24	8/31/23	
<i>Assets:</i>			
Cash	\$ 48,250,294	\$ 15,635,316	208.6%
Other Current Assets	4,570,118	4,691,122	-2.6%
Property and Equipment (net)	30,177,318	28,874,522	4.5%
<i>Total Assets</i>	<u>82,997,730</u>	<u>49,200,960</u>	68.7%
<i>Deferred Outflows</i>	<u>7,991,730</u>	<u>6,031,064</u>	32.5%
<i>Liabilities</i>			
Current Liabilities	3,278,033	2,535,438	29.3%
Long-term Liabilities	66,765,209	30,652,676	117.8%
<i>Total Liabilities</i>	<u>70,043,242</u>	<u>33,188,114</u>	111.0%
<i>Deferred Inflows</i>	<u>8,514,888</u>	<u>10,039,210</u>	-15.2%
<i>Net Position:</i>			
Net Investment in Capital Assets	8,288,458	4,862,230	70.5%
Restricted	2,082,709	1,957,432	6.4%
Unrestricted	2,060,163	5,185,038	-60.3%
<i>Total Net Position</i>	<u>\$ 12,431,330</u>	<u>\$ 12,004,700</u>	3.6%

Changes in Net Position

The District's total revenues were \$28.1 million, an increase of less than 1%. Most of this revenue, \$19.5 million or 70% comes from state, federal and local grants. General grants consists of primarily the Foundation School Program which is based on enrollment and attendance. Increases in student enrollment led to increases in this allotment.

The total cost of all programs and services was \$27.6 million; instruction and instruction related service costs were \$13.4 million or 49%. Total costs increased 21% and were primarily related to market adjustments to staff compensation.

Table A-2 presents the cost of each of the District's functions with a comparison to the prior period.

Table A-2
Changes in Poteet Independent School District's Net Position

	Governmental Activities		Percentage Change
	2024	2023	
<i>Program Revenues:</i>			
Charges for Services	\$ 249,067	\$ 173,049	43.9%
Operating Grants & Contributions	5,102,362	5,606,884	-9.0%
<i>General Revenues:</i>			
Property Taxes	7,341,101	7,271,429	1.0%
General Grants	14,447,918	14,146,717	2.1%
Investment Earnings	792,592	645,402	22.8%
Miscellaneous	122,622	54,712	124.1%
<i>Total Revenues</i>	<u>28,055,662</u>	<u>27,898,193</u>	0.6%
<i>Expenses:</i>			
Instruction	12,766,134	10,734,685	18.9%
Instructional Resources & Media	145,484	146,298	-0.6%
Curriculum & Staff Development	528,731	356,139	48.5%
Instructional Leadership	405,280	383,818	5.6%
School Leadership	1,314,543	1,010,335	30.1%
Guidance, Counseling, Evaluation	991,381	606,041	63.6%
Social Work Services	50,938	44,041	15.7%
Health Services	268,819	213,486	25.9%
Student Transportation	916,508	706,635	29.7%
Food Service	1,516,618	1,389,336	9.2%
Extracurricular Activities	1,398,574	1,257,940	11.2%
General Administration	952,844	985,605	-3.3%
Plant Maintenance & Operations	3,653,939	3,266,906	11.8%
Security Services	584,636	288,985	102.3%
Data Processing Services	588,476	500,276	17.6%
Community Services	46,153	28,309	63.0%
Interest on Long-Term Debt	628,773	564,159	11.5%
Bond Issuance Costs and Fees	323,557	1,600	20122.3%
Facilities Acquisition	-	78,750	100.0%
Payments for SSA	350,000	227,466	53.9%
Payments for JJAEP	22,267	6,553	239.8%
Other Intergovernmental Charges	175,377	105,066	66.9%
<i>Total Expenses</i>	<u>27,629,032</u>	<u>22,902,429</u>	20.6%
<i>Increase (Decrease) in Net Position</i>	426,630	4,995,764	-91.5%
<i>Beginning Net Position</i>	<u>12,004,700</u>	<u>7,008,936</u>	
<i>Ending Net Position</i>	<u>\$ 12,431,330</u>	<u>\$ 12,004,700</u>	

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$28.7 million, a less than 1% decrease from the prior year. Federal grants related to the pandemic are coming to an end. State grants increased and were offset by compression in the tax rate of the District. Total governmental fund expenditures increased \$5.5 million to \$30.5 million. The largest increases were from facilities improvements and market based compensation adjustments.

BUDGETARY HIGHLIGHTS

The General Fund's expenditures were \$307 thousand less than the final budgeted expenditures. Combined with revenues, the General Fund balance decreased \$2.4 million compared to a budgeted decrease of \$2.9 million. The District budgeted to decrease the fund balance for planned facility improvements and equipment purchases.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At August 31, 2024, the District had invested \$58.6 million in a broad range of capital assets, including land, equipment, vehicles and buildings (See Table A-3). The most significant change in capital assets during 2024 was several vehicle purchases and continued construction of the District's new agriculture barn.

Table A-3
Changes in Poteet Independent School District's Capital Assets

	Beginning Balance	Additions	Disposals	Ending Balance
Land	\$ 1,039,584	\$ 598,233	\$ -	\$ 1,637,817
Construction in Progress	648,795	1,390,099	-	2,038,894
Buildings and Improvements	50,921,988	288,090	-	51,210,078
Vehicles	2,079,676	938,500	-	3,018,176
Equipment	615,735	85,895	-	701,630
Less: Accumulated Depreciation	(26,431,256)	(1,998,021)	-	(28,429,277)
Total Capital Assets	<u>\$ 28,874,522</u>	<u>\$ 1,302,796</u>	<u>\$ -</u>	<u>\$ 30,177,318</u>

Long Term Debt

In 2024, voters approved \$65 million in bonds for facility improvements. The first group of bonds were issued in 2024 consuming \$35 million of the authorized amounts. At year-end the District had \$52 million in outstanding bonds, warrants and notes payable. More detailed information about the District's debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT PERIOD'S BUDGETS AND TAX RATES

The District's 2024-2025 budget projects General Fund expenditures will decrease \$1.2 million to \$21.7 million as capital projects will not continue. The District's property tax rate will increase to \$1.212400 to cover the voter approved bonds. No significant changes in programs are expected other than the bond construction.

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 demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, we invite you to contact the District's Finance Office, 1100 School Drive, Poteet, TX 78065.



BASIC FINANCIAL STATEMENTS

POTEET INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2024

Data Control Codes		1 Governmental Activities
	ASSETS:	
1110	Cash and Cash Equivalents	\$ 48,250,294
1225	Property Taxes Receivable (Net)	1,439,014
1240	Due from Other Governments	2,756,014
1290	Other Receivables	193,914
1410	Prepaid Expenses	181,176
	<i>Capital Assets:</i>	
1510	Land	1,637,817
1520	Buildings and Improvements, Net	24,535,403
1531	Vehicles, Net	1,662,741
1539	Furniture and Equipment, Net	302,463
1580	Construction in Progress	2,038,894
1000	TOTAL ASSETS:	<u>82,997,730</u>
	DEFERRED OUTFLOW OF RESOURCES:	
	Deferred Pension Related Outflows	4,209,270
	Deferred OPEB Related Outflows	3,782,460
1700	TOTAL DEFERRED OUTFLOWS:	<u>7,991,730</u>
	LIABILITIES:	
2110	Accounts Payable	487,279
2140	Interest Payable	97,791
2160	Accrued Wages	1,504,582
2180	Due to Other Governments	4,381
	<i>Noncurrent Liabilities:</i>	
2501	Due Within One Year	1,184,000
2502	Due in More Than One Year	54,335,102
2540	Net Pension Liability	8,303,407
2545	Net OPEB Liability	4,126,700
2000	TOTAL LIABILITIES:	<u>70,043,242</u>
	DEFERRED INFLOW OF RESOURCES:	
	Deferred Gain on Refunding	1,365,097
	Deferred Pension Related Inflows	456,038
	Deferred OPEB Related Inflows	6,693,753
2600	TOTAL DEFERRED INFLOWS:	<u>8,514,888</u>
	NET POSITION:	
3200	Net Investment in Capital Assets	8,288,458
	Restricted For:	
3850	Debt Service	1,181,802
3820	State and Federal Grant Restrictions	839,648
3890	Other Restrictions	61,259
3900	Unrestricted	2,060,163
3000	TOTAL NET POSITION:	<u>\$ 12,431,330</u>

The accompanying notes are an integral part of this statement

POTEET INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes	Functions/Programs	1	3	4	6
		Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Position
			Charges for Services	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 12,766,134	\$ 110,555	\$ 1,931,090	\$ (10,724,489)
12	Instructional Resources and Media Services	145,484	-	-	(145,484)
13	Curriculum and Staff Development	528,731	-	372,396	(156,335)
21	Instructional Leadership	405,280	-	71,369	(333,911)
23	School Leadership	1,314,543	-	23,766	(1,290,777)
31	Guidance, Counseling, & Evaluation Services	991,381	-	67,710	(923,671)
32	Social Work Services	50,938	-	-	(50,938)
33	Health Services	268,819	-	386,321	117,502
34	Student Transportation	916,508	-	7,142	(909,366)
35	Food Services	1,516,618	78,454	1,589,869	151,705
36	Cocurricular/Extracurricular Activities	1,398,574	60,058	87,126	(1,251,390)
41	General Administration	952,844	-	56,778	(896,066)
51	Plant Maintenance and Operations	3,653,939	-	-	(3,653,939)
52	Security and Monitoring Services	584,636	-	123,182	(461,454)
53	Data Processing Services	588,476	-	-	(588,476)
61	Community Services	46,153	-	11,224	(34,929)
72	Interest on Long-Term Debt	628,773	-	374,389	(254,384)
73	Bond Issuance Costs and Fees	323,557	-	-	(323,557)
93	Payments to Fiscal Agent of SSA	350,000	-	-	(350,000)
95	Payments to Juvenile Justice Programs	22,267	-	-	(22,267)
99	Other Intergovernmental Charges	175,377	-	-	(175,377)
TG	Total Governmental Activities	<u>27,629,032</u>	<u>249,067</u>	<u>5,102,362</u>	<u>(22,277,603)</u>
TP	Total Primary Government	<u>\$ 27,629,032</u>	<u>\$ 249,067</u>	<u>\$ 5,102,362</u>	<u>(22,277,603)</u>
<i>General Revenues:</i>					
MT	Property Taxes, Levied for General Purposes				4,574,395
DT	Property Taxes, Levied for Debt Service				2,766,706
IE	Investment Earnings				792,592
GC	Grants and Contributions Not Restricted to Specific Programs				14,447,918
MI	Miscellaneous				122,622
TR	Total General Revenues				<u>22,704,233</u>
CN	Change in Net Position				426,630
NB	Net Position - Beginning				12,004,700
NE	Net Position - Ending				<u>\$ 12,431,330</u>

