

**POTH  
INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED AUGUST 31, 2025**

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**POTH INDEPENDENT SCHOOL DISTRICT**

**DIRECTORY OF OFFICIALS**

**AUGUST 31, 2025**

**BOARD OF TRUSTEES**

CLINT GARZA	PRESIDENT
SCOTT LYSSY	VICE-PRESIDENT
ERIKA URBANCZYK	SECRETARY
WILLIAM ECKEL	MEMBER
TAMI RAMZINSKI	MEMBER
BEN PRUSKI	MEMBER
BYRON PFEIFER	MEMBER

**OTHER OFFICIALS**

DR. ALBERT BYROM	SUPERINTENDENT
BRADEN LYSSY	CHIEF FINANCIAL OFFICER

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Poth Independent School District  
Annual Financial Report  
For The Year Ended August 31, 2025

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
<b>INTRODUCTORY SECTION</b>		
Certificate of Board.....	1	
<b>FINANCIAL SECTION</b>		
Independent Auditor's Report.....	2	
Management's Discussion and Analysis (Required Supplementary Information).....	5	
<u>Basic Financial Statements.</u>		
Government-wide Financial Statements:		
Statement of Net Position.....	12	A-1
Statement of Activities.....	13	B-1
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	14	C-1
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position.....	15	C-1R
Statement of Revenues, Expenditures, and Changes in		
Fund Balances - Governmental Funds.....	16	C-2
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities.....	17	C-3
Statement of Net Position - Internal Service Fund.....	18	D-1
Statement of Revenues, Expenses, and Changes in		
Fund Net Position - Internal Service Fund.....	19	D-2
Statement of Cash Flows - Proprietary Funds.....	20	D-3
Statement of Fiduciary Net Position - Fiduciary Funds.....	21	E-1
Statement of Changes in Fiduciary Net Position - Fiduciary Funds.....	22	E-2
Notes to the Financial Statements .....	23	
<u>Required Supplementary Information.</u>		
Budgetary Comparison Schedules:		
General Fund.....	45	G-1
Schedule of the District's Proportionate Share of the		
Net Pension Liability - Teacher Retirement System.....	47	G-2
Schedule of District's Contributions - Teacher Retirement System.....	48	G-3
Schedule of the District's Proportionate Share of the		
Net OPEB Liability - TRS Care OPEB Plan.....	49	G-4
Schedule of District's Contributions - TRS Care OPEB Plan.....	50	G-5
Notes to Required Supplementary Information.....	51	
<u>Combining Statements as Supplementary Information:</u>		
Special Revenue Funds:		
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	52	H-1

Poeh Independent School District  
 Annual Financial Report  
 For The Year Ended August 31, 2025

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds.....	56	H-2
 <b>OTHER SUPPLEMENTARY INFORMATION SECTION</b>		
Schedule of Delinquent Taxes Receivable.....	59	J-1
Use of Funds Report - Select State Allotment Program .....	61	J-2
Budgetary Comparison Schedules Required by the Texas Education Agency.....		
National School Breakfast and Lunch Program.....	62	J-3
Debt Service Fund.....	63	J-4
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	64	
Schedule of Findings and Questioned Costs .....	66	
Summary Schedule of Prior Audit Findings.....	67	
Corrective Action Plan.....	68	

*Introductory Section*

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CERTIFICATE OF BOARD

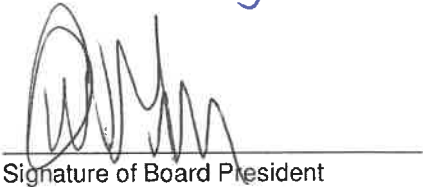
Pooh Independent School District  
Name of School District

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, 2025, at a meeting of the board of trustees of such school district on the 12 day of January, 2026.

  
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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## **Independent Auditor's Report**

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

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

### **Opinions**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pooh Independent School District ("the District"), as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the Pooh Independent School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Pooh Independent School District, as of August 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

### **Responsibilities of Management for the Financial Statements**

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is

not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the 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 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.

### **Supplementary 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 a required part 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. The 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.

#### **Other Information Included in the Annual Report**

Management is responsible for the other information included in the annual report. The other information as identified in the table of contents comprises the information included in the annual report but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2025 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,

*GreenGrowthCPAs*

GreenGrowth CPAs  
Sinton, TX  
December 15, 2025

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## **Management's Discussion & Analysis (MD&A)**

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**POTH INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2025  
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, 2025. Please read it in conjunction with the District's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

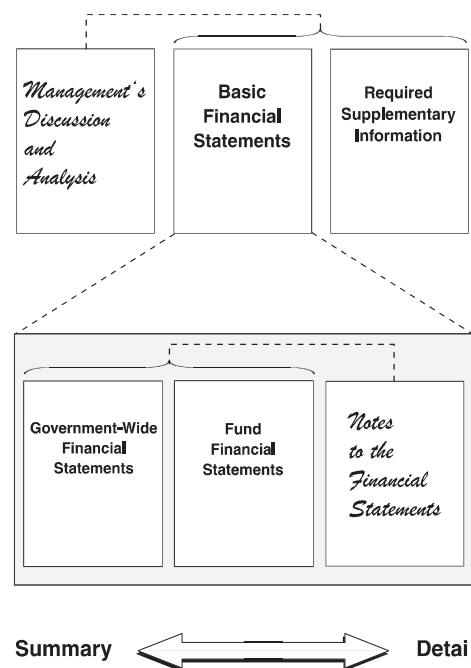
- The District's total combined net position was \$9,321,694 at August 31, 2025.
- During the year, the District's expenses were \$1,192,293 less than the \$14,781,882 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$5,435,793.

**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.
- We use *internal service funds* to report activities that provide supplies and services for the District's other programs and activities.
- *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 \$9,321,694 at August 31, 2025. (See Table A-1.)

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

	Governmental Activities		Total Percentage Change
	2025	2024	2025-2024
<b>Current Assets:</b>			
Cash and cash equivalents	0.58	2.34	-75.2%
Current investments	5.36	3.57	50.1%
Property taxes receivable (Net)	0.43	0.46	-6.5%
Due from other governments	0.90	0.88	2.3%
Other receivables	0.12	0.09	33.3%
<b>Total Current Assets:</b>	<b>7.39</b>	<b>7.34</b>	<b>0.7%</b>
<b>Noncurrent Assets:</b>			
<b>Capital assets (net)</b>			
Land	1.02	1.02	0.0%
Buildings and improvements	15.46	16.36	-5.5%
Furniture and equipment	1.55	1.19	30.3%
Construction in progress	-	-	0.0%
<b>Total Capital Assets (net)</b>	<b>18.03</b>	<b>18.57</b>	<b>-2.9%</b>
<b>Total Assets</b>	<b>25.42</b>	<b>25.91</b>	<b>-1.9%</b>
<b>Deferred Outflows of Resources:</b>			
Deferred charge for refunding	(0.05)	(0.05)	0.0%
Deferred outflow related to pensions	0.70	1.31	-46.6%
Deferred outflow related to OPEB	1.01	0.73	38.4%
<b>Total Deferred Outflows of Resources</b>	<b>1.66</b>	<b>1.99</b>	<b>-16.6%</b>
<b>Current Liabilities:</b>			
Accounts payable	0.12	0.09	33.3%
Accrued liabilities	0.73	0.64	14.1%
Due to other governments	-	-	0.0%
Unearned revenue	0.01	0.04	-75.0%
<b>Total Current Liabilities</b>	<b>0.86</b>	<b>0.77</b>	<b>11.7%</b>
<b>Noncurrent Liabilities:</b>			
Due within one year	0.98	0.83	18.1%
Due in more than one year	9.48	11.02	-14.0%
Net Pension Liability	2.56	3.02	-15.2%
Net OPEB Liability	1.97	1.49	32.2%
Other Long-Term Liability	-	-	0.0%
<b>Total Liabilities</b>	<b>15.85</b>	<b>17.13</b>	<b>-7.5%</b>
<b>Deferred Inflows of Resources:</b>			
Deferred inflow related to pension	0.14	0.14	0.0%
Deferred inflow related to OPEB	1.77	2.19	-19.2%
<b>Total Deferred Inflows of Resources</b>	<b>1.91</b>	<b>2.33</b>	<b>-18.0%</b>
<b>Net Position:</b>			
Invested in capital assets	8.04	6.77	18.8%
Restricted for federal & state programs	0.25	0.20	25.0%
Restricted for debt service	0.44	0.73	-39.7%
Unrestricted	0.59	0.74	-20.3%
<b>Total Net Position</b>	<b>9.32</b>	<b>8.44</b>	<b>10.4%</b>

## Changes in net position.

The District's total revenues were \$14,781,882. A portion, 33 percent, of the District's revenue comes from taxes. 49 percent comes from state aid—formula grants, while 11 percent comes from state and federal grant programs, investment earnings, charges for services and miscellaneous other services.

