

POTH INDEPENDENT SCHOOL DISTRICT

*ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED AUGUST 31, 2021*



**Lovvorn & Kieschnick**

CERTIFIED PUBLIC ACCOUNTANTS

LOVVORN & KIESCHNICK, LLP

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**POTH INDEPENDENT SCHOOL DISTRICT**

**DIRECTORY OF OFFICIALS**

**AUGUST 31, 2021**

**BOARD OF TRUSTEES**

LES MILLER	PRESIDENT
HEIDI NOLL	VICE PRESIDENT
ERIKA URBANCZYK	SECRETARY
CLINT GARZA	MEMBER
SCOTT LYSSY	MEMBER
ADAN MONTEZ	MEMBER
JASON SMOLKA	MEMBER

**OTHER OFFICIALS**

PAULA RENKEN	SUPERINTENDENT
BRADEN LYSSY	BUSINESS MANAGER

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Annual Financial Report  
For The Year Ended August 31, 2021

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*Introductory Section*

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CERTIFICATE OF BOARD

Poth Independent School District  
Name of School District

Wilson  
County

247-904  
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, 2021, at a meeting of the board of trustees of such school district on the 17 day of NOVEMBER, 2021.

  
Signature of Board Secretary

  
Signature of Board President

If the board of trustees disapproved of the auditor's report, the reason(s) for disapproving it is (are):  
(attach list as necessary)

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*Financial Section*

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**Lovvorn & Kieschnick, LLP**  
418 Peoples Street, Ste. 308  
Corpus Christi, TX 78401

**Independent Auditor's Report**

To the Board of Trustees  
Poth Independent School District  
P.O. Box 250  
Poth, Texas 78147

**Report on the Audit of the Financial Statements**

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

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Poth Independent School District as of August 31, 2021, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Adoption of New Accounting Standard*

As described in Note N, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities, effective for the year ended August 31, 2021. Our opinion is not modified with respect to this matter.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and budgetary comparison information and schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions, and schedule of the District's proportionate share of the net OPEB liability and schedule of District OPEB contributions identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Poth Independent School District's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2021 on our consideration of Poth 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 solely 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 the effectiveness of 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 Poth Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

*J. Lovvorn & K. Kieschnick, LLP*

LOVVORN & KIESCHNICK, LLP

Corpus Christi, TX  
November 12, 2021

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*Management's Discussion and Analysis*

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**POTH INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2021  
UNAUDITED**

This section of Poth Independent District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2021. Please read it in conjunction with the District's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

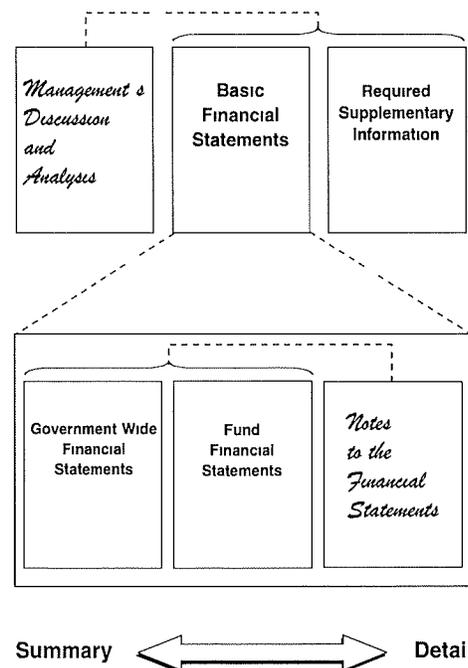
- The District's total combined net position was \$5,515,318 at August 31, 2021.
- During the year, the District's expenses were \$624,407 less than the \$12,589,854 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$5,045,054.

**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.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or custodian* for the benefit of others, to whom the resources in question belong.

Figure A-1, Required Components of the District's Annual Financial Report



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. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

## 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 government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year'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 it has changed. Net position—the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is 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*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-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.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

### Net position.

The District's combined net position was \$5,515,318 at August 31, 2021. (See Table A-1.)

**Table A-1**  
Pooh Independent School District's Net Position  
(in millions of dollars)

	Governmental Activities		Total Percentage Change
	2021	2020	2021-2020
<b>Current Assets:</b>			
Cash and cash equivalents	3.83	2.56	49.6%
Current investments	1.44	1.54	-6.5%
Property taxes receivable (Net)	0.49	0.45	8.9%
Due from other governments	0.74	0.83	-10.8%
Other receivables	0.03	0.30	-90.0%
<b>Total Current Assets:</b>	<u>6.53</u>	<u>5.68</u>	15.0%
<b>Noncurrent Assets:</b>			
<b>Capital assets (net)</b>			
Land	1.02	1.02	0.0%
Buildings and improvements	17.44	18.47	-5.6%
Furniture and equipment	1.01	0.96	5.2%
Construction in progress	-	-	0.0%
<b>Total Capital Assets (net)</b>	<u>19.47</u>	<u>20.45</u>	-4.8%
<b>Total Assets</b>	<u>26.00</u>	<u>26.13</u>	-0.5%
<b>Deferred Outflows of Resources:</b>			
Deferred charge for refunding	(0.06)	0.11	-154.5%
Deferred outflow related to pensions	0.87	1.11	-21.6%
Deferred outflow related to OPEB	0.69	0.53	30.2%
<b>Total Deferred Outflows of Resources</b>	<u>1.50</u>	<u>1.75</u>	-14.3%
<b>Current Liabilities:</b>			
Accounts payable	0.09	0.27	-66.7%
Accrued liabilities	0.49	0.55	-10.9%
Unearned revenue	-	-	0.0%
<b>Total Current Liabilities</b>	<u>0.58</u>	<u>0.82</u>	-29.3%
<b>Noncurrent Liabilities:</b>			
Due within one year	0.77	0.76	1.3%
Due in more than one year	13.93	14.76	-5.6%
Net Pension Liability	2.12	2.10	1.0%
Net OPEB Liability	2.42	2.84	-14.8%
<b>Total Liabilities</b>	<u>19.82</u>	<u>21.28</u>	-6.9%
<b>Deferred Inflows of Resources:</b>			
Deferred inflow related to pension	0.35	0.42	-16.7%
Deferred inflow related to OPEB	1.82	1.28	42.2%
<b>Total Deferred Inflows of Resources</b>	<u>2.17</u>	<u>1.70</u>	27.6%
<b>Net Position:</b>			
Invested in capital assets	4.78	5.11	-6.5%
Restricted for federal & state programs	0.11	0.06	83.3%
Restricted for debt service	0.36	0.18	100.0%
Unrestricted	0.26	(0.46)	156.5%
<b>Total Net Position</b>	<u>5.51</u>	<u>4.89</u>	12.7%

## Changes in net position.

The District's total revenues were \$12,589,854. A portion, 36 percent, of the District's revenue comes from taxes. 49 percent comes from state aid—formula grants, while 15 percent comes from state and federal programs, investment earnings, charges for services and miscellaneous other services.

The total cost of all programs and services was \$11,965,447; 51 percent of these costs are for instructional and student services.

## Governmental Activities

**Table A-2**  
Changes in Poth Independent School District's Net Position  
(in millions of dollars)

	Governmental Activities		Total Percentage Change
	2021	2020	2021-2020
Program Revenues:			
Charges for Services	0.28	0.24	16.7%
Operating Grants and Contributions	1.27	1.23	3.3%
General Revenues:			
Property Taxes	4.64	4.34	6.9%
State Aid – Formula	6.18	6.04	2.3%
Investment Earnings	0.01	0.05	-80.0%
Other	0.21	0.25	-16.0%
Total Revenues	<u>12.59</u>	<u>12.15</u>	3.6%
Expenses:			
Instruction	6.08	5.88	3.4%
Instructional Resources and Media Services	0.07	0.05	40.0%
Curriculum Dev. and Instructional Staff Dev.	0.05	0.04	25.0%
Instructional Leadership	0.15	0.15	0.0%
School Leadership	0.51	0.48	6.3%
Guidance, Counseling and Evaluation Services	0.40	0.35	14.3%
Health Services	0.13	0.13	0.0%
Student (Pupil) Transportation	0.44	0.40	10.0%
Food Services	0.51	0.49	4.1%
Curricular/Extracurricular Activities	0.90	0.83	8.4%
General Administration	0.59	0.56	5.4%
Plant Maintenance & Oper.	1.13	1.02	10.8%
Securities Monitoring Services	0.15	0.14	7.1%
Data Processing Services	0.19	0.15	26.7%
Capital Outlay	0.02	-	0.0%
Debt Service	0.54	0.48	12.5%
Other Intergovernmental Charges	0.08	0.07	14.3%
Payments to Juvenile Alt. Ed. Program	0.03	0.02	50.0%
Total Expenses	<u>11.97</u>	<u>11.24</u>	6.5%
Increase (Decrease) in Net Position	<u>0.62</u>	<u>0.91</u>	-31.9%

- The cost of all *governmental* activities this year was \$11,965,447.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$4,643,474.
- Some of the cost was paid by those who directly benefited from the programs \$282,319 or
- By grants and contributions \$1,270,271.

Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

**Table A-3**  
Net Cost of Selected Poth Independent School District Functions  
(in millions of dollars)

	Total Cost of Services			Net Cost of Services		
	<u>2021</u>	<u>2020</u>	<u>% Change</u>	<u>2021</u>	<u>2020</u>	<u>% Change</u>
Instruction	6.08	5.88	3.4%	5.41	5.16	4.8%
School Administration	0.59	0.56	5.4%	0.56	0.53	5.7%
Plant Maintenance & Operations	1.13	1.01	11.9%	1.06	0.96	10.4%
Debt Service - Interest & Fiscal Charges	0.54	0.48	12.5%	0.53	0.47	12.8%

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$12,459,358, an increase of 5 percent over the preceding year \$11,811,810.