The accompanying notes are an integral part of this statement

POTEET INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
AUGUST 31, 2024

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	Other Nonmajor Governmental Funds	98 Total Governmental Funds	
ASSETS						
1110	Cash and Cash Equivalents	\$ 11,087,172	\$ 849,964	\$ 35,445,470	\$ 832,972	\$ 48,215,578
1225	Taxes Receivable, Net	1,028,585	410,428	-	-	1,439,013
1240	Due from Other Governments	2,247,909	513	-	507,592	2,756,014
1260	Due from Other Funds	233,049	23,307	-	-	256,356
1410	Prepaid Items	181,176	-	-	-	181,176
1000	TOTAL ASSETS:	<u>\$ 14,777,891</u>	<u>\$ 1,284,212</u>	<u>\$ 35,445,470</u>	<u>\$ 1,340,564</u>	<u>\$ 52,848,137</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:						
<i>LIABILITIES:</i>						
2110	Accounts Payable	\$ 63,424	\$ 238	\$ -	\$ 5,550	\$ 69,212
2160	Accrued Wages Payable	1,303,525	-	-	201,058	1,504,583
2170	Due to Other Funds	67,770	-	-	233,049	300,819
2180	Due to Other Governments	-	4,381	-	-	4,381
2000	TOTAL LIABILITIES:	<u>1,434,719</u>	<u>4,619</u>	<u>-</u>	<u>439,657</u>	<u>1,878,995</u>
<i>DEFERRED INFLOWS OF RESOURCES:</i>						
2600	Unavailable Property Tax Revenue	1,028,585	410,428	-	-	1,439,013
2600	TOTAL DEFERRED INFLOWS:	<u>1,028,585</u>	<u>410,428</u>	<u>-</u>	<u>-</u>	<u>1,439,013</u>
<i>FUND BALANCES:</i>						
<i>Nonspendable:</i>						
3430	Prepaid Items	181,176	-	-	-	181,176
<i>Restricted for:</i>						
3450	State and Federal Restrictions	-	-	-	839,648	839,648
3470	Capital Acquisition	-	-	34,995,338	-	34,995,338
3480	Debt Service	-	869,165	-	-	869,165
3490	Other Restrictions	-	-	-	61,259	61,259
<i>Assigned for:</i>						
3550	Ag Barn Construction	-	-	450,132	-	450,132
3600	<i>Unassigned</i>	12,133,411	-	-	-	12,133,411
3000	TOTAL FUND BALANCES:	<u>12,314,587</u>	<u>869,165</u>	<u>35,445,470</u>	<u>900,907</u>	<u>49,530,129</u>
4000	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 14,777,891</u>	<u>\$ 1,284,212</u>	<u>\$ 35,445,470</u>	<u>\$ 1,340,564</u>	<u>\$ 52,848,137</u>

The accompanying notes are an integral part of this statement.

POTEET INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET POSITION
 AUGUST 31, 2024

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	\$ 49,530,129
<p>Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:</p>	
Capital Assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	30,177,318
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.	1,439,013
Internal service funds are used by management to charge costs related to employee health and workers compensation claims. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	(144,972)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, not reported in the funds.	(55,519,102)
Gains on the refunding of bonds are amortized over the shorter of the life of the new bonds or refunded bonds.	(1,365,097)
Net pension liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources and are not reported in the funds.	
Net Pension Liability	(8,303,407)
Pension Related Deferred Inflows	(456,038)
Pension Related Deferred Outflows	4,209,270
Net OPEB Liability	(4,126,700)
OPEB Related Deferred Inflows	(6,693,753)
OPEB Related Deferred Outflows	<u>3,782,460</u>
	(11,588,168)
Accrued interest payable on long-term bonds is not due and payable in the current period, and therefore, not reported in the funds.	<u>(97,791)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u><u>\$ 12,431,330</u></u>

The accompanying notes are an integral part of this statement.

POTEET INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	Other Nonmajor Governmental Funds	98 Total Governmental Funds
REVENUES:					
5700	\$ 5,401,527	\$ 2,673,878	\$ 90,229	\$ 276,137	\$ 8,441,771
5800	14,985,391	374,389	-	356,746	15,716,526
5900	629,339	-	-	3,897,781	4,527,120
5020	<u>21,016,257</u>	<u>3,048,267</u>	<u>90,229</u>	<u>4,530,664</u>	<u>28,685,417</u>
EXPENDITURES:					
0011	10,566,722	-	-	1,988,796	12,555,518
0012	148,985	-	-	-	148,985
0013	193,219	-	-	372,396	565,615
0021	324,669	-	-	96,966	421,635
0023	1,338,658	-	-	23,766	1,362,424
0031	925,134	-	-	94,989	1,020,123
0032	59,027	-	-	-	59,027
0033	273,950	-	-	-	273,950
0034	1,623,465	-	-	7,142	1,630,607
0035	-	-	-	1,542,023	1,542,023
0036	1,014,015	-	-	76,261	1,090,276
0041	920,009	-	-	56,778	976,787
0051	2,355,398	-	94,890	39,238	2,489,526
0052	431,612	-	-	123,182	554,794
0053	610,410	-	-	-	610,410
0061	35,574	-	-	11,224	46,798
0071	280,000	925,000	-	-	1,205,000
0072	14,410	864,900	-	-	879,310
0073	-	7,589	315,969	-	323,558
0081	1,303,958	-	877,574	-	2,181,532
0093	350,000	-	-	-	350,000
0095	22,267	-	-	-	22,267
0099	175,377	-	-	-	175,377
6030	<u>22,966,859</u>	<u>1,797,489</u>	<u>1,288,433</u>	<u>4,432,761</u>	<u>30,485,542</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures				
	<u>(1,950,602)</u>	<u>1,250,778</u>	<u>(1,198,204)</u>	<u>97,903</u>	<u>(1,800,125)</u>
Other Financing Sources and (Uses)					
7911	-	-	33,480,000	-	33,480,000
7916	-	5,758	1,835,969	-	1,841,727
8911	(475,000)	-	-	-	(475,000)
8949	-	(1,262,305)	-	-	(1,262,305)
7080	<u>(475,000)</u>	<u>(1,256,547)</u>	<u>35,315,969</u>	<u>-</u>	<u>33,584,422</u>
1200	<u>(2,425,602)</u>	<u>(5,769)</u>	<u>34,117,765</u>	<u>97,903</u>	<u>31,784,297</u>
0100	<u>14,740,189</u>	<u>874,934</u>	<u>1,327,705</u>	<u>803,004</u>	<u>17,745,832</u>
3000	<u>\$ 12,314,587</u>	<u>\$ 869,165</u>	<u>\$ 35,445,470</u>	<u>\$ 900,907</u>	<u>\$ 49,530,129</u>

The accompanying notes are an integral part of this statement.

POTEET INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2024

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 31,784,297

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	\$ 3,300,817	
Depreciation	<u>(1,998,021)</u>	1,302,796

Internal service funds are used by management to charge the costs of employee benefits to individual funds. The net revenue/expense is reported with governmental activities. (144,972)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds. This is the net change in those revenues over the year. 150,741

The issuance of long-term debt (e.g. bonds & notes payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Issuance of Bonds	(33,480,000)	
Premiums on Bond Issuance	(1,841,727)	
Payments to Refunding Agents	1,262,305	
Principal Payments on Long-term Debt	<u>1,205,000</u>	(32,854,422)

Governmental funds report required contributions to employee pensions and other post-employment benefits as expenditures. However in the Statement of Activities the cost of the benefits is recorded based on the actuarially determined cost of the plan. This is the amount that contributions exceeded the the actuarially determined expense.

Pension	(872,444)	
Retiree Insurance (OPEB)	<u>810,099</u>	(62,345)

Some expenses reported in the Statement of Activities (including accreted and accrued interest expense) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. Governmental funds report the net effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Change in Accrued Interest	(59,686)	
Amortization of Gain on Debt Refunding	111,809	
Amortization of Bond Premiums	<u>198,412</u>	250,535

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 426,630

The accompanying notes are an integral part of this statement.

POTEET INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION – INTERNAL SERVICE FUNDS
AUGUST 31, 2024

Data Control Codes		Internal Service Funds
	ASSETS:	
	<i>Current Assets:</i>	
1110	Cash and Cash Equivalents	\$ 34,718
1260	Due from Other Funds	44,463
1290	Other Receivables	193,915
1000	<i>Total Assets</i>	<u>273,096</u>
	 LIABILITIES:	
	<i>Current Liabilities</i>	
2110	Accounts Payable	418,068
2000	<i>Total Liabilities</i>	<u>418,068</u>
	 NET POSITION:	
3900	Unrestricted Net Position	(144,972)
3000	<i>Total Net Position</i>	<u>\$ (144,972)</u>

The accompanying notes are an integral part of this statement.

