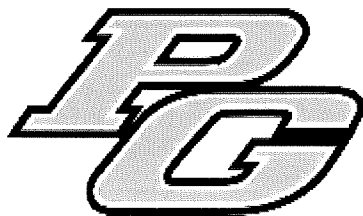


**PLEASANT GROVE  
INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT  
AUGUST 31, 2022**



**Pleasant Grove ISD**  
BLACK AND GOLD IS A STATE OF MIND

**PLEASANT GROVE INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2022**

TABLE OF CONTENTS

<u>Exhibit</u>	<u>Page</u>
CERTIFICATE OF BOARD	1
Independent Auditors' Report	2-4
Management's Discussion and Analysis	5-11
<b><u>Basic Financial Statements</u></b>	
Government Wide Statements:	
A-1 Statement of Net Position	12
B-1 Statement of Activities	13
Governmental Fund Financial Statements:	
C-1 Balance Sheet	14-15
C-2 Reconciliation for C-1	16
C-3 Statement of Revenues, Expenditures, and Changes in Fund Balance	17-18
C-4 Reconciliation for C-3	19
Notes to the Financial Statements	20-47
<b><u>Required Supplementary Information</u></b>	
G-1 Budgetary Comparison Schedule - General Fund	48
G-6 Schedule of the District's Proportionate Share of the Net Pension Liability (TRS)	49-50
G-7 Schedule of District's Contributions to TRS	51-52
G-8 Schedule of District's Proportionate Share of the Net OPEB Liability (TRS)	53-54
G-9 Schedule of District's Contributions to TRS OPEB Plan	55-56
Notes to Required Supplementary Information	57
<b><u>Combining and Other Schedules</u></b>	
Nonmajor Governmental Funds:	
H-1 Combining Balance Sheet	58-60
H-2 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	61-63
<b><u>Required TEA Schedules</u></b>	
J-1 Schedule of Delinquent Taxes	64-65
J-2 Budgetary Comparison Schedule – Food Service Fund	66
J-3 Budgetary Comparison Schedule - Debt Service Fund	67
J-4 Use of Funds Report – Select State Allotment Programs	68
<b><u>Reports on Compliance, Internal Control, and Federal Awards</u></b>	
Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	
	69-70
Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance	
	71-72
Schedule of Findings and Questioned Costs	
	73
Schedule of Status of Prior Findings	
	74
Corrective Action Plan	
	75
K-1 Schedule of Expenditures of Federal Awards	76
Notes to Schedule of Expenditures of Federal Awards	77
<b><u>Required TEA Schedules</u></b>	
L-1 Schools First Questionnaire	78

CERTIFICATE OF BOARD

Pleasant Grove Independent School District  
Name of School District

Bowie  
County

019-912  
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, 2022 at a meeting of the Board of Trustees of such school district on the \_\_\_\_\_ of January 2023.

\_\_\_\_\_  
Signature of Board Secretary

\_\_\_\_\_  
Signature of Board President

If the Board of Trustees disapproved of the auditors' report, the reason(s) for disapproving it is(are):  
(attach list as necessary)



**UNMODIFIED OPINION ON BASIC FINANCIAL STATEMENTS  
ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND OTHER  
SUPPLEMENTARY INFORMATION INCLUDING THE SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS**

Independent Auditors' Report

Board of Trustees  
Pleasant Grove Independent School District  
8500 North Kings Highway  
Texarkana, TX 75503

Members of the Board:

**Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pleasant Grove Independent School District (the District) as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Pleasant Grove Independent School District as of August 31, 2022, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

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

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

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

## **Auditor's 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 generally accepted auditing standards 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 generally accepted auditing standards 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 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 on pages 5-11, budgetary comparison information on page 48, schedule of the District's proportionate share of the net pension liability (TRS) on pages 49-50, schedule of District contributions to TRS on pages 51-52, schedule of the District's proportionate share of the OPEB liability (TRS) on pages 53-54, and schedule of District contributions to TRS OPEB plan on pages 55-56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pleasant Grove Independent School District’s basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

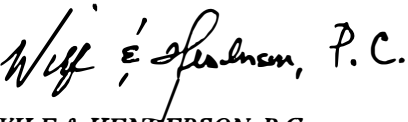
**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises of reports required from Texas Education Agency identified in the Table of Contents as J-1 through J-4, and L-1. The other information 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 basic 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 January 11, 2023, on our consideration of the Pleasant Grove 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 Pleasant Grove Independent School District’s 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 the Pleasant Grove Independent School District’s internal control over financial reporting and compliance.

  
**WILF & HENDERSON, P.C.**  
**Certified Public Accountants**  
**Texarkana, Texas**

**January 11, 2023**

## PLEASANT GROVE INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Pleasant Grove ISD Annual Financial and Compliance Report presents the management's discussion and analysis of the District's financial performance for the fiscal year ended August 31, 2022. Please read it in conjunction with the independent auditor's report and the District's Basic Financial Statements which follow this section.

### FINANCIAL HIGHLIGHTS

- Total revenue of \$29,363,150 was generated in tax, other local, state, and federal revenues, and other sources for governmental funds.
- During the year, the District's expenditures totaled \$32,444,675, of which \$4,072,139 was expenditures for debt service and \$3,047,652 for capital outlay.
- The General Fund ended the year with a fund balance of \$7,366,390, which includes \$807,000 in committed and \$1,000,000 in assigned fund balance.
- The District's government-wide total combined net position increased \$583,828 from the prior year.
- The District's total tax rate was \$1.3615 with \$0.365 for debt service and \$0.9965 for maintenance and operation.
- The local assessed/appraised property values for 2021-2022 increased \$42,624,699.

### USING THIS ANNUAL REPORT

This annual report consists of government-wide financial statements, fund financial statements, notes to the financial statements and other financial information.

**Government-Wide Financial Statements.** The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the cost of some programs, such as grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in net position. The District's net position (the difference between asset and liabilities) provides one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, the District is combined into one kind of activity.

- **Governmental activity** - All of the District's services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, and general administration. Property taxes, tuition, fees, and federal grants finance most of these activities.

**Fund Financial Statements.** Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds – not the District as a whole. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget.

Laws and contracts require the District to establish separate funds, such as grants received from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's fund can be divided into these two categories:

- **Governmental Funds** - Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.
- **Fiduciary Funds** – this fund accounts for resources held for the benefit of parties outside the government. The District acts as a trustee, or fiduciary, for money raised by student activities. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes

**Notes to the Financial Statements.** The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

**Other Financial Information.** The combining statements for nonmajor funds contain even more information about the Districts individual funds. These are not required by TEA. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

## **GOVERNMENT -WIDE FINANCIAL ANALYSIS**

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.



**Table I**  
**Pleasant Grove Independant School District**  
**NET POSITION**

	Governmental Activities 2021	Governmental Activities 2022	Total % Change
Current and other assets	16,813,506	55,914,029	232.55%
Capital assets	55,639,502	56,786,837	2.06%
Total Assets	<u>72,453,008</u>	<u>112,700,866</u>	<u>55.55%</u>
Deferred outflows of resources	<u>5,371,553</u>	<u>4,633,244</u>	<u>-13.74%</u>
Other liabilities	2,011,849	2,809,572	39.65%
Long-term liabilities	46,367,750	85,320,817	84.01%
TRS net pension liability	4,914,709	2,334,823	-52.49%
TRS net OPEB liability	5,574,866	5,649,986	1.35%
Total Liabilities	<u>58,869,174</u>	<u>96,115,198</u>	<u>63.27%</u>
Deferred inflows of resources	<u>4,977,999</u>	<u>6,657,696</u>	<u>33.74%</u>
Net Position:			
Net Investment in Capital Assets	13,714,905	13,939,527	1.64%
Restricted	2,990,237	4,604,072	53.97%
Unrestricted	(2,727,754)	(3,982,383)	-45.99%
Total Net Position	<u>13,977,388</u>	<u>14,561,216</u>	<u>4.18%</u>

As of August 31, 2022, the District's assets exceed liabilities by \$14,561,216, of which \$13,939,527 of the total net position represents the investment in capital assets less any related debt used to acquire those assets that are still outstanding. \$4,604,072 of the total net position represents resources that are subject to restrictions on how they may be used and the remaining balance of total net position of (\$3,982,383) represents the unrestricted net position, which is part of the net position that can be used to finance day-to-day operations without constraints established by debt, or other legal requirements. The negative unrestricted net position is due to the impact of GASB 68 and 75 reporting the District's share of liability of TRS pensions and OPEB.

The total cost of all governmental activities was \$27,449,571 and the amount of these activities that our taxpayers paid for through property taxes was \$13,785,372 or 50%.

**Table II**  
**Pleasant Grove Independent School District**  
**Changes in District's Net Position**

	Governmental Activities 2021	Governmental Activities 2022	Total % Change
<b>Revenues:</b>			
<b>Program Revenues:</b>			
Charges for services	1,005,299	338,558	-66.32%
Operating grants and contributions	2,518,261	2,426,531	-3.64%
<b>General Revenues:</b>			
Property taxes	13,345,823	13,785,372	3.29%
State Aid - Formula Grants	11,293,051	10,388,685	-8.01%
Interest Earnings	12,092	142,224	1076.18%
Other general revenues	375,162	952,029	153.76%
<b>Total Revenues</b>	<b>28,549,688</b>	<b>28,033,399</b>	<b>-1.81%</b>
<b>Expenses:</b>			
Instruction	14,955,942	14,376,693	-3.87%
Instructional Resources and Media Services	266,207	217,263	-18.39%
Curriculum and Staff Development	115,909	265,324	128.91%
Instructional Leadership	169,607	126,464	-25.44%
School Leadership	1,451,429	1,274,134	-12.22%
Guidance, Counseling and Evaluation Services	474,331	401,310	-15.39%
Health Services	171,764	156,729	-8.75%
Student (Pupil) Transportation	119,109	126,059	5.83%
Food Services	672,043	1,053,042	56.69%
Cocurricular/Extracurricular Activities	2,100,167	1,785,732	-14.97%
General Administration	1,633,922	1,714,911	4.96%
Plant Maintenance and Operations	2,926,501	2,858,725	-2.32%
Security and Monitoring Services	152,892	87,971	-42.46%
Data Processing Services	631,524	625,848	-0.90%
Debt Service - Interest on Long Term Debt	1,243,527	1,417,719	14.01%
Debt Service - Bond Issuance Cost and Fees	352,879	588,517	66.78%
Payments to Fiscal Agents/Member Districts	223,119	167,142	-25.09%
Other Intergovernmental Charges	190,853	205,988	7.93%
<b>Total Expenses</b>	<b>27,851,725</b>	<b>27,449,571</b>	<b>-1.44%</b>
<b>Increase (Decrease) in Net Position</b>	<b>697,963</b>	<b>583,828</b>	<b>-16.35%</b>
<b>Net Position Beginning of Year</b>	<b>13,279,425</b>	<b>13,977,388</b>	<b>5.26%</b>
<b>Net Position End of Year</b>	<b>13,977,388</b>	<b>14,561,216</b>	<b>4.18%</b>

## THE DISTRICT'S FUNDS

Our analysis focuses on the net changes in fund balances (Table III) of the District's governmental funds.