(continued)

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2021, the District had invested \$32,303,065 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount represents a net decrease (including additions and deductions) of \$81,420.

**Table A-4**  
Pooh Independent School District's Capital Assets  
(in millions of dollars)

	Governmental Activities		Total Percentage Change
	2021	2020	2021-2020
Land	1.02	1.02	0.0%
Construction in progress	-	-	0.0%
Buildings and improvements	28.72	28.65	0.2%
Vehicles	1.17	1.48	-20.9%
Equipment	1.39	1.23	13.0%
Totals at historical cost	32.30	32.38	-0.2%
Total accumulated depreciation	12.83	11.93	7.5%
Net capital assets	19.47	20.45	-4.8%

### Long-Term Obligations

At year-end the District had \$14,633,534 in bonds outstanding as shown in Table A-5. More detailed information about the District's obligations is presented in the notes to the financial statements.

The District had the following obligations at August 31, 2021:

#### Bond Ratings

The District's bonds presently carry "AAA" ratings with Standard & Poors "A".

**Table A-5**  
Pooh Independent School District's Long-Term Obligations  
(in millions of dollars)

	Governmental Activities		Total Percentage Change
	2021	2020	2021-2020
Compensated absences payable	0.06	0.06	0.0%
Bonds payable	14.64	15.46	-5.3%
Net Pension Liability	2.12	2.09	1.4%
Net OPEB Liability	2.42	2.84	-14.8%
Total Long-Term Obligations	19.24	20.45	-5.9%

## **ECONOMIC FACTORS AND FUTURE BUDGETS AND RATES**

- The locally certified property value of the District for school tax purposes was \$312,730,520 for the 2020-2021 school year. For the 2021-2022 school year, the District had an increase of \$63,156,621 in locally certified property value, bringing the total new value to \$375,887,141.
- The M&O tax rate for 2021 was set at the Voter Approved (Rollback) rate of \$0.8720.
- The Board voted to lower the I&S rate to \$0.2620 to meet the debt service payments.
- General operating fund spending per student increased in the 2021-2022 budget from \$12,163 to \$12,258.
- The District passed the 2021-2022 budget based on a refined average daily attendance of 825.

The budget adopted for 2022 continues to incorporate the new requirements of HB 3. Amounts available for appropriation in the general fund budget are \$9,956,928, a 2.8% increase over the 2021 budget of \$9,686,682. Revenues will continue to increase as the property values rise and the student population grows. The District will use these increases in revenues to finance and enhance programs we currently offer.

## **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, contact the District's Business Services Department.

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*Basic Financial Statements*

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**POTH INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF NET POSITION

AUGUST 31, 2021

Data Control Codes	1	Governmental Activities
<b>ASSETS:</b>		
1110	<i>Cash and Cash Equivalents</i>	\$ 3,828,638
1120	<i>Current Investments</i>	1,439,010
1225	<i>Property Taxes Receivable (Net)</i>	489,470
1240	<i>Due from Other Governments</i>	737,973
1290	<i>Other Receivables (Net)</i>	32,831
Capital Assets:		
1510	<i>Land</i>	1,015,248
1520	<i>Buildings and Improvements, Net</i>	17,442,735
1530	<i>Furniture and Equipment, Net</i>	1,011,074
1000	Total Assets	<u>25,996,979</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
1701	<i>Deferred Charge for Refunding</i>	(55,308)
1705	<i>Deferred Outflow Related to Pensions</i>	871,067
1706	<i>Deferred Outflow Related to OPEB</i>	687,422
1700	Total Deferred Outflows of Resources	<u>1,503,181</u>
<b>LIABILITIES:</b>		
2110	<i>Accounts Payable</i>	68,504
2140	<i>Interest Payable</i>	18,335
2165	<i>Accrued Liabilities</i>	491,036
2180	<i>Due to Other Governments</i>	278
Noncurrent Liabilities:		
2501	<i>Due Within One Year</i>	765,948
2502	<i>Due in More Than One Year</i>	13,931,234
2540	<i>Net Pension Liability</i>	2,120,692
2545	<i>Net OPEB Liability</i>	2,419,502
2000	Total Liabilities	<u>19,815,529</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
2605	<i>Deferred Inflow Related to Pensions</i>	351,241
2606	<i>Deferred Inflow Related to OPEB</i>	1,818,072
2600	Total Deferred Inflows of Resources	<u>2,169,313</u>
<b>NET POSITION:</b>		
3200	Net Investment in Capital Assets	4,780,216
Restricted For:		
3820	Federal and State Programs	110,841
3850	Debt Service	361,382
3900	Unrestricted	262,879
3000	Total Net Position	<u>\$ 5,515,318</u>

The accompanying notes are an integral part of this statement.

**POTH INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	Functions/Programs	1  Expenses	3  Program Revenues		4  Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Governmental Activities		
	Governmental Activities:					
11	<i>Instruction</i>	\$ 6,083,148	\$ --		\$ 676,887	\$ (5,406,261)
12	<i>Instructional Resources and Media Services</i>	64,873	--		3,726	(61,147)
13	<i>Curriculum and Staff Development</i>	52,942	--		44,233	(8,709)
21	<i>Instructional Leadership</i>	152,741	--		10,426	(142,315)
23	<i>School Leadership</i>	508,001	--		39,484	(468,517)
31	<i>Guidance, Counseling, &amp; Evaluation Services</i>	392,541	--		21,757	(370,784)
33	<i>Health Services</i>	126,458	--		8,436	(118,022)
34	<i>Student Transportation</i>	442,354	--		21,199	(421,155)
35	<i>Food Service</i>	506,270	236,274		281,986	11,990
36	<i>Cocurricular/Extracurricular Activities</i>	903,497	40,136		46,794	(816,567)
41	<i>General Administration</i>	589,941	--		31,199	(558,742)
51	<i>Facilities Maintenance and Operations</i>	1,127,290	5,909		57,465	(1,063,916)
52	<i>Security and Monitoring Services</i>	149,138	--		5,511	(143,627)
53	<i>Data Processing Services</i>	190,861	--		8,784	(182,077)
72	<i>Interest on Long-term Debt</i>	418,955	--		11,466	(407,489)
73	<i>Bond Issuance Costs and Fees</i>	122,078	--		--	(122,078)
81	<i>Capital Outlay</i>	19,282	--		338	(18,944)
95	<i>Payments to Juvenile Justice Alternative Ed. Programs</i>	32,776	--		580	(32,196)
99	<i>Other Intergovernmental Charges</i>	82,301	--		--	(82,301)
TG	Total Governmental Activities	<u>11,965,447</u>	<u>282,319</u>		<u>1,270,271</u>	<u>(10,412,857)</u>
TP	Total Primary Government	<u>\$ 11,965,447</u>	<u>\$ 282,319</u>		<u>\$ 1,270,271</u>	<u>(10,412,857)</u>
	General Revenues:					
MT	<i>Property Taxes, Levied for General Purposes</i>					3,462,074
DT	<i>Property Taxes, Levied for Debt Service</i>					1,181,400
IE	<i>Investment Earnings</i>					10,513
GC	<i>Grants and Contributions Not Restricted to Specific Programs</i>					6,176,036
MI	<i>Miscellaneous</i>					207,241
TR	Total General Revenues					<u>11,037,264</u>
CN	Change in Net Position					624,407
NB	Net Position - Beginning					4,890,911
NE	Net Position - Ending					<u>\$ 5,515,318</u>

The accompanying notes are an integral part of this statement.

**POTH INDEPENDENT SCHOOL DISTRICT**

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2021

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds	
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ 3,526,054	\$ 302,585	\$ 3,828,639
1120	Current Investments	1,400,183	38,827	1,439,010
1225	Taxes Receivable, Net	420,530	68,940	489,470
1240	Due from Other Governments	638,169	99,804	737,973
1260	Due from Other Funds	--	423	423
1290	Other Receivables	15,526	17,305	32,831
1000	Total Assets	<u>6,000,462</u>	<u>527,884</u>	<u>6,528,346</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110	Accounts Payable	\$ 67,584	\$ 920	\$ 68,504
2150	Payroll Deductions & Withholdings	2,945	--	2,945
2160	Accrued Wages Payable	321,984	22,004	343,988
2170	Due to Other Funds	423	--	423
2180	Due to Other Governments	--	278	278
2200	Accrued Expenditures	141,942	2,161	144,103
2000	Total Liabilities	<u>534,878</u>	<u>25,363</u>	<u>560,241</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
2601	Unavailable Revenue - Property Taxes	420,530	68,941	489,471
2600	Total Deferred Inflows of Resources	<u>420,530</u>	<u>68,941</u>	<u>489,471</u>
<b>FUND BALANCES:</b>				
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	--	110,841	110,841
3480	Retirement of Long-Term Debt	--	310,776	310,776
Committed Fund Balances:				
3510	Construction	1,104,836	--	1,104,836
3530	Capital Expenditures for Equipment	400,000	--	400,000
3545	Other Committed Fund Balance	--	11,963	11,963
3600	Unassigned	3,540,218	--	3,540,218
3000	Total Fund Balances	<u>5,045,054</u>	<u>433,580</u>	<u>5,478,634</u>
4000	Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 6,000,462</u>	<u>\$ 527,884</u>	<u>\$ 6,528,346</u>

The accompanying notes are an integral part of this statement.