The total cost of all programs and services was \$13,589,589; 78 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
	2025	2024	2025-2024
<b>Program Revenues:</b>			
Charges for Services	0.05	0.05	0.0%
Operating Grants and Contributions	0.89	1.04	-18.8%
<b>General Revenues:</b>			
Property Taxes	4.94	4.82	2.5%
State Aid – Formula	7.24	8.72	-17.0%
Investment Earnings	0.31	0.27	14.8%
Other	1.35	0.53	154.7%
<b>Total Revenues</b>	<u>14.78</u>	<u>15.43</u>	-4.2%
<b>Expenses:</b>			
Instruction	7.05	7.12	-1.0%
Instructional Resources and Media Services	0.08	0.07	14.3%
Curriculum Dev. and Instructional Staff Dev.	0.09	0.15	-40.0%
Instructional Leadership	0.18	0.16	12.5%
School Leadership	0.57	0.61	-6.6%
Guidance, Counseling and Evaluation Services	0.34	0.35	-2.9%
Health Services	0.12	0.12	0.0%
Student (Pupil) Transportation	0.50	0.47	6.4%
Food Services	0.74	0.74	0.0%
Curricular/Extracurricular Activities	0.95	0.94	1.1%
General Administration	0.67	0.67	0.0%
Plant Maintenance & Oper.	1.39	1.39	0.0%
Securities Monitoring Services	0.20	0.23	-13.0%
Data Processing Services	0.22	0.19	15.8%
Capital Outlay	-	0.02	-100.0%
Debt Service	0.34	0.37	-8.1%
Other Intergovernmental Charges	0.10	0.09	11.1%
Payments to Juvenile Alt. Ed. Program	0.04	0.04	0.0%
<b>Total Expenses</b>	<u>13.58</u>	<u>13.73</u>	-1.1%
<b>Increase (Decrease) in Net Position</b>	<u>1.20</u>	<u>1.70</u>	-29.4%

- The cost of all *governmental* activities this year was \$13,589,589.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$4,939,412.
- Some of the cost was paid by those who directly benefited from the programs \$46,716 or
- By grants and contributions \$886,545.

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		
	2025	2024	% Change	2025	2024	% Change
Instruction	7.01	7.12	-1.5%	6.46	6.46	0.0%
School Administration	0.70	0.67	4.5%	0.63	0.63	0.0%
Plant Maintenance & Operations	1.39	1.39	0.0%	1.34	1.34	0.0%
Debt Service - Interest & Fiscal Charges	0.33	0.37	-10.8%	0.25	0.25	0.0%

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$14,991,024, an decrease of 3 percent over the preceding year \$15,497,653.

(continued)

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2025, the District had invested \$35,662,831 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount represents a net increase (including additions and deductions) of \$747,944.

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

	Governmental Activities		Total Percentage Change
	2025	2024	2025-2024
Land	1.02	1.02	0.0%
Construction in progress	-	-	0.0%
Buildings and improvements	30.83	30.63	0.7%
Vehicles	1.78	1.46	21.9%
Equipment	2.04	1.80	13.3%
Totals at historical cost	35.67	34.91	2.2%
Total accumulated depreciation	17.64	16.34	8.0%
Net capital assets	18.03	18.57	-2.9%

### Long-Term Obligations

At year-end the District had \$9,931,742 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, 2025:

#### 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
	2025	2024	2025-2024
Compensated absences payable	3.98	0.10	3880.0%
Bonds payable	9.93	11.74	-15.4%
Net Pension Liability	2.57	3.02	-14.9%
Net OPEB Liability	1.97	1.49	32.2%
Total Long-Term Obligations	18.45	16.35	12.8%

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

- The locally certified property value of the District for school tax purposes was \$509,647,433 for the 2024-2025 school year. For the 2025-2026 school year, the District had an increase of \$12,076,657 in locally certified property value, bringing the total new value to \$521,724,090.
- The M&O tax rate for 2025 was set at the Voter Approved (Rollback) rate of \$0.66690.
- The Board voted to lower the I&S rate to \$0.28850 to meet the debt service payments and passed a second defeasance resolution to over collect I&S funds for the 2025 tax year in an effort to pay down future debts and save on interest accumulation.
- General operating fund spending per student increased in the 2025-2026 budget from \$11,914 to \$13,350.
- The District passed the 2025-2026 budget based on a refined average daily attendance of 920.37.

The budget adopted for 2026 continues to incorporate the new requirements of HB 3 and the most recent Texas legislative session. Amounts available for appropriation in the general fund budget are \$12,829,028, a 12.40% increase over the 2025 budget of \$11,413,438. 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*

**POTH INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**AUGUST 31, 2025**

Data Control Codes	1	Governmental Activities
<b>ASSETS:</b>		
1110	<i>Cash and Cash Equivalents</i>	\$ 582,714
1120	<i>Current Investments</i>	5,356,303
1225	<i>Property Taxes Receivable (Net)</i>	431,667
1240	<i>Due from Other Governments</i>	900,517
1290	<i>Other Receivables (Net)</i>	120,662
Capital Assets:		
1510	<i>Land</i>	1,015,249
1520	<i>Buildings and Improvements, Net</i>	15,455,223
1530	<i>Furniture and Equipment, Net</i>	1,555,301
1000	Total Assets	<u>25,417,636</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
1701	<i>Deferred Charge for Refunding</i>	(48,348)
1705	<i>Deferred Outflow Related to Pensions</i>	693,630
1706	<i>Deferred Outflow Related to OPEB</i>	1,014,631
1700	Total Deferred Outflows of Resources	<u>1,659,913</u>
<b>LIABILITIES:</b>		
2110	<i>Accounts Payable</i>	116,284
2140	<i>Interest Payable</i>	13,054
2165	<i>Accrued Liabilities</i>	721,615
2180	<i>Due to Other Governments</i>	294
2300	<i>Unearned Revenue</i>	14,750
Noncurrent Liabilities:		
2501	<i>Due Within One Year</i>	978,136
2502	<i>Due in More Than One Year</i>	9,477,438
2540	<i>Net Pension Liability</i>	2,561,119
2545	<i>Net OPEB Liability</i>	1,968,486
2000	Total Liabilities	<u>15,851,176</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
2605	<i>Deferred Inflow Related to Pensions</i>	141,432
2606	<i>Deferred Inflow Related to OPEB</i>	1,763,247
2600	Total Deferred Inflows of Resources	<u>1,904,679</u>
<b>NET POSITION:</b>		
3200	Net Investment in Capital Assets	8,045,682
Restricted For:		
3820	State and Federal Programs	250,133
3850	Debt Service	439,228
3900	Unrestricted	586,651
3000	Total Net Position	<u>\$ 9,321,694</u>

The accompanying notes are an integral part of this statement.

# POTH INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2025

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:					
11	<i>Instruction</i>	\$ 7,057,132	\$ --		\$ 554,061	\$ (6,503,071)
12	<i>Instructional Resources and Media Services</i>	80,688	--		5,342	(75,346)
13	<i>Curriculum and Staff Development</i>	87,474	--		4,238	(83,236)
21	<i>Instructional Leadership</i>	179,781	--		11,140	(168,641)
23	<i>School Leadership</i>	557,018	--		29,809	(527,209)
31	<i>Guidance, Counseling, and Evaluation Services</i>	329,939	--		15,796	(314,143)
33	<i>Health Services</i>	119,659	--		7,332	(112,327)
34	<i>Student Transportation</i>	498,594	--		16,979	(481,615)
35	<i>Food Service</i>	734,639	--		--	(734,639)
36	<i>Cocurricular/Extracurricular Activities</i>	951,224	46,716		36,174	(868,334)
41	<i>General Administration</i>	699,682	--		35,764	(663,918)
51	<i>Facilities Maintenance and Operations</i>	1,394,280	--		31,235	(1,363,045)
52	<i>Security and Monitoring Services</i>	204,705	--		2,274	(202,431)
53	<i>Data Processing Services</i>	223,212	--		8,079	(215,133)
72	<i>Interest on Long-term Debt</i>	319,821	--		128,284	(191,537)
73	<i>Bond Issuance Costs and Fees</i>	12,880	--		--	(12,880)
95	<i>Payments to Juvenile Justice Alternative Ed. Progra.</i>	35,775	--		38	(35,737)
99	<i>Other Intergovernmental Charges</i>	103,086	--		--	(103,086)
TG	Total Governmental Activities	<u>13,589,589</u>	<u>46,716</u>		<u>886,545</u>	<u>(12,656,328)</u>
TP	Total Primary Government	<u>\$ 13,589,589</u>	<u>\$ 46,716</u>		<u>\$ 886,545</u>	<u>(12,656,328)</u>
	General Revenues:					
MT	<i>Property Taxes, Levied for General Purposes</i>					3,449,583
DT	<i>Property Taxes, Levied for Debt Service</i>					1,489,829
IE	<i>Investment Earnings</i>					309,781
SF	<i>State Aid-Formula Grants</i>					7,241,712
GC	<i>Grants and Contributions Not Restricted to Specific Progra</i>					576,883
MI	<i>Miscellaneous</i>					780,833
TR	Total General Revenues					<u>13,848,621</u>
CN	Change in Net Position					1,192,293
NB	Net Position - Beginning					8,129,401
NE	Net Position - Ending					<u>\$ 9,321,694</u>

The accompanying notes are an integral part of this statement.