POTEET INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		Internal Service Fund
	OPERATING REVENUES:	
5700	Local and Intermediate Sources	\$ 1,262,992
5020	<i>Total Revenues</i>	<u>1,262,992</u>
	OPERATING EXPENSES:	
6400	Other Operating Costs	1,882,964
6030	<i>Total Expenses</i>	<u>1,882,964</u>
1100	Operating Net Income	(619,972)
7915	Transfers In	<u>475,000</u>
1300	Change in Net Position	(144,972)
0100	Total Net Position - Beginning	-
3900	Total Net Position - Ending	<u>\$ (144,972)</u>

The accompanying notes are an integral part of this statement.



POTEET INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2024

	Internal Service Fund
Cash Flows from Operating Activities:	
Cash Receipts (Payments) for Quasi-external	
Operating Transactions with Other Funds	\$ 1,262,992
Cash Payments to Suppliers for Goods and Services	(1,704,990)
Net Cash Provided (Used) by Operating Activities	(441,998)
 Cash Flows from Noncapital Financing Activities:	
Cash Receipts (Payments) for Quasi-external	
Repayment of Interfund Balances	(15,102)
Net Cash Provided (Used) by Noncapital Financing Activities	(15,102)
 Net Increase (Decrease) in Cash and Cash Equivalents	(457,100)
 Cash and Cash Equivalents at Beginning of Year	491,818
Cash and Cash Equivalents at End of Year	\$ 34,718
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ (619,972)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Change in Assets and Liabilities:	
Decrease (Increase) in Other Receivables	(193,915)
Increase (Decrease) in Accounts Payable	371,889
<i>Total Adjustments</i>	177,974
Net Cash Provided (Used) by Operating Activities	\$ (441,998)

The accompanying notes are an integral part of this statement.

POTEET INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUND
 AUGUST 31, 2024

	Custodial Fund
	Student Activity Fund
	<u> </u>
ASSETS:	
Cash and Cash Equivalents	\$ 132,661
<i>Total Assets</i>	<u>132,661</u>
LIABILITIES:	
<i>Current Liabilities</i>	
Accounts Payable	\$ -
<i>Total Liabilities</i>	<u>-</u>
NET POSITION:	
<i>Total Net Position</i>	<u>\$ 132,661</u>

The accompanying notes are an integral part of this statement.

POTEET INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUND
FOR THE YEAR ENDED AUGUST 31, 2024

	Custodial Fund
	Student Activity Fund
<i>ADDITIONS:</i>	
Local Enterprising Revenues and Donations	\$ 161,107
<i>Total Additions</i>	161,107
<i>DEDUCTIONS:</i>	
Operating Costs	189,051
<i>Total Deductions</i>	189,051
Change in Net Position	(27,944)
Total Net Position - Beginning	160,605
Total Net Position - Ending	\$ 132,661

The accompanying notes are an integral part of this statement.

POTEET INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

A. Summary of Significant Accounting Policies

The basic financial statements of Poteet Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental "reporting entity" and there are no component units included within the reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

POTEET INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2024

A. Summary of Significant Accounting Policies (Continued)

2. Basis of Presentation, Basis of Accounting (Continued)

a. Basis of Presentation (Continued)

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Debt Service Fund: Is used to account for all funds collected and disbursed for the retirement of governmental debt.

Capital Projects Fund: Is used to account for all debt proceeds and savings towards construction of real property improvements.

b. Measurement Focus, Basis of Accounting

Government-wide Financial Statements: These financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and using the economic resources measurement focus. The government-wide expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal period for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal period in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its period-end to be available in the current period. 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. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

POTEET INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2024

A. Summary of Significant Accounting Policies (Continued)

3. Financial Statement Amounts

a. Cash and Cash Equivalents

Highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased. For the District, this includes local government investment pools and money market funds.

b. Investments

The District reports investments at fair value based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District's investments in Pools are reported at an amount determined by the net asset value per share of the pool's underlying portfolio, unless the pool maintains a consistent net asset value per share that approximates the fair value of the underlying securities. These investments are reported at net asset value.

c. 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 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the period following the period in which imposed. On January 1 of each period, 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.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon 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. Allowances for uncollectible tax receivables are recorded in the amount of \$114,287 and \$45,603 for the General and Debt Service Funds, respectively.

d. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

POTEET INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2024

A. Summary of Significant Accounting Policies (Continued)

3. Financial Statement Amounts (Continued)

e. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of period end.

f. Deferred Inflows and Outflows of Resources

A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period while a deferred inflow of resources is an acquisition of net position. These items are presented in separate sections following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.

g. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and Improvements	10-30
Equipment and Vehicles	3-10

h. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line on the government-wide statement of net position.

POTEET INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2024

A. Summary of Significant Accounting Policies (Continued)

3. Financial Statement Amounts (Continued)

i. Pensions

The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement System of Texas (TRS) and additions to/ deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by TRS. For this purpose, 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.

j. Other Post-Employment Benefits

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 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's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

k. Net Position - Government-wide Statement of Net Position

Net position is classified as follows:

Restricted - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Net Investment in Capital Assets - represents the balances of capital assets less the outstanding balances of debt related to the acquisition of the capital assets. This amount is separated from unrestricted net position so that the unrestricted classification represents net position more readily available to fund operations.

Unrestricted - Represents the residual net position that is not restricted or capital in nature.

l. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

POTEET INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2024

A. Summary of Significant Accounting Policies (Continued)

3. Financial Statement Amounts (Continued)

1. Fund Balances - Governmental Funds (Continued)

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Currently, the Superintendent and Assistant Superintendent for Business and Finance have been delegated the authority to assign balances. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund, conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

m. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

n. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

POTEET INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2024

B. Deposits and Investments

1. Cash Deposits:

The District's funds are required to be deposited and invested under the terms of a depository contract. The District's cash deposits at August 31, 2024 and during the period ended August 31, 2024, were entirely covered by FDIC insurance and securities pledged by the District's depository.

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, 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.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District's investments at August 31, 2024 are as follows:

<u>Investment or Investment Type</u>	<u>Maturity</u> <u>(Days)</u>	<u>Rating</u>	<u>Reported Value</u>
<i>Reported as Cash Equivalents</i>			
Texpool	Demand	AAAm	\$ 35,090,228
Government Money Market	Demand	N/A	<u>12,373,106</u>
Total Investments			<u><u>\$ 47,463,334</u></u>

Texpool is reported at net asset value and the money market is amortized cost. Both are highly liquid and included with cash and cash equivalents.

The District was not exposed to significant credit, custodial credit, concentration of credit, interest rate or foreign currency risk.

POTEET INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2024

C. Capital Assets

Capital asset activity for the period ended August 31, 2024, was as follows:

	Beginning Balances	Increases	Decreases/ Transfers	Ending Balances
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 1,039,584	\$ 598,233	\$ -	\$ 1,637,817
Construction in Progress	648,795	1,390,099	-	2,038,894
<i>Total Capital Assets Not Being Depreciated</i>	<u>1,688,379</u>	<u>1,988,332</u>	<u>-</u>	<u>3,676,711</u>
<i>Capital Assets Being Depreciated:</i>				
Buildings and Improvements	50,921,988	288,090	-	51,210,078
Vehicles	2,079,676	938,500	-	3,018,176
Equipment	615,735	85,895	-	701,630
<i>Total Capital Assets Being Depreciated</i>	<u>53,617,399</u>	<u>1,312,485</u>	<u>-</u>	<u>54,929,884</u>
<i>Less Accumulated Depreciation For:</i>				
Buildings and Improvements	(24,966,333)	(1,708,342)	-	(26,674,675)
Vehicles	(1,153,999)	(201,436)	-	(1,355,435)
Equipment	(310,924)	(88,243)	-	(399,167)
<i>Total Accumulated Depreciation</i>	<u>(26,431,256)</u>	<u>(1,998,021)</u>	<u>-</u>	<u>(28,429,277)</u>
Total Capital Assets Being Depreciated, Net	27,186,143	(685,536)	-	26,500,607
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 28,874,522</u>	<u>\$ 1,302,796</u>	<u>\$ -</u>	<u>\$ 30,177,318</u>

Depreciation was charged to functions as follows:

11 Instruction	\$ 26,175
33 Health Services	2,860
34 Student Transportation	154,484
35 Food Services	45,221
36 Cocurricular/Extracurricular Activities	327,371
51 Plant Maintenance and Operations	1,386,151
52 Security and Monitoring	40,033
53 Data Processing	15,726
	<u>\$ 1,998,021</u>

D. Interfund Balances and Activities

Balances due to and from other funds at August 31, 2024 consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 233,049	Short-term pooled cash loans
Internal Service Funds	General Fund	44,463	Pending claim charges
Debt Service Fund	General Fund	23,307	Tax collections on behalf of
	Total	<u>\$ 300,819</u>	

POTEET INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2024

D. Interfund Balances and Activities (Continued)

Transfers during the year ended August 31, 2024 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Internal Service Funds	\$ 475,000	Initial funding for new benefit reserve
	Total	<u>\$ 475,000</u>	

E. Long-Term Obligations

Long-term obligations include building, refunding and maintenance bonds. Changes in long-term obligations for the period ended August 31, 2024, are as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
<i>Public Offering</i>					
2015 Refunding	\$ 800,000	\$ -	\$ (255,000)	\$ 545,000	\$ 270,000
2016 Refunding	4,075,000	-	(1,400,000)	2,675,000	-
2022 Refunding	15,060,000	-	(505,000)	14,555,000	530,000
2024 Building	-	33,480,000	-	33,480,000	100,000
Unamortized Premiums	1,843,787	1,841,728	(198,413)	3,487,102	-
<i>Private Placement</i>					
2022 Time Warrants	806,000	-	(198,000)	608,000	200,000
2019 Maintenance Tax Notes	251,000	-	(82,000)	169,000	84,000
<i>Total Bonds</i>	<u>22,835,787</u>	<u>35,321,728</u>	<u>(2,638,413)</u>	<u>55,519,102</u>	<u>\$ 1,184,000</u>
Net Pension Liability	5,598,967	2,749,393	(44,953)	8,303,407	
Net OPEB Liability	3,422,922	703,778	-	4,126,700	
<i>Total Governmental Activities</i>	<u>\$ 31,857,676</u>	<u>\$ 38,774,899</u>	<u>\$ (2,683,366)</u>	<u>\$ 67,949,209</u>	

Unlimited Tax School Refunding Bonds have interest rates of 2-5%

Unlimited Tax School Building Bonds have interest rates of 4-5%

Time Warrants have an interest rate of 1.29%

Maintenance Tax Notes have an interest rate of 2.15%

In accordance with Securities and Exchange Act of 1934 Rule 15c2-12, the District has entered into a continuing disclosure agreement with the Municipal Securities Rulemaking Board. The District has complied with these continuing disclosures.