**Table III**  
**Pleasant Grove Independent School District**  
**NET CHANGES IN FUND BALANCES**

	Governmental Funds 2021	Governmental Funds 2022	Total \$ Change	Total % Change
<b>Revenues:</b>				
Local and Intermediate Sources	\$ 14,630,529	\$ 15,208,464	\$ 577,935	3.95%
State Program Revenues	12,039,971	11,574,763	(465,208)	-3.86%
Federal Program Revenues	1,565,529	2,579,923	1,014,394	64.80%
Total Revenues	<u>28,236,029</u>	<u>29,363,150</u>	<u>1,127,121</u>	<u>3.99%</u>
<b>Expenditures:</b>				
Instruction	13,418,067	14,379,021	960,954	7.16%
Instructional resources & media services	242,306	208,608	(33,698)	-13.91%
Curriculum and instructional staff development	106,764	244,212	137,448	128.74%
Instructional leadership	151,123	127,895	(23,228)	-15.37%
School leadership	1,295,474	1,289,061	(6,413)	-0.50%
Guidance, counseling and evaluation services	424,984	403,129	(21,855)	-5.14%
Health services	153,634	159,247	5,613	3.65%
Student (Pupil) transportation	193,068	173,092	(19,976)	-10.35%
Food services	619,022	976,334	357,312	57.72%
Extracurricular activities	1,913,214	1,734,938	(178,276)	-9.32%
General administration	1,473,423	1,708,016	234,593	15.92%
Facilities maintenance & operations	2,682,548	2,834,337	151,789	5.66%
Security & monitoring services	138,945	109,279	(29,666)	-21.35%
Data processing services	641,981	604,585	(37,396)	-5.83%
Debt services	3,982,272	4,072,139	89,867	2.26%
Facilities acquisition and construction	2,328,478	3,047,652	719,174	30.89%
Payments to fiscal agent/member of SSA	223,119	167,142	(55,977)	-25.09%
Other intergovernmental charges	190,853	205,988	15,135	7.93%
Total Expenditures	<u>30,179,275</u>	<u>32,444,675</u>	<u>2,265,400</u>	<u>7.51%</u>
<b>Other Financing Sources (Uses)</b>				
Capital Related Debt Issued (Regular Bonds)	20,490,000	39,455,000	18,965,000	92.56%
Transfers In	31,087	3,977,467	3,946,380	12694.63%
Premium or Discount on Issuance of Bonds	2,316,493	1,916,860	(399,633)	-17.25%
Transfers Out	(31,087)	(3,977,467)	(3,946,380)	-12694.63%
Other (Uses)	(22,614,264)	-	22,614,264	100.00%
Total Other Financing Sources (Uses)	<u>192,229</u>	<u>41,371,860</u>	<u>41,179,631</u>	<u>100.00%</u>
Net Change in Fund Balances	(1,751,017)	38,290,335	40,041,352	2286.75%
Fund Balance - Beginning of Year	16,462,049	14,711,031	(1,751,018)	-10.64%
Fund Balance - End of Year	<u>\$ 14,711,032</u>	<u>\$ 53,001,366</u>	<u>38,290,334</u>	<u>260.28%</u>

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As stated earlier, governmental fund statements provided a view of the District's general operations and the basic services it provides, as well as reporting balances that are available for future spending.

As the District completed the year, governmental funds reported a combined fund balance of \$53,001,366. This combined balance includes funds that are restricted, committed and assigned as follows:

- \$ 207,000 is committed for payment of debt (General Fund)
- \$ 600,000 is committed for equipment (General Fund)
- \$ 412,684 is committed for campus activity funds (Special Revenue Fund)
- \$ 1,000,000 is assigned for facility improvements (General Fund)
- \$ 4,060,674 is restricted for retirement of long-term debt (Debt Service Fund)
- \$ 504,737 is restricted for state/federal programs, and other local sources (Special Revenue Fund)
- \$ 63,751 is restricted for locally funded special revenue funds (Special Revenue Fund)
- \$ 40,593,130 is restricted for capital acquisition and contractual obligations (Capital Projects Fund)

The restricted, committed, and assigned funds total \$47,441,976, leaving unassigned funds of \$5,559,390. The District's combined fund balance increased from the prior year by \$38,290,335 due to new issuance of construction bonds. The General Fund is the primary operating fund of the District. The District has various restricted, committed and assigned funds in the General Fund, leaving the unassigned fund balance representing 15% of the General Fund expenditures.

Throughout the year the Board of Trustees revised the District's budget. Significant budget amendments were as follows:

<b>General Fund:</b>	
(Increase) in instruction expenditures	(810,434)
(Increase) in instructional resources and media services expenditures	(111,133)
(Increase) in curriculum and instructional staff development expenditures	(124,050)
(Increase) in instructional leadership expenditures	(21,427)
(Increase) in school leadership expenditures	(36,174)
(Increase) in guidance, counseling, and evaluation services expenditures	(43,690)
Decrease in health services expenditures	132
(Increase) in student (pupil) transportation expenditures	(202,708)
(Increase) in extracurricular activities expenditures	(228,529)
(Increase) in general administration expenditures	(131,687)
(Increase) in facilities maintenance and operations expenditures	(737,940)
(Increase) in data processing services expenditures	(143,329)
(Increase) in facilities acquisition and construction expenditures	(1,500,000)
	<u>(4,090,969)</u>
<b>Food Service Fund:</b>	
Increase in federal program revenues	735,779
(Increase) in food services expenditures	(476,944)
	<u>258,835</u>
<b>Debt Service Fund:</b>	
Increase in total local and intermediate sources	127,886
Increase in state program revenues	67,723
(Increase) in principal on long-term debt expenditures	(412,119)
	<u>(216,510)</u>

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

The District has \$56,786,837 invested in capital assets. During the current year, the District purchased several capital assets, including a portable speaker system, four Ford trucks, a Ford van, a Chevrolet Tahoe, a Ford Expedition, a zero turn lawn mower and three tubs. The District also made baseball field renovations, remodeled PAC lighting and sound, completed a painting and window project at the middle school and purchased land.

### **Debt**

Outstanding Bonded Debt of the District consists of the following:

The District issued \$8,634,999 of Unlimited Tax Refunding Bonds, Series 2014 to redeem a portion of the Series 2007 in the amount of \$8,635,000. The principal outstanding on the Serial Current Interest Bonds is \$1,755,000 with final payment in 2030.

The District issued \$8,460,000 of Unlimited Tax Refunding Bonds, Series 2015 to redeem a portion of the Series 2007 in the amount of \$9,195,000. The principal outstanding on the Serial Current Interest Bonds is \$1,495,000 with final payment in 2027.

The District issued \$17,945,000 of Unlimited Tax School Building Bonds, Series 2018 to construct, equip and renovate school buildings. The final payment on the bonds will be made February 15, 2043. The principal outstanding on the unlimited tax school building bonds is \$17,500,000.

The District issued Refunding Bond Series 2020A and 2020B to refund Series 2010 and 2013 in full as well as a partial refunding of Series 2014 and 2015. The principal outstanding on the Series Current Interest Bond 2020A is \$2,370,000 paid off in 2025 and 2020B is \$16,330,000 paid off in 2032.

The District issued \$39,455,000 of Unlimited Tax School Building Bonds, Series 2022 to construct, equip and renovate school buildings. The final payment on the bonds will be made February 15, 2052. The principal outstanding on the unlimited tax school building bonds is \$39,455,000.

Other debt outstanding to the District includes:

The District issued \$2,235,000 of Limited Tax Refunding Bonds, Series 2012. This issue redeemed in full Maintenance Note Refunding, Series 2008 and Limited Tax Refunding Bonds, Series 2008. The principal outstanding on this note is \$685,000 with final payment in 2028.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District's board of trustees adopted a budget of \$20,773,443 for the school year 2022-2023 with the tax rate of \$1.2663. This tax rate is a decrease of 7% over the prior year tax rate, of which \$0.9013 to be used for maintenance and operations and \$0.365 to be used for retirement of debt.

State funding for 2022-2023 is budgeted at \$11,118,067, which includes revenue for students in attendance in average of 2,210.

## **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 show 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 office, at Pleasant Grove Independent School District, 8500 North Kings Highway, Texarkana, Texas.

## **BASIC FINANCIAL STATEMENTS**

PLEASANT GROVE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AUGUST 31, 2022

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 54,033,596
1220 Property Taxes - Delinquent	374,586
1230 Allowance for Uncollectible Taxes	(191,755)
1240 Due from Other Governments	1,697,602
Capital Assets:	
1510 Land	2,616,270
1520 Buildings, Net	52,629,800
1530 Furniture and Equipment, Net	600,279
1580 Construction in Progress	940,488
1000 Total Assets	112,700,866
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701 Deferred Charge for Refunding	1,815,263
1705 Deferred Outflow Related to TRS Pension	1,372,466
1706 Deferred Outflow Related to TRS OPEB	1,445,515
1700 Total Deferred Outflows of Resources	4,633,244
<b>LIABILITIES</b>	
2110 Accounts Payable	1,018,738
2140 Interest Payable	70,306
2150 Payroll Deductions and Withholdings	197,400
2160 Accrued Wages Payable	1,446,856
2300 Unearned Revenue	76,272
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	1,930,000
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	83,390,817
2540 Net Pension Liability (District's Share)	2,334,823
2545 Net OPEB Liability (District's Share)	5,649,986
2000 Total Liabilities	96,115,198
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS Pension	2,500,711
2606 Deferred Inflow Related to TRS OPEB	4,156,985
2600 Total Deferred Inflows of Resources	6,657,696
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets and Right-to-Use Lease Assets	13,939,527
Restricted:	
3820 Restricted for Federal and State Programs	504,737
3850 Restricted for Debt Service	4,035,584
3890 Restricted for Other Purposes	63,751
3900 Unrestricted	(3,982,383)
3000 Total Net Position	\$ 14,561,216

The notes to the financial statements are an integral part of this statement.

PLEASANT GROVE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2022

EXHIBIT B-1

Data Control Codes	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	1	3	4	6
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
<b>Primary Government:</b>				
GOVERNMENTAL ACTIVITIES:				
11	\$ 14,376,693	\$ 152,547	\$ 1,307,611	\$ (12,916,535)
12	217,263	-	(1,535)	(218,798)
13	265,324	-	(98)	(265,422)
21	126,464	-	(1,817)	(128,281)
23	1,274,134	-	(18,851)	(1,292,985)
31	401,310	-	60,737	(340,573)
33	156,729	-	(2,624)	(159,353)
34	126,059	-	(958)	(127,017)
35	1,053,042	86,104	1,129,636	162,698
36	1,785,732	99,907	(9,469)	(1,695,294)
41	1,714,911	-	(21,163)	(1,736,074)
51	2,858,725	-	(8,055)	(2,866,780)
52	87,971	-	(1,442)	(89,413)
53	625,848	-	(5,441)	(631,289)
72	1,417,719	-	-	(1,417,719)
73	588,517	-	-	(588,517)
93	167,142	-	-	(167,142)
99	205,988	-	-	(205,988)
[TP]	<u>\$ 27,449,571</u>	<u>\$ 338,558</u>	<u>\$ 2,426,531</u>	<u>(24,684,482)</u>

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	10,103,450
DT	Property Taxes, Levied for Debt Service	3,681,922
SF	State Aid - Formula Grants	10,388,685
IE	Investment Earnings	142,224
MI	Miscellaneous Local and Intermediate Revenue	952,029
TR	Total General Revenues	<u>25,268,310</u>
CN	Change in Net Position	583,828
NB	Net Position - Beginning	<u>13,977,388</u>
NE	Net Position - Ending	<u>\$ 14,561,216</u>

The notes to the financial statements are an integral part of this statement.