**POTH INDEPENDENT SCHOOL DISTRICT**

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2025

Data Control Codes	10 General Fund	50 Debt Service Fund	onmf Other Governmental Funds	98 Total Governmental Funds	
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ 404,878	\$ 13,724	\$ 148,177	\$ 566,779
1120	Current Investments	4,995,181	361,122	--	5,356,303
1225	Taxes Receivable, Net	354,231	77,436	--	431,667
1240	Due from Other Governments	804,369	--	96,148	900,517
1290	Other Receivables	28,376	8,585	83,701	120,662
1000	Total Assets	<u>6,587,035</u>	<u>460,867</u>	<u>328,026</u>	<u>7,375,928</u>
<b>LIABILITIES:</b>					
Current Liabilities:					
2110	Accounts Payable	\$ 77,608	\$ --	\$ 38,676	\$ 116,284
2160	Accrued Wages Payable	557,823	--	15,477	573,300
2180	Due to Other Governments	16	278	--	294
2200	Accrued Expenditures	146,814	--	1,500	148,314
2300	Unearned Revenue	14,750	--	--	14,750
2000	Total Liabilities	<u>797,011</u>	<u>278</u>	<u>55,653</u>	<u>852,942</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
2601	Unavailable Revenue - Property Taxes	354,231	77,436	--	431,667
2600	Total Deferred Inflows of Resources	<u>354,231</u>	<u>77,436</u>	<u>--</u>	<u>431,667</u>
<b>FUND BALANCES:</b>					
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	250,133	250,133
3480	Retirement of Long-Term Debt	--	383,153	--	383,153
Committed Fund Balances:					
3510	Construction	810,000	--	--	810,000
3545	Other Committed Fund Balance	--	--	22,240	22,240
3600	Unassigned	4,625,793	--	--	4,625,793
3000	Total Fund Balances	<u>5,435,793</u>	<u>383,153</u>	<u>272,373</u>	<u>6,091,319</u>
4000	Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 6,587,035</u>	<u>\$ 460,867</u>	<u>\$ 328,026</u>	<u>\$ 7,375,928</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, 2025

Total fund balances - governmental funds balance sheet	\$ 6,091,319
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.	18,025,772
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	431,667
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	15,936
Payables for bond principal which are not due in the current period are not reported in the funds.	(9,600,000)
Payables for debt interest which are not due in the current period are not reported in the funds.	(13,054)
Deferred charge for refundings amortized over life of debt.	(48,348)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(2,561,119)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(141,432)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	693,630
Bond premiums are amortized in the SNA but not in the funds.	(331,742)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(1,968,486)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(1,763,247)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	1,014,631
GASB 101 compensated absences payable	(126,188)
L/T GASB 101 compensated absences payable	<u>(397,645)</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 9,321,694</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, 2025*

Data Control Codes	10 General Fund	50 Debt Service Fund	onmf Other Governmental Funds	98 Total Governmental Funds
<b>REVENUES:</b>				
5700 <i>Local and Intermediate Sources</i>	\$ 3,909,821	\$ 1,562,154	\$ 665,549	\$ 6,137,524
5800 <i>State Program Revenues</i>	8,095,257	128,284	41,619	8,265,160
5900 <i>Federal Program Revenues</i>	11,457	--	576,883	588,340
5020 <b>Total Revenues</b>	<u>12,016,535</u>	<u>1,690,438</u>	<u>1,284,051</u>	<u>14,991,024</u>
<b>EXPENDITURES:</b>				
Current:				
0011 <i>Instruction</i>	6,104,832	--	452,303	6,557,135
0012 <i>Instructional Resources and Media Services</i>	71,266	--	2,477	73,743
0013 <i>Curriculum and Staff Development</i>	80,474	--	--	80,474
0021 <i>Instructional Leadership</i>	166,336	--	--	166,336
0023 <i>School Leadership</i>	515,228	--	--	515,228
0031 <i>Guidance, Counseling, and Evaluation Services</i>	304,155	--	--	304,155
0033 <i>Health Services</i>	110,519	--	--	110,519
0034 <i>Student Transportation</i>	760,657	--	--	760,657
0035 <i>Food Service</i>	--	--	757,588	757,588
0036 <i>Cocurricular/Extracurricular Activities</i>	892,951	--	--	892,951
0041 <i>General Administration</i>	640,679	--	2,395	643,074
0051 <i>Facilities Maintenance and Operations</i>	1,330,947	--	13,764	1,344,711
0052 <i>Security and Monitoring Services</i>	198,700	--	--	198,700
0053 <i>Data Processing Services</i>	219,938	--	--	219,938
0071 <i>Principal on Long-term Debt</i>	159,000	1,620,000	--	1,779,000
0072 <i>Interest on Long-term Debt</i>	19,175	334,910	--	354,085
0073 <i>Bond Issuance Costs and Fees</i>	--	12,880	--	12,880
0081 <i>Capital Outlay</i>	110,491	--	--	110,491
0095 <i>Payments to Juvenile Justice Alternative</i>				
0095 <i>Education Programs</i>	35,775	--	--	35,775
0099 <i>Other Intergovernmental Charges</i>	103,086	--	--	103,086
6030 <b>Total Expenditures</b>	<u>11,824,209</u>	<u>1,967,790</u>	<u>1,228,527</u>	<u>15,020,526</u>
1100 <b>Excess (Deficiency) of Revenues Over (Under)</b>				
1100 <b>Expenditures</b>	192,326	(277,352)	55,524	(29,502)
1200 <b>Net Change in Fund Balances</b>	<u>192,326</u>	<u>(277,352)</u>	<u>55,524</u>	<u>(29,502)</u>
0100 <b>Fund Balances - Beginning</b>	5,243,467	660,505	216,849	6,120,821
3000 <b>Fund Balances - Ending</b>	<u>\$ 5,435,793</u>	<u>\$ 383,153</u>	<u>\$ 272,373</u>	<u>\$ 6,091,319</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, 2025*

Net change in fund balances - total governmental funds	\$ (29,502)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	687,146
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,321,936)
Donations of capital assets increase net position in the SOA but not in the funds.	98,086
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(26,583)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,779,000
(Increase) decrease in accrued interest from beginning of period to end of period.	1,576
The net revenue (expense) of internal service funds is reported with governmental activities.	2,861
Amortization of bond premium and deferred amount is an expense in the SOA, but not in the funds.	32,688
The District's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.	(160,070)
The District's share of the unrecognized deferred inflows and outflows for the OPEB plan was amortized.	243,171
GASB 101 Compensated absences	<u>(114,143)</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 1,192,293</u>

The accompanying notes are an integral part of this statement.

**POTH INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF NET POSITION

INTERNAL SERVICE FUND

AUGUST 31, 2025

Data Control Codes		Nonmajor Internal Service Fund <hr/> Health Insurance Fund <hr/>
	<b>ASSETS:</b>	
	Current Assets:	
1110	<i>Cash and Cash Equivalents</i>	\$ 15,936
	Total Current Assets	<hr/> 15,936
1000	Total Assets	<hr/> 15,936
	<b>LIABILITIES:</b>	
2000	Total Liabilities	<hr/> --
	<b>NET POSITION:</b>	
3900	<i>Unrestricted</i>	\$ 15,936
3000	Total Net Position	<hr/> <hr/> \$ 15,936

The accompanying notes are an integral part of this statement.

**POTH INDEPENDENT SCHOOL DISTRICT**  
*STATEMENT OF REVENUES, EXPENSES, AND CHANGES*  
*IN FUND NET POSITION - INTERNAL SERVICE FUND*  
*FOR THE YEAR ENDED AUGUST 31, 2025*

Data Control Codes		Nonmajor Internal Service Fund <u>Health Insurance Fund</u>
	<b>OPERATING REVENUES:</b>	
5700	<i>Local and Intermediate Sources</i>	\$ 1,002,891
5020	Total Revenues	<u>1,002,891</u>
	<b>OPERATING EXPENSES:</b>	
6100	<i>Payroll Costs</i>	1,000,030
6030	Total Expenses	<u>1,000,030</u>
1300	Change in Net Position	2,861
0100	Total Net Position - Beginning	13,075
3300	Total Net Position - Ending	<u>\$ 15,936</u>

The accompanying notes are an integral part of this statement.

**POTH INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2025

	Internal Service Funds
<b>Cash Flows from Operating Activities:</b>	
<i>Cash Receipts (Payments) for Quasi-external     Operating Transactions with Other Funds</i>	\$ 1,002,972
<i>Cash Payments to Employees for Services</i>	--
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(1,000,030)
<i>Other Operating Cash Receipts (Payments)</i>	--
Net Cash Provided (Used) by Operating Activities	<u>2,942</u>
<b>Cash Flows from Investing Activities:</b>	
<i>Interest and Dividends on Investments</i>	--
Net Cash Provided (Used) for Investing Activities	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,942
Cash and Cash Equivalents at Beginning of Year	12,994
Cash and Cash Equivalents at End of Year	<u>\$ 15,936</u>
<b>Reconciliation of Operating Income to Net Cash     Provided by Operating Activities:</b>	
Operating Income (Loss)	\$ 2,942
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
<i>Depreciation</i>	--
Change in Assets and Liabilities:	
<i>Decrease (Increase) in Receivables</i>	--
<i>Increase (Decrease) in Accounts Payable</i>	--
<i>Increase (Decrease) in Accrued Wages Payable</i>	--
<i>Increase (Decrease) in Interfund Payables</i>	--
<i>Increase (Decrease) in Accrued Expenses</i>	--
Total Adjustments	<u>--</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,942</u>

The accompanying notes are an integral part of this statement.