In 2024, voters approved \$65 million in bonds for construction projects. The 2024 bonds utilized \$35 million of this authorized amount, leaving \$30 million authorized and unissued.

POTEET INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2024

E. Long-Term Obligations (Continued)

In 2024, the District used debt service funds to defease \$1.235 million in bonds. The cash was placed in escrow until the call date of August 15, 2025. The bonds have been removed from these statements.

The District's private placement obligations have no subjective acceleration clauses or termination events. Debt Service requirements on bonded debt at August 31, 2024, are as follows:

Year Ending August 31,	Public Offering		
	Principal	Interest	Total
2025	\$ 900,000	\$ 2,313,168	\$ 3,213,168
2026	930,000	2,302,725	3,232,725
2027	955,000	2,260,350	3,215,350
2028	1,065,000	2,212,600	3,277,600
2029	1,260,000	2,159,850	3,419,850
2030-2034	7,600,000	9,835,550	17,435,550
2035-2039	9,800,000	7,862,150	17,662,150
2040-2044	9,845,000	5,484,200	15,329,200
2045-2049	8,395,000	3,401,000	11,796,000
2050-2054	10,505,000	1,293,600	11,798,600
Totals	<u>\$ 51,255,000</u>	<u>\$ 39,125,193</u>	<u>\$ 90,380,193</u>

Year Ending August 31,	Private Placement		
	Principal	Interest	Total
2025	\$ 284,000	\$ 10,187	\$ 294,187
2026	288,000	5,781	293,781
2027	205,000	1,322	206,322
Totals	<u>\$ 777,000</u>	<u>\$ 17,290</u>	<u>\$ 794,290</u>

F. Pension Plan

1. Plan Description

The 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.

POTEET INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2024

F. Pension Plan (Continued)

2. Pension Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.tx.us/pages/about_publications.aspx or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

3. 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.

Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in the manner are determined by the System's actuary.

4. Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

POTEET INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2024

F. Pension Plan (Continued)

4. Contributions

	Contribution Rates		Contributions Required and Made
	Years Ending August 31,		
	2023	2024	
Member (Employee)	8.00%	8.25%	\$ 1,120,095
Non-employer Contributing Entity (State)	8.00%	8.25%	849,511
Employer	8.00%	8.25%	614,727

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any 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.
- All public schools, charter schools, and regional educational service centers must contribute 1.9 percent of the member's salary, gradually increasing to 2 percent in fiscal year 2025.

POTEET INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2024

F. Pension Plan (Continued)

5. Actuarial Assumptions

The total pension liability in the August 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2022, Rolled forward
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
Municipal Bond Rate	3.13% Fidelity 20-Year AA
Last Year in Projection Period	2122
Inflation	2.30%
Salary Increases	2.95-8.95% including inflation
Ad-hoc post-employment benefit changes	none

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2022. For a full description of these assumptions please see the actuarial valuation report dated November 12, 2021.

6. Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.50 percent of payroll in fiscal year 2024 gradually increasing to 9.56 percent of payroll in 2025. This includes all employer and state contributions for active and rehired retirees.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 7.00%. 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.

POTEET INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2024

F. Pension Plan (Continued)

6. Discount Rate (Continued)

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2023 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Portfolio Real Rate of Return	Expected Contribution to Portofolio Return
Global Equity			
U.S.	18%	4.0%	1.00%
Non-U.S. Developed	13%	4.5%	0.90%
Emerging Markets	9%	4.8%	0.70%
Private Equity	14%	7.0%	1.50%
Stable Value			
Government Bonds	16%	2.5%	0.50%
Absolute Value	0%	3.6%	0.00%
Stable Value Hedge Funds	5%	4.1%	0.20%
Real Return			
Real Assets	15%	4.9%	1.10%
Energy and Natural Resources	6%	4.8%	0.40%
Commodities	0%	4.5%	0.00%
Risk Parity			
Risk Parity	8%	4.5%	0.40%
Leverage			
Cash	2%	3.7%	0.00%
Asset Allocation Leverage	-6%	4.4%	-0.10%
Inflation Expectation			2.30%
Volatility Drag			-0.90%
Total	<u>100%</u>		<u>8.00%</u>

POTEET INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2024

F. Pension Plan (Continued)

7. 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 (7.00%) in measuring the Net Pension Liability.

	1% Decrease	Current Rate (7.00%)	1% Increase
District's Proportionate Share of Net Pension Liability	\$ 12,414,054	\$ 8,303,407	\$ 4,885,403

8. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At August 31, 2024, the District reported a liability of \$8,303,407 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 Proportionate Share	\$ 8,303,407
State's Proportionate Share	8,359,727
	\$ 16,663,134

The net pension liability was measured as of August 31, 2022 and rolled forward to August 31, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those same dates. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2022 thru August 31, 2023.

At August 31, 2023 the employer's proportion of the collective net pension liability was 0.0120881713% which was an increase of 0.0026571301% from its proportion measured as of August 31, 2022.

The actuarial assumptions and methods are the same as used in the determination of the prior year's Net Pension Liability..

For the year ended August 31, 2024, the District recognized pension expense of \$2,749,393, which included \$1,262,246 in support provided by the State.

POTEET INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2024

F. Pension Plan (Continued)

8. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At August 31, 2024, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 295,853	\$ 100,545
Changes in actuarial assumptions	785,340	192,191
Difference between projected and actual investment earnings	1,208,348	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,305,002	163,302
Contributions paid to TRS subsequent to the measurement date	614,727	-
	\$ 4,209,270	\$ 456,038

The \$614,727 in deferred outflows of resources related to pensions from District contributions after the measurement date will be recognized as a reduction of the net pension liability in the plan year ended August 31, 2024. The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending August 31,	Pension Expense Amount
2025	\$ 595,685
2026	510,734
2027	1,296,451
2028	561,547
2029	174,088
Thereafter	-
	\$ 3,138,505

POTEET INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2024

G. Other Post-Employment Benefits – Retiree Health Care Plan

1. 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 in accordance with the Texas Insurance Code, Chapter 1575. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

2. OPEB Plan Fiduciary Net Position

Detailed information about the TRS-Care’s fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.state.tx.us/pages/about_publications.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

3. Benefits Provided

TRS-Care provides health insurance coverage to retirees from public and charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee. Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high- deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS- Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic post-employment benefit changes; including automatic COLAs. The premium rates for retirees are reflected in the following table.

	TRS-Care Plan Premiums	
	Medicare	Non-medicare
Retiree (or Surviving Spouse)	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree and Children	468	408
Retiree and Family	1,020	999

POTEET INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2024

G. Other Post-Employment Benefits – Retiree Health Care Plan (Continued)

4. 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 made from the state, active employees, and school districts based upon public school district payroll. The TRS Board of Trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25% 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 .25% or not more than .75% percent of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act.

The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates		Contributions Required and Made
	Years Ending August 31,		
	2023	2024	
Member (Employee)	0.65%	0.65%	\$ 88,249
Non-employer Contributing Entity (State)	1.25%	1.25%	128,714
Employer	0.75-1.25%	0.75-1.25%	155,840

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

POTEET INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2024

G. Other Post-Employment Benefits - Retiree Health Care Plan (Continued)

5. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2022. Update procedures were used to roll forward the total OPEB liability to August 31, 2023. The actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2022, Rolled forward
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	4.13%
Aging Factors	Based on plan specific experience
Election Rates	62% prior to age 65 25% after age 65 30% of pre-65 retirees discontinue at 65
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims cost.
Salary Increases	3.05% to 9.05%, including inflation
Ad hoc post-employment benefit changes	None

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2022 TRS pension actuarial valuation that was rolled forward to August 31, 2023:

Rates of Mortality	General Inflation	Rates of Retirement
Wage Inflation	Rates of Termination	Rates of Disability

The active mortality rates were based on PUB(2010), Amount-Weighted, Below-Median Income, Teacher male and female tables (with a two-year set forward for males). The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2021.

POTEET INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2024

G. Other Post-Employment Benefits - Retiree Health Care Plan (Continued)

6. Discount Rate

A single discount rate of 4.13% was used to measure the total OPEB liability. There was an increase of 0.22% 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.

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2023 using the fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

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 in measuring the Net OPEB Liability.

	Discount Rate		
	1% Decrease	4.13%	1% Increase
District's Proportionate Share			
Net OPEB Liability	\$ 4,860,394	\$ 4,126,700	\$ 3,527,989

7. Healthcare Cost Trend Rate Sensitivity Analysis

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 1% point lower or 1% point higher than the assumed healthcare cost trend rate.

	Health Care Cost Trend Rate		
	1% Decrease	Current	1% Increase
District's Proportionate Share of			
Net OPEB Liability	\$ 3,398,131	\$ 4,126,700	\$ 5,064,007

POTEET INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2024

G. Other Post-Employment Benefits - Retiree Health Care Plan (Continued)

8. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At August 31, 2024, the District reported a liability of \$4,126,700 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 Proportionate Share	\$ 4,126,700
State's Proportionate Share	<u>4,979,498</u>
	<u>\$ 9,106,198</u>

The net OPEB liability was measured as of August 31, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2022 thru August 31, 2023.