PLEASANT GROVE INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2022

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 7,004,560	\$ 4,036,309	\$ 41,988,385
1220 Property Taxes - Delinquent	278,966	95,620	-
1230 Allowance for Uncollectible Taxes	(143,900)	(47,855)	-
1240 Due from Other Governments	1,332,573	5,222	-
1260 Due from Other Funds	2,555,502	16,594	-
1000 Total Assets	<u>\$ 11,027,701</u>	<u>\$ 4,105,890</u>	<u>\$ 41,988,385</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 194,913	\$ -	\$ 788,091
2150 Payroll Deductions and Withholdings Payable	186,028	-	-
2160 Accrued Wages Payable	1,256,410	-	-
2170 Due to Other Funds	1,855,988	-	607,164
2300 Unearned Revenue	39,791	-	-
2000 Total Liabilities	<u>3,533,130</u>	<u>-</u>	<u>1,395,255</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	128,181	45,216	-
2600 Total Deferred Inflows of Resources	<u>128,181</u>	<u>45,216</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	40,593,130
3480 Retirement of Long-Term Debt	-	4,060,674	-
3490 Other Restricted Fund Balance	-	-	-
Committed Fund Balance:			
3525 Retirement of Loans or Notes Payable	207,000	-	-
3530 Capital Expenditures for Equipment	600,000	-	-
3545 Other Committed Fund Balance	-	-	-
Assigned Fund Balance:			
3550 Construction	1,000,000	-	-
3600 Unassigned Fund Balance	5,559,390	-	-
3000 Total Fund Balances	<u>7,366,390</u>	<u>4,060,674</u>	<u>40,593,130</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 11,027,701</u>	<u>\$ 4,105,890</u>	<u>\$ 41,988,385</u>

The notes to the financial statements are an integral part of this statement.

Other Funds	Total Governmental Funds
\$ 1,004,342	\$ 54,033,596
-	374,586
-	(191,755)
359,807	1,697,602
-	2,572,096
<u>\$ 1,364,149</u>	<u>\$ 58,486,125</u>
\$ 35,734	\$ 1,018,738
11,372	197,400
190,446	1,446,856
108,944	2,572,096
36,481	76,272
<u>382,977</u>	<u>5,318,362</u>
-	173,397
<u>-</u>	<u>173,397</u>
504,737	504,737
-	40,593,130
-	4,060,674
63,751	63,751
-	207,000
-	600,000
412,684	412,684
-	1,000,000
-	5,559,390
<u>981,172</u>	<u>53,001,366</u>
<u>\$ 1,364,149</u>	<u>\$ 58,486,125</u>

PLEASANT GROVE INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
AUGUST 31, 2022

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	<b>\$</b>	<b>53,001,366</b>
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$81,231,052 and the accumulated depreciation was (\$25,591,550). In addition, long-term liabilities of (\$46,286,184), including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		9,353,318
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2022 capital outlays and debt principal payments is to increase net position.		5,204,017
3 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$1,372,466, a deferred resource inflow in the amount of (\$2,500,711), and a net pension liability in the amount of (\$2,334,823). This resulted in an increase(decrease) in net position.		(3,463,068)
4 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of 1,445,515, a deferred resource inflow in the amount of (\$4,156,985), and a net OPEB liability in the amount of (\$5,649,986). This resulted in an increase(decrease) in net position.		(8,361,456)
5 The 2022 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(2,221,682)
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.		(38,951,279)
<b>19 Net Position of Governmental Activities</b>	<b>\$</b>	<b>14,561,216</b>

The notes to the financial statements are an integral part of this statement.

PLEASANT GROVE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 10,603,414	\$ 3,720,536	\$ 71,940
5800 State Program Revenues	11,316,247	67,723	-
5900 Federal Program Revenues	84,801	-	-
5020 Total Revenues	<u>22,004,462</u>	<u>3,788,259</u>	<u>71,940</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	12,795,360	-	4,408
0012 Instructional Resources and Media Services	208,608	-	-
0013 Curriculum and Instructional Staff Development	244,212	-	-
0021 Instructional Leadership	127,895	-	-
0023 School Leadership	1,289,061	-	-
0031 Guidance, Counseling, and Evaluation Services	337,297	-	-
0033 Health Services	159,247	-	-
0034 Student (Pupil) Transportation	173,092	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	1,300,618	-	-
0041 General Administration	1,708,016	-	-
0051 Facilities Maintenance and Operations	2,800,447	-	33,890
0052 Security and Monitoring Services	109,279	-	-
0053 Data Processing Services	604,585	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	105,000	1,730,000	-
0072 Interest on Long-Term Liabilities	16,594	1,632,028	-
0073 Bond Issuance Cost and Fees	800	3,580	584,137
Capital Outlay:			
0081 Facilities Acquisition and Construction	1,500,000	-	1,547,652
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	167,142	-	-
0099 Other Intergovernmental Charges	205,988	-	-
6030 Total Expenditures	<u>23,853,241</u>	<u>3,365,608</u>	<u>2,170,087</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,848,779)</u>	<u>422,651</u>	<u>(2,098,147)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
7911 Capital Related Debt Issued	-	-	39,455,000
7915 Transfers In	3,977,467	-	-
7916 Premium or Discount on Issuance of Bonds	-	887,723	1,029,137
8911 Transfers Out (Use)	(3,977,467)	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>887,723</u>	<u>40,484,137</u>
1200 Net Change in Fund Balances	<u>(1,848,779)</u>	<u>1,310,374</u>	<u>38,385,990</u>
0100 Fund Balance - September 1 (Beginning)	<u>9,215,169</u>	<u>2,750,300</u>	<u>2,207,140</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 7,366,390</u>	<u>\$ 4,060,674</u>	<u>\$ 40,593,130</u>

The notes to the financial statements are an integral part of this statement.

	Other Funds	Total Governmental Funds
\$	812,574	\$ 15,208,464
	190,793	11,574,763
	2,495,122	2,579,923
	3,498,489	29,363,150
	1,579,253	14,379,021
	-	208,608
	-	244,212
	-	127,895
	-	1,289,061
	65,832	403,129
	-	159,247
	-	173,092
	976,334	976,334
	434,320	1,734,938
	-	1,708,016
	-	2,834,337
	-	109,279
	-	604,585
	-	1,835,000
	-	1,648,622
	-	588,517
	-	3,047,652
	-	167,142
	-	205,988
	3,055,739	32,444,675
	442,750	(3,081,525)
	-	39,455,000
	-	3,977,467
	-	1,916,860
	-	(3,977,467)
	-	41,371,860
	442,750	38,290,335
	538,422	14,711,031
\$	981,172	\$ 53,001,366

PLEASANT GROVE INDEPENDENT SCHOOL DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED AUGUST 31, 2022

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 38,290,335</b>
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2022 capital outlays and debt principal payments is to increase net position.	5,204,017
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(2,221,682)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	(41,114,786)
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$452,931. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in the change in net position totaling (\$386,746). Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense (increased)decreased the change in net position by \$77,227. The net result is an increase(decrease) in the change in net position.	143,412
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$122,086. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in the change in net position totaling (\$114,426). Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense (increased)decreased the change in net position by \$274,872. The net result is an increase(decrease) in the change in net position.	282,532
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 583,828</b>

The notes to the financial statements are an integral part of this statement.

**FPLEASANT GROVE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2022**

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

Pleasant Grove Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board "(GASB)" and other authoritative sources identified in *Statement on Auditing Standards No. 76* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

The District implemented Governmental Accounting Standards Board (GASB) Number 87 *Leases* to improve accounting and financial reporting for leases by governments. A right-to-use lease is defined as a contract that conveys control of another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. To be accounted for as a lease, the lease must meet the definition of a "long-term" lease provided in GASB 87 and must meet the capitalization level set by the Board. The right-to-use lease liability is reported in the government-wide statements. The lease liability is calculated as present value of the reasonably certain expected payments to be made over the term of the lease and the interest included in the lease payment is recorded as an expense. The District did not have any material leases individually or in the aggregate for the fiscal year.

**1. Reporting Entity**

The Board of School Trustees has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of Pleasant Grove Independent School District. The members of the Board of Trustees are elected by the public; have the authority to make decisions, appoint administrators and managers, and significantly influence operations; and have the primary accountability for fiscal matters. The District is a financial reporting entity as defined by the GASB in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities.

**2. Government-Wide and Fund Financial Statements**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Pleasant Grove Independent School District nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the District, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

Interfund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for two fund categories – governmental and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

### 3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. Revenues are considered to be available when they are collectible, if they are collectible within 60 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, that is, when they are both measurable and available. The District considers them available if they will be collected within 60 days of the end of the fiscal year. 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.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometime require the District to refund all or part of the unused amount.

The Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. Agency Funds apply the accrual basis of accounting, but do not have a measurement focus. With the flow of economic resources measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position.

### 4. Fund Accounting

The District's accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, equity, revenues, and expenditures or expenses.

**The District reports the following major governmental funds:**

**General Fund** - This fund is established to account for resources financing the fundamental operations of the District, in partnership with the community, in enabling and motivating students to reach their full potential. All revenues and expenditures not required to be accounted for in other funds are included here. This is a budgeted fund and any fund balances are considered resources available for current operations. Fund balances may be appropriated by the Board of Trustees to implement its responsibilities.



**Debt Service Fund** - This governmental fund is established to account for payment of principal and interest on long-term general obligation debt and other long-term debts for which a tax has been dedicated. This is a budgeted fund and a separate bank account is maintained for this fund. Any unused sinking fund balances are transferred to the General Fund after all of the related debt obligations have been met.

**Capital Projects Fund**- This fund is established to account for proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.

**Additionally, the District reports the following fund types:**

**Governmental Fund Type:**

**Special Revenue Funds** - The District accounts for resources restricted or committed for specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund and sometimes unused balances must be returned to the grantor at the close of specified project periods. The Food Service fund is the only required budgeted fund. For all other funds in this fund type, project accounting is employed to maintain integrity for the various sources of funds.

**5. Cash Equivalents**

The District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

**6. Investments**

Investments are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**7. Inventories**

All inventories are valued at cost using the first in/first out (FIFO) method. The District records purchases of supplies as expenditures. If any supplies are on hand at the end of the year, their total cost is recorded as inventory and the fund balance is reserved for the same amount.

**8. Asset Capitalization and Useful Lives**

Capital assets, which include land, buildings, improvements, furniture and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, improvements, furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	20-30
Furniture and Equipment	5-10

## 9. Compensated Absences

It is the District's policy to permit employees to accumulate sick pay benefits, vacation and additional days worked beyond commitment. Carryover is limited on unused vacation and additional days worked beyond commitment to no more than ten days. It is the District's policy to permit employees to accumulate earned but unused leave benefits. The District adopted a new policy effective September 1, 2011 and ceased awarding local leave, thus no new local days can accumulate. All additional days worked beyond commitment and vacation pay are accrued when incurred in the government-wide fund financial statements. Local personal leave benefits are accrued when vested in the government-wide fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

## 10. Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Premiums and discounts are deferred and amortized over the life of the debt using the effective interest method. Debt payable is reported net of the applicable premium and discount. Debt issuance costs are recognized as expense in the current year. In the fund financial statements, governmental fund types recognize the face amount of debt issued plus the net amount of premiums and discounts as other financing sources in the current period. Debt issuance costs are recognized as expenditures in the current period.

## 11. Fund Equity

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories as following:

*Nonspendable fund balance* – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaids) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

*Restricted fund balance* – represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

*Committed fund balance* – represents amounts that can only be used for specific purposes imposed by a formal action of the District's highest level of decision-making authority, the Board. Committed resources cannot be used for any other purposes unless the Board removes or changes the specific use by taking the same formal action that imposed the constraint originally.

*Assigned fund balance* – represents amount the District intends to use for specific purposes as expressed by the Board or an official delegated with the authority. The Board has delegated the authority to assign fund balances to the Superintendent.

*Unassigned fund balance* – represents the residual classification for the general fund or deficit balances in other funds.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and then unassigned fund balance.

**12. Deferred Outflows of Resources and Deferred 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.

**13. Health Care Coverage**

During the year ended August 31, 2022, employees of Pleasant Grove Independent School District were covered by a uniform statewide health care program for public education employees. The District contributed \$250 per month. Employees, at their option, may authorize payroll withholdings to pay the remaining balance of the premium for employee coverage and/or dependents. All contributions/premiums were paid to the statewide health care program. The Plan was authorized by House Bill 3343 and will be administered by the Teacher Retirement System of Texas (TRS). The TRS board approved the selection of Blue Cross Blue Shield as the health plan administrator and Caremark as the pharmacy benefits manager for TRS-ActiveCare.