**POTH INDEPENDENT SCHOOL DISTRICT**  
*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
 AUGUST 31, 2021*

Total fund balances - governmental funds balance sheet	\$ 5,478,634
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	19,469,058
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	489,469
Payables for bond principal which are not due in the current period are not reported in the funds.	(14,178,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(18,335)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(63,648)
Deferred charge for refundings amortized over life of debt.	(55,308)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(2,120,692)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(351,241)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	871,067
Bond premiums are amortized in the SNA but not in the funds.	(455,534)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(2,419,502)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(1,818,072)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	<u>687,422</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 5,515,318</u>

The accompanying notes are an integral part of this statement.

**POTH INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds
<b>REVENUES:</b>			
5700 <i>Local and Intermediate Sources</i>	\$ 3,653,498	\$ 1,478,980	\$ 5,132,478
5800 <i>State Program Revenues</i>	6,464,767	109,657	6,574,424
5900 <i>Federal Program Revenues</i>	160,536	591,920	752,456
5020 <b>Total Revenues</b>	<u>10,278,801</u>	<u>2,180,557</u>	<u>12,459,358</u>
<b>EXPENDITURES:</b>			
Current:			
0011 <i>Instruction</i>	4,882,416	373,236	5,255,652
0012 <i>Instructional Resources and Media Services</i>	57,952	--	57,952
0013 <i>Curriculum and Staff Development</i>	42,108	43,569	85,677
0021 <i>Instructional Leadership</i>	131,969	--	131,969
0023 <i>School Leadership</i>	437,277	3,198	440,475
0031 <i>Guidance, Counseling, &amp; Evaluation Services</i>	345,522	--	345,522
0033 <i>Health Services</i>	108,576	--	108,576
0034 <i>Student Transportation</i>	349,899	--	349,899
0035 <i>Food Service</i>	--	473,298	473,298
0036 <i>Cocurricular/Extracurricular Activities</i>	816,989	27,358	844,347
0041 <i>General Administration</i>	514,042	--	514,042
0051 <i>Facilities Maintenance and Operations</i>	1,134,586	24,959	1,159,545
0052 <i>Security and Monitoring Services</i>	129,623	3,207	132,830
0053 <i>Data Processing Services</i>	167,597	--	167,597
0071 <i>Principal on Long-term Debt</i>	140,000	585,000	725,000
0072 <i>Interest on Long-term Debt</i>	25,749	409,122	434,871
0073 <i>Bond Issuance Costs and Fees</i>	41,284	80,794	122,078
0081 <i>Capital Outlay</i>	19,282	--	19,282
0095 <i>Payments to Juvenile Justice Alternative Education Programs</i>	32,776	--	32,776
0099 <i>Other Intergovernmental Charges</i>	82,301	--	82,301
6030 <b>Total Expenditures</b>	<u>9,459,948</u>	<u>2,023,741</u>	<u>11,483,689</u>
1100 <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>818,853</u>	<u>156,816</u>	<u>975,669</u>
Other Financing Sources and (Uses):			
7911 <i>Capital-Related Debt Issued (Regular Bonds)</i>	1,791,000	2,730,000	4,521,000
7915 <i>Transfers In</i>	80	--	80
7916 <i>Premium on Issuance of Bonds</i>	--	277,800	277,800
8911 <i>Transfers Out</i>	--	(80)	(80)
8949 <i>Payments to Escrow Agent</i>	(1,769,716)	(2,944,430)	(4,714,146)
7080 <b>Total Other Financing Sources and (Uses)</b>	<u>21,364</u>	<u>63,290</u>	<u>84,654</u>
1200 <b>Net Change in Fund Balances</b>	<u>840,217</u>	<u>220,106</u>	<u>1,060,323</u>
0100 <b>Fund Balances - Beginning</b>	<u>4,204,837</u>	<u>213,474</u>	<u>4,418,311</u>
3000 <b>Fund Balances - Ending</b>	<u>\$ 5,045,054</u>	<u>\$ 433,580</u>	<u>\$ 5,478,634</u>

The accompanying notes are an integral part of this statement.

**POTH 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, 2021*

Net change in fund balances - total governmental funds	\$ 1,060,323
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	257,030
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,251,711)
Donations of capital assets increase net position in the SOA but not in the funds.	10,000
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	40,502
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	725,000
(Increase) decrease in accrued interest from beginning of period to end of period.	1,741
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(312)
Payments to an escrow agent on refunding bonds are not reported as an other financing use in the SOA.	4,714,145
Amortization of bond premium and deferred amount is an expense in the SOA, but not in the funds.	14,175
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(4,521,000)
Bond premiums are reported in the funds but not in the SOA.	(277,800)
The District's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.	(192,253)
The District's share of the unrecognized deferred inflows and outflows for the OPEB plan was amortized.	<u>44,566</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 624,407</u>

The accompanying notes are an integral part of this statement.

**POTH INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

AUGUST 31, 2021

Data Control Codes		Custodial Fund
		Student Activity
	<b>ASSETS:</b>	
1110	Cash and Cash Equivalents	\$ 153,833
1172	Investments	--
1000	Total Assets	<u>153,833</u>
	<b>LIABILITIES:</b>	
2000	Total Liabilities	<u>--</u>
	<b>NET POSITION:</b>	
	<i>Restricted for:</i>	
3800	Student Scholarships	\$ 13,875
3800	Student Activities	<u>139,958</u>
3000	Total Net Position	<u>\$ 153,833</u>

**POTH INDEPENDENT SCHOOL DISTRICT**  
*STATEMENT OF CHANGES IN FIDUCIARY NET POSITION*  
**FIDUCIARY FUNDS**  
*FOR THE YEAR ENDED AUGUST 31, 2021*

	Custodial Funds <u>Student Activity</u>
<b>ADDITIONS:</b>	
Scholarship Contributions	\$ 33,625
Student Club Fees	9,575
Contributions/Gifts	40,284
Fundraising Activities	183,133
Total Additions	<u>266,617</u>
<b>DEDUCTIONS:</b>	
Student Activities	245,686
Student Scholarships	21,750
Total Deductions	<u>267,436</u>
<b>Net Decrease in Fiduciary Net Position</b>	(819)
Net Position-Beginning (Restated)	154,652
Net Position-End of the Year	<u>\$ 153,833</u>

# **POTH INDEPENDENT SCHOOL DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2021**

### **A. Summary of Significant Accounting Policies**

The basic financial statements of Poth 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 District's 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.

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.

In addition, the District reports the following fund types:

**Fiduciary funds:** These funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or custodial capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

##### **b. Measurement Focus, Basis of Accounting**

**Government-wide and Fiduciary Fund Financial Statements:** These financial statements are reported

## **POTH INDEPENDENT SCHOOL DISTRICT**

### *NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED AUGUST 31, 2021*

using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and 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 year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year 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 considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. 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.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

### 3. Financial Statement Amounts

#### a. 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 year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

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.

#### b. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies as well as instructional supplies.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

#### c. Capital Assets

**POTH INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED AUGUST 31, 2021*

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital 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>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

d. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

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.

Except for delinquent taxes, there are no significant receivables which are not scheduled for collection within one year of year end.

f. 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 of the government-wide statement of net position.

g. Use of Estimates

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

h. Data Control Codes

## **POTH INDEPENDENT SCHOOL DISTRICT**

### *NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED AUGUST 31, 2021*

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.

i. **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 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.

**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. Commitments are typically done through adoption and amendment of the budget. 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. 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 convey 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.

j. **Net Position Flow Assumption**

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

k. **Fund Balance Flow Assumptions**

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**POTH INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

4. Pensions

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

At August 31, 2021, the District reported the following:

Net Pension Asset	\$	
Net Pension Liability	\$	2,120,692

5. Other Post-Employment Benefits

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

6. Implementation of New Standards

*GASB Statement No. 84, Fiduciary Activities*

This statement establishes standards of accounting and financial reporting by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The focus of the criteria generally is on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

*GASB Statement No. 90, Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. This Statement also establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

*GASB Statement No. 92, Omnibus 2020*

Although the effective date for the majority of GASB Statement No. 92, Omnibus 2020 has been postponed by GASB Statement No. 95 for one year, the District has adopted paragraph 11 of Statement 92 with respect to reinsurance recoveries. Paragraph 11 states that "amounts that (a) are recoverable from reinsurers or excess insurers and (b) relate to paid claims and claim adjustment expenses may be reported as reductions of expenses but are not required to be. The District has also adopted paragraph 13 of Statement 92 in regards to changing all uses of the terms *derivative* and *derivatives* in existing standards to *derivative instrument* and *derivative instruments*, respectively. The provisions in paragraphs 11 and 13 were excluded from the scope

**POTH INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED AUGUST 31, 2021*

of Statement 95 because paragraph 11 retains the reporting option, and thus only clarifies that an option exists, and paragraph 13 imposes no burden on the District. As such, this statement does not impact the District.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84*, and a Supersession of GASB Statement No. 32.

The District has adopted paragraphs 4 and 5 of GASB Statement No. 92. Paragraph 4 states that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), if the primary government performs the duties that a governing board typically would perform, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board. Paragraph 5 states that the financial burden criterion in paragraph 7 of Statement 84 is applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. The requirements in paragraphs 6 - 9 of this Statement are effective for fiscal years beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

**B. Compliance and Accountability**

**1. Finance-Related Legal and Contractual Provisions**

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

**2. Deficit Fund Balance or Fund Net Position of Individual Funds**

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

**C. Deposits and Investments**

**Legal and Contractual Provisions Governing Deposits and Investments**

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

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

1. Cash Deposits:

At August 31, 2021, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was 3,982,471 and the bank balance was 4,209,996. The District's cash deposits at August 31, 2021 and during the year ended August 31, 2021, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

As of August 31, 2021 the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (In Years)		
		Less than 1	1 to 2	2 to 3
Investment Pools:				
Investment in TexPool	\$ 1,439,010	\$ 1,439,010	\$ --	\$ --
Total Fair Value	<u>\$ 1,439,010</u>	<u>\$ 1,439,010</u>	<u>\$ --</u>	<u>\$ --</u>

Interest Rate Risk - In accordance with state law and District policy, the District does not purchase any investments with maturities greater than 10 years.