At August 31, 2023, the employer's proportion of the collective net OPEB liability was 0.0186405427% which was an increase of 0.0043450156% from its proportion measured as of August 31, 2022.

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

- The discount rate changed from 3.91 percent as of August 31, 2022 to 4.13 percent as of August 31, 2023, accompanied by revised demographic and economic assumptions based on the TRS experience study.
- There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2024, the District recognized OPEB expense of (\$1,718,763), which included \$1,064,512 in cost savings recognized by the State.

POTEET INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2024

G. Other Post-Employment Benefits - Retiree Health Care Plan (Continued)

8. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (Continued)

At August 31, 2024, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 186,702	\$ 3,471,837
Changes in actuarial assumptions	563,264	2,526,888
Difference between projected and actual investment earnings	1,783	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,874,871	695,028
Contributions paid to TRS subsequent to the measurement date	155,840	-
	<u>\$ 3,782,460</u>	<u>\$ 6,693,753</u>

The \$155,840 in deferred outflows of resources related to OPEB from District contributions after the measurement date will be recognized as a reduction of the net OPEB liability in the plan year ended August 31, 2024. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year ending August 31,	OPEB Expense Amount
2025	\$ (997,736)
2026	(808,461)
2027	(552,216)
2028	(450,217)
2029	(299,232)
Thereafter	40,729
	<u>\$ (3,067,133)</u>

H. Medicare Part D Coverage

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2024, 2023 and 2022, the subsidy payments received by TRS-Care on behalf of the District were \$76,495, \$62,383 and \$36,616, respectively.

POTEET INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2024

I. Risk Management

1. Property and Liability Program

During the year ended August 31, 2024, the District participated in the following TASB Risk Management Fund (the Fund) programs:

- Auto Liability
- Auto Physical Damage
- Privacy & Information Security
- Property
- School Liability

The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its Auto, Liability and Property programs. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2024, the Fund anticipates that the District has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2023, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

2. Employee Health Benefits

During the period ended August 31, 2024, the District provided employee health benefits through a modified self-funded program. The District (through a third-party administrator) pays all health claims up to a maximum stop-loss amount of \$75,000 per employee. Actual incurred claims (including administrative fees and reinsurance) were as follows:

	Fiscal Year August 31, 2024
Unpaid Claims, Beginning of Year	\$ -
Claims Incurred (Including IBNR)	1,497,599
Claim Payments	(1,128,455)
Unpaid Claims, End of Year	\$ 369,144

POTEET INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2024

I. Risk Management (Continued)

3. Workers' Compensation

During the period ended August 31, 2024, the District met its statutory workers' compensation obligations through a modified self-funded program. The District (through a third-party administrator) pays all workers' compensation claims up to a maximum stop-loss amount. The stop-loss amount for the period ending August 31, 2024 was \$42,489. Actual incurred claims (including management fees) for the last three years were as follows:

	Fiscal Year August 31,		
	2024	2023	2022
Unpaid Claims, Beginning of Year	\$ 46,179	\$ 46,492	\$ 47,911
Claims Incurred (Including IBNR)	85,907	69,947	52,598
Claim Payments	(83,162)	(70,260)	(54,017)
Unpaid Claims, End of Year	\$ 48,924	\$ 46,179	\$ 46,492

J. Commitments and Contingencies

1. Contingencies

The District participates in 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 may be impaired.

2. Litigation

The District is subject to various claims through its normal course of business and employment practices. Management and legal counsel are not aware of any pending or threatened litigation against the District that would have a material financial impact on the District.

3. Commitments

The District is constructing an agriculture barn and has entered into various contracts for that project. The contracts as of August 31, 2024 had an estimated total of \$1.9 million. Of this amount, \$1.5 had been incurred as of August 31, 2024, leaving an estimated commitment of \$0.4 million.

K. Deficit Net Position

As of August 31, 2024, the District's internal service funds had a deficit net position of \$144,972. This was the result of the actuarial estimate of incurred but not reported claims in the health plan. Management intends to adjust future health accruals in the governmental funds to restore this deficit.

POTEET INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2024

L. Shared Services Arrangement

The District is the fiscal agent for a Shared Services Arrangement (“SSA”) which provides for special education to member districts. In addition to the District, the other member districts include Jourdanton I.S.D, McMullen County I.S.D., Charlotte I.S.D., and Jourdanton I.S.D. All services are provided by the fiscal agent and each member district authorized TEA to send its funds to the fiscal agent directly. The member districts also provide local funds to the fiscal agent. The fiscal agent spends the funds in the SSA for the benefit of all member districts. The approximate share of the activities in the SSA are as follows:

<u>Member District</u>	<u>Approximate Share</u>
Poteet ISD	43.4%
Jourdanton ISD	40.4%
Charlotte ISD	11.1%
McMullen ISD	5.1%

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

POTEET INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		1		2	3	Variance with Final Budget
		Budgeted Amounts		Final	Actual	
		Original				
	REVENUES					
5700	Local and Intermediate Sources	\$ 5,244,959	\$ 5,395,416	\$ 5,401,527	\$ 6,111	
5800	State Program Revenues	15,022,609	14,881,029	14,985,391	104,362	
5900	Federal Program Revenues	466,942	608,942	629,339	20,397	
5020	Total Revenues	<u>20,734,510</u>	<u>20,885,387</u>	<u>21,016,257</u>	<u>130,870</u>	
	EXPENDITURES					
0011	Instruction	9,984,284	10,634,284	10,566,722	67,562	
0012	Instructional Resources and Media Services	151,807	154,307	148,985	5,322	
0013	Curriculum and Staff Development	178,074	203,074	193,219	9,855	
0021	Instructional Leadership	375,889	330,889	324,669	6,220	
0023	School Leadership	1,316,147	1,351,147	1,338,658	12,489	
0031	Guidance, Counseling and Evaluation Services	627,970	928,970	925,134	3,836	
0032	Social Work Services	50,340	65,340	59,027	6,313	
0033	Health Services	251,690	281,690	273,950	7,740	
0034	Student (Pupil) Transportation	1,029,386	1,644,386	1,623,465	20,921	
0035	Food Service	10,000	10,000	-	10,000	
0036	Cocurricular/Extracurricular Activities	1,075,167	1,025,167	1,014,015	11,152	
0041	General Administration	1,018,482	933,482	920,009	13,473	
0051	Plant Maintenance and Operations	2,423,409	2,423,409	2,355,398	68,011	
0052	Security and Monitoring Services	288,401	455,401	431,612	23,789	
0053	Data Processing Services	675,666	615,666	610,410	5,256	
0061	Community Services	30,352	45,352	35,574	9,778	
0071	Principal on Long-Term Debt	280,000	280,000	280,000	-	
0072	Interest on Long-Term Debt	14,518	14,518	14,410	108	
0081	Facilities Acquisition	200,000	1,321,000	1,303,958	17,042	
0093	Payments for Shared Service Arrangements	195,000	350,000	350,000	-	
0095	Payments for Juvenile Justice Programs	10,000	30,000	22,267	7,733	
0099	Other Intergovernmental Charges	166,000	176,000	175,377	623	
6030	Total Expenditures	<u>20,352,582</u>	<u>23,274,082</u>	<u>22,966,859</u>	<u>307,223</u>	
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>381,928</u>	<u>(2,388,695)</u>	<u>(1,950,602)</u>	<u>438,093</u>	
	OTHER FINANCING SOURCES (USES):					
8911	Transfers Out	(475,000)	(475,000)	(475,000)	-	
7080	<i>Total Other Financing Sources (Uses)</i>	<u>(475,000)</u>	<u>(475,000)</u>	<u>(475,000)</u>	<u>-</u>	
1200	Net Change in Fund Balance	(93,072)	(2,863,695)	(2,425,602)	438,093	
0100	Fund Balance - Beginning	14,740,189	14,740,189	14,740,189	-	
3000	Fund Balance - Ending	<u>\$ 14,647,117</u>	<u>\$ 11,876,494</u>	<u>\$ 12,314,587</u>	<u>\$ 438,093</u>	

POTEET INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 AUGUST 31, 2024

Measurement Period Ending August 31,	District's Proportion of Net Pension Liability	District's	State's	Total Net Pension Liability	District's	District's	Plan Fiducary
		Proportionate Share of the Net Pension Liability	Proportion of Net Pension Liability		Covered Payroll for the Measurement Period	Proportionate Share of the Net Pension Liability as a % of Payroll	Net Position As a % of Total Pension Liability
2023	0.0120882%	\$ 8,303,407	\$ 8,359,727	\$ 16,663,134	\$ 12,336,470	67.31%	73.15%
2022	0.0094310%	\$ 5,598,967	\$ 8,312,343	\$ 13,911,310	\$ 11,766,320	47.58%	75.62%
2021	0.0086167%	\$ 2,194,372	\$ 3,870,648	\$ 6,065,020	\$ 11,214,898	19.57%	88.79%
2020	0.0083082%	\$ 4,449,721	\$ 8,134,986	\$ 12,584,707	\$ 10,850,789	41.01%	75.54%
2019	0.0086061%	\$ 4,473,722	\$ 7,412,846	\$ 11,886,568	\$ 10,016,611	44.66%	75.24%
2018	0.0093838%	\$ 5,165,096	\$ 8,047,658	\$ 13,212,754	\$ 10,090,033	51.19%	73.74%
2017	0.0109173%	\$ 3,490,780	\$ 5,501,822	\$ 8,992,602	\$ 11,217,999	31.12%	82.17%
2016	0.0128697%	\$ 4,863,257	\$ 6,944,232	\$ 11,807,489	\$ 12,148,593	40.03%	78.00%
2015	0.0140514%	\$ 4,966,983	\$ 6,814,488	\$ 11,781,471	\$ 11,781,471	42.16%	78.43%
2014	0.0113063%	\$ 3,020,069	\$ 5,697,337	\$ 8,717,406	\$ 11,826,254	25.54%	83.25%