**14. Workers' Compensation Plan**

During the year ended August 31, 2022, Pleasant Grove ISD met its statutory worker's compensation obligations through participants in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members' injured employees.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2021, the Fund carries a discounted reserve of \$44,985,187 for future development on reported claims and claims that have been incurred but not yet reported. For the year-ended August 31, 2022, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2022, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

**15. Risk Management - Claims and Judgments**

In the normal course of operations, the District is exposed to risks of loss from a number of sources including fire and casualty losses, errors or omissions by board members and employees, and injuries to employees during the course of performing their duties. The District attempts to cover these losses by the purchase of insurance. Significant losses are covered by commercial insurance for property and liability programs. The District entered into an agreement with the Texas Association of School Boards Risk Management Fund for their workers' compensation plan. The District participates in the State Administered Plan TRS – Active Care for employee health insurance coverage. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

In management's estimation, there are no current loss claims that exceed the maximum coverage or any material unfunded claim benefit obligation for the self-funded programs.

**16. Restricted Assets**

When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

**17. Functions**

School Districts are required to report all expenses by function, except certain indirect expenses. General administration, data processing service and other intergovernmental charges functions (data control codes 41, 53, and 99 respectively) include expenses that are indirect expenses of other functions. These indirect expenses are not allocated to other functions.

**18. Data Control Codes**

The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a Statewide data base for policy development and funding plans.

**19. Estimates and Assumptions**

The preparation of financial statements in conformity with generally accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Note B. Stewardship, Compliance and Accountability**

**Budgetary Data**

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund which is included in the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the other two reports appear in Exhibit J-2 and J-3.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is approved, it can only be amended at the function and fund level 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. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.

Significant budget amendments were as follows:

General Fund:	
(Increase) in instruction expenditures	(810,434)
(Increase) in instructional resources and media services expenditures	(144,133)
(Increase) in curriculum and instructional staff development expenditures	(124,050)
(Increase) in instructional leadership expenditures	(21,427)
(Increase) in school leadership expenditures	(36,174)
(Increase) in guidance, counseling, and evaluation services expenditures	(43,690)
Decrease in health services expenditures	132
(Increase) in student (pupil) transportation expenditures	(202,708)
(Increase) in extracurricular activities expenditures	(228,529)
(Increase) in general administration expenditures	(134,687)
(Increase) in facilities maintenance and operations expenditures	(737,940)
(Increase) in data processing services expenditures	(143,329)
(Increase) in facilities acquisition and construction expenditures	(1,500,000)
	<u>(4,090,969)</u>
Food Service Fund:	
Increase in federal program revenues	735,779
(Increase) in food services expenditures	(476,944)
	<u>258,835</u>
Debt Service Fund:	
Increase in total local and intermediate sources	127,886
Increase in state program revenues	67,723
(Increase) in principal on long-term debt expenditures	(412,149)
	<u>(216,540)</u>

Each budget 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.

The District's Food Service Fund is considered a special revenue fund since it meets the following criteria: (1) User fees are charged to supplement the National School Lunch Program (NSLP), (2) The General Fund subsidizes the Food Service Program for all expenditures in excess of NSLP, and (3) The District does not consider the Food Service Program completely self-supporting. Food Service fund balances are used exclusively for child nutrition program purposes. A reconciliation of fund balances for both appropriated budget and non-appropriated budget Nonmajor Governmental Special Revenue Funds is as follows:

**Note C. Deposits and Investments**

District Policies and Legal and Contractual Provisions Governing Deposits:

	August 31, 2022
	<u>Fund Balance</u>
Appropriated Budget Funds - Food Service Special Revenue Fund	504,737
Non appropriated Budget Funds	<u>476,435</u>
All Nonmajor Governmental Special Revenue Funds	<u>981,172</u>

*Custodial Credit Risk for Deposits* - State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has no custodial credit risk for deposits.

The captions and amounts of cash and cash equivalents on the balance sheet at August 31, 2022 consist of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Balance Sheet Total
Cash and Cash Equivalents	25,044,481	(14,056,284)	41,988,385	(6,061,339)	46,915,243
Temporary Investments	(18,039,921)	18,092,593	-	7,065,681	7,118,353
<b>Total</b>	<b>7,004,560</b>	<b>4,036,309</b>	<b>41,988,385</b>	<b>1,004,342</b>	<b>54,033,596</b>

The District's cash deposits at August 31, 2022 and during the entire year were covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

**The Public Funds Investment Act** (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 Public Funds Investment Act (PFIA) governs the District's investment policies and types of investments. The District's management believes that it complied with the requirements of the PFIA and the District's investment policies.

As of August 31, 2022, Pleasant Grove Independent School District had the following investments:

<u>Investment Type</u>	<u>Amortized Cost</u>
Lone Star Investment Pool	3,735,925
Texas Short Term Asset Reserve Program ("TexStar")	3,382,428
Total Investment Pools	<u>7,118,353</u>
Total Investments	<u>7,118,353</u>

The Lone Star Investment Pool ("Lone Star"), and the Texas Short Term Asset Reserve Program ("TexStar") are organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Texas Comptroller of Public Accounts is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company ("Trust Company"), which is authorized to operate TexPool.

Lone Star's Advisory Board is composed of participants and other knowledgeable individuals representing public schools, public junior colleges, cities, counties, and other local governments. The purpose of the Advisory Board is to gather and exchange information from participants and nonparticipants relating to the operation of Lone Star Investment Pool. Lone Star employs an independent third-party bank, Mellon Bank, to perform custody and valuation services. Investment advisory services are provided by Standish Mellon and AMR Investments. An independent auditor, Ernst & Young LLP, provides an annual audit of Lone Star's financial statements.

TexStar is administered by First Southwest Asset Management, Inc. and JP Morgan Chase. The fund seeks to maintain a constant dollar objective and meet the requirements of the Texas PFIA for local government investment pools.

Additional policies and contractual provisions governing deposits and investments for Pleasant Grove Independent School District are specified below:

*Credit Risk* - To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments in Obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies and instrumentalities; certificates of deposits; fully collateralized repurchase agreements that have a defined termination date and secured by obligations of the United States or its agencies and instrumentalities; public funds investment pools; collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States rated not less than A or its equivalent issued by national recognized statistical rating organizations (NRSROs). As of August 31, 2022, the District's investments in public funds investment pools were rated AAA and AAAM by Standard & Poor's.

*Interest Rate Risk* - To limit the risk of changes in interest rates will adversely affect the fair value of investments, the District requires invested instruments maturities do not exceed one year from the time of purchase except when a longer maturity may be specifically authorized by the Board for a given investment provided legal limits are not exceeded.

**Note D. 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 located in the District in conformity with Subtitle E, Texas Property Tax Code. The assessed value of the roll on January 1, 2021 upon which the levy for the 2022 fiscal year was based was \$1,018,771,943. The tax rates levied for the year ended August 31, 2022, to finance General Fund operations and the payment of principal and interest on general obligations long-term debt were \$0.9965 and \$0.365 per \$100 per valuation, respectively, for a total of \$1.3615 per \$100 valuation.

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 31 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 are collected.

**Note E. Delinquent Taxes Receivable**

Delinquent taxes are prorated between maintenance (General Fund) and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Fund are based on 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.

**Note F. Disaggregation of Receivables and Payables**

Receivables at August 31, 2022, were as follows:

	Property Taxes	Other Governments	Other Funds	Total Receivables
<b>Governmental Activities:</b>				
General Fund	278,966	1,332,573	2,555,502	4,167,041
Debt Service	95,620	5,222	16,594	117,436
Nonmajor Governmental Funds (Special Revenue)	-	359,807	-	359,807
<b>Total - Governmental Activities</b>	<b>374,586</b>	<b>1,697,602</b>	<b>2,572,096</b>	<b>4,644,284</b>
Amounts not scheduled for collection during the subsequent year	(191,755)	-	-	(191,755)

Payables at August 31, 2022, were as follows:

	Accounts Payable	Salaries/ Benefits	Other Funds	Total Payables
<b>Governmental Activities:</b>				
General Fund	194,913	1,442,438	1,855,988	3,493,339
Capital Projects	788,091	-	607,164	1,395,255
Nonmajor Governmental Funds (Special Revenue)	35,734	201,818	108,944	346,496
<b>Total - Governmental Activities</b>	<b>1,018,738</b>	<b>1,644,256</b>	<b>2,572,096</b>	<b>5,235,090</b>

**Note G. Capital Asset Activity**

During the current year, the District purchased several capital assets, including a portable speaker system, four Ford trucks, a Ford van, a Chevrolet Tahoe, a Ford expedition, a zero turn lawn mower and three tubas. The total of these purchases were \$285,505 and is reflected as an addition to furniture and equipment. The District also made baseball field renovations, remodeled PAC lighting and sound, completed a painting and window project at the middle school for a total cost of \$800,934. The District also purchased 4,352 acres of land for a total cost of \$1,342,090.

The District signed a construction contract with Harrison, Walker & Harper, LLC for work performed on the Middle School roof and HVAC. The contract was signed in May of 2022 for a total contract price of \$2,116,334. During the fiscal year 2022, the District incurred \$567,417 of expenditures related to this contract.

The District also started several other projects in the year. The District paid \$12,950 in costs associated with the construction of a new high school cafeteria. The District also started renovation of the old high school cafeteria to the college and career counseling center. The District incurred \$156,633 in engineering costs and other costs of \$17,988 related to this project. The District also started the construction of a new high school field house. The District incurred \$180,000 in engineering costs and other costs of \$5,500 related to this project.



Capital asset activity for the District for the year ended August 31, 2022, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Land	1,274,180	1,342,090	-	2,616,270
Building and Improvements	76,636,385	800,934	-	77,437,319
Furniture and Equipment	3,320,487	285,505	-	3,605,992
Construction in Progress	-	940,488	-	940,488
Totals at Historic Cost	<u>81,231,052</u>	<u>3,369,017</u>	<u>-</u>	<u>84,600,069</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(22,775,241)	(2,032,278)	-	(24,807,519)
Furniture and Equipment	(2,816,309)	(189,404)	-	(3,005,713)
Total Accumulated Depreciation	<u>(25,591,550)</u>	<u>(2,221,682)</u>	<u>-</u>	<u>(27,813,232)</u>
Governmental Activities, Net:				
Land	1,274,180	1,342,090	-	2,616,270
Building and Improvements	53,861,144	(1,231,344)	-	52,629,800
Furniture and Equipment	504,178	96,101	-	600,279
Construction in Progress	-	940,488	-	940,488
Capital Assets, Net	<u>55,639,502</u>	<u>1,147,335</u>	<u>-</u>	<u>56,786,837</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
Instruction	1,280,295
Instructional Resources and Media Services	18,574
Curriculum Development and Instructional Staff	21,745
Instructional Development	11,388
School Leadership	114,777
Guidance, Counseling and Evaluation Services	35,894
Health Services	14,179
Student (Pupil) Transportation	15,412
Food Services	86,932
Cocurricular/Extracurricular Activities	154,477
General Administration	152,080
Plant Maintenance and Operations	252,367
Security and Monitoring Service	9,730
Data Processing Services	53,832
Total Depreciation Expense - Governmental Activities	<u>2,221,682</u>

**Note H. Maintenance Tax Note Obligations**

On July 17, 2012 the District issued \$2,235,000 of Limited Tax Refunding Bonds, Series 2012. This issue redeemed in full Pleasant Grove Independent School District Maintenance Tax Note Refunding, Series 2008 in the amount of \$720,000 and Limited Tax Refunding Bonds, Series 2008 in the amount of \$1,495,000 and resolving other matters incident and related to the issuance, sale, payment and delivery of said Bonds. The Series 2012 has a stated interest rate of 2.25% and will mature in 2028 with a net present value savings to the District of approximately \$307,990. As a result, the Maintenance Tax Note Refunding Series 2008 and Limited Tax Refunding Bonds Series 2008 was considered defeased and the District removed the liability from its financial statements

In the governmental fund financial statements, maintenance tax note obligations of the District current requirements are accounted for in the General Fund in Functions 71, 72 and 73 – Debt Service for payment of principal, interest and fees, respectively. During the year ended August 31, 2022, the District paid \$105,000 in principal, \$16,594 in interest, and \$800 in fees.