Credit Risk - In accordance with state law and the District's investment policy investments in mutual funds, and investment pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1, and investments in obligations from other states, municipalities, counties, etc. must be rated at least A. The District's investments in investment pools were rated AAA.

Concentration of Credit Risk - The District does not place a limit on the amount the District may invest in any one issuer. The District does not have a concentration of credit risk.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a custodial credit risk.

The local government investment pools such as TexPool are not evidenced by securities in physical form. They are managed conservatively to provide safe, efficient and liquid investments to Texas governmental entities. The pools both seek to maintain a \$1 value per share as required by the Texas Public Funds Investment Act.

Federated Investors manages the assets, provides participant services, and arranges for all custody and other functions in support of TexPool operations under a contract with the State Comptroller of Public Accounts. The state comptroller maintains oversight responsibility for TexPool, including the ability to influence operations, designation of management and accountability for fiscal matters. Although TexPool is not registered with the SEC as an investment company, it operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. GASB 31 allows 2a7-like pools to use amortized cost (which excludes unrealized gains and losses) rather than market value to report net assets to compute share price. The fair value of the District's position in TexPool is the same as the value of TexPool shares.

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## NOTES TO THE FINANCIAL STATEMENTS

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Limitations exist for withdrawals in this way: ACH (Automated Clearing House) withdrawals from TexPool are restricted to the account designated by the direct deposit form currently on record. The current authorized direct deposit form designates only the District Depository Bank as the entity to use for deposits or withdrawals by ACH. The Superintendent must authorize any new or replacement direct deposit form that would alter or replace the depository bank.

Limitations exist for wire transfers in this way: A Wire Transfer to or from TexPool requires two signatures from authorized representatives in order to be processed.

### D. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,015,249	\$ --	\$ --	\$ 1,015,249
Construction in progress	--	--	--	--
Total capital assets not being depreciated	<u>1,015,249</u>	<u>--</u>	<u>--</u>	<u>1,015,249</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	28,650,507	75,800	--	28,726,307
Equipment	1,234,801	153,251	--	1,388,052
Vehicles	1,483,928	37,980	348,451	1,173,457
Total capital assets being depreciated	<u>31,369,236</u>	<u>267,031</u>	<u>348,451</u>	<u>31,287,816</u>
Less accumulated depreciation for:				
Buildings and improvements	(10,176,879)	(1,106,693)	--	(11,283,572)
Equipment	(877,878)	(59,896)	--	(937,774)
Vehicles	(875,990)	(85,122)	(348,451)	(612,661)
Total accumulated depreciation	<u>(11,930,747)</u>	<u>(1,251,711)</u>	<u>(348,451)</u>	<u>(12,834,007)</u>
Total capital assets being depreciated, net	<u>19,438,489</u>	<u>(984,680)</u>	<u>--</u>	<u>18,453,809</u>
Governmental activities capital assets, net	<u>\$ 20,453,738</u>	<u>\$ (984,680)</u>	<u>\$ --</u>	<u>\$ 19,469,058</u>

Depreciation was charged to functions as follows:

Instruction	\$ 686,225
Instructional Resources and Media Services	5,988
Curriculum and Staff Development	4,842
Instructional Leadership	16,978
School Leadership	55,518
Guidance, Counseling, & Evaluation Services	39,797
Health Services	15,108
Student Transportation	86,494
Food Services	20,878
Extracurricular Activities	96,511
General Administration	64,419
Plant Maintenance and Operations	121,387
Security and Monitoring Services	16,308
Data Processing Services	21,258
	<u>\$ 1,251,711</u>

### E. Interfund Balances and Activities

**POTH INDEPENDENT SCHOOL DISTRICT**  
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1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2021, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
Other Governmental Funds	General Fund	423	Short-term loans
	Total	<u>\$ 423</u>	

All amounts due are scheduled to be repaid within one year.

2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2021, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
Other Governmental Funds	General fund	80	To close out fund
	Total	<u>\$ 80</u>	

F. Long-Term Obligations

1. Long-Term Obligation Activity

Limited Tax Refunding Bonds

On April 14, 2021, the District issued \$1,791,000 Limited Tax Refunding Bonds, Series 2021 Serial Bonds with interest rates varying from 0.660% to 1.840%. The District issued the bonds to advance refund \$1,758,000 of outstanding series 2017 Maintenance Tax Notes with interest rates of 1.822% to 3.30%. The District used the net proceeds to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portions of the 2017 series notes. As a result, that portion of the 2017 series notes are considered defeased, and the District has removed the liability from its accounts.

The advance refunding reduced total debt service payments over the next 11 years by approximately \$121,131. This results in an economic gain (difference between the present values of the debt service payments of old and new debt) of \$108,944. The average interest rates of the bonds refunded is 2.89%. The net proceeds from the refunding were \$1,769,716 after payment of \$41,284 in issuance costs and underwriting fees.

Unlimited Tax Refunding Bonds

On May 20, 2021, the District issued \$2,730,000 Unlimited Tax Refunding Bonds, Series 2021 Serial Bonds with interest rates varying from 2.00% to 3.00%. The District issued the bonds to advance refund \$640,000 of outstanding series 2010 Unlimited Tax Refunding Bonds with interest rates of 4.00% and \$2,271,000 of outstanding series 2016 Unlimited Tax Refunding Bonds with interest rates of 1.86% to 2.73%. The District used the net proceeds to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portions of the 2010 and 2016 series bonds. As a result, that portion of the 2010 and 2016 series bonds are considered defeased, and the District has removed the liability from its accounts.

The advance refunding reduced total debt service payments over the next 12 years by approximately \$245,566. This results in an economic gain (difference between the present values of the debt service payments of old and new debt) of \$225,601. The average interest rates of the bonds refunded is 4.00% and 2.42%. The net proceeds from the refunding were \$2,944,430 after payment of \$81,220 in issuance costs and underwriting fees.

**POTH INDEPENDENT SCHOOL DISTRICT**

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Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended 2021, Poth Independent School District, are as follows:

Description	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding 9/1/20	Issued	Retired	Amounts Outstanding 8/31/21	Amounts Due Within One Year
Unlimited Tax Refunding Bonds Series 2010	1.02% to 4.00%	1,615,000	755,000	--	755,000	--	--
Unlimited Tax Refunding Bonds Series 2016	1.35% to 2.730%	3,119,985	2,878,000	--	2,471,000	407,000	202,000
Maintenance Tax Notes Series 2017	1.30% to 3.30%	2,300,000	1,898,000	--	1,898,000	--	--
Unlimited Tax School Bldg Bonds Series 2018	3.00% to 4.00%	9,965,000	9,520,000	--	270,000	9,250,000	280,000
Limited Tax Refunding Bonds Series 2021	.66% to 1.84%	1,791,000	--	1,791,000	--	1,791,000	148,000
Unlimited Tax Refunding Bonds Series 2021	2.00% to 3.00%	2,730,000	--	2,730,000	--	2,730,000	105,000
			<u>15,051,000</u>	<u>4,521,000</u>	<u>5,394,000</u>	<u>14,178,000</u>	<u>735,000</u>
Bond Premium			406,657	277,800	228,923	455,534	30,948
Compensated Absences			63,336	312	--	63,648	--
Net Pension Liability			2,094,640	189,427	163,375	2,120,692	--
Net OPEB Liability			<u>2,836,714</u>	<u>(368,836)</u>	<u>48,376</u>	<u>2,419,502</u>	<u>--</u>
Total Governmental Activities			<u>\$ 20,452,347</u>	<u>\$ 4,619,703</u>	<u>\$ 5,834,674</u>	<u>\$ 19,237,376</u>	<u>\$ 765,948</u>

General obligation bonds are paid by the Debt Service Fund with the support of the General Fund. Maintenance Tax Notes and limited obligation bonds are paid by the General Fund.

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant all significant limitations and restrictions.

The District had no defeased bonds outstanding at August 31, 2021.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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Poth Independent School District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Events Notices to the State Information Depository of Texas (SID), which is the Municipal Advisory Council. This information is required under SEC rule 15c2-12 to enable investors to analyze the financial condition and operations of Poth Independent School District.

2. Debt Service Requirements

Debt service requirements on long-term debt at 2021, Poth Independent School District, are as follows:

Year Ending 2021,	Governmental Activities					
	General Obligation Bonds			Limited Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 587,000	\$ 402,338	\$ 989,338	148,000	\$ 30,135	\$ 178,135
2023	610,000	385,887	995,887	157,000	21,577	178,577
2024	625,000	368,481	993,481	157,000	20,463	177,463
2025	640,000	349,981	989,981	159,000	19,175	178,175
2026	660,000	330,882	990,882	161,000	17,617	178,617
2027-2031	2,895,000	1,336,106	4,231,106	834,000	56,523	890,523
2032-2036	2,650,000	863,206	3,513,206	175,000	3,220	178,220
2035-2039	2,565,000	473,900	3,038,900	--	--	--
2042-2046	1,155,000	60,900	1,215,900	--	--	--
Totals	<u>\$ 12,387,000</u>	<u>\$ 4,571,681</u>	<u>\$ 16,958,681</u>	<u>1,791,000</u>	<u>\$ 168,710</u>	<u>\$ 1,959,710</u>

G. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2021, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Poth ISD switched workers compensation companies for the 2020-2021 school year. Poth ISD is now covered through a fully funded plan through the TASB risk management fund. As such, the District is only liable for their annual policy premiums.