**POTH INDEPENDENT SCHOOL DISTRICT**  
*STATEMENT OF CHANGES IN FIDUCIARY NET POSITION*  
*FIDUCIARY FUNDS*  
*FOR THE YEAR ENDED AUGUST 31, 2025*

	Custodial Funds
	<u>Student Activity</u>
<b>ADDITIONS:</b>	
Scholarship Contributions	\$ 17,000
Student Club Fees	14,784
Contributions /Gifts	148,003
Fundraising Activities	356,810
Total Additions	<u>536,597</u>
<b>DEDUCTIONS:</b>	
Student Activities	17,000
Student Scholarships	541,164
Total Deductions	<u>558,164</u>
<b>Change in Fiduciary Net Position</b>	(21,567)
Net Position-Beginning of the Year	319,411
Net Position-End of the Year	<u>\$ 297,844</u>

The accompanying notes are an integral part of this statement.

# **POTH INDEPENDENT SCHOOL DISTRICT**

## *NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED AUGUST 31, 2025*

### 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 elected body, 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.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

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

**Debt Service Fund:** This Fund is used to account for the District's debt service property tax revenue and related debt service expenditures for bonded debt.

## **POTH INDEPENDENT SCHOOL DISTRICT**

### *NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED AUGUST 31, 2025*

In addition, the District reports the following fund types:

**Internal Service Funds:** These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

**Custodial Funds:** These funds are used to report student activity funds and other resources held in a purely custodial capacity. Custodial funds typically involve only the receipt, temporary investment, and remittance of the fiduciary resources to individuals, private organizations, or other governments.

Fiduciary 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, Proprietary, and Fiduciary Fund Financial Statements:** These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements 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 lease contracts and subscription-based information technology arrangements 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. Compensated Absences**

Employees of the District are granted vacation, sick leave, and other types of compensated absences in accordance with District policy, labor agreements, and applicable state and local regulations. Compensated absences are absences for which employees will be paid, such as vacation, sick leave, and certain types of sabbatical leave when agreed upon in contracts or labor agreements. Vacation and sick leave may be carried forward from year to year, subject to limits established by policy.

A liability for compensated absences is recognized when earned by employees if (a) the leave is attributable to services already rendered, (b) the leave accumulates and may be carried forward to future periods, and (c) it is

## **POTH INDEPENDENT SCHOOL DISTRICT**

### *NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED AUGUST 31, 2025*

more likely than not that the leave will be used for time off or otherwise paid in cash or settled through noncash means. The liability is measured using the pay or salary rates in effect as of the financial statement date, plus salary-related payments that are directly and incrementally associated with payments for compensated absences, as required by GASB Statement No. 101.

In accordance with GASB Statement No. 101, unused sick leave that, upon retirement, is converted to provide or enhance a defined benefit pension is excluded from the compensated absences liability. The value of such converted leave is instead included in the measurement of the District's net pension liability in accordance with applicable GASB standards.

In governmental funds, only the portion of the liability expected to be liquidated with expendable available financial resources is reported as a fund liability. The full liability is reported in the government-wide financial statements.

The District measured the liability based on a historical look-back period of three years with a last in first out flows assumption for use of accrued balances.

#### 4. Financial Statement Amounts

##### a. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

##### b. 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.

##### c. 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.

**POTH INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED AUGUST 31, 2025*

d. Capital Assets

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>
Buildings	50
Building Improvements	20
Vehicles	2-15
Furniture and Equipment	3-10
Computer Equipment	3-15

e. 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.

f. 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.

g. 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.

h. Use of Estimates

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

## **POTH INDEPENDENT SCHOOL DISTRICT**

### *NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED AUGUST 31, 2025*

i. Data Control Codes

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

j. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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.

k. 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.

l. 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,

## **POTH INDEPENDENT SCHOOL DISTRICT**

### *NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED AUGUST 31, 2025*

followed by assigned fund balance. Unassigned fund balance is applied last.

#### 5. 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 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.

#### 6. 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.

#### 7. Implementation of New Standards

In the current fiscal year, the District implemented the following new standard. The applicable provisions of the new standards are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

##### *GASB Statement No. 101, Compensated Absences*

In the current fiscal year, the District has adopted the provisions of GASB Statement No. 101, Compensated Absences, which became effective for reporting periods beginning after December 15, 2023. This Statement establishes a unified model for the recognition, measurement, and disclosure of compensated absences, replacing the previous guidance under GASB Statements No. 16 and related interpretations.

GASB 101 requires governments to recognize a liability for certain types of compensated absences when the leave is accrued and attributable to services already rendered, and when it is more likely than not that the leave will be used for time off, or otherwise paid or settled. The Statement applies to vacation leave, sick leave, paid time off (PTO), and other forms of compensated leave that meet the defined criteria.

##### Impact on the District

Upon adopting GASB 101, the District evaluated all categories of leave provided to employees, including state and local leave, vacation leave (where applicable), and other compensated absences. The District reviewed historical usage patterns, payout terms, and the likelihood of settlement in accordance with the measurement criteria established by the Statement.

As a result of this review, the District made an adjustment to align the beginning compensated absences liability with the new recognition and measurement requirements. The cumulative effect of adopting GASB 101 resulted in the following restatement:

- Governmental Activities – the beginning net position was adjusted by \$306,948 representing the net increase (or decrease) in the previously reported compensated absences liability.

The adoption of GASB 101 did not have a material impact on fund-level financial statements, as compensated absences continue to be recognized only to the extent that they are normally expected to be liquidated with available expendable financial resources.

# POTH INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

### Measurement and Disclosure Going Forward

Under GASB 101, the District will:

- Measure compensated absences based on the pay rate in effect at the financial statement date,
- Apply the "more likely than not" threshold for expected usage or cash settlement,
- Recognize liabilities for both compensated time-off and non-vesting leave when the criteria are met,
- Continue to provide note disclosures describing the types of leave offered, significant assumptions, and changes in the liability.

This adoption ensures consistency with current governmental accounting standards and enhances the comparability and transparency of the District's reporting on employee leave obligations.

### 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.

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.

**POTH INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED AUGUST 31, 2025*

1. Cash Deposits:

At August 31, 2025, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$880,558 and the bank balance was \$1,114,048. The District's cash deposits at August 31, 2025 and during the year ended August 31, 2025, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

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

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

<u>Investment or Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 to 2</u>	<u>2 to 3</u>
Investment Pools:				
Investment in TexPool	\$ 4,070,872	\$ 4,070,872	\$ --	\$ --
Investment in Texas Capital Bank	1,285,431	1,285,431	--	--
Total Investments	<u>\$ 5,356,303</u>	<u>\$ 5,356,303</u>	<u>\$ --</u>	<u>\$ --</u>

3. Analysis of Specific Deposit and Investment Risks

a. Interest Rate Risk

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

b. 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.

c. 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.

# POTH INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

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.

- d. **Concentration of Credit Risk**  
This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.
- e. **Interest Rate Risk**  
This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.
- f. **Foreign Currency Risk**  
This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

### Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

### D. Capital Assets

Capital asset activity for the year ended August 31, 2025, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b><u>Governmental activities:</u></b>				
<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	30,628,485	199,153	--	30,827,638
Equipment	1,807,299	270,957	37,286	2,040,970
Vehicles	1,463,854	315,120	--	1,778,974
Total capital assets being depreciated	<u>33,899,638</u>	<u>785,230</u>	<u>37,286</u>	<u>34,647,582</u>
Less accumulated depreciation for:				
Buildings and improvements	(14,270,394)	(1,102,021)	--	(15,372,415)
Equipment	(1,171,337)	(111,915)	(37,286)	(1,245,966)
Vehicles	(910,678)	(108,000)	--	(1,018,678)
Total accumulated depreciation	<u>(16,352,409)</u>	<u>(1,321,936)</u>	<u>(37,286)</u>	<u>(17,637,059)</u>
Total capital assets being depreciated, net	<u>17,547,229</u>	<u>(536,706)</u>	<u>--</u>	<u>17,010,523</u>
Governmental activities capital assets, net	<u>\$ 18,562,478</u>	<u>\$ (536,706)</u>	<u>\$ --</u>	<u>\$ 18,025,772</u>

**POTH INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2025*

Depreciation was charged to functions as follows:

Instruction	\$	702,731
Instructional Resources and Media Services		7,906
Curriculum and Staff Development		8,627
Instructional Leadership		17,832
School Leadership		55,149
Guidance, Counseling, & Evaluation Services		32,607
Health Services		11,848
Student Transportation		109,372
Food Services		22,158
Extracurricular Activities		95,728
General Administration		68,940
Plant Maintenance and Operations		144,159
Security and Monitoring Services		21,301
Data Processing Services		23,578
	\$	<u>1,321,936</u>

**E. Interfund Balances and Activities**

1. Due To and From Other Funds

There were no due to and from other funds at August 31, 2025.