A summary of changes in Maintenance Tax Note Obligations for the year ended August 31, 2022 is as follows:

Purpose	Stated	Amounts	Amounts	Amounts		
	Interest	Original	Outstanding	Issued	Retired	Outstanding
	Rate	Issue	09/01/21			08/31/22
Refunding of 2008 Maintenance Note and 2008 Limited Tax Refunding Bonds Series 2012 due in annual installments through August 31, 2028	2.25%	2,235,000	790,000	-	105,000	685,000
			790,000	-	105,000	685,000

Maintenance Tax Note Obligations requirements are as follows:

Year Ended	Maintenance Tax Note Obligations - Direct Borrowing		
	Principal	Interest	Total Requirements
August 31			
2023	110,000	14,175	124,175
2024	110,000	11,700	121,700
2025	115,000	9,169	124,169
2026	115,000	6,581	121,581
2027	115,000	3,993	118,993
2028	120,000	1,350	121,350
	685,000	46,968	731,968

In the government-wide financial statements, maintenance note indebtedness is reflected in the Statement of Net Position. The deferred charge on refunding the maintenance note, net of accumulated amortization, totaled \$4,540 at August 31, 2022. Amortization of \$1,604 is reflected in the Statement of Activities for the year ended August 31, 2022. See Note L for more details.

**Note I. Bonds Payable and Debt Service Requirements**

On April 1, 2010, the District issued \$6,999,999 of Unlimited Tax School Building Bonds, Series 2010 issue to redeem in full Pleasant Grove Independent School District Unlimited Tax Refunding and School Building Bonds, Series 2001 in the amount of \$7,000,000. The Series 2010 was comprised of \$6,875,000 in Serial Current Interest Bonds with stated interest rate ranging between 2.00% through 4.00% and \$124,999 in Premium Capital Appreciation Bonds that had discounted principal balances of \$124,999 at the date of issue. The Premium Capital Appreciation Bonds matured at \$485,000 on February 15, 2015.

On April 4, 2013, the District issued \$8,274,990 of Unlimited Tax School Building Bonds, Series 2013 issued to redeem a portion Pleasant Grove Independent School District Unlimited Tax Refunding and School Building Bonds, Series 2007 in the amount of \$8,275,000. The Series 2013 was comprised of \$8,110,000 in Serial Current Interest Bonds with a stated interest rate of 3.5% and \$164,990 in Premium Capital Appreciation Bonds that had discounted principal balances of \$131,558 and \$33,432 at the date of issue. The Premium Capital Appreciation Bonds matured at \$545,000 and \$600,000 on August 15, 2013 and February 15, 2015, respectively. On October 10, 2017, the Board authorized the District to defease a portion of the outstanding bonds. The District deposited \$1,488,247 into an escrow fund titled "Special Series 2013 Pleasant Grove Independent School District Unlimited Tax Refunding Bonds 2017 Defeasance Escrow Fund" with Regions Bank, Houston, Texas. The defeased bonds are called for redemption and shall be redeemed on February 15, 2023, at the price of par and accrued interest to the date of redemption. The aggregate principal amount defeased is \$1,370,000. The cost of the defeasance to the District was \$10,500. The total amount of savings resulting from this transaction is \$530,652.

On July 1, 2014, the District issued \$8,634,999 of Unlimited Tax Refunding Bonds, Series 2014 issued to redeem a portion Pleasant Grove Independent School District Unlimited Tax Refunding and School Building Bonds, Series 2007 in the amount of \$8,635,000. The Series 2014 was comprised of \$8,020,000 in Serial Current Interest Bonds with a stated interest rate of 3.50-4.00% and \$614,999 in Premium Capital Appreciation Bond that had a discounted principal balance of \$614,999 at the date of issue. The Premium Capital Appreciation Bond matured at \$980,000 August 15, 2015.

On February 1, 2015, the District issued \$8,460,000 of Unlimited Tax Refunding Bonds, Series 2015 issued to redeem a portion of Pleasant Grove Independent School District Unlimited Tax Refunding and School Building Bonds, Series 2007 in the amount of \$10,032,467 representing the original principal amount of the Bonds of \$8,460,000, plus an original issue premium of \$1,626,797, less an Underwriters' discount of \$54,330. The Series 2015 was comprised of Current Interest Bonds with a stated interest rate of 3.00 – 5.00%.

On May 8, 2018, the taxpayers of the District approved a bond issue to construct, equip and renovate school buildings in the District and to pay the costs associated with the issuance of the Bonds. On June 26, 2018, the District issue \$17,945,000 of Unlimited Tax School Building Bonds, Series 2018. The stated interest rates range from 3.00% to 5.00%. The final payment on the bonds will be made February 15, 2043.

On December 16, 2020, the District issued \$3,875,000 of Unlimited Tax Refunding Bonds, Series 2020A to redeem Unlimited Tax School Building Bonds, Series 2010 in the amount of \$3,920,000. The Series 2020A was comprised of \$3,875,000 in Serial Current Interest Bonds and premium of \$189,356 at the date of issue and a stated interest rate of 2.00%-3.00%. The Series 2020A bonds are set to mature in 2025. The defeased bonds are called for redemption on December 16, 2020 at the price of par and accrued interest to the date of redemption in the amount of \$3,972,703, which is reflected in the Debt Service Fund as Other Financing Uses. The refunding resulted in a gross savings of \$295,805 and net present value benefit of \$299,883. Bond proceeds are accounted for in the Debt Service Fund as other financing sources in the amount of \$3,875,000 for refunding bond issued and paid.

On December 16, 2020, the District issued \$16,615,000 of Unlimited Tax Refunding Bonds, Series 2020B to redeem Unlimited Tax Refunding Bonds, Series 2013 in the amount of \$6,740,000, a portion of Unlimited Tax Refunding Bonds, Series 2014 in the amount of \$6,265,000, and a portion of Unlimited Tax Refunding Bonds, Series 2015 in the amount of \$3,630,000. The Series 2020B was comprised of \$16,615,000 in Serial Current Interest Bonds and premium of \$2,127,137 at the date of issue and a stated interest rate of 1.78%-5.00%. The Series 2020B bonds are set to mature in 2032. The District deposited \$18,641,561 into an escrow fund, which is reflected in the Debt Service Fund as Other Financing Uses. The defeased bonds are called for redemption and shall be redeemed February 15, 2023 and February 15, 2024. The aggregate principal amount defeased is \$16,635,000. The refunding resulted in a gross savings of \$1,228,788 and net present value benefit of \$1,232,615. Bond proceeds are accounted for in the Debt Service Fund as other financing sources in the amount of \$16,615,000 for refunding bond issued and paid.

On August 1, 2022, the District issued \$39,455,000 of Unlimited Tax School Building Bonds, Series 2022 to (i) acquire, construct, renovate and equip school buildings in the District (ii) for the purchase of necessary sites for school buildings and (iii) pay costs of issuing the bonds. The stated interest rates range from 4.00% to 5.00%. The final payment on the bonds will be made February 15, 2052.

In the governmental fund financial statements, the current expenditures for principal and in interest expenditures are accounted for in the Debt Service Fund in the Statement of Revenues, Expenditures and Changes in Fund Balance. During the year ended August 31, 2022, the District paid \$1,730,000 in principal, \$1,632,028 in interest, and \$3,580 in fees.

A summary of changes in bonded indebtedness for the year ended August 31, 2022 is as follows:

	Stated Interest Rate	Amounts Original Issue	Amounts Outstanding 09/01/21	Issuance / Accretion	Retired	Amounts Outstanding 08/31/22
<b>Unlimited Tax Refunding Bonds, Series 2014</b>						
Serial Current Interest Bonds due						
February 15, 2023, 2024, 2028-2030	3.5-4.0%	8,020,000	1,755,000	-	-	1,755,000
<b>Unlimited Tax Refunding Bonds, Series 2015</b>						
Serial Current Interest Bonds due						
February 15, 2018 -2022, 2023, 2025-2027	3.0-5.0%	8,460,000	2,385,000	-	890,000	1,495,000
<b>Unlimited Tax School Bldg Bonds - Series 2018</b>						
due in annual installments						
through February 15, 2043	3.0-5.0%	17,945,000	17,595,000	-	95,000	17,500,000
<b>Unlimited Tax Refunding Bonds, Series 2020A</b>						
Serial Current Interest Bonds due						
February 15, 2021-2025	2.0-3.0%	3,875,000	3,115,000	-	745,000	2,370,000
<b>Unlimited Tax Refunding Bonds, Series 2020B</b>						
Serial Current Interest Bonds due						
February 15, 2021, 2026-2032	1.72% - 5.0%	16,615,000	16,330,000	-	-	16,330,000
<b>Unlimited Tax School Bldg Bonds - Series 2022</b>						
due in annual installments						
through February 15, 2052	4.0-5.0%	39,455,000	-	39,455,000	-	39,455,000
			41,180,000	39,455,000	1,730,000	78,905,000

Bonded debt service requirements are as follows:

Year Ended	General Obligation Bonds		
	Principal	Interest	Total Requirements
August 31			
2023	1,820,000	3,327,727	5,147,727
2024	1,895,000	3,244,429	5,139,429
2025	2,035,000	3,171,829	5,206,829
2026	1,305,000	3,100,554	4,405,554
2027	2,245,000	3,011,804	5,256,804
2028-2032	12,830,000	13,568,502	26,398,502
2033-2037	9,740,000	11,781,750	21,521,750
2038-2042	11,210,000	9,198,500	20,408,500
2043-2047	15,785,000	5,938,125	21,723,125
2048-2052	20,040,000	2,068,000	22,108,000
	<u>78,905,000</u>	<u>58,411,220</u>	<u>137,316,220</u>

In the government-wide financial statements, bonded indebtedness of the District is reflected in the Statement of Net Position. Bond premium/discount proceeds are deferred and amortized over the life of the bonds. Amortization of \$567,341 is reflected in the Statement of Activities for the year ended August 31, 2022.

	Series 2014	Series 2015	Series 2018	Series 2020A	Series 2020B	Series 2022	Total
Premium on issuance of bonds	(58,948)	(255,250)	(1,920,586)	(138,706)	(1,942,694)	-	(4,316,184)
Current year amortization	21,656	93,771	112,298	63,506	276,110	-	567,341
Building Bond Issuance	-	-	-	-	-	(1,916,860)	(1,916,860)
Premium on issuance of bonds, net	<u>(37,292)</u>	<u>(161,479)</u>	<u>(1,808,288)</u>	<u>(75,200)</u>	<u>(1,666,584)</u>	<u>(1,916,860)</u>	<u>(5,665,703)</u>

The deferred charge on refunding bonds, net of accumulated amortization, totaled \$1,810,723 at August 31, 2022. Amortization of \$337,580 is reflected in the Statement of Activities for the year ended August 31, 2022. See Note L for more details.

Pleasant Grove Independent School District has entered into a continuing disclosure undertaking to provide Annual Reports and material Event 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 Pleasant Grove Independent School District.

There are a number of limitations and restriction contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2022.

**Note J. Accumulated Leave Benefits Payable**

Certain employees earn vacation and additional days worked beyond commitment, which may be either taken or accumulated. Carryover is limited on vacation and additional days worked beyond commitment to no more than ten days. Vacation and additional days worked beyond commitment payable at August 31, 2022 totaled \$33,951.