Even though the District has changed workers compensation plans, it still carries claims payables on their books from the previous plan. Estimates of claims payable and claims incurred, but not reported at August 31, 2021, are reflected as accounts and claims payable of the General Fund. The plan is funded to discharge liabilities of the General Fund as they become due.

Changes in the balances of claims liabilities during the past two years are:

	Year Ended 08/31/21	Year Ended 08/31/20
Unpaid claims, beginning of year	\$ 136,159	\$ 137,398
Current year claims and changes in estimate	(1,010)	(1,239)
Claim payments	--	--
Unpaid claims, end of year	<u>\$ 135,149</u>	<u>\$ 136,159</u>

H. 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,

# POTH INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2021

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 workload and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

### 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 (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at [https://www.trs.texas.gov/TRS%20Documents/cafr\\_2020.pdf](https://www.trs.texas.gov/TRS%20Documents/cafr_2020.pdf), selecting About TRS 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 as noted in the Plan description in (1) above.

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

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

### 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 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent 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.

#### **Contribution Rates**

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	2020	2021
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%
District's 2021 Employer Contributions	\$ 166,482	
District's 2021 Member Contributions	\$ 478,790	
2020 NECE On-Behalf Contributions (state)	\$ 361,609	

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 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees.

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

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

**5. Actuarial Assumptions**

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

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2020	2.33%
Last year ending August 31 in Projection Period	2119
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%
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, 2019. For a full description of these assumptions,

**POTH INDEPENDENT SCHOOL DISTRICT**  
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please see the actuarial valuation report dated November 14, 2019.

6. Discount Rate

A single discount rate of 7.25 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

The long-term rate of return on pension plan investments is 7.25 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2020 are summarized below:

<b>Asset Class</b>	<b>Target Allocation *</b>	<b>Long-Term Expected Arithmetic Real Rate of Return **</b>	<b>Expected Contribution to Long-Term Portfolio Returns</b>
<b>Global Equity</b>			
USA	18.00%	3.90%	0.99%
Non-U.S. Developed	13.00%	5.10%	0.92%
Emerging Markets	9.00%	5.60%	0.83%
Private Equity	14.00%	6.70%	1.41%
<b>Stable Value</b>			
Government Bonds	16.00%	(0.70)%	(0.05)%
Stable Value Hedge Funds	5.00%	1.90%	0.11%
<b>Real Return</b>			
Real Estate	15.00%	4.60%	1.01%
Energy, Natural Resources & Infrastructure	6.00%	6.00%	0.42%
<b>Risk Parity</b>			
Risk Parity	8.00%	3.00%	0.30%
<b>Leverage</b>			
Cash	2.00%	1.50%	(0.03)%
Asset Allocation Leverage	(6.00%)	1.30%	0.08%
<b>Inflation Expectation</b>			2.00%
<b>Volatility Drag ***</b>	-		(0.67)%
<b>Total</b>	<b>100.0%</b>		<b>7.33%</b>

\* Target allocations are based on the FY2020 policy model.  
\*\* Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020)  
\*\*\* The volatility drag results from the conversion between arithmetic and geometric mean returns.

7. Discount Rate Sensitivity Analysis

**POTH INDEPENDENT SCHOOL DISTRICT**  
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The following table presents the Net Pension Liability of the plan using a discount rate of 7.25 percent, and what the net position liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate.

	1% Decrease in Discount Rate 6.25%	Discount Rate 7.25%	1% Increase in Discount Rate 8.25%
District's proportionate share of the net pension liability:	\$ 3,270,069	\$ 2,120,692	\$ 1,186,848

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

At August 31, 2021, the District reported a liability of \$2,120,692 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 2,120,692
State's proportionate share that is associated with District	<u>4,693,883</u>
Total	<u>\$ 6,814,575</u>

The net pension liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2019 through August 31, 2020.

At August 31, 2020 the employer's proportion of the collective net pension liability was 0.0039596199% which was an increase (decrease) of 0.0000698413% from its proportion measured as of August 31, 2019.

9. Changes Since the Prior Actuarial Valuation

There were no changes in assumptions since the prior measurement date.

For the year ended August 31, 2021, the District recognized pension expense of \$923,305 and revenue of \$564,570 for support provided by the State.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 3,872	\$ 59,183
Changes in actuarial assumptions	492,076	209,227
Difference between projected and actual investment earnings	42,931	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	165,706	82,831

**POTH INDEPENDENT SCHOOL DISTRICT**  
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Contributions paid to TRS subsequent to the measurement date	166,482	--
Total	<u>\$ 871,067</u>	<u>\$ 351,241</u>

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

Year ended August 31,	Pension Expense Amount
2022	\$ 106,658
2023	\$ 112,497
2024	\$ 117,268
2025	\$ 38,944
2026	\$ (20,104)
Thereafter	\$ (1,919)

**I. Defined Other Post-Employment Benefit Plans**

**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 with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

**2. OPEB Plan Fiduciary Net Position**

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [https://www.trs.texas.gov/TRS%20Documents/cafr\\_2020.pdf](https://www.trs.texas.gov/TRS%20Documents/cafr_2020.pdf), selecting About TRS then Publications then Financial Reports or by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698.

**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 Monthly Premium Rates		
	Medicare	Non-Medicare
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse		

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*NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED AUGUST 31, 2021*

and Children	468	408
Retiree and Family	1,020	999

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

Texas Insurance Code, Section 1575.202 establishes the state's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates	
	Rate
Active Employee	0.65%
Non-Employer Contributing Entity (State)	1.25%
Employers	0.75%
Federal/Private Funding *	1.25%
Total	
* Contributions paid from federal funds and private grants are remitted by the employer and paid at the State rate.	

District's 2021 Employer Contributions	\$ 50,278
District's 2021 Member Contributions	\$ 40,418
2020 NECE On-Behalf Contributions (state)	\$ 65,005

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (*regardless of whether they participate in the TRS Care OPEB Program*). When hiring a TRS retiree, employers are required to pay TRS Care a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$230.8 million in fiscal year 2020 to maintain premiums and benefit levels in the 2020-2021 biennium.

5. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2019. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2020. The actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation

**POTH INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2021*

performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. 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, 2019 TRS pension actuarial valuation that was rolled forward to August 31, 2020:

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

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale (U-MP).

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05%, including inflation
Healthcare Trend Rates	4.50% to 4.25%
Election Rates	Normal Retirement: 65% participation prior to age 65 and 45% participation after age 65.
Ad Hoc Post-Employment Benefit Changes	None

6. Discount Rate

A single discount rate of 2.33 percent was used to measure the total OPEB liability. This was a decrease of .30 percent in the discount rate since the previous year. Because the plan is essentially a pay-as-you-go plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to **not be able** to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2020 using the fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (2.33%) in measuring the

**POTH INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED AUGUST 31, 2021*

Net OPEB Liability.

	1% Decrease in Discount Rate (1.33%)	Current Single Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
District's proportionate share of net OPEB liability	\$ 2,903,396	\$ 2,419,502	\$ 2,037,294

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

At August 31, 2021, the District reported a liability of \$2,419,502 for its proportionate share of the TRS's Net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 2,419,502
State's proportionate share that is associated with the District	\$ <u>3,251,230</u>
<b>Total</b>	<b>\$ <u>5,670,732</u></b>

The Net OPEB liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The District's proportion of the Net OPEB Liability was based on the District's contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2019 thru August 31, 2020.

At August 31, 2020 the District's proportion of the collective net OPEB liability was 0.0063646780% which was an increase (decrease) of 0.0003662831% from its proportion measured as of August 31, 2019.

The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1 percent less than and 1 percent greater than the health trend rates assumed.

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of net OPEB liability	\$ 1,976,423	\$ 2,419,502	\$ 3,009,620

9. Changes Since the Prior Actuarial Valuation

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

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

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

The amount of OPEB expense recognized by the District in the reporting period was \$(22,575).

**POTH INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 126,684	\$ 1,107,288
Changes in actuarial assumptions	149,233	664,408
Differences between projected and actual investment earnings	787	
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	360,440	46,376
Contributions paid to TRS subsequent to the measurement date	<u>50,278</u>	
Total	<u>\$ 687,422</u>	<u>\$ 1,818,072</u>

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

Year ended August 31,	OPEB Expense Amount
2022	\$ (209,436)
2023	\$ (209,541)
2024	\$ (209,602)
2025	\$ (209,586)
2026	\$ (144,960)
Thereafter	\$ (197,803)

For the year ended August 31, 2021, the District recognized OPEB expense of \$(16,863) and revenue of \$(22,575) for support provided by the State.

10. Medicare Part D Subsidies

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 year ended August 31, 2021, the subsidy payment received by TRS-Care on behalf of the District was \$28,021.

J. Employee Health Care Coverage

During the year ended August 31, 2021, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$225 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and the licensed insurer is renewable September 1, 2021, and terms of coverage and premium costs are included in the contractual provisions.

**POTH INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED AUGUST 31, 2021*

Latest financial statements for the Aetna are available and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

**K. 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 collectibility of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Litigation

No reportable litigation was pending against the District at August 31, 2021.