POTEET INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS – TEACHER RETIREMENT SYSTEM
 FOR THE YEAR ENDED AUGUST 31, 2024

Fiscal Year Ending August 31,	Contractually Required Contribution	Contributions Made	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percent Covered Payroll
2024	\$ 614,727	\$ 614,727	\$ -	\$ 13,576,913	4.53%
2023	\$ 621,385	\$ 621,385	\$ -	\$ 12,336,470	5.04%
2022	\$ 477,284	\$ 477,284	\$ -	\$ 11,766,320	4.06%
2021	\$ 367,621	\$ 367,621	\$ -	\$ 11,214,898	3.28%
2020	\$ 321,112	\$ 321,112	\$ -	\$ 10,850,789	2.96%
2019	\$ 299,470	\$ 299,470	\$ -	\$ 10,016,611	2.99%
2018	\$ 317,709	\$ 317,709	\$ -	\$ 10,090,033	3.15%
2017	\$ 357,807	\$ 357,807	\$ -	\$ 11,217,999	3.19%
2016	\$ 408,903	\$ 408,903	\$ -	\$ 12,148,593	3.37%
2015	\$ 416,037	\$ 416,037	\$ -	\$ 11,781,471	3.53%

POTEET INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 AUGUST 31, 2024

Measurement Period Ending August 31,	District's Proportion Of Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	State's Proportion Of Net OPEB Liability	Total Net OPEB Liability	District's Covered Payroll for the Measurement Period	District's Proportionate Share of the Net OPEB Liability as a % of Payroll	Plan Fiduciary Net Position As a % of Total OPEB Liability
2023	0.0186405%	\$ 4,126,700	\$ 4,979,498	\$ 9,106,198	\$ 12,336,470	33.45%	14.94%
2022	0.0142955%	\$ 3,422,922	\$ 4,175,427	\$ 7,598,349	\$ 11,766,320	29.09%	11.52%
2021	0.0131557%	\$ 5,074,747	\$ 6,799,029	\$ 11,873,776	\$ 11,214,898	45.25%	6.18%
2020	0.0129478%	\$ 4,922,027	\$ 6,614,025	\$ 11,536,052	\$ 10,850,789	45.36%	4.99%
2019	0.0126365%	\$ 5,975,945	\$ 7,940,693	\$ 13,916,638	\$ 10,016,611	59.66%	2.66%
2018	0.0130724%	\$ 6,527,178	\$ 8,443,756	\$ 14,970,934	\$ 10,090,033	64.69%	1.57%
2017	0.0158399%	\$ 6,888,194	\$ 8,682,741	\$ 15,570,935	\$ 11,217,999	61.40%	0.91%

Note: Amounts are being accumulated until ten years are presented.

POTEET INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS – TEACHER RETIREMENT SYSTEM
 RETIREE INSURANCE
 FOR THE YEAR ENDED AUGUST 31, 2024

Fiscal Year	Contractually Required Contribution	Contributions Made	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percent Covered Payroll
2024	\$ 155,840	\$ 155,840	\$ -	\$ 13,576,913	1.15%
2023	\$ 161,692	\$ 161,692	\$ -	\$ 12,336,470	1.31%
2022	\$ 121,414	\$ 121,414	\$ -	\$ 11,766,320	1.03%
2021	\$ 102,774	\$ 102,774	\$ -	\$ 11,214,898	0.92%
2020	\$ 89,049	\$ 89,049	\$ -	\$ 10,850,789	0.82%
2019	\$ 88,609	\$ 88,609	\$ -	\$ 10,016,611	0.88%
2018	\$ 91,251	\$ 91,251	\$ -	\$ 10,090,033	0.90%
2017	\$ 82,346	\$ 82,346	\$ -	\$ 11,217,999	0.73%
2016	\$ 66,818	\$ 66,818	\$ -	\$ 12,148,593	0.55%
2015	\$ 65,426	\$ 65,426	\$ -	\$ 11,781,471	0.56%

POTEET INDEPENDENT SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED AUGUST 31, 2024

Budgetary Information

The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The District maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Trustees and as such is a good management control device.

Budgetary preparation and control is exercised at the function level. Actual expenditures may not legally exceed appropriations at the fund level.

Pension Plan

The following actuarial assumptions were applied for the most recent valuation:

Valuation Date	August 31, 2022, Rolled forward
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
Municipal Bond Rate	3.13% Fidelity 20-Year AA
Last Year in Projection Period	2122
Inflation	2.30%
Salary Increases	2.95-8.95% including inflation
Ad-hoc post-employment benefit changes	none

The following changes to the actuarial assumptions or other inputs affected the measurement of the pension liability during the years presented in the schedule:

2022	Municipal bond rate increased from 1.95% to 3.91%
	Expected investment return decreased from 7.25% to 7.00%
2021	Municipal bond rate reduced from 2.3% to 1.95%
2020	Municipal bond rate reduced from 2.6% to 2.3%
2019	Municipal bond rate reduced from 3.7% to 2.6%
2018	Inflation rate reduced from 2.5% to 2.3%
	Expected rate of return reduced from 8% to 7.25%
2017	None
2016	None

There have been no changes in benefit terms impacting the schedule.

POTEET INDEPENDENT SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
 FOR THE YEAR ENDED AUGUST 31, 2024

Other Postemployment Benefit Plan (OPEB)

The following actuarial assumptions were applied for the most recent valuation:

Valuation Date	August 31, 2022, Rolled forward
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	4.13%
Aging Factors	Based on plan specific experience
Election Rates	62% prior to age 65 25% after age 65 30% of pre-65 retirees discontinue at 65
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims cost.
Salary Increases	3.05% to 9.05%, including inflation
Ad hoc post-employment benefit changes	None

The following changes to the actuarial assumptions or other inputs affected the measurement of the OPEB liability during the years presented in the schedule:

2023	Discount rate increased from 3.91% to 4.13%
2022	Discount rate increased from 1.95% to 3.91%
2021	Discount rate decreased from 2.33% to 1.95%
2020	Discount rate decreased from 2.63% to 2.33%
	Participation rate for post-65 retirees lowered from 50% to 40%
	Health care trend rate lowered from 4.5% to 4.25%
2019	Discount rate decreased from 3.69% to 2.63%
	Election rates reduced from 70% to 65%
2018	Inflation rate reduced from 2.5% to 2.3%
	Discount rate increased from 3.42% to 3.69%
	Salary increases reduced from 3.5-9.5% to 3.05%-9.05%

There have been no changes in benefit terms impacting the schedule.

SUPPLEMENTARY INFORMATION

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements.

POTEET INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEETS
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2024

Data Control Codes	Special Revenue Funds						
	211	240	206	244	255	263	
	Title I Part A	National School Lunch	Educating Homeless Youth	Carl Perkins	ESEA Title II Part A	Title III Part A	
ASSETS:							
1110	Cash and Cash Equivalents	\$ -	\$ 755,653	\$ -	\$ -	\$ -	\$ -
1240	Due from Other Governments	54,887	145,372	150	-	7,837	-
1000	<i>Total Assets</i>	<u>\$ 54,887</u>	<u>\$ 901,025</u>	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ 7,837</u>	<u>\$ -</u>
LIABILITIES:							
2110	Accounts Payable	\$ -	\$ 5,550	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	55,827	-	-	-	-
2170	Due to Other Funds	54,887	-	150	-	7,837	-
2000	<i>Total Liabilities</i>	<u>54,887</u>	<u>61,377</u>	<u>150</u>	<u>-</u>	<u>7,837</u>	<u>-</u>
FUND BALANCES:							
<i>Restricted Fund Balances:</i>							
3450	State and Federal Programs	-	839,648	-	-	-	-
3490	Other Restrictions	-	-	-	-	-	-
3000	<i>Total Fund Balances</i>	<u>-</u>	<u>839,648</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balance	<u>\$ 54,887</u>	<u>\$ 901,025</u>	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ 7,837</u>	<u>\$ -</u>

POTEET INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEETS
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 AUGUST 31, 2024

Data Control Codes	Special Revenue Funds					
	270	279	282	289	313	314
	Title V Part B	TCLAS ESSER III	ESSER III	Summer School	IDEA-B Special Education	IDEA-B Preschool
ASSETS:						
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
1240	Due from Other Governments	389	-	-	75,483	683
1000	<i>Total Assets</i>	<u>\$ 389</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,483</u>	<u>\$ 683</u>
LIABILITIES:						
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	65,879	683
2170	Due to Other Funds	389	-	-	9,604	-
2000	<i>Total Liabilities</i>	<u>389</u>	<u>-</u>	<u>-</u>	<u>75,483</u>	<u>683</u>
FUND BALANCES:						
<i>Restricted Fund Balances:</i>						
3450	State and Federal Programs	-	-	-	-	-
3490	Other Restrictions	-	-	-	-	-
3000	<i>Total Fund Balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balance	<u>\$ 389</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,483</u>	<u>\$ 683</u>



POTEET INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEETS
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 AUGUST 31, 2024

Data Control Codes	Special Revenue Funds					Total Nonmajor Funds	
	437	397	410	429	461		
	Special Education Coop	Advanced Placement	State Textbook	Other Grants	Campus Activity Funds		
ASSETS:							
1110	Cash and Cash Equivalents	\$ 16,060	\$ -	\$ -	\$ -	\$ 61,259	\$ 832,972
1240	Due from Other Governments	62,609	-	37,000	123,182	-	507,592
1000	<i>Total Assets</i>	<u>\$ 78,669</u>	<u>\$ -</u>	<u>\$ 37,000</u>	<u>\$ 123,182</u>	<u>\$ 61,259</u>	<u>\$ 1,340,564</u>
LIABILITIES:							
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,550
2160	Accrued Wages Payable	78,669	-	-	-	-	201,058
2170	Due to Other Funds	-	-	37,000	123,182	-	233,049
2000	<i>Total Liabilities</i>	<u>78,669</u>	<u>-</u>	<u>37,000</u>	<u>123,182</u>	<u>-</u>	<u>439,657</u>
FUND BALANCES:							
<i>Restricted Fund Balances:</i>							
3450	State and Federal Programs	-	-	-	-	-	839,648
3490	Other Restrictions	-	-	-	-	61,259	61,259
3000	<i>Total Fund Balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,259</u>	<u>900,907</u>
4000	Total Liabilities and Fund Balance	<u>\$ 78,669</u>	<u>\$ -</u>	<u>\$ 37,000</u>	<u>\$ 123,182</u>	<u>\$ 61,259</u>	<u>\$ 1,340,564</u>