Employees earn leave, which may either be taken or accumulated. Employees who retire from Pleasant Grove Independent School District are entitled to payment of their accumulated local personal leave in a lump sum payment. Vested accumulated leave benefits payable at August 31, 2022 totaled \$31,163.

A summary of changes in the accumulated leave benefits liability follows:

Balance September 1, 2021	81,566
Additions	-
Deductions	<u>(16,452)</u>
Balance August 31, 2022	<u>65,114</u>

**Note K. Changes in Long-Term Liabilities**

Long-term liability activity for the year ended August 31, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Notes and Bonds Payable:					
Maintenance Tax Note Obligations	790,000	-	105,000	685,000	110,000
General Obligation Bonds	41,180,000	39,455,000	1,730,000	78,905,000	1,820,000
Premium/Discount on Issuance of Bonds, Net	4,316,184	1,916,860	567,341	5,665,703	-
Total Bonds and Notes Payable	<u>46,286,184</u>	<u>41,371,860</u>	<u>2,402,341</u>	<u>85,255,703</u>	<u>1,930,000</u>
Other Liabilities:					
Accumulated Leave Benefits Liability	81,566	-	16,452	65,114	-
Net Pension Liability	4,914,709	-	2,579,886	2,334,823	-
Net OPEB Liability	5,574,866	189,546	114,426	5,649,986	-
Total Other Liabilities	<u>10,571,141</u>	<u>189,546</u>	<u>2,710,764</u>	<u>8,049,923</u>	<u>-</u>
Total Governmental Activities Long-term Liabilities	<u>56,857,325</u>	<u>41,561,406</u>	<u>5,113,105</u>	<u>93,305,626</u>	<u>1,930,000</u>

**Note L. Deferred Outflow of Resources – Deferred Charges for Refundings (Government Wide)**

The following is a summary of changes in deferred outflows of resources for the year ended August 31, 2022:

	Beginning Balance	Additions	Deduction	Ending Balance
Deferred charges on refunding notes	6,144	-	(1,604)	4,540
Deferred charges on refunding bonds:				
Series 2014	70,086	-	(25,748)	44,338
Series 2015	103,812	-	(38,138)	65,674
Series 2020A	(22,587)	-	10,341	(12,246)
Series 2020B	1,996,992	-	(284,035)	1,712,957
Total	<u>2,154,447</u>	<u>-</u>	<u>(339,184)</u>	<u>1,815,263</u>

**Note M. Defined Benefit Pension Plan (TRS)**

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

**Plan Description.** Pleasant Grove Independent School District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

**Pension Plan Fiduciary Net Position.** Detail information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at [https://www.trs.texas.gov/Pages/about\\_publications.aspx](https://www.trs.texas.gov/Pages/about_publications.aspx), or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512)542-6592.

**Benefits Provided.** TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description 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.

**Contributions.** Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86<sup>th</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

<b>Contribution Rates</b>		
	<u>2021</u>	<u>2022</u>
Member (Employees)	7.7%	8.0%
Employer (District)	7.5%	7.75%
Non-Employer Contributing Entity (State)	7.5%	7.75%
PGISD Fiscal Year Member Contributions	1,051,251	1,163,303
PGISD Fiscal Year Employer Contributions	386,746	452,931
PGISD NECE On-Behalf Contributions	810,891	838,171

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment
- When any or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.

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

- All public schools, charter schools, and regional educational service centers must contribute 1.5% of the member's salary beginning in fiscal year 2021, gradually increasing to 2% in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

**Actuarial Assumptions.** The total pension liability in the August 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.25%
Long-Term Expected Rate	7.25%
	1.95% - The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Municipal Bond Rate as of August 2020	
Last year ending August 31 in	
Projection Period (100) years	2120
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Ad hoc post-employment benefit changes	None



The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2020. For a full description of these assumptions please see the actuarial valuation report dated November 9, 2020.

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

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

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2021 are summarized below:

Asset Class <sup>1</sup>	Target Allocation % <sup>2</sup>	Long-Term Expected Arithmetic Real Rate of Return <sup>3</sup>	Expected Contribution to Long-Term Portfolio Returns
<b>Global Equity</b>			
USA	18.0%	3.6%	0.94%
Non-U.S. Development	13.0%	4.4%	0.83%
Emerging Markets	9.0%	4.6%	0.74%
Private Equity	14.0%	6.3%	1.36%
<b>Stable Value</b>			
Government Bonds	16.0%	-0.2%	0.01%
Absolute Return	0.0%	1.1%	0.00%
Stable Value Hedge	5.0%	2.2%	0.12%
<b>Real Return</b>			
Real Estate	15.0%	4.5%	1.00%
Energy, Natural Reserves	6.0%	4.7%	0.35%
Commodities	0.0%	1.7%	0.00%
<b>Risk Parity</b>			
Risk Parity	8.0%	2.8%	0.28%
<b>Leverage</b>			
Cash	2.0%	-0.7%	-0.01%
Asset Allocation Leverage	-6.0%	-0.5%	0.03%
<b>Inflation Expectation</b>			2.20%
<b>Volatility Drag<sup>4</sup></b>			-0.95%
<b>Total</b>	<b>100.00%</b>		<b>6.90%</b>

<sup>1</sup> Absolute Return includes Credit Sensitive Investments

<sup>2</sup> Target Allocations are based on the FY2021 policy model

<sup>3</sup> Capital Asset Market Assumptions come from Aon Hewitt (as of 8/31/2021).

<sup>4</sup> The volatility drag results from the conversion between arithmetic and geometric mean returns.

**Discount Rate Sensitivity Analysis.** The following table presents the Net Pension Liability of the plan using the discount rate of 7.25%, and what the net pension liability would be if it were calculated using a discount rate that is one % point lower (6.25%) or one% point higher (8.25%) than the current rate.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
PGISD's proportionate share of the net pension liability	5,101,959	2,334,823	89,836

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At August 31, 2022, Pleasant Grove ISD reported a liability of \$2,334,823 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Pleasant Grove ISD. The amount recognized by Pleasant Grove ISD 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 Pleasant Grove ISD were as follows:

District's proportionate share of the collective net pension liability	\$ 2,334,823
State's proportionate share that is associated with the District	<u>5,001,847</u>
Total	<u>\$ 7,336,670</u>

The net pension liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2020 thru August 31, 2021.

At August 31, 2021 the employer's proportion of the collective net pension liability was .0091682272%, which was an increase (decrease) of (0.0000082026%) from its proportion measured as of August 31, 2020.

#### Changes Since the Prior Actuarial Valuation

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

For the year ended August 31, 2022, Pleasant Grove School recognized pension expense of \$329,516 and revenue of \$19,997 for support provided by the State.

At August 31, 2022, Pleasant Grove School reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 3,907	\$ 164,373
Changes in actuarial assumptions	825,314	359,766
Difference between projected and actual investment earnings	-	1,957,719
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	90,314	18,853
Total as of August 31, 2021 measurement date	\$ 919,535	\$ 2,500,711
Contributions paid to TRS subsequent to the measurement date (to be calculated by employer)	452,934	-
Total as of August 31, 2022	\$ 1,372,466	\$ 2,500,711

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

Year ended August 31:	Pension Expense Amount
2023	(242,041)
2024	(273,789)
2025	(460,035)
2026	(585,699)
2027	(14,940)
Thereafter	(4,672)
	<u>\$ (1,581,176)</u>

**Note N. Defined Other Post-Employment Benefit Plan**

*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.

*Plan Description.* Pleasant Grove Independent School District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost sharing defined Other Post-Employment Benefit (OPEB) plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

*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 <http://www.trs.texas.gov/Pages/aboutpublications.aspx>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

*Benefits Provided.* TRS-Care provides a basic 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**

	<u>Medicare</u>	<u>Non-Medicare</u>
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

**Contributions.** Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, Section 1575.202 establishes the state’s contribution rate which is 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

**Contribution Rates**

	<u>2021</u>	<u>2022</u>
Active Employee	0.65%	0.65%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
Non-Employer Contributing Entity (State)	1.25%	1.25%
PGISD's Fiscal Year Member Contributions	88,742	94,518
PGISD's Fiscal Year Employer Contributions	114,426	122,086
Measurement Year NECE On-behalf Contributions	149,780	153,305

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$5,520,343 million in fiscal year 2021 for consumers protections against medical and health care billing by certain out-of-network providers.

**Actuarial Assumptions**

The actuarial valuation was performed as of August 31, 2020. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2021. The actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2020 TRS pension actuarial valuation that was rolled forward to August 31, 2021:

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

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

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	1.95% as of August 31, 2021
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	3.05% to 9.05%, including inflation
Ad Hoc Post-Employment Benefit Changes	None

**Discount Rate:** A single discount rate of 1.95% was used to measure the total OPEB liability. There was a decrease of .38 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to *not be able* to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2021 using the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

**Discount Rate Sensitivity Analysis.** The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% point lower than and 1% point higher than the discount rate that was used (1.95%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (0.95%)	Current Single Discount Rate (1.95%)	1% Increase in Discount Rate (2.95%)
PGISD's proportionate share of the Net OPEB Liability	6,815,185	5,649,986	4,732,936

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.*** At August 31, 2022 the District reported a liability of \$5,649,986 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	\$ 5,649,986
State's proportionate share that is associated with the District	<u>7,569,722</u>
Total	<u>\$ 13,219,708</u>

The Net OPEB Liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2020 thru August 31, 2021.

At August 31, 2021 the employer's proportion of the collective Net OPEB Liability was .0146469571%, compared to (0.0000181420%) as of August 31, 2020.

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of Net OPEB Liability	4,576,301	5,649,986	7,090,604

***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 changed from 2.33 percent as of August 31, 2020 to 1.95 percent as of August 31, 2021.
- This change increased the Total OPEB Liability.

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

At August 31, 2022, 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: (The amounts shown below will be the cumulative layers for the current and prior years combined.)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 243,259	\$ 2,734,988
Changes in actuarial assumptions	625,802	1,194,867
Net Difference between projected and actual investment earnings	6,134	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	448,234	227,130
Total as of August 31, 2021 measurement date	1,323,429	4,156,985
Contributions paid to TRS subsequent to the measurement date (to be calculated by employer)	122,086	-
Total as of August 31, 2022 fiscal year-end	\$ 1,445,515	\$ 4,156,985

The net amounts of the employer’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
2023	\$ (567,087)
2024	(567,226)
2025	(567,188)
2026	(418,466)
2027	(217,121)
Thereafter	(496,468)
	<u>\$ (2,833,556)</u>

For the year ended August 31, 2022, the District recognized OPEB expense of (\$439,827) and revenue of (\$279,381) for support provided by the State.

**Note O. Medicare Part D (TRS)**

Federal Government Retiree Drug Subsidy - The Medicare Modernization Act of 2003 (MMA) created an outpatient prescription drug benefit program (known as Medicare Part D) and a Retiree Drug Subsidy (RDS) program which were made available in 2006. The Texas Public School Retired Employee Group Insurance Program (TRS-Care) is offering a Medicare Part D Plan and is participating in the Retiree Drug Subsidy plan for eligible TRS-Care participants. Under Medicare Part D and the RDS program, TRS-Care receives payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. On-behalf payments must be recognized as equal revenues and expenditures/expenses by each reporting entity.

The allocation of these on-behalf payments is based on the ratio of a reporting entity’s covered payroll to the entire covered payroll reported by all participating reporting entities. TRS based this allocation percentage on the “completed” report submission by reporting entities for the month of May. Any questions about payroll amounts should be directed to a reporting entity’s payroll contact.