**L. Due From Other Governments**

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

Fund	State Entitlements	Federal Grants	Total
General	\$ 638,169	\$ --	\$ 638,169
Special Revenue	39,763	60,041	99,804
Total	<u>\$ 677,932</u>	<u>\$ 60,041</u>	<u>\$ 737,973</u>

**M. Fund Balances**

The following is a summary of Governmental Fund fund balances of the District at the year ended August 31, 2021:

General Fund

Committed:	
Construction	\$ 1,104,836
Capital Expenditures for Equipment	400,000
	<u>1,504,836</u>

Unassigned: 3,540,218

Total General Fund fund balance 5,045,054

Other Governmental Funds

Restricted:	
Child Nutrition	95,304
Retirement of Long-Term Debt	310,776
State Textbooks	15,537
	<u>421,617</u>

**POTH INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED AUGUST 31, 2021*

Committed:	
Campus Activity Funds	<u>11,963</u>
Total Other Governmental Fund fund balance	<u>433,580</u>
Total Governmental fund balance	<u>\$ 5,478,634</u>

N. Restatement of Beginning Net Position

Effective September 1, 2020, the District implemented GASB Statement No. 84, Fiduciary Activities, which was effective for reporting periods beginning after December 15, 2019. The statement changes the definition of fiduciary activities, providing more defined guidance on how to determine if activity is fiduciary in nature and therefore should be reported as such. The statement defines types of fiduciary funds, eliminating Agency Funds and replacing them with Custodial Funds. Under this guidance, all fiduciary funds will now report a net position and a statement of changes in net position. The District has only custodial fund type fiduciary activities. Because this statement was implemented retroactively, it resulted in a restatement of the prior period net position balances of Custodial Funds. The restatement is as follows:

Fiduciary Funds - Custodial Funds  
Statement of Net Position

	Student Activity
Net Position at August 31, 2020, as previously reported	\$ --
Addition of Net Position as calculated pursuant to GASB 84	<u>154,652</u>
Net Position August 31, 2020, as restated	<u>\$ 154,652</u>

### *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.

**POTH INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2021

EXHIBIT G-1

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Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	1	2	3		
	Original	Final	Actual		
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 3,096,561	\$ 3,688,100	\$ 3,653,498	\$ (34,602)
5800	State Program Revenues	6,455,121	6,646,142	6,464,767	(181,375)
5900	Federal Program Revenues	135,000	158,000	160,536	2,536
5020	Total Revenues	<u>9,686,682</u>	<u>10,492,242</u>	<u>10,278,801</u>	<u>(213,441)</u>
<b>EXPENDITURES:</b>					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	5,087,962	5,097,962	4,882,416	215,546
0012	Instructional Resources and Media Services	62,613	62,613	57,952	4,661
0013	Curriculum and Staff Development	17,162	43,162	42,108	1,054
	Total Instruction & Instr. Related Services	<u>5,167,737</u>	<u>5,203,737</u>	<u>4,982,476</u>	<u>221,261</u>
Instructional and School Leadership:					
0021	Instructional Leadership	131,213	141,713	131,969	9,744
0023	School Leadership	430,905	453,405	437,277	16,128
	Total Instructional & School Leadership	<u>562,118</u>	<u>595,118</u>	<u>569,246</u>	<u>25,872</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	371,933	361,933	345,522	16,411
0033	Health Services	109,981	109,981	108,576	1,405
0034	Student (Pupil) Transportation	381,120	356,120	349,899	6,221
0035	Food Services	13,625	1,000	--	1,000
0036	Cocurricular/Extracurricular Activities	787,319	843,819	816,989	26,830
	Total Support Services - Student (Pupil)	<u>1,663,978</u>	<u>1,672,853</u>	<u>1,620,986</u>	<u>51,867</u>
Administrative Support Services:					
0041	General Administration	504,312	524,312	514,042	10,270
	Total Administrative Support Services	<u>504,312</u>	<u>524,312</u>	<u>514,042</u>	<u>10,270</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	997,395	1,174,395	1,134,586	39,809
0052	Security and Monitoring Services	131,500	131,500	129,623	1,877
0053	Data Processing Services	193,642	171,642	167,597	4,045
	Total Support Services - Nonstudent Based	<u>1,322,537</u>	<u>1,477,537</u>	<u>1,431,806</u>	<u>45,731</u>
Debt Service:					
0071	Principal on Long-Term Debt	140,500	140,000	140,000	--
0072	Interest on Long-Term Debt	50,000	30,216	25,749	4,467
0073	Bond Issuance Costs and Fees	--	41,284	41,284	--
	Total Debt Service	<u>190,500</u>	<u>211,500</u>	<u>207,033</u>	<u>4,467</u>
Capital Outlay:					
0081	Capital Outlay	--	19,500	19,282	218
	Total Capital Outlay	<u>--</u>	<u>19,500</u>	<u>19,282</u>	<u>218</u>
Intergovernmental Charges:					
0095	Payments to Juvenile Justice Alternative				
0095	Education Programs	43,000	43,000	32,776	10,224
0099	Other Intergovernmental Charges	82,500	82,500	82,301	199
	Total Intergovernmental Charges	<u>125,500</u>	<u>125,500</u>	<u>115,077</u>	<u>10,423</u>

**POTH INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2021

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
6030	Total Expenditures	<u>9,536,682</u>	<u>9,830,057</u>	<u>9,459,948</u>	<u>370,109</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>150,000</u>	<u>662,185</u>	<u>818,853</u>	<u>156,668</u>
	Other Financing Sources (Uses):				
7911	Capital-Related Debt Issued (Regular Bonds)	--	1,791,000	1,791,000	--
7915	Transfers In	--	--	80	80
8949	Payments to Escrow Agent	--	(1,770,000)	(1,769,716)	284
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>21,000</u>	<u>21,364</u>	<u>364</u>
1200	Net Change in Fund Balance	<u>150,000</u>	<u>683,185</u>	<u>840,217</u>	<u>157,032</u>
0100	Fund Balance - Beginning	<u>4,204,837</u>	<u>4,204,837</u>	<u>4,204,837</u>	<u>--</u>
3000	Fund Balance - Ending	<u>\$ 4,354,837</u>	<u>\$ 4,888,022</u>	<u>\$ 5,045,054</u>	<u>\$ 157,032</u>

POTH INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2021

	Measurement Year Ended August 31,						
	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0.0039596199%	0.0040294612%	0.0037833948%	0.0039305350%	0.0036691127%	0.0042370000%	0.0023832000%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 2,120,692	\$ 2,094,640	\$ 2,082,472	\$ 1,256,773	\$ 1,386,503	\$ 1,497,723	\$ 636,586
States Proportionate Share of the Net Pension Liability (Asset) associated with the District	4,693,883	4,170,030	4,290,008	2,763,292	3,338,509	3,370,645	2,930,003
Total	<u>\$ 6,814,575</u>	<u>\$ 6,264,670</u>	<u>\$ 6,372,480</u>	<u>\$ 4,020,065</u>	<u>\$ 4,725,012</u>	<u>\$ 4,868,368</u>	<u>\$ 3,566,589</u>
District's Covered Payroll	\$ 5,985,528	\$ 5,337,023	\$ 4,884,980	\$ 5,075,391	\$ 4,834,018	\$ 22,327,598	\$ 21,554,555
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	35.43%	39.25%	42.63%	24.76%	28.68%	6.71%	2.95%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

Note: Only seven years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

POTH INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR THE YEAR ENDED AUGUST 31, 2021

	Fiscal Year Ended August 31,						
	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 166,482	\$ 163,376	\$ 140,983	\$ 126,936	\$ 127,086	\$ 653,258	\$ 646,499
Contribution in Relation to the Contractually Required Contribution	(166,482)	(163,376)	(140,983)	(126,936)	(127,086)	(653,258)	(646,499)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 6,218,059	\$ 5,985,528	\$ 5,337,023	\$ 4,884,980	\$ 5,075,391	\$ 23,453,444	\$ 22,327,598
Contributions as a percentage of Covered Payroll	2.68%	2.73%	2.64%	2.60%	2.50%	2.79%	2.90%

Note: Only seven years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

POTH INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR THE YEAR ENDED AUGUST 31, 2021

	Measurement Year Ended August 31,			
	2020	2019	2018	2017
District's Proportion of the Net OPEB Liability (Asset)	0.0063646780%	0.0059983949%	0.0056769731%	0.0057893701%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 2,419,502	\$ 2,836,714	\$ 2,834,565	\$ 2,517,580
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	<u>3,251,230</u>	<u>3,769,359</u>	<u>4,254,383</u>	<u>4,040,362</u>
Total	<u>\$ 5,670,732</u>	<u>\$ 6,606,073</u>	<u>\$ 7,088,948</u>	<u>\$ 6,557,942</u>
District's Covered Payroll	\$ 5,985,528	\$ 5,337,023	\$ 4,884,980	\$ 5,075,391
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Payroll	40.42%	53.15%	58.03%	49.60%
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	4.99%	2.66%	1.57%	0.91%

Note: Only four years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

POTH INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR THE YEAR ENDED AUGUST 31, 2021

	Fiscal Year Ended August 31,			
	2021	2020	2019	2018
Contractually Required Contribution	\$ 50,278	\$ 48,376	\$ 42,563	\$ 38,682
Contribution in Relation to the Contractually Required Contribution	<u>(50,278)</u>	<u>(48,376)</u>	<u>(42,563)</u>	<u>(38,682)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 6,218,059	\$ 5,985,528	\$ 5,337,023	\$ 4,884,980
Contributions as a percentage of Covered Payroll	0.81%	0.81%	0.80%	0.79%

Note: Only four years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

**POTH INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO REQUIRED SUPPLEMENTARY INFORMATION*  
*FOR THE YEAR ENDED AUGUST 31, 2021*

Budget

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data.:

- a. Prior to August 21 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the board.

Once a budget is approved, it can be amended at function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings.

Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

Defined Benefit Pension Plan

*Changes of benefit terms*

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

*Changes of assumptions*

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

Other Post-Employment Benefit Plan

*Changes of benefit terms*

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

*Changes of assumptions*

There were no changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

*Combining Statements and Budget Comparisons  
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

**POTH INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2021

Data Control Codes	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)
<b>ASSETS:</b>			
1110 <i>Cash and Cash Equivalents</i>	\$ 36,435	\$ 266,150	\$ 302,585
1120 <i>Current Investments</i>	--	38,827	38,827
1225 <i>Taxes Receivable, Net</i>	--	68,940	68,940
1240 <i>Due from Other Governments</i>	99,804	--	99,804
1260 <i>Due from Other Funds</i>	--	423	423
1290 <i>Other Receivables</i>	11,650	5,655	17,305
1000 Total Assets	<u>147,889</u>	<u>379,995</u>	<u>527,884</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
2110 <i>Accounts Payable</i>	\$ 920	\$ --	\$ 920
2160 <i>Accrued Wages Payable</i>	22,004	--	22,004
2180 <i>Due to Other Governments</i>	--	278	278
2200 <i>Accrued Expenditures</i>	2,161	--	2,161
2000 Total Liabilities	<u>25,085</u>	<u>278</u>	<u>25,363</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
2601 <i>Unavailable Revenue - Property Taxes</i>	--	68,941	68,941
2600 Total Deferred Inflows of Resources	<u>--</u>	<u>68,941</u>	<u>68,941</u>
<b>FUND BALANCES:</b>			
Restricted Fund Balances:			
3450 <i>Federal/State Funds Grant Restrictions</i>	110,841	--	110,841
3480 <i>Retirement of Long-Term Debt</i>	--	310,776	310,776
Committed Fund Balances:			
3545 <i>Other Committed Fund Balance</i>	11,963	--	11,963
3000 Total Fund Balances	<u>122,804</u>	<u>310,776</u>	<u>433,580</u>
4000 Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 147,889</u>	<u>\$ 379,995</u>	<u>\$ 527,884</u>

**POTH INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

Data Control Codes	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
<b>REVENUES:</b>			
5700 <i>Local and Intermediate Sources</i>	\$ 309,011	\$ 1,169,969	\$ 1,478,980
5800 <i>State Program Revenues</i>	98,191	11,466	109,657
5900 <i>Federal Program Revenues</i>	591,920	--	591,920
5020 <b>Total Revenues</b>	<u>999,122</u>	<u>1,181,435</u>	<u>2,180,557</u>
<b>EXPENDITURES:</b>			
Current:			
0011 <i>Instruction</i>	373,236	--	373,236
0013 <i>Curriculum and Staff Development</i>	43,569	--	43,569
0023 <i>School Leadership</i>	3,198	--	3,198
0035 <i>Food Service</i>	473,298	--	473,298
0036 <i>Cocurricular/Extracurricular Activities</i>	27,358	--	27,358
0051 <i>Facilities Maintenance and Operations</i>	24,959	--	24,959
0052 <i>Security and Monitoring Services</i>	3,207	--	3,207
0071 <i>Principal on Long-term Debt</i>	--	585,000	585,000
0072 <i>Interest on Long-term Debt</i>	--	409,122	409,122
0073 <i>Bond Issuance Costs and Fees</i>	--	80,794	80,794
6030 <b>Total Expenditures</b>	<u>948,825</u>	<u>1,074,916</u>	<u>2,023,741</u>
1100 <b>Excess (Deficiency) of Revenues Over (Under)</b>			
1100 <b>Expenditures</b>	<u>50,297</u>	<u>106,519</u>	<u>156,816</u>
Other Financing Sources and (Uses):			
7911 <i>Capital-Related Debt Issued (Regular Bonds)</i>	--	2,730,000	2,730,000
7916 <i>Premium on Issuance of Bonds</i>	--	277,800	277,800
8911 <i>Transfers Out</i>	(80)	--	(80)
8949 <i>Payment to Escrow Agent</i>	--	(2,944,430)	(2,944,430)
7080 <b>Total Other Financing Sources and (Uses)</b>	<u>(80)</u>	<u>63,370</u>	<u>63,290</u>
1200 <b>Net Change in Fund Balances</b>	<u>50,217</u>	<u>169,889</u>	<u>220,106</u>
0100 <b>Fund Balances - Beginning</b>	<u>72,587</u>	<u>140,887</u>	<u>213,474</u>
3000 <b>Fund Balances - Ending</b>	<u>\$ 122,804</u>	<u>\$ 310,776</u>	<u>\$ 433,580</u>

**POTH INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2021

Data Control Codes	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-Part B Preschool Grant	240 National School Breakfast/Lunch Program	
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ (34)	\$ (5,125)	\$ (108)	\$ 71,855
1240	Due from Other Governments	1,233	14,630	108	34,541
1290	Other Receivables	--	--	--	--
1000	Total Assets	<u>1,199</u>	<u>9,505</u>	<u>--</u>	<u>106,396</u>
<b>LIABILITIES:</b>					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ --	\$ --	\$ 920
2160	Accrued Wages Payable	1,080	8,549	--	9,152
2200	Accrued Expenditures	119	956	--	1,020
2000	Total Liabilities	<u>1,199</u>	<u>9,505</u>	<u>--</u>	<u>11,092</u>
<b>FUND BALANCES:</b>					
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	95,304
Committed Fund Balances:					
3545	Other Committed Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>95,304</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,199</u>	<u>\$ 9,505</u>	<u>\$ --</u>	<u>\$ 106,396</u>

244 Career and Tech Education Basic Grant	282  ESSER III	410 State Textbook Fund	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
\$ (3,492)	\$ (2,748)	\$ (24,226)	\$ 313	\$ 36,435
3,492	6,037	39,763	--	99,804
--	--	--	11,650	11,650
<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
--	3,289	15,537	11,963	147,889
<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
\$ --	\$ --	\$ --	\$ --	\$ 920
--	3,223	--	--	22,004
--	66	--	--	2,161
<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
--	3,289	--	--	25,085
<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
--	--	15,537	--	110,841
<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
--	--	--	11,963	11,963
<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
--	--	15,537	11,963	122,804
<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
\$ --	\$ 3,289	\$ 15,537	\$ 11,963	\$ 147,889
<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**POTH INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

Data Control Codes	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-Part B Preschool Grant	240 National School Breakfast/Lunch Program
<b>REVENUES:</b>				
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ --	\$ 242,183
5800 <i>State Program Revenues</i>	--	--	--	32,186
5900 <i>Federal Program Revenues</i>	22,926	177,091	1,293	256,853
5020 <b>Total Revenues</b>	<u>22,926</u>	<u>177,091</u>	<u>1,293</u>	<u>531,222</u>
<b>EXPENDITURES:</b>				
Current:				
0011 <i>Instruction</i>	22,926	133,522	1,293	--
0013 <i>Curriculum and Staff Development</i>	--	43,569	--	--
0023 <i>School Leadership</i>	--	--	--	--
0035 <i>Food Service</i>	--	--	--	473,298
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	--	--
0051 <i>Facilities Maintenance and Operations</i>	--	--	--	11,828
0052 <i>Security and Monitoring Services</i>	--	--	--	--
6030 <b>Total Expenditures</b>	<u>22,926</u>	<u>177,091</u>	<u>1,293</u>	<u>485,126</u>
1100 <b>Excess (Deficiency) of Revenues Over (Under)</b>				
1100 <b>Expenditures</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>46,096</u>
Other Financing Sources and (Uses):				
8911 <i>Transfers Out</i>	--	--	--	--
7080 <b>Total Other Financing Sources and (Uses)</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
1200 <b>Net Change in Fund Balances</b>	--	--	--	46,096
0100 <b>Fund Balances - Beginning</b>	--	--	--	49,208
3000 <b>Fund Balances - Ending</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 95,304</u>

244 Career and Tech Education Basic Grant	255 ESEA Title II Training & Recruiting	266 Cares Act Coronavirus Relief Fund (CRF)	281 ESSER II	282 ESSER III
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
5,970	10,120	14,203	95,400	6,037
<u>5,970</u>	<u>10,120</u>	<u>14,203</u>	<u>95,400</u>	<u>6,037</u>
5,970	10,120	4,073	95,400	3,328
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	10,130	--	2,709
--	--	--	--	--
<u>5,970</u>	<u>10,120</u>	<u>14,203</u>	<u>95,400</u>	<u>6,037</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

**POTH INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

Data Control Codes	289 Title IV Part A Subpart I	385 Supplemental Visually Impaired	410 State Textbook Fund
<b>REVENUES:</b>			
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ --
5800 <i>State Program Revenues</i>	--	668	62,130
5900 <i>Federal Program Revenues</i>	2,027	--	--
5020 <b>Total Revenues</b>	<u>2,027</u>	<u>668</u>	<u>62,130</u>
<b>EXPENDITURES:</b>			
Current:			
0011 <i>Instruction</i>	2,027	668	62,130
0013 <i>Curriculum and Staff Development</i>	--	--	--
0023 <i>School Leadership</i>	--	--	--
0035 <i>Food Service</i>	--	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	--
0051 <i>Facilities Maintenance and Operations</i>	--	--	--
0052 <i>Security and Monitoring Services</i>	--	--	--
6030 <b>Total Expenditures</b>	<u>2,027</u>	<u>668</u>	<u>62,130</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>--</u>	<u>--</u>	<u>--</u>
Other Financing Sources and (Uses):			
8911 <i>Transfers Out</i>	<u>--</u>	<u>--</u>	<u>--</u>
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>	<u>--</u>
1200 Net Change in Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>
0100 Fund Balances - Beginning	<u>--</u>	<u>--</u>	<u>15,537</u>
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 15,537</u>

429 School Safety and Security	459 District UIL Academics	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
\$ --	\$ 27,358	\$ 39,470	\$ 309,011
3,207	--	--	98,191
--	--	--	591,920
<u>3,207</u>	<u>27,358</u>	<u>39,470</u>	<u>999,122</u>
--	--	31,779	373,236
--	--	--	43,569
--	--	3,198	3,198
--	--	--	473,298
--	27,358	--	27,358
--	--	292	24,959
<u>3,207</u>	--	--	<u>3,207</u>
<u>3,207</u>	<u>27,358</u>	<u>35,269</u>	<u>948,825</u>
<u>--</u>	<u>--</u>	<u>4,201</u>	<u>50,297</u>
<u>(80)</u>	<u>--</u>	<u>--</u>	<u>(80)</u>
<u>(80)</u>	<u>--</u>	<u>--</u>	<u>(80)</u>
<u>(80)</u>	<u>--</u>	<u>4,201</u>	<u>50,217</u>
<u>80</u>	<u>--</u>	<u>7,762</u>	<u>72,587</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ 11,963</u>	<u>\$ 122,804</u>

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### *Other 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. It may, however, include information which is required by other entities.