POTEET INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCE – NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		Special Revenue Funds					
		211	240	206	244	255	263
		Title I Part A	National School Lunch	Educating Homeless Youth	Carl Perkins	ESEA Title II Part A	Title III Part A
	REVENUES						
5700	Local and Intermediate Sources	\$ -	\$ 78,454	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	6,586	-	-	-	-
5900	Federal Program Revenues	501,233	1,583,284	27,843	27,977	85,940	2,681
5020	Total Revenues	<u>501,233</u>	<u>1,668,324</u>	<u>27,843</u>	<u>27,977</u>	<u>85,940</u>	<u>2,681</u>
	EXPENDITURES						
	<i>Current:</i>						
0011	Instruction	147,105	-	23,894	27,977	78,885	2,681
0013	Curriculum Development	329,705	-	-	-	5,913	-
0021	Instructional Leadership	1,524	-	2,371	-	-	-
0023	School Leadership	15,351	-	-	-	-	-
0031	Guidance and Counseling	2,000	-	1,578	-	-	-
0034	Student Transportation	-	-	-	-	-	-
0035	Food Service	-	1,542,023	-	-	-	-
0036	Extracurricular Activities	-	-	-	-	-	-
0041	General Administration	-	-	-	-	-	-
0051	Plant Maintenance	-	39,238	-	-	-	-
0052	Security and Monitoring	-	-	-	-	-	-
0061	Community Service	5,548	-	-	-	1,142	-
6030	Total Expenditures	<u>501,233</u>	<u>1,581,261</u>	<u>27,843</u>	<u>27,977</u>	<u>85,940</u>	<u>2,681</u>
1200	Net Change in Fund Balances	-	87,063	-	-	-	-
0100	Fund Balances - Beginning	-	752,585	-	-	-	-
3000	Fund Balances - Ending	<u>\$ -</u>	<u>\$ 839,648</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

POTEET INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCE – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		Special Revenue Funds					
		270	279	282	289	313	314
		Title V Part B	TCLAS ESSER III	ESSER III	Summer School	IDEA-B Special Education	IDEA-B Preschool
	REVENUES						
5700	Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-	-	-
5900	Federal Program Revenues	30,977	130,492	1,379,794	51,394	75,483	683
5020	Total Revenues	<u>30,977</u>	<u>130,492</u>	<u>1,379,794</u>	<u>51,394</u>	<u>75,483</u>	<u>683</u>
	EXPENDITURES						
	<i>Current:</i>						
0011	Instruction	30,977	130,492	1,230,282	22,620	32,936	683
0013	Curriculum Development	-	-	-	12,358	-	-
0021	Instructional Leadership	-	-	67,474	-	-	-
0023	School Leadership	-	-	8,415	-	-	-
0031	Guidance and Counseling	-	-	5,169	16,416	42,547	-
0034	Student Transportation	-	-	7,142	-	-	-
0035	Food Service	-	-	-	-	-	-
0036	Extracurricular Activities	-	-	-	-	-	-
0041	General Administration	-	-	56,778	-	-	-
0051	Plant Maintenance	-	-	-	-	-	-
0052	Security and Monitoring	-	-	-	-	-	-
0061	Community Service	-	-	4,534	-	-	-
6030	Total Expenditures	<u>30,977</u>	<u>130,492</u>	<u>1,379,794</u>	<u>51,394</u>	<u>75,483</u>	<u>683</u>
1200	Net Change in Fund Balances	-	-	-	-	-	-
0100	Fund Balances - Beginning	-	-	-	-	-	-
3000	Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



POTEET INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCE – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		Special Revenue Funds					Total Nonmajor Funds
		437	397	410	429	461	
		Special Education Coop	Advanced Placement	State Textbook	Other Grants	Campus Activity Funds	
REVENUES							
5700	Local and Intermediate Sources	\$ 110,556	\$ -	\$ -	\$ -	\$ 87,127	\$ 276,137
5800	State Program Revenues	-	204	195,283	154,673	-	356,746
5900	Federal Program Revenues	-	-	-	-	-	3,897,781
5020	Total Revenues	<u>110,556</u>	<u>204</u>	<u>195,283</u>	<u>154,673</u>	<u>87,127</u>	<u>4,530,664</u>
EXPENDITURES							
<i>Current:</i>							
0011	Instruction	57,680	230	195,283	7,071	-	1,988,796
0013	Curriculum Development	-	-	-	24,420	-	372,396
0021	Instructional Leadership	25,597	-	-	-	-	96,966
0023	School Leadership	-	-	-	-	-	23,766
0031	Guidance and Counseling	27,279	-	-	-	-	94,989
0034	Student Transportation	-	-	-	-	-	7,142
0035	Food Service	-	-	-	-	-	1,542,023
0036	Extracurricular Activities	-	-	-	-	76,261	76,261
0041	General Administration	-	-	-	-	-	56,778
0051	Plant Maintenance	-	-	-	-	-	39,238
0052	Security and Monitoring	-	-	-	123,182	-	123,182
0061	Community Service	-	-	-	-	-	11,224
6030	Total Expenditures	<u>110,556</u>	<u>230</u>	<u>195,283</u>	<u>154,673</u>	<u>76,261</u>	<u>4,432,761</u>
1200	Net Change in Fund Balances	-	(26)	-	-	10,866	97,903
0100	Fund Balances - Beginning	-	26	-	-	50,393	803,004
3000	Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,259</u>	<u>\$ 900,907</u>

POTEET INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 AUGUST 31, 2024

	Workers Compensation	Health Plan	Total	
ASSETS:				
<i>Current Assets:</i>				
1110	Cash and Cash Equivalents	\$ 4,461	\$ 30,257	\$ 34,718
1260	Due from Other Funds	44,463	-	44,463
1290	Other Receivables	-	193,915	193,915
1000	<i>Total Assets</i>	<u>48,924</u>	<u>224,172</u>	<u>273,096</u>
LIABILITIES:				
<i>Current Liabilities</i>				
2110	Accounts Payable	48,924	369,144	418,068
2000	<i>Total Liabilities</i>	<u>48,924</u>	<u>369,144</u>	<u>418,068</u>
NET POSITION:				
3900	Unrestricted Net Position	-	(144,972)	(144,972)
3000	<i>Total Net Position</i>	<u>\$ -</u>	<u>\$ (144,972)</u>	<u>\$ (144,972)</u>

POTEET INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET
 POSITION – INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		Workers Compensation	Health Plan	Total
	OPERATING REVENUES:			
5700	Local and Intermediate Sources	\$ 85,907	\$ 1,177,085	\$ 1,262,992
5020	<i>Total Revenues</i>	<u>85,907</u>	<u>1,177,085</u>	<u>1,262,992</u>
	OPERATING EXPENSES:			
6400	Other Operating Costs	85,907	1,797,057	1,882,964
6030	<i>Total Expenses</i>	<u>85,907</u>	<u>1,797,057</u>	<u>1,882,964</u>
1100	Operating Net Income	-	(619,972)	(619,972)
7915	Transfers In	-	475,000	475,000
1300	Change in Net Position	-	(144,972)	(144,972)
0100	Total Net Position - Beginning	-	-	-
3900	Total Net Position - Ending	<u>\$ -</u>	<u>\$ (144,972)</u>	<u>\$ (144,972)</u>

POTEET INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2024

	Workers Compensation	Health Plan	Total
Cash Flows from Operating Activities:			
Cash Receipts (Payments) for Quasi-external			
Operating Transactions with Other Funds	\$ 85,907	\$ 1,177,085	\$ 1,262,992
Cash Payments to Suppliers for Goods and Services	(83,162)	(1,621,828)	(1,704,990)
Net Cash Provided (Used) by Operating Activities	2,745	(444,743)	(441,998)
Cash Flows from Noncapital Financing Activities:			
Cash Receipts (Payments) for Quasi-external			
Repayment of Interfund Balances	(15,102)	-	(15,102)
Net Cash Provided (Used) by Noncapital Financing Activities	(15,102)	-	(15,102)
Net Increase (Decrease) in Cash and Cash Equivalents	(12,357)	(444,743)	(457,100)
Cash and Cash Equivalents at Beginning of Year	16,818	475,000	491,818
Cash and Cash Equivalents at End of Year	\$ 4,461	\$ 30,257	\$ 34,718
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ -	\$ (619,972)	\$ (619,972)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Change in Assets and Liabilities:			
Decrease (Increase) in Other Receivables	-	(193,915)	(193,915)
Increase (Decrease) in Accounts Payable	2,745	369,144	371,889
<i>Total Adjustments</i>	2,745	175,229	177,974
Net Cash Provided (Used) by Operating Activities	\$ 2,745	\$ (444,743)	\$ (441,998)