Contribution amounts are as follows: State Contributions for Medicare Part D made on behalf of Pleasant Grove Independent School District’s employees were \$45,267 for the year ended August 31, 2022. State Contributions for Medicare Part D made on behalf of Pleasant Grove Independent School District’s employees were \$60,490 for the year ended August 31, 2021. State Contributions for Medicare Part D made on behalf of Pleasant Grove Independent School District’s employees were \$56,413 for the year ended August 31, 2020.

**Note P. Commitments and Contingencies**

Litigation - The District may be subjected to loss contingencies arising principally in the normal course of operations. In the opinion of the administration, the outcome of these lawsuits will not have a material adverse effect on the accompanying financial statements and accordingly, no provision for losses has been recorded.

Grant Programs - The District participates in numerous state and federal 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 the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at August 31, 2022 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 financial statements for such contingencies.

**Note Q. Due From/To Other Governments**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from/to federal and state governments as of August 31, 2022 are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from/to Other Governments.

<u>Fund</u>	<u>State Entitlements</u>	<u>Federal Entitlements</u>	<u>Local Agency</u>	<u>Total</u>
Governmental Activities:				
Due From Other Governments:				
General Fund	1,318,282	-	14,291	1,332,573
Debt Service Fund	-	-	5,222	5,222
Nonmajor Governmental Funds (Special Revenue)	29,367	330,440	-	359,807
	<u>1,347,649</u>	<u>330,440</u>	<u>19,513</u>	<u>1,697,602</u>

**Note R. Unearned Revenues**

Unearned revenue at August 31, 2022 consisted of the following:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Governmental Funds Total</u>
Athletic receipts	30,791	-	30,791
Tuition	9,000	-	9,000
Food Service receipts	-	22,548	22,548
Instructional material allotment	-	13,933	13,933
	<u>39,791</u>	<u>36,481</u>	<u>76,272</u>

**Note S. Deferred Inflows of Resources (Governmental Funds)**

Unavailable revenue- property taxes at August 31, 2022 consisted of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Governmental Funds Total</u>
Net uncollected tax revenue	<u>128,181</u>	<u>45,216</u>	<u>173,397</u>
Total unavailable revenue	<u>128,181</u>	<u>45,216</u>	<u>173,397</u>



**Note 8. Revenue from Local and Intermediate Sources**

During the current year, revenues from local and intermediate sources consisted of the following:

<u>Revenue Sources</u>	General	Debt	Capital	Nonmajor	Governmental
	Fund	Fund	Projects Fund	Funds	Funds Total
Property taxes and related income	10,127,284	3,709,041	-	-	13,836,325
Investment income	64,361	5,923	71,940	-	142,224
Food service revenue	-	-	-	86,104	86,104
Athletic	99,907	-	-	-	99,907
Tuition and fees	152,547	-	-	-	152,547
Insurance Recovery	1,357	-	-	-	1,357
Foundation, gifts	-	-	-	98,340	98,340
Other local sources	157,958	5,572	-	628,130	791,660
	<u>10,603,414</u>	<u>3,720,536</u>	<u>71,940</u>	<u>812,574</u>	<u>15,208,464</u>

**Note U. General Fund Federal Source Revenues**

<u>Program or Source</u>	<u>ALN</u>	<u>Amount</u>
School Health and Related Services (SHARS)	N/A	83,145
ERATE	N/A	1,656
		<u>\$ 84,801</u>

**Note V. Shared Service Arrangements**

The District participates in several Shared Service Arrangements (“SSA”) described as follows:

State/Local Funded - Bowie County Schools Transportation Department fiscal agent: The District participates in a state/local funded SSA which provides transportation services to member districts. In addition to the District, other member districts include all the districts in Bowie County. All services are provided by the fiscal agent. The Texas Education Agency and the member districts provide funds to the fiscal agent. Although a portion of the funding received by the fiscal agent from the Texas Education Agency is attributable to the District’s participation, the District does not account for revenues or expenditures of this program and does not disclose them in these financial statements. The fiscal agent manager is responsible for all financial activities of the shared services arrangement. The District has accounted for their portion of the payment of the activities of the SSA in the General Fund Function 93, Shared Services Arrangements, and has accounted for the payment using Model 3 in the SSA section of the Resource Guide. These payments totaled \$167,142 for the year ended August 31, 2022.

A detail of Function 93 is as follows:

General Fund - Function 93:	
SSA - Transportation	<u>167,142</u>

Federally Funded – Region VIII Service Center fiscal agent: The District participates in federally funded Shared Services Arrangements which provide vocational education services and migratory education services to member districts. In addition to the District, there are several other member districts. Although a portion of the funding received by the fiscal agent from the Texas Education Agency is attributable to the District’s participation, the District does not account for revenues or expenditures of these programs and does not disclose them in these financial statements. The fiscal agent is responsible for all financial activities of these shared service arrangements.

**Note W. Subsequent Events**

Management evaluated subsequent events after the date of the balance sheet and prior to the release of these financial statements which was January 11, 2023.

**REQUIRED SUPPLEMENTARY INFORMATION**

PLEASANT GROVE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 10,147,651	\$ 10,147,651	\$ 10,603,414	\$ 455,763
5800	State Program Revenues	10,639,350	10,639,350	11,316,247	676,897
5900	Federal Program Revenues	50,000	50,000	84,801	34,801
5020	Total Revenues	20,837,001	20,837,001	22,004,462	1,167,461
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	12,184,944	12,995,378	12,795,360	200,018
0012	Instructional Resources and Media Services	138,867	250,000	208,608	41,392
0013	Curriculum and Instructional Staff Development	150,950	275,000	244,212	30,788
0021	Instructional Leadership	108,573	130,000	127,895	2,105
0023	School Leadership	1,263,826	1,300,000	1,289,061	10,939
0031	Guidance, Counseling, and Evaluation Services	296,310	340,000	337,297	2,703
0033	Health Services	159,200	159,068	159,247	(179)
0034	Student (Pupil) Transportation	72,292	275,000	173,092	101,908
0036	Extracurricular Activities	1,171,471	1,400,000	1,300,618	99,382
0041	General Administration	1,618,313	1,750,000	1,708,016	41,984
0051	Facilities Maintenance and Operations	2,267,613	3,005,553	2,800,447	205,106
0052	Security and Monitoring Services	121,393	121,393	109,279	12,114
0053	Data Processing Services	506,671	650,000	604,585	45,415
Debt Service:					
0071	Principal on Long-Term Liabilities	175,000	175,000	105,000	70,000
0072	Interest on Long-Term Liabilities	25,000	25,000	16,594	8,406
0073	Bond Issuance Cost and Fees	700	700	800	(100)
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	1,500,000	1,500,000	-
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	275,000	275,000	167,142	107,858
0099	Other Intergovernmental Charges	235,000	235,000	205,988	29,012
6030	Total Expenditures	20,771,123	24,862,092	23,853,241	1,008,851
1100	Excess (Deficiency) of Revenues Over Expenditures	65,878	(4,025,091)	(1,848,779)	2,176,312
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers In	-	-	3,977,467	3,977,467
8911	Transfers Out (Use)	-	-	(3,977,467)	(3,977,467)
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net Change in Fund Balances	65,878	(4,025,091)	(1,848,779)	2,176,312
0100	Fund Balance - September 1 (Beginning)	9,215,169	9,215,169	9,215,169	-
3000	Fund Balance - August 31 (Ending)	\$ 9,281,047	\$ 5,190,078	\$ 7,366,390	\$ 2,176,312

PLEASANT GROVE 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, 2022

	FY2022 <u>Plan Year 2021</u>	FY 2021 <u>Plan Year 2020</u>	FY 2020 <u>Plan Year 2019</u>
District's Proportion of the Net Pension Liability (Asset)	0.009168227%	0.00917643%	0.009111343%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 2,334,823	\$ 4,914,709	\$ 4,736,361
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	5,001,847	10,525,800	9,165,771
Total	<u>\$ 7,336,670</u>	<u>\$ 15,440,509</u>	<u>\$ 13,902,132</u>
District's Covered Payroll	\$ 13,653,328	\$ 13,325,277	\$ 11,534,484
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	17.10%	36.88%	41.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.79%	75.54%	75.24%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2021 for year 2022, August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

<u>FY2019</u> <u>Plan Year</u>	<u>FY2018</u> <u>Plan Year</u>	<u>FY2017</u> <u>Plan Year</u>	<u>FY2016</u> <u>Plan Year</u>	<u>FY2015</u> <u>Plan Year 2014</u>
0.009190657%	0.009136099%	0.008589306%	0.0088437%	0.0039584%
\$ 5,058,761	\$ 2,921,232	\$ 3,245,771	\$ 3,126,130	1,057,343
9,790,275	6,132,262	7,574,429	7,289,680	6,643,653
<u>\$ 14,849,036</u>	<u>\$ 9,053,494</u>	<u>\$ 10,820,200</u>	<u>\$ 10,415,810</u>	<u>\$ 7,700,996</u>
\$ 11,105,587	\$ 11,276,722	\$ 11,047,817	\$ 10,696,865	10,633,842
45.55%	25.90%	29.38%	29.22%	9.94%
73.74%	82.17%	78.00%	78.43%	83.25%

PLEASANT GROVE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually Required Contribution	\$ 452,931	\$ 386,746	\$ 383,054
Contribution in Relation to the Contractually Required Contribution	(452,931)	(386,746)	(383,054)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 14,541,302	\$ 13,653,328	\$ 13,325,277
Contributions as a Percentage of Covered Payroll	3.41%	2.83%	2.87%

Note: GASB Codification, Vol 2, P20.183 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

	2019	2018	2017	2016	2015
\$	311,860	\$ 309,510	\$ 299,428	\$ 272,904	\$ 261,866
	(311,860)	(309,510)	(299,428)	(272,904)	(261,866)
\$	-	\$ -	\$ -	\$ -	\$ -
\$	11,534,484	\$ 11,105,587	\$ 11,276,722	\$ 11,047,817	\$ 10,696,865
	2.70%	2.79%	2.66%	2.47%	2.45%



PLEASANT GROVE 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, 2022

	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.014646957%	0.014665099%	0.013855543%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 5,649,986	\$ 5,574,866	\$ 6,552,456
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	7,569,722	7,491,284	8,706,748
Total	<u>\$ 13,219,708</u>	<u>\$ 13,066,150</u>	<u>\$ 15,259,204</u>
District's Covered Payroll	\$ 13,653,328	\$ 13,325,277	\$ 11,534,484
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	41.38%	41.84%	56.81%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	6.48%	4.99%	2.66%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. The amounts reported for FY 2022 are for measurement date August 31, 2021. The amounts reported for FY 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

FY2019 Plan Year	FY2018 Plan Year
0.014377906%	0.014227513%
\$ 7,179,020	\$ 6,187,012
9,720,387	8,876,706
<u>\$ 16,899,407</u>	<u>\$ 15,063,718</u>
\$ 11,105,587	\$ 11,276,722
64.64%	54.87%
1.57%	0.91%

PLEASANT GROVE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DISTRICTS CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR FISCAL YEAR 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually Required Contribution	\$ 122,086	\$ 114,426	\$ 111,465
Contribution in Relation to the Contractually Required Contribution	(122,086)	(114,426)	(111,465)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 14,541,302	\$ 13,653,328	\$ 13,325,277
Contributions as a Percentage of Covered Payroll	0.84%	0.84%	0.84%

Note: GASB Codification, Vol. 2, P.50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

<u>2019</u>		<u>2018</u>	
\$	98,333	\$	92,213
	(98,333)		(92,213)
<u>\$</u>	<u>-</u>	<u>\$</u>	<u>-</u>
<hr/>			
\$	11,534,484	\$	11,105,587
	0.85%		0.83%

**PLEASANT GROVE INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED AUGUST 31, 2022**

**A. Notes to Schedules for the TRS Pension**

*Changes of Benefit terms.*

There were no changes of benefit terms since the prior measurement date.