2. Transfers To and From Other Funds

There were no transfers to and from other funds at August 31, 2025.

**F. Long-Term Obligations**

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2025, are as follows:

Description	Rate Payable	Original Issue	Outstanding 09/01/2024	Issued	Retired	Outstanding 08/31/2025	Amounts Due Within One Year
Unlimited Tax School Bldg Bonds Series 2018	3,00% to 4,00%	9,965,000 \$	7,865,000 \$	--	\$ 1,295,000	\$ 6,570,000	\$ 325,000
Limited Tax Refunding Bonds Series 2021	1,11% to 1,84%	1,791,000	1,329,000	--	159,000	1,170,000	161,000
Unlimited Tax School Bldg Bonds Series 2021	2,00% to 3,00%	2,730,000	2,185,000	--	325,000	1,860,000	335,000
			<u>11,379,000</u>	<u>--</u>	<u>1,779,000</u>	<u>9,600,000</u>	<u>821,000</u>

**POTH INDEPENDENT SCHOOL DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2025

Bond Premium	362,690	--	30,948	331,742	30,948
Compensated Absences	409,689	114,143	--	523,832	126,188
Net Pension Liability	3,020,119	(459,000)	--	2,561,119	--
Net OPEB Liability	1,493,607	474,879	--	1,968,486	--
Total governmental activities	<u>\$ 16,665,105</u>	<u>\$ 130,022</u>	<u>\$ 1,809,948</u>	<u>\$ 14,985,179</u>	<u>\$ 978,136</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, 2025.

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 August 31, 2025, are as follows:

Year Ending August 31	Governmental Activities					
	General Obligation Bonds			Limited Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 660,000	\$ 278,556	\$ 938,556	\$ 161,000	\$ 17,617	\$ 178,617
2027	540,000	255,506	795,506	162,000	15,830	177,830
2028	560,000	235,906	795,906	164,000	13,837	177,837
2029	575,000	215,556	790,556	167,000	11,591	178,591
2030	600,000	194,656	794,656	169,000	9,035	178,035
2031-2035	2,805,000	683,888	3,488,888	347,000	9,450	356,450
2036-2040	2,480,000	295,475	2,775,475	--	--	--
2041-2045	210,000	7,350	217,350	--	--	--
Totals	<u>\$ 8,430,000</u>	<u>\$ 2,166,893</u>	<u>\$ 10,596,893</u>	<u>\$ 1,170,000</u>	<u>\$ 77,360</u>	<u>\$ 1,247,360</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 2025, 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.

iFor workers compensation coverage, Poth ISD is currently covered through a fully funded plan through the TASB risk management fund. As such, the District is only liable for their annual policy premiums.

iThe District still carries claims payables on their books from a previous plan. Estimates of claims payable and claims incurred, but not reported at August 31, 2025, are

**POTH INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2025*

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 08/31/2025	Year Ended 08/31/2024
Unpaid claims, beginning of year	\$ 134,466	\$ 134,499
Current year claims and changes in estimate	(50)	(33)
Claim payments	--	--
Unpaid claims, end of year	<u>\$ 134,416</u>	<u>\$ 134,466</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, 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

Detailed 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/Pages/about\\_archive\\_cafr.aspx](https://www.trs.texas.gov/Pages/about_archive_cafr.aspx); 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 where 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 cost of living adjustments (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as previously 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 in the manner are determined by the System's actuary.

**POTH INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED AUGUST 31, 2025*

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.

	<u>Contribution Rates</u>	
	<u>2024</u>	<u>2025</u>
Member	8.25%	8.25%
Non-Employer Contributing Entity (State)	8.25%	8.25%
Employers	8.25%	8.25%
District's 2025 Employer Contributions	\$	264,575
District's 2025 Member Contributions	\$	610,423
2024 NECE On-Behalf Contributions (State)	\$	470,168

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 a 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 or all of an employee's salary is paid by federal, private, local or non-educational and general 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.

Employers are also required to pay surcharges in the following cases:

- All public schools, charter schools and regional educational service centers must contribute 1.8 percent of the member's salary beginning in fiscal year 2023, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of the TRS, the employer shall pay an amount equal to the member contribution and the state contribution as an employment after retirement surcharge.

5. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2023. Update procedures were used to roll forward the

**POTH INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2025**

total pension liability to August 31, 2024.

Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2024	3.87% *
Last year ending August 31 in Projection Period (100 years)	2123
Inflation	2.30%
Salary Increases including inflation	2.95% to 8.95%
Ad hoc post-employment benefit changes	None

\* The source for the rate is the Bond Buyers 20 Index which represents the estimated yield of a portfolio of 20 general obligation bonds maturing in 20 years based on a survey of municipal bond traders.

The actuarial assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2022. For a full description of these assumptions, please see the actuarial valuation report dated November 22, 2022.

6. Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 legislative session. It is assumed that future employer and state contributions will be 9.54 percent of payroll in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected 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 expected rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate 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, 2024 are summarized below:

<b>Asset Class</b>	<b>Target Allocation **</b>	<b>Long-Term Expected Geometric Real Rate of Return ***</b>	<b>Expected Contribution to Long-Term Portfolio Returns</b>
<b>Global Equity</b>			
USA	18.0%	4.4%	1.0%
Non-U.S. Developed	13.0%	4.2%	0.8%
Emerging Markets	9.0%	5.2%	0.7%
Private Equity	14.0%	6.7%	1.2%
<b>Stable Value</b>			
Government Bonds	16.0%	1.9%	0.4%

**POTH INDEPENDENT SCHOOL DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2025

Stable Value Hedge Funds	5.0%	3.0%	0.2%
Absolute Return *	0.0%	4.0%	0.0%
<b>Real Return</b>			
Real Estate	15.0%	6.6%	1.2%
Energy, Natural Resources and Infrastructure	6.0%	5.6%	0.4%
Commodities	0.0%	2.5%	0.0%
<b>Risk Parity</b>	8.0%	4.0%	0.4%
<b>Asset Allocation Leverage</b>			
Cash	2.0%	1.0%	0.0%
Asset Allocation Leverage	(6.0%)	1.3%	(0.1)%
<b>Inflation Expectation</b>			2.4%
<b>Volatility Drag ****</b>			(0.7)%
<b>Expected Return</b>	<u>100.0%</u>		<u>7.9%</u>
* Absolute Return includes Credit Sensitive Investments.			
** Target allocations are based on the FY2023 policy model.			
*** Capital Market Assumptions come from Aon Hewitt (as of 06/30/2023)			
**** The volatility drag results from the conversion between arithmetic and geometric mean returns.			

7. Discount Rate Sensitivity Analysis

The following table presents the net pension liability of the plan using a discount rate of 7.00 percent, and what the net position liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability:	\$ 4,090,755	\$ 2,561,119	\$ 1,293,706

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

At August 31, 2025, the District reported a liability of \$2,561,119 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 are as follows:

District's proportionate share of the collective net pension liability	\$ 2,561,119
State's proportionate share that is associated with District	<u>5,096,370</u>
Total	<u>\$ 7,657,489</u>

The net pension liability was measured as of August 31, 2023 and rolled forward to August 31, 2024 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

**POTH INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED AUGUST 31, 2025*

pension plan relative to the contributions of all employers to the plan for the period September 1, 2023 thru August 31, 2024.

At the measurement date of August 31, 2024 the employer's proportion of the collective net pension liability was 0.0041927692 percent which was an increase (decrease) of 0.00419277 percent from its proportion measured as of August 31, 2023.

9. Changes Since the Prior Actuarial Valuation

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

For the year ended August 31, 2025, the District recognized pension expense of \$609,101 and revenue of \$609,101 for support provided by the State.

At August 31, 2025, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Actuarial Experience	\$ 141,165	\$ 19,996
Changes in Actuarial Assumptions	132,236	17,728
Difference Between Projected and Actual Investment Earnings	15,568	--
Changes in Proportion and Difference between District's Contributions and the Proportionate Share of Contributions	140,086	103,708
Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability (to be calculated by employer)	264,575	--
Total	<u>\$ 693,630</u>	<u>\$ 141,432</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
2026	\$ 26,758
2027	\$ 286,529
2028	\$ 42,794
2029	\$ (64,924)
2030	\$ (3,533)
Thereafter	\$ --

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

**POTH INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2025*

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/Pages/about\\_archive\\_cafr.aspx](https://www.trs.texas.gov/Pages/about_archive_cafr.aspx); by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592.

3. Benefits Provided

TRS-Care provides health insurance coverage to retirees from public and charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for retirees are reflected in the following table.

TRS-Care Monthly Premium Rates		
	Medicare	Non-Medicare
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse 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 participating employers are based on active employee compensation. The TRS board does not have the authority to set or amend contribution rates.

Section 1575.202 of the Texas Insurance Code 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 Salary. Section 1575.204 establishes a public school 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 employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee's pay for fiscal year 2023. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates	
Active Employee	0.65%
Non-Employer Contributing Entity (State)	1.25%

**POTH INDEPENDENT SCHOOL DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2025

Employers	0.75%
Federal/Private Funding remitted by Employers	1.25%

The contribution amounts for the District's fiscal year 2025 are as follows:

District's 2025 Employer Contributions	\$	60,084
District's 2025 Member Contributions	\$	48,092
2024 NECE On-Behalf Contributions (state)	\$	73,816

All employers whose employees are covered by the TRS pension plan are also required to pay a surcharge of \$535 per month when employing a retiree of TRS. The TRS-Care surcharges for fiscal year 2024 totaled \$16,318,100.