POTEET INDEPENDENT SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		1		2	3	Variance with Final Budget
		Budgeted Amounts				
		Original	Final	Actual		
	REVENUES					
5700	Local and Intermediate Sources	\$ 123,076	\$ 123,076	\$ 78,454	\$ (44,622)	
5800	State Program Revenues	5,400	5,400	6,586	1,186	
5900	Federal Program Revenues	1,550,701	1,615,701	1,583,284	(32,417)	
5020	Total Revenues	<u>1,679,177</u>	<u>1,744,177</u>	<u>1,668,324</u>	<u>(75,853)</u>	
	EXPENDITURES					
0035	Food Services	1,809,359	1,599,359	1,542,023	57,336	
0051	Plant Maintenance	70,000	40,000	39,238	762	
6030	Total Expenditures	<u>1,879,359</u>	<u>1,639,359</u>	<u>1,581,261</u>	<u>58,098</u>	
1200	Net Change in Fund Balance	(200,182)	104,818	87,063	(17,755)	
0100	Fund Balance - Beginning	<u>752,585</u>	<u>752,585</u>	<u>752,585</u>	<u>-</u>	
3000	Fund Balance - Ending	<u>\$ 552,403</u>	<u>\$ 857,403</u>	<u>\$ 839,648</u>	<u>\$ (17,755)</u>	

POTEET INDEPENDENT SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		1		2	3	Variance with Final Budget
		Budgeted Amounts		Final	Actual	
		Original				
	REVENUES					
5700	Local and Intermediate Sources	\$ 2,825,969	\$ 2,679,494	\$ 2,673,878	\$ (5,616)	
5800	State Program Revenues	341,101	341,101	374,389	33,288	
5020	Total Revenues	<u>3,167,070</u>	<u>3,020,595</u>	<u>3,048,267</u>	<u>27,672</u>	
	EXPENDITURES					
0071	Principal on Long-Term Debt	925,000	925,000	925,000	-	
0072	Interest on Long-Term Debt	874,020	874,020	864,900	9,120	
0073	Bond Issuance Costs and Fees	2,000	12,000	7,589	4,411	
6030	Total Expenditures	<u>1,801,020</u>	<u>1,811,020</u>	<u>1,797,489</u>	<u>13,531</u>	
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,366,050</u>	<u>1,209,575</u>	<u>1,250,778</u>	<u>41,203</u>	
	OTHER FINANCING SOURCES					
7916	Premiums on Bond Issuance	-	6,000	5,758	(242)	
8949	Payment to Refunding Escrow Agent	-	(1,262,305)	(1,262,305)	-	
7080	Total Other Financing Sources	<u>-</u>	<u>(1,256,305)</u>	<u>(1,256,547)</u>	<u>(242)</u>	
1200	Net Change in Fund Balance	1,366,050	(46,730)	(5,769)	40,961	
0100	Fund Balance - Beginning	<u>874,934</u>	<u>874,934</u>	<u>874,934</u>	<u>-</u>	
3000	Fund Balance - Ending	<u>\$ 2,240,984</u>	<u>\$ 828,204</u>	<u>\$ 869,165</u>	<u>\$ 40,961</u>	

OTHER INFORMATION

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements.

POTEET INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FOR THE YEAR ENDED AUGUST 31, 2024

Fiscal Year Ended August 31,	1		2		3
	Tax Rates				Assessed/Appraised Value for School Tax Purposes*
	Maintenance	Debt Service	Maintenance	Debt Service	
2015 and Prior Years	\$ Various	\$ Various	\$ Various	\$ Various	
2016	1.1700	0.2490			232,349,682
2017	1.1700	0.3290			234,758,106
2018	1.1700	0.3290			248,045,163
2019	1.1696	0.3005			255,784,123
2020	1.0681	0.3290			405,533,597
2021	1.0545	0.3426			439,896,885
2022	0.9761	0.4218			489,751,046
2023	0.9427	0.3467			549,070,110
2024 (School Year Under Audit)*	0.7573	0.4467			589,377,990

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

8000 - Taxes Refunded under Section 26.115 of the Tax Code provided by Section 11.42(f)

*Represents net taxable value after applicable exemptions, freeze adjustments, and discounts.

EXHIBIT J-1

10 Beginning Balance 9/1/23	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/24
\$ 185,479	\$ -	\$ 24,699	\$ 5,257	\$ 12,836	\$ 168,359
53,255	-	1,787	380	(432)	50,656
45,055	-	2,774	780	(456)	41,045
52,375	-	3,547	997	(447)	47,384
80,454	-	9,423	2,421	(890)	67,720
129,011	-	22,794	7,021	(8,632)	90,564
167,576	-	8,406	2,731	(32,240)	124,199
261,254	-	36,272	15,674	(11,427)	197,881
456,954	-	58,349	21,588	(102,246)	274,771
-	7,096,111	4,172,157	2,448,724	61,095	536,325
<u>\$ 1,431,413</u>	<u>\$ 7,096,111</u>	<u>\$ 4,340,208</u>	<u>\$ 2,505,573</u>	<u>\$ (82,839)</u>	<u>\$ 1,598,904</u>
		<u>\$ -</u>			
		<u>\$ 5,360</u>			

POTEET INDEPENDENT SCHOOL DISTRICT
SPECIAL PROGRAM COMPLIANCE SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		Responses
<u>Section A: Compensatory Education Programs</u>		
AP1	Did your LEA expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the District's fiscal year.	\$ 2,161,390
AP4	List the actual direct program expenditures for state compensatory education during the LEA's fiscal year (PICs 24, 26, 28, 29, 30)	\$ 1,299,787
<u>Section B: Bilingual Education Programs</u>		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 120,888
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25)	\$ 80,055

POTEET INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
 AS OF AUGUST 31, 2024

Data Control Codes		Responses
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF4	Was the school district issued a warrant hold?	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ -



COMPLIANCE SECTION



INDEPENDENT AUDITOR'S REPORT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Poteet Independent School District
Poteet, TX

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Poteet Independent School District as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise Poteet Independent School District's basic financial statements, and have issued our report thereon dated November 1, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Poteet Independent School 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 Poteet Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Poteet Independent School 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 District'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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Poteet Independent School 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*.

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.



Armstrong, Vaughan & Associates, P.C.

November 1, 2024



INDEPENDENT AUDITOR'S REPORT

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

Board of Trustees
Poteet Independent School District
Poteet, TX

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Poteet Independent School District's 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 its major federal programs for the year ended August 31, 2024. Poteet Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Poteet Independent School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Poteet Independent School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Poteet Independent School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Poteet Independent School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Poteet Independent School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Poteet Independent School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Poteet Independent School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Poteet Independent School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Poteet Independent School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Armstrong, Vaughan & Associates, P.C.

Armstrong, Vaughan & Associates, P.C.

November 1, 2024

POTEET INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED AUGUST 31, 2024

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Any material weaknesses identified? Yes No

Any significant deficiencies identified? Yes No

Noncompliance material to financial Statements noted? Yes No

2. Federal Awards

Internal control over major programs:

Any material weaknesses identified? Yes No

Any significant deficiencies identified? Yes No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major programs:

<u>ALN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and type B Programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

D. Prior Audit Findings Related to Federal Awards

NONE

POTEET INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2024

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Assistance Listing Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Texas Education Agency</i>			
Title I Part A - Improving Basic Programs	84.010A	24610101007906	\$ 523,996
IDEA-B Special Education*	84.027A	256600010079066600	75,483
IDEA-B Preschool*	84.173A	256610010079066610	683
Title II Part A - Teacher & Principal Training & Recruiting	84.367A	24694501007906	89,873
Carl Perkins	84.048A	24420006007906	29,071
Title IV Part A	84.424A	24680101007906	42,047
Title V Part B	84.358B	24696001007906	32,346
Elementary and Secondary School Emergency Relief			
Texas Covid Learning Assistance and Support ESSER III	84.425U	21528042007906	154,492
American Rescue Plan ESSER III	84.425U	21528001007906	1,565,683
<i>Total Passed Through Texas Education Agency</i>			<u>2,513,674</u>
<i>Passed Through Education Service Center Region 10</i>			
IDEA-B Special Education Capacity*	84.027A		11,121
<i>Passed Through Education Service Center Region 20</i>			
Texas Education for Homeless Children and Youth	84.196A	662-8-03	27,843
Title III Part A	84.365A	442-9-003	2,682
<i>Total Passed Through Education Service Center Region 20</i>			<u>30,525</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u><u>2,555,320</u></u>
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Texas Department of Agriculture:</i>			
School Breakfast Program ^	10.553	71402401	446,420
National School Lunch ^	10.555	71302401	1,049,257
Commodities^#	10.555		87,607
<i>Total Passed Through Texas Department of Agriculture</i>			<u>1,583,284</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>1,583,284</u>
U.S. GENERAL SERVICES ADMINISTRATION			
<i>Passed Through Texas Facilities Commission</i>			
Donation of Federal Surplus Personal Property#	39.003	17016	2,195
TOTAL U.S. GENERAL SERVICES ADMINISTRATION			<u>2,195</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 4,140,799</u></u>
# - Indicates Non-cash Assistance			
<i>Program Totals</i>			
National School Lunch	10.555		1,136,864
Elementary and Secondary School Emergency Relief	84.425		1,720,175
<i>Cluster Totals</i>			
^ Child Nutrition			1,583,284
* Special Education			87,287

POTEET INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2024

1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's Financial Accountability System Resource Guide. Special revenue funds are used to account for resources restricted, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in the General Fund or Special Revenue Fund, which are Governmental Fund types. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types and Agency Funds. This basis of accounting recognizes revenue in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received, they are recorded as deferred revenue until earned.

3. According to AAG-SLG Appendix D, Questions and Answers, most Medicaid arrangements between states and providers (SHARS) are contracts for services and not Federal assistance, they should not appear on the Schedule of Expenditures of Federal Awards.
4. The District charges indirect costs in accordance with a negotiated rate and has not elected to use the 10% de minimis indirect cost rate as allowed by Uniform Guidance. Instead, the District utilizes a negotiated rate with the Texas Education Agency.
5. Reconciliation of the Schedule of Expenditures of Federal Awards to Exhibit C-2 is as follows:

Federal Program Revenues and Expenditures:	
General Fund	\$ 629,339
Special Revenue Fund	3,897,781
	4,527,120
Less:	
Shared Health and Related Services (SHARS)	(386,321)
	(386,321)
Total per Schedule of Expenditures of Federal Awards (See Exhibit K-1)	\$ 4,140,799