**POTH INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF DELINQUENT TAXES RECEIVABLE*  
*FOR THE YEAR ENDED AUGUST 31, 2021*

Year Ended August 31	Tax Rates		3 Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
2012 and Prior Years	\$ Various	\$ Various	\$ Various
2013	1.0333	.0408	278,126,040
2014	1.04	.0974	476,263,080
2015	1.04	.0975	516,454,587
2016	1.04	.0975	334,613,125
2017	1.04	.1623	286,060,202
2018	.9927	.1311	321,773,884
2019	1.04	.3165	328,061,799
2020	.97	.3309	344,577,503
2021 (School Year Under Audit)	.9664	.3309	341,735,722
1000 Totals			

10 Beginning Balance 9/1/20	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/21
\$ 69,303	\$ --	\$ 1,154	\$ 62	\$ --	\$ 68,087
13,315	--	637	25	--	12,653
47,619	--	400	37	(3)	47,179
88,921	--	772	72	(233)	87,844
47,969	--	731	69	(233)	46,936
40,245	--	477	74	(246)	39,448
39,913	--	2,638	348	(140)	36,787
51,552	--	8,864	2,698	(85)	39,905
68,838	--	17,703	6,039	(5,890)	39,206
--	4,320,990	3,383,375	1,158,482	312,687	91,820
<u>\$ 467,675</u>	<u>\$ 4,320,990</u>	<u>\$ 3,416,751</u>	<u>\$ 1,167,906</u>	<u>\$ 305,857</u>	<u>\$ 509,865</u>

Levies and Collections

Fiscal Year End	Levy Year	Adjusted Tax Levy	Current Collection	Percent Levy
08/31/12	2011	2,053,967	1,959,208	95.39%
08/31/13	2012	3,307,731	3,217,522	97.27%
08/31/14	2013	5,162,359	5,055,781	97.94%
08/31/15	2014	5,594,725	5,431,607	97.08%
08/31/16	2015	3,711,521	3,591,640	96.77%
08/31/17	2016	3,343,130	3,253,548	97.32%
08/31/18	2017	3,543,514	3,469,682	97.92%
08/31/19	2018	4,277,020	4,197,773	98.15%
08/31/20	2019	4,385,323	4,316,485	98.43%
08/31/21	2020	4,633,677	4,541,857	98.02%

**POTH INDEPENDENT SCHOOL DISTRICT**  
*USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAM*  
*AS OF AUGUST 31, 2021*

<u>Data Control Codes</u>		<u>Responses</u>
<b><u>Section A: Compensatory Education Programs</u></b>		
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.	\$ 459,949
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28 29, 30, 34)	\$ 288,888
<b><u>Section B: Bilingual Education Programs</u></b>		
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.	\$ 32,569
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 19,273

**POTH INDEPENDENT SCHOOL DISTRICT**  
**NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

**EXHIBIT J-3**

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
<b>REVENUES:</b>					
5700	<i>Local and Intermediate Sources</i>	\$ 255,000	\$ 246,300	\$ 242,183	\$ (4,117)
5800	<i>State Program Revenues</i>	3,000	32,250	32,186	(64)
5900	<i>Federal Program Revenues</i>	252,000	240,700	256,853	16,153
5020	Total Revenues	<u>510,000</u>	<u>519,250</u>	<u>531,222</u>	<u>11,972</u>
<b>EXPENDITURES:</b>					
Current:					
Support Services - Student (Pupil):					
0035	<i>Food Services</i>	498,000	515,250	473,298	41,952
	Total Support Services - Student (Pupil)	<u>498,000</u>	<u>515,250</u>	<u>473,298</u>	<u>41,952</u>
Support Services - Nonstudent Based:					
0051	<i>Plant Maintenance and Operations</i>	12,000	14,000	11,828	2,172
	Total Support Services - Nonstudent Based	<u>12,000</u>	<u>14,000</u>	<u>11,828</u>	<u>2,172</u>
6030	Total Expenditures	<u>510,000</u>	<u>529,250</u>	<u>485,126</u>	<u>44,124</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	(10,000)	46,096	56,096
1200	Net Change in Fund Balance	--	(10,000)	46,096	56,096
0100	Fund Balance - Beginning	49,208	49,208	49,208	--
3000	Fund Balance - Ending	<u>\$ 49,208</u>	<u>\$ 39,208</u>	<u>\$ 95,304</u>	<u>\$ 56,096</u>

**POTH INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-4**

DEBT SERVICE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	1		2		3		Variance with Final Budget Positive (Negative)
	Budgeted Amounts				Actual		
	Original		Final				
<b>REVENUES:</b>							
5700	<i>Local and Intermediate Sources</i>		\$ 1,014,281	\$ 1,165,281	\$ 1,169,969	\$ 4,688	
5800	<i>State Program Revenues</i>		10,000	11,100	11,466	366	
5020	Total Revenues		<u>1,024,281</u>	<u>1,176,381</u>	<u>1,181,435</u>	<u>5,054</u>	
<b>EXPENDITURES:</b>							
Debt Service:							
0071	<i>Principal on Long-Term Debt</i>		585,000	585,000	585,000	--	
0072	<i>Interest on Long-Term Debt</i>		434,258	415,138	409,122	6,016	
0073	<i>Bond Issuance Costs and Fees</i>		--	82,420	80,794	1,626	
	Total Debt Service		<u>1,019,258</u>	<u>1,082,558</u>	<u>1,074,916</u>	<u>7,642</u>	
6030	Total Expenditures		<u>1,019,258</u>	<u>1,082,558</u>	<u>1,074,916</u>	<u>7,642</u>	
1100	Excess (Deficiency) of Revenues Over (Under)						
1100	Expenditures		<u>5,023</u>	<u>93,823</u>	<u>106,519</u>	<u>12,696</u>	
Other Financing Sources (Uses):							
7911	<i>Capital-Related Debt Issued (Regular Bonds)</i>		--	2,730,000	2,730,000	--	
7916	<i>Premium or Discount on Issuance of Bonds</i>		--	277,800	277,800	--	
8949	<i>Payment to Escrow Agent</i>		--	(2,944,500)	(2,944,430)	70	
7080	Total Other Financing Sources and (Uses)		<u>--</u>	<u>63,300</u>	<u>63,370</u>	<u>70</u>	
1200	Net Change in Fund Balance		<u>5,023</u>	<u>157,123</u>	<u>169,889</u>	<u>12,766</u>	
0100	Fund Balance - Beginning		<u>140,887</u>	<u>140,887</u>	<u>140,887</u>	<u>--</u>	
3000	Fund Balance - Ending		<u>\$ 145,910</u>	<u>\$ 298,010</u>	<u>\$ 310,776</u>	<u>\$ 12,766</u>	

**Lovvorn & Kieschnick, LLP**  
418 Peoples Street, Ste. 308  
Corpus Christi, TX 78401

Independent Auditor's Report on Internal Control over Financial Reporting and  
On Compliance and Other Matters Based on an Audit of Financial Statements  
Performed In Accordance With Government Auditing Standards

Board of Trustees  
Poth Independent School District  
P.O. Box 250  
Poth, Texas 78147

Members of the Board of Trustees:

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 Poth Independent School District, as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise Poth Independent School District's basic financial statements, and have issued our report thereon dated November 12, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Poth Independent School District's internal control over financial reporting (internal control) as a basis for designing 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 Poth Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Poth 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Compliance and Other Matters**

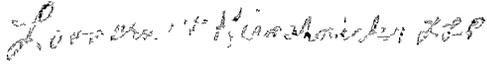
As part of obtaining reasonable assurance about whether Poth Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



LOVVORN & KIESCHNICK, LLP

Corpus Christi, TX  
November 12, 2021

**POTH INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*  
*FOR THE YEAR ENDED AUGUST 31, 2021*

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?

     Yes                      X   No

One or more significant deficiencies identified that  
are not considered to be material weaknesses?

     Yes                      X   None Reported

Noncompliance material to financial  
statements noted?

     Yes                      X   No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

Note: The District was not subject to a single audit because spending for federal awards was below the spending threshold of \$750,000.

Summary of Federal Spending:

Federal Program Revenues Exhibit C-2	\$ 752,456
Less: School Health and Related Services (SHARS)	<u>(160,536)</u>
Federal Award Programs subject to single audit	<u><u>\$ 591,920</u></u>

**POTH INDEPENDENT SCHOOL DISTRICT**  
*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS*  
*FOR THE YEAR ENDED AUGUST 31, 2021*

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
N/A - No prior findings		

**POTH INDEPENDENT SCHOOL DISTRICT**

*CORRECTIVE ACTION PLAN*

*FOR THE YEAR ENDED AUGUST 31, 2021*

Program

Corrective Action Plan

N/A

N/A