A supplemental appropriation was received in 2023 for \$21.3 million provided by Rider 14 of the Senate Bill GAA of the 87th Legislature. These amounts were re-appropriated from amounts received by the pension and TRS-Care funds in excess of the state's actual obligation and then transferred to TRS-Care.

5. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2023. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2024.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The following assumptions used for the valuation of the TRS-Care OPEB liability are identical to the assumptions employed in the August 31, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2024:

<u>Demographic Assumptions</u>	<u>Economic Assumptions</u>
Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	
Rates of Disability	

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

The following methods and additional assumptions were used in the TRS-Care OPEB valuation:

Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	3.87% as of August 31, 2024
Aging Factors	Based on the Society of Actuaries' 2013 Study "Health Care Costs - From Birth to Death".
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the

**POTH INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2025*

	the age-adjusted claims costs.
Salary Increases	2.95% to 8.95%, including inflation
Election Rates	Normal Retirement - 62% participation rate prior to age 65 and 25% participation rate after age 65. Pre-65 retirees - 30% are assumed to discontinue coverage at age 65.
Ad Hoc Post-Employment Benefit Changes	None

The initial medical trend rate was 6.75 percent for non-Medicare retirees. For Medicare retirees, trend rates are higher in the first two years due to anticipated growth but thereafter match those of non-Medicare retirees. The initial prescription drug trend rate was 7.25 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 11 years.

6. Discount Rate

A single discount rate of 3.87 percent was used to measure the Total OPEB Liability. This was a decrease of 0.26 percent in the discount rate since the previous year. Since the plan is a pay-as-you-go plan, the single discount rate is equal to the prevailing municipal bond rate.

The source for the municipal bond rate is the Fixed Income Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in the Bond Buyer's "20-Bond GO Index", as of August 31, 2024.

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 (3.87%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.87%)	Current Single Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
District's proportionate share of the Net OPEB Liability:	\$ 2,338,653	\$ 1,968,486	\$ 1,669,385

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

At August 31, 2025, the District reported a liability of \$(43,916) 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	\$ 1,968,486
State's proportionate share that is associated with the District	\$ <u>2,466,486</u>
Total	\$ <u><u>4,434,972</u></u>

The Net OPEB liability was measured as of August 31, 2023 and rolled forward to August 31, 2024 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, 2023 thru August 31, 2024.

At August 31, 2025 the District's proportion of the collective net OPEB liability was 0.0064856221, compared

# POTH INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

which was an increase (decrease) of -0.0002610873% from its proportion measured as of August 31, 2023. \*\*

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:	\$ 1,603,039	\$ 1,968,486	\$ 2,444,699

### 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 4.13 percent as of August 31, 2023 to 3.87 percent as of August 31, 2024. This change increased the Total OPEB Liability.

#### Changes of Benefit Terms Since the Prior Measurement Date

Since the last valuation was prepared for this plan, Texas Senate Bill 1055, which was signed by the Governor on May 10, 2023, added Stephen F. Austin University into the University of Texas System. As a result, eligible employees of Stephen F. Austin State University ceased being members under this OPEB plan effective August 31, 2023. This change is reflected in the Total OPEB Liability as of August 31, 2023. In addition, this valuation reflects the minor benefit changes that became effective September 1, 2023, since these changes were announced to plan members in advance of August 31, 2023. These minor benefit changes, which are not expected to have a significant impact on plan costs for fiscal year 2024, are provided for in the fiscal year 2024 Assumed Per Capita Health Benefit Costs.

The amount of OPEB expense recognized by the District in the reporting period was \$(320,598).

At August 31, 2025, 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	\$ 377,293	\$ 982,381
Changes in actuarial assumptions	251,943	642,294
Difference between projected and actual investment earnings	--	5,512
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	325,311	133,060
Contributions paid to TRS subsequent to the measurement date	60,084	--
Total	\$ <u>1,014,631</u>	\$ <u>1,763,247</u>

# POTH INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

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
2026	\$ (234,324)
2027	\$ (145,168)
2028	\$ (165,456)
2029	\$ (146,645)
2030	\$ (91,452)
Thereafter	\$ (25,656)

For the year ended August 31, 2025, the District recognized OPEB expense of \$(320,598) and revenue of \$(320,598) 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, 2025, the subsidy payment received by TRS-Care on behalf of the District was \$54,424.

### J. Employee Health Care Coverage

During the year ended August 31, 2025, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$350 per pay period per employee and dependents to the Plan. 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, 2025, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the Allegiance/Cigna are available for the year ended , 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, 2025.

### 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

**POTH INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2025*

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, 2025, are reported on the combined financial statements as Due from Other Governments and are summarized below:

Fund	State Entitlements	Federal Grants	Total
General	\$ 804,369	\$ --	\$ 804,369
Special Revenue	28,205	67,943	96,148
Total	<u>\$ 832,574</u>	<u>\$ 67,943</u>	<u>\$ 900,517</u>

M. Unearned Revenue

Unearned revenue at year end consisted of the following:

Revenue Description	General Fund	Total
Out of district tuition	\$ 14,750	\$ 14,750
Other	--	--
Total Unearned Revenue	<u>\$ 14,750</u>	<u>\$ 14,750</u>

N. Fund Balance

The following is a summary of Governmental Fund fund balances of the District at the year ended August 31, 2025:

General Fund

Committed:		
Construction	\$	810,000
Capital Expenditures for Equipment		--
		<u>810,000</u>
Unassigned:		<u>4,625,793</u>
Total General Fund fund balance		<u>5,435,793</u>

Debt Service Fund

Restricted:		
Retirement of Long-Term Debt		<u>383,153</u>

Other Governmental Funds

Restricted:		
Special Revenue		53,666
Child Nutrition		196,467
		<u>250,133</u>

Committed:		
Campus Activity Funds		<u>22,240</u>

Total Other Governmental Fund fund balance 272,373

Total Governmental fund balance \$ 6,091,319

### *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, 2025

**EXHIBIT G-1**

Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 3,766,734	\$ 3,924,507	\$ 3,909,821	\$ (14,686)
5800	State Program Revenues	7,611,704	7,854,431	8,095,257	240,826
5900	Federal Program Revenues	110,000	12,000	11,457	(543)
5020	Total Revenues	<u>11,488,438</u>	<u>11,790,938</u>	<u>12,016,535</u>	<u>225,597</u>
<b>EXPENDITURES:</b>					
Current:					
Instruction and Instructional Related Services:					
0011	Instruction	6,153,973	6,153,874	6,104,832	49,042
0012	Instructional Resources and Media Services	71,321	71,321	71,266	55
0013	Curriculum and Instructional Staff Development	93,844	93,844	80,474	13,370
	Total Instruction and Instr. Related Services	<u>6,319,138</u>	<u>6,319,039</u>	<u>6,256,572</u>	<u>62,467</u>
Instructional and School Leadership:					
0021	Instructional Leadership	149,348	169,348	166,336	3,012
0023	School Leadership	628,866	527,866	515,228	12,638
	Total Instructional and School Leadership	<u>778,214</u>	<u>697,214</u>	<u>681,564</u>	<u>15,650</u>
Student Support Services:					
0031	Guidance, Counseling and Evaluation Services	303,388	306,787	304,155	2,632
0033	Health Services	110,308	112,808	110,519	2,289
0034	Student Transportation	393,111	793,031	760,657	32,374
0036	Extracurricular Activities	865,138	901,938	892,951	8,987
	Total Student Support Services	<u>1,671,945</u>	<u>2,114,564</u>	<u>2,068,282</u>	<u>46,282</u>
Administrative Support Services:					
0041	General Administration	633,638	657,609	640,679	16,930
	Total Administrative Support Services	<u>633,638</u>	<u>657,609</u>	<u>640,679</u>	<u>16,930</u>
Support Services:					
0051	Facilities Maintenance and Operations	1,325,055	1,332,060	1,330,947	1,113
0052	Security and Monitoring Services	161,328	201,328	198,700	2,628
0053	Data Processing Services	403,024	222,424	219,938	2,486
	Total Support Services	<u>1,889,407</u>	<u>1,755,812</u>	<u>1,749,585</u>	<u>6,227</u>
Debt Service:					
0071	Debt Service	159,000	159,000	159,000	--
0072	Interest on Long-Term Debt	19,200	19,200	19,175	25
0073	Bond Issuance Costs and Fees	400	400	--	400
	Total Debt Service	<u>178,600</u>	<u>178,600</u>	<u>178,175</u>	<u>425</u>
Capital Outlay:					
0081	Facilities Acquisition and Construction	--	115,000	110,491	4,509
	Total Capital Outlay	<u>--</u>	<u>115,000</u>	<u>110,491</u>	<u>4,509</u>
Intergovernmental Charges:					
0095	Payments to Juvenile Justice Alternative Education Programs	37,500	37,500	35,775	1,725
0099	Other Intergovernmental Charges	103,100	103,100	103,086	14
	Total Intergovernmental Charges	<u>140,600</u>	<u>140,600</u>	<u>138,861</u>	<u>1,739</u>
6030	Total Expenditures	<u>11,611,542</u>	<u>11,978,438</u>	<u>11,824,209</u>	<u>154,229</u>

**POTH INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2025

**EXHIBIT G-1**

Page 2 of 2

Data Control Codes	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>(123,104)</u>	<u>(187,500)</u>	<u>192,326</u>	<u>379,826</u>
1200 Net Change in Fund Balance	<u>(123,104)</u>	<u>(187,500)</u>	<u>192,326</u>	<u>379,826</u>
0100 Fund Balance - Beginning	<u>5,243,467</u>	<u>5,243,467</u>	<u>5,243,467</u>	<u>--</u>
3000 Fund Balance - Ending	<u>\$ 4,310,363</u>	<u>\$ 4,245,967</u>	<u>\$ 5,435,793</u>	<u>\$ 1,189,826</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, 2025

	Measurement Year Ended August 31,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Liability (Asset)	0.0041927692%	0.0043967150%	0.0040327822%	0.0039014116%	0.0039596199%	0.0040294612%	0.0037833948%	0.0039305350%	0.0036691127%	0.0042370000%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 2,561,119	\$ 3,020,119	\$ 2,394,159	\$ 993,551	\$ 2,120,692	\$ 2,094,640	\$ 2,082,472	\$ 1,256,773	\$ 1,386,503	\$ 1,497,723
States Proportionate Share of the Net Pension Liability (Asset) associated with the District	5,096,370	5,831,379	5,195,610	2,311,431	4,693,883	4,170,030	4,290,008	2,763,292	3,338,509	3,370,645
<b>Total</b>	<b>\$ 7,657,489</b>	<b>\$ 8,851,498</b>	<b>\$ 7,589,769</b>	<b>\$ 3,304,982</b>	<b>\$ 6,814,575</b>	<b>\$ 6,264,670</b>	<b>\$ 6,372,480</b>	<b>\$ 4,020,065</b>	<b>\$ 4,725,012</b>	<b>\$ 4,868,368</b>
District's Covered Payroll	\$ 7,423,340	\$ 7,068,510	\$ 6,538,107	\$ 6,218,059	\$ 5,985,528	\$ 5,337,023	\$ 4,884,980	\$ 5,075,391	\$ 4,834,018	\$ 22,327,598
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	34.50%	42.73%	36.62%	15.98%	35.43%	39.25%	42.63%	24.76%	28.68%	6.71%
Plan Fiduciary Net Position as a % of Total Pension Liability	77.51%	73.15%	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

POTH INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR THE YEAR ENDED AUGUST 31, 2025

	Fiscal Year Ended August 31,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 264,575	\$ 281,300	\$ 226,002	\$ 188,182	\$ 166,482	\$ 163,376	\$ 140,983	\$ 126,936	\$ 127,086	\$ 653,258
Contribution in Relation to Contractually Required Contribution	(264,575)	(281,300)	(226,002)	(188,182)	(166,482)	(163,376)	(140,983)	(126,936)	(127,086)	(653,258)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 7,514,799	\$ 7,423,340	\$ 7,068,510	\$ 6,538,107	\$ 6,218,059	\$ 5,985,528	\$ 5,337,023	\$ 4,884,980	\$ 5,075,391	\$ 23,453,444
Contributions as a % of Covered Payroll	3.52%	3.79%	3.20%	2.88%	2.68%	2.73%	2.64%	2.60%	2.50%	2.79%

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, 2025

	Measurement Year Ended August 31,							
	2024	2023	2022	2021	2020	2019	2018	2017
District's Proportion of the Net OPEB Liability (Asset)	0.0064856221%	0.0067467094%	0.0065904431%	0.0064362843%	0.0063646780%	0.0059983949%	0.0056769731%	0.0057893701%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 1,968,486	\$ 1,493,607	\$ 1,578,016	\$ 2,482,763	\$ 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	2,466,486	1,802,267	1,924,932	3,326,349	3,251,230	3,769,359	4,254,383	4,040,362
<b>Total</b>	<b>\$ 4,434,972</b>	<b>\$ 3,295,874</b>	<b>\$ 3,502,948</b>	<b>\$ 5,809,112</b>	<b>\$ 5,670,732</b>	<b>\$ 6,606,073</b>	<b>\$ 7,088,948</b>	<b>\$ 6,557,942</b>
District's Covered Payroll	\$ 7,423,340	\$ 7,068,510	\$ 6,538,107	\$ 6,218,059	\$ 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	26.52%	21.13%	24.14%	39.93%	40.42%	53.15%	58.03%	49.60%
Plan Fiduciary Net Position as a % of Total OPEB Liability	13.70%	14.94%	11.52%	6.18%	4.99%	2.66%	1.57%	0.91%

Note: Only eight 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, 2025

	Fiscal Year Ended August 31,							
	2025	2024	2023	2022	2021	2020	2019	2018
Contractually Required Contribution	\$ 60,084	\$ 58,912	\$ 58,526	\$ 54,130	\$ 50,278	\$ 48,376	\$ 42,563	\$ 38,682
Contribution in Relation to Contractually Required Contribution	(60,084)	(58,912)	(58,526)	(54,130)	(50,278)	(48,376)	(42,563)	(38,682)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 7,398,805	\$ 7,423,340	\$ 7,068,510	\$ 6,538,107	\$ 6,218,059	\$ 5,985,528	\$ 5,337,023	\$ 4,884,980
Contributions as a % of Covered Payroll	0.81%	0.79%	0.83%	0.83%	0.81%	0.81%	0.80%	0.79%

Note: Only eight 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, 2025*

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 SPECIAL REVENUE FUNDS

AUGUST 31, 2025

Data Control Codes	211 ESEA Title I Improving Basic Programs	224 IDEA-Part B Formula	225 IDEA-Part B Preschool Grant	240 National School Breakfast/Lunch Program
<b>ASSETS:</b>				
1110 Cash and Cash Equivalents	\$ (22,609)	\$ (10,619)	\$ (242)	\$ 226,226
1240 Due from Other Governments	22,609	14,339	242	19,744
1290 Other Receivables	--	--	--	1,865
1000 Total Assets	<u>--</u>	<u>3,720</u>	<u>--</u>	<u>247,835</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110 Accounts Payable	\$ --	\$ 3,720	\$ --	\$ 34,391
2160 Accrued Wages Payable	--	--	--	15,477
2200 Accrued Expenditures	--	--	--	1,500
2000 Total Liabilities	<u>--</u>	<u>3,720</u>	<u>--</u>	<u>51,368</u>
<b>FUND BALANCES:</b>				
Restricted Fund Balances:				
3450 Federal/State Funds Grant Restrictions	--	--	--	196,467
Committed Fund Balances:				
3545 Other Committed Fund Balance	--	--	--	--
3000 Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>196,467</u>
4000 Total Liabilities and Fund Balances	<u>\$ --</u>	<u>\$ 3,720</u>	<u>\$ --</u>	<u>\$ 247,835</u>

The accompanying notes are an integral part of this statement.

244 Career and Tech Education Basic Grant	255 ESEA Title II Training & Recruiting	289 Federally Funded Special Revenue Fund	385 Supplemental Visually Impaired	410 State Textbook Fund
\$ -- -- -- --	\$ (7,005) 7,005 -- --	\$ (4,004) 4,004 -- --	\$ -- -- -- --	\$ (28,205) 28,205 -- --
\$ -- -- -- --	\$ -- -- -- --	\$ -- -- -- --	\$ -- -- -- --	\$ -- -- -- --
-- -- -- --	-- -- -- --	-- -- -- --	-- -- -- --	-- -- -- --
\$ --	\$ --	\$ --	\$ --	\$ --

**POTH INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2025

Data Control Codes	429 State Funded Special Revenue Fund	461 Campus Activity Funds
<b>ASSETS:</b>		
1110 <i>Cash and Cash Equivalents</i>	\$ --	\$ (59,031)
1240 <i>Due from Other Governments</i>	--	--
1290 <i>Other Receivables</i>	--	81,836
1000 Total Assets	<u>    --</u>	<u>    22,805</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
2110 <i>Accounts Payable</i>	\$ --	\$ 565
2160 <i>Accrued Wages Payable</i>	--	--
2200 <i>Accrued Expenditures</i>	--	--
2000 Total Liabilities	<u>    --</u>	<u>    565</u>
<b>FUND BALANCES:</b>		
Restricted Fund Balances:		
3450 <i>Federal/State Funds Grant Restrictions</i>	--	--
Committed Fund Balances:		
3545 <i>Other Committed Fund Balance</i>	--	22,240
3000 Total Fund Balances	<u>    --</u>	<u>    22,240</u>
4000 Total Liabilities and Fund Balances	<u>    \$ --</u>	<u>    \$ 22,805</u>

The accompanying notes are an integral part of this statement.

480 Special Revenue Local Programs	481 Locally Funded Special Revenue Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
\$ 53,666	\$ --	\$ 148,177
--	--	96,148
--	--	83,701
<u>53,666</u>	<u>--</u>	<u>328,026</u>
\$ --	\$ --	\$ 38,676
--	--	15,477
--	--	1,500
<u>--</u>	<u>--</u>	<u>55,653</u>
53,666	--	250,133
--	--	22,240
<u>53,666</u>	<u>--</u>	<u>272,373</u>
<u>\$ 53,666</u>	<u>\$ --</u>	<u>\$ 328,026</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, 2025**

Data Control Codes	211 ESEA Title I Improving Basic Programs	224 IDEA-Part B Formula	225 IDEA-Part B Preschool Grant	240 National School Breakfast/Lunch Program
<b>REVENUES:</b>				
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ --	\$ 453,263
5800 <i>State Program Revenues</i>	--	--	--	12,702
5900 <i>Federal Program Revenues</i>	82,945	153,539	1,329	305,318
5020 <i>Total Revenues</i>	<u>82,945</u>	<u>153,539</u>	<u>1,329</u>	<u>771,283</u>
<b>EXPENDITURES:</b>				
Current:				
0011 <i>Instruction</i>	82,945	153,539	1,329	--
0012 <i>Instructional Resources and Media Services</i>	--	--	--	--
0035 <i>Food Service</i>	--	--	--	757,588
0041 <i>General Administration</i>	--	--	--	--
0051 <i>Facilities Maintenance and Operations</i>	--	--	--	13,517
6030 <i>Total Expenditures</i>	<u>82,945</u>	<u>153,539</u>	<u>1,329</u>	<u>771,105</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>				
1100 <i>Expenditures</i>	--	--	--	178
1200 <i>Net Change in Fund Balances</i>	--	--	--	178
0100 <i>Fund Balances - Beginning</i>	--	--	--	196,289
3000 <i>Fund Balances - Ending</i>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 196,467</u>

The accompanying notes are an integral part of this statement.

244 Career and Tech Education Basic Grant	255 ESEA Title II Training & Recruiting	289 Federally Funded Special Revenue Fund	385 Supplemental Visually Impaired	410 State Textbook Fund
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	712	28,205
1,323	22,429	10,000	--	--
<u>1,323</u>	<u>22,429</u>	<u>10,000</u>	<u>712</u>	<u>28,205</u>
1,323	22,429	10,000	712	28,205
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>1,323</u>	<u>22,429</u>	<u>10,000</u>	<u>712</u>	<u>28,205</u>
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</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, 2025

Data Control Codes	461 Campus Activity Funds	480 Special Revenue Local Programs	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
<b>REVENUES:</b>			
5700 <i>Local and Intermediate Sources</i>	\$ 132,286	\$ 80,000	\$ 665,549
5800 <i>State Program Revenues</i>	--	--	41,619
5900 <i>Federal Program Revenues</i>	--	--	576,883
5020 Total Revenues	<u>132,286</u>	<u>80,000</u>	<u>1,284,051</u>
<b>EXPENDITURES:</b>			
Current:			
0011 <i>Instruction</i>	131,487	20,334	452,303
0012 <i>Instructional Resources and Media Services</i>	2,477	--	2,477
0035 <i>Food Service</i>	--	--	757,588
0041 <i>General Administration</i>	395	2,000	2,395
0051 <i>Facilities Maintenance and Operations</i>	247	--	13,764
6030 Total Expenditures	<u>130,606</u>	<u>26,334</u>	<u>1,228,527</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	1,680	53,666	55,524
1200 Net Change in Fund Balances	<u>1,680</u>	<u>53,666</u>	<u>55,524</u>
0100 Fund Balances - Beginning	20,560	--	216,849
3000 Fund Balances - Ending	<u>\$ 22,240</u>	<u>\$ 53,666</u>	<u>\$ 272,373</u>

The accompanying notes are an integral part of this statement.

## *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, 2025*

Year Ended August 31	1 Tax Rates		2	3 Assessed/Appraised Value For School Tax Purposes	10 Beginning Balance 9/1/24
	Maintenance	Debt Service			
2016 and Prior Years	\$ Various	\$ Various		\$ Various	\$ 201,093
2017	1.04	.1623		286,060,202	11,297
2018	.9927	.1311		321,773,884	11,477
2019	1.04	.3165		328,061,799	21,151
2020	.97	.3309		344,577,503	18,469
2021	.9664	.3309		341,735,722	30,475
2022	.872	.262		375,887,141	55,019
2023	.8546	.2367		470,823,346	34,708
2024	.6692	.3035		555,514,162	93,654
2025 (School Year Under Audit)	.6669	.2885		537,161,852	--
1000 Totals					\$ <u>477,343</u>

8000 - Total Taxes Refunded under Section 26.1115, Tax Code

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

20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/25	99 Total Taxes Refunded Under Sect. 26.1115(c)
\$ --	\$ 2,886	\$ 271	\$ (25,335)	\$ 172,601	
--	260	24	--	11,013	
--	212	33	--	11,232	
--	312	41	--	20,798	
--	462	141	--	17,866	
--	640	218	--	29,617	
--	3,024	1,035	--	50,960	
--	5,266	1,582	(1,310)	26,550	
--	36,139	10,010	(14,952)	32,553	
5,005,507	3,406,334	1,473,575	(49,136)	76,462	
<u>\$ 5,005,507</u>	<u>\$ 3,455,535</u>	<u>\$ 1,486,930</u>	<u>\$ (90,733)</u>	<u>\$ 449,652</u>	
	\$ --				\$ --

**POTH INDEPENDENT SCHOOL DISTRICT**

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAM  
AS OF AUGUST 31, 2025

Data Control Codes		Responses
<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.	\$ 458,381
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28 29, 30)	\$ 509,954
<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.	\$ 26,622
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25)	\$ 32,373

**POTH INDEPENDENT SCHOOL DISTRICT**  
**NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED AUGUST 31, 2025**

**EXHIBIT J-3**

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
<b>REVENUES:</b>					
5700	<i>Local and Intermediate Sources</i>	\$ 390,617	\$ 417,117	\$ 453,263	\$ 36,146
5800	<i>State Program Revenues</i>	5,000	5,000	12,702	7,702
5900	<i>Federal Program Revenues</i>	355,000	355,000	305,318	(49,682)
5020	Total Revenues	<u>750,617</u>	<u>777,117</u>	<u>771,283</u>	<u>(5,834)</u>
<b>EXPENDITURES:</b>					
Current:					
Student Support Services:					
0035	<i>Food Services</i>	736,137	762,617	757,588	5,029
	Total Student Support Services	<u>736,137</u>	<u>762,617</u>	<u>757,588</u>	<u>5,029</u>
Support Services:					
0051	<i>Facilities Maintenance and Operations</i>	14,500	14,500	13,517	983
	Total Support Services	<u>14,500</u>	<u>14,500</u>	<u>13,517</u>	<u>983</u>
6030	Total Expenditures	<u>750,637</u>	<u>777,117</u>	<u>771,105</u>	<u>6,012</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(20)	--	178	178
1200	Net Change in Fund Balance	<u>(20)</u>	<u>--</u>	<u>178</u>	<u>178</u>
0100	Fund Balance - Beginning	196,289	196,289	196,289	--
3000	Fund Balance - Ending	<u>\$ 196,269</u>	<u>\$ 196,289</u>	<u>\$ 196,467</u>	<u>\$ 178</u>

**POTH INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-4**

DEBT SERVICE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
<b>REVENUES:</b>				
5700	\$ 1,561,014	\$ 1,556,014	\$ 1,562,154	\$ 6,140
5800	50,000	130,000	128,284	(1,716)
5020	<u>1,611,014</u>	<u>1,686,014</u>	<u>1,690,438</u>	<u>4,424</u>
<b>EXPENDITURES:</b>				
Debt Service:				
0071	640,000	1,623,000	1,620,000	3,000
0072	349,982	349,882	334,910	14,972
0073	800	13,000	12,880	120
	<u>990,782</u>	<u>1,985,882</u>	<u>1,967,790</u>	<u>18,092</u>
6030	<u>990,782</u>	<u>1,985,882</u>	<u>1,967,790</u>	<u>18,092</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	620,232	(299,868)	(277,352)	22,516
1200	620,232	(299,868)	(277,352)	22,516
0100	660,505	660,505	660,505	--
3000	<u>\$ 1,280,737</u>	<u>\$ 360,637</u>	<u>\$ 383,153</u>	<u>\$ 22,516</u>



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  
Poht Independent School District  
P.O. Box 250  
Poht, Texas 78147

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Poht Independent School District, as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise Poht Independent School District's basic financial statements, and have issued our report thereon dated December 15, 2025.

**Report on Internal Control Over Financial Reporting**

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

Our consideration of internal control 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 or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Poht 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*.

### **Poth Independent School District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 Poth Independent School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Poth Independent School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

*GreenGrowthCPAs*

GreenGrowth CPAs  
Sinton, Texas  
December 15, 2025.

**POTH INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*  
*FOR THE YEAR ENDED AUGUST 31, 2025*

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

2. Federal Awards

A single audit was not required in the current year.

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

**POTH INDEPENDENT SCHOOL DISTRICT**  
*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS*  
*FOR THE YEAR ENDED AUGUST 31, 2025*

<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, 2025*

Program

Corrective Action Plan

N/A

N/A