*Changes of Assumptions.*

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

**B. Notes to Schedules for the TRS OPEB Plan**

*Changes in Benefits.*

There were no changes in benefit terms since the prior measurement date.

*Changes in Assumptions.*

The single discount rate changed from 2.33 percent as of August 31, 2020 to 1.95 percent as of August 31, 2021. This change increased the total OPEB liability.

## **COMBINING SCHEDULES**

PLEASANT GROVE INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2022

Data Control Codes	211 ESEA - Part A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ (6,227)	\$ 29,176	\$ 45	\$ 527,876
1240 Due from Other Governments	61,121	87,610	-	37,743
1000 Total Assets	<u>\$ 54,894</u>	<u>\$ 116,786</u>	<u>\$ 45</u>	<u>\$ 565,619</u>
<b>LIABILITIES</b>				
2110 Accounts Payable	\$ -	\$ -	\$ -	\$ 8,507
2150 Payroll Deductions and Withholdings Payable	2,505	5,850	45	2,574
2160 Accrued Wages Payable	24,574	49,100	-	24,632
2170 Due to Other Funds	27,815	61,836	-	2,621
2300 Unearned Revenue	-	-	-	22,548
2000 Total Liabilities	<u>54,894</u>	<u>116,786</u>	<u>45</u>	<u>60,882</u>
<b>FUND BALANCES</b>				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	504,737
3490 Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:				
3545 Other Committed Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>504,737</u>
4000 Total Liabilities and Fund Balances	<u>\$ 54,894</u>	<u>\$ 116,786</u>	<u>\$ 45</u>	<u>\$ 565,619</u>

EXHIBIT H-1 (Cont'd)

244	255	266	281	282	289	410	429
Career and Technicale Basic Grant	ESEA II,A Training and Recruiting	ESSER -School Emergency Relief -CARES	ESSER II CRRSA Act Supplemental	ESSER III ARP Act	Other Federal Special Revenue Funds	State Instructional Materials	Other State Special Revenue Funds
\$ 22	\$ (10,001)	\$ -	\$ -	\$ (38,573)	\$ -	\$ 38,951	\$ (13,566)
-	13,178	-	92,140	38,648	-	-	29,367
<u>\$ 22</u>	<u>\$ 3,177</u>	<u>\$ -</u>	<u>\$ 92,140</u>	<u>\$ 75</u>	<u>\$ -</u>	<u>\$ 38,951</u>	<u>\$ 15,801</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,727	\$ 15,500
22	-	-	-	75	-	-	301
-	-	-	92,140	-	-	-	-
-	3,177	-	-	-	-	13,291	-
-	-	-	-	-	-	13,933	-
<u>22</u>	<u>3,177</u>	<u>-</u>	<u>92,140</u>	<u>75</u>	<u>-</u>	<u>38,951</u>	<u>15,801</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 22</u>	<u>\$ 3,177</u>	<u>\$ -</u>	<u>\$ 92,140</u>	<u>\$ 75</u>	<u>\$ -</u>	<u>\$ 38,951</u>	<u>\$ 15,801</u>



PLEASANT GROVE INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2022

Data Control Codes	461 Campus Activity Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds	
<b>ASSETS</b>				
1110	Cash and Cash Equivalents	\$ 412,684	\$ 63,955	\$ 1,004,342
1240	Due from Other Governments	-	-	359,807
1000	<b>Total Assets</b>	<u>\$ 412,684</u>	<u>\$ 63,955</u>	<u>\$ 1,364,149</u>
<b>LIABILITIES</b>				
2110	Accounts Payable	\$ -	\$ -	\$ 35,734
2150	Payroll Deductions and Withholdings Payable	-	-	11,372
2160	Accrued Wages Payable	-	-	190,446
2170	Due to Other Funds	-	204	108,944
2300	Unearned Revenue	-	-	36,481
2000	<b>Total Liabilities</b>	<u>-</u>	<u>204</u>	<u>382,977</u>
<b>FUND BALANCES</b>				
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	504,737
3490	Other Restricted Fund Balance	-	63,751	63,751
Committed Fund Balance:				
3545	Other Committed Fund Balance	412,684	-	412,684
3000	<b>Total Fund Balances</b>	<u>412,684</u>	<u>63,751</u>	<u>981,172</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 412,684</u>	<u>\$ 63,955</u>	<u>\$ 1,364,149</u>

PLEASANT GROVE INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 135,041
5800 State Program Revenues	-	-	-	19,140
5900 Federal Program Revenues	256,345	433,064	7,201	1,111,573
5020 Total Revenues	<u>256,345</u>	<u>433,064</u>	<u>7,201</u>	<u>1,265,754</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	256,345	433,064	7,201	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0035 Food Services	-	-	-	976,334
0036 Extracurricular Activities	-	-	-	-
6030 Total Expenditures	<u>256,345</u>	<u>433,064</u>	<u>7,201</u>	<u>976,334</u>
1200 Net Change in Fund Balance	-	-	-	289,420
0100 Fund Balance - September 1 (Beginning)	-	-	-	215,317
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 504,737</u>

244	255	266	281	282	289	410	429
Career and Technicale Basic Grant	ESEA II,A Training and Recruiting	ESSER -School Emergency Relief -CARES	ESSER II CRRSAeAct Supplemental	ESSER III ARP Act	Other Federal Special Revenue Funds	State Instructional Materials	Other State Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	105,943	65,710
18,184	46,766	4,810	92,140	505,426	19,613	-	-
18,184	46,766	4,810	92,140	505,426	19,613	105,943	65,710
18,184	46,766	4,810	79,963	451,771	19,613	105,943	65,710
-	-	-	12,177	53,655	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
18,184	46,766	4,810	92,140	505,426	19,613	105,943	65,710
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

PLEASANT GROVE INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	461 Campus Activity Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 579,193	\$ 98,340	\$ 812,574
5800 State Program Revenues	-	-	190,793
5900 Federal Program Revenues	-	-	2,495,122
5020 Total Revenues	<u>579,193</u>	<u>98,340</u>	<u>3,498,489</u>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
0011 Instruction	-	89,883	1,579,253
0031 Guidance, Counseling, and Evaluation Services	-	-	65,832
0035 Food Services	-	-	976,334
0036 Extracurricular Activities	434,320	-	434,320
6030 Total Expenditures	<u>434,320</u>	<u>89,883</u>	<u>3,055,739</u>
1200 Net Change in Fund Balance	144,873	8,457	442,750
0100 Fund Balance - September 1 (Beginning)	<u>267,811</u>	<u>55,294</u>	<u>538,422</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 412,684</u>	<u>\$ 63,751</u>	<u>\$ 981,172</u>

**REQUIRED T.E.A. SCHEDULES**

PLEASANT GROVE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 FISCAL YEAR ENDED AUGUST 31, 2022

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2013 and prior years	Various	Various	\$ Various
2014	1.090000	0.35000	847,891,432
2015	1.090000	0.35000	856,637,248
2016	1.090000	0.35000	861,230,039
2017	1.090000	0.35000	874,445,213
2018	1.090000	0.35000	896,213,732
2019	1.090000	0.36500	916,989,862
2020	1.016480	0.36500	939,576,278
2021	1.002800	0.36500	976,147,244
2022 (School year under audit)	0.996500	0.36500	1,018,771,943
1000 TOTALS			

(10) Beginning Balance 9/1/2021	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2022
\$ 80,828	\$ -	\$ 9	\$ 3	\$ (1,904)	\$ 78,912
13,873	-	42	13	-	13,818
15,616	-	9	3	(1,188)	14,416
17,661	-	693	223	-	16,745
21,146	-	440	141	-	20,565
24,726	-	1,205	387	2	23,136
29,732	-	2,773	929	-	26,030
39,758	-	6,974	2,504	(1,086)	29,194
111,822	-	18,998	6,917	(40,026)	45,881
-	13,870,580	10,051,468	3,681,922	(31,301)	105,889
<u>\$ 355,162</u>	<u>\$ 13,870,580</u>	<u>\$ 10,082,611</u>	<u>\$ 3,693,042</u>	<u>\$ (75,503)</u>	<u>\$ 374,586</u>

PLEASANT GROVE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - FOOD SERVICE FUND  
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
	<b>REVENUES:</b>				
5700	Total Local and Intermediate Sources	\$ 271,687	\$ 271,687	\$ 135,041	\$ (136,646)
5800	State Program Revenues	3,193	3,193	19,140	15,947
5900	Federal Program Revenues	364,221	1,100,000	1,111,573	11,573
5020	Total Revenues	639,101	1,374,880	1,265,754	(109,126)
<b>EXPENDITURES:</b>					
Current:					
0035	Food Services	623,056	1,100,000	976,334	123,666
6030	Total Expenditures	623,056	1,100,000	976,334	123,666
1200	Net Change in Fund Balances	16,045	274,880	289,420	14,540
0100	Fund Balance - September 1 (Beginning)	215,317	215,317	215,317	-
3000	Fund Balance - August 31 (Ending)	\$ 231,362	\$ 490,197	\$ 504,737	\$ 14,540



PLEASANT GROVE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 3,580,540	\$ 3,708,426	\$ 3,720,536	\$ 12,110
5800 State Program Revenues	-	67,723	67,723	-
5020 Total Revenues	3,580,540	3,776,149	3,788,259	12,110
<b>EXPENDITURES:</b>				
Debt Service:				
0071 Principal on Long-Term Liabilities	2,427,173	2,139,292	1,730,000	409,292
0072 Interest on Long-Term Liabilities	932,907	1,632,907	1,632,028	879
0073 Bond Issuance Cost and Fees	3,950	3,950	3,580	370
6030 Total Expenditures	3,364,030	3,776,149	3,365,608	410,541
1100 Excess of Revenues Over Expenditures	216,510	-	422,651	422,651
<b>OTHER FINANCING SOURCES (USES):</b>				
7916 Premium or Discount on Issuance of Bonds	-	-	887,723	887,723
1200 Net Change in Fund Balances	216,510	-	1,310,374	1,310,374
0100 Fund Balance - September 1 (Beginning)	2,750,300	2,750,300	2,750,300	-
3000 Fund Balance - August 31 (Ending)	\$ 2,966,810	\$ 2,750,300	\$ 4,060,674	\$ 1,310,374

PLEASANT GROVE INDEPENDENT SCHOOL DISTRICT  
USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS  
FOR THE YEAR ENDED AUGUST 31, 2022

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**Section A: Compensatory Education Programs**

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
<hr/>		
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
<hr/>		
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$1,104,521
<hr/>		
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	\$607,738
<hr/>		

**Section B: Bilingual Education Programs**

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
<hr/>		
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
<hr/>		
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$44,561
<hr/>		
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	\$76,344
<hr/>		

**COMPLIANCE, INTERNAL CONTROL, AND  
FEDERAL AWARDS SECTION**



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

Independent Auditor's Report

Board of Trustees  
Pleasant Grove Independent School District  
8500 North Kings Highway  
Texarkana, TX 75503

Members of the Board:

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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pleasant Grove Independent School District the (District), as of and for the year ended August 31, 2022 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 11, 2023.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Pleasant Grove Independent School District's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

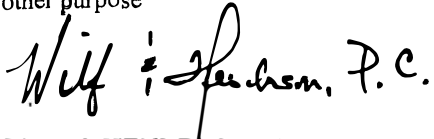
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

A handwritten signature in black ink that reads "Wilf & Henderson, P.C." The signature is written in a cursive, flowing style.

**WILF & HENDERSON, P.C.**  
**Certified Public Accountants**  
**Texarkana, Texas**

January 11, 2023



**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

Independent Auditor's Report

Board of Trustees  
Pleasant Grove Independent School District  
8500 North Kings Highway  
Texarkana, TX 75503

Members of the Board:

**Report on Compliance for Each Major Federal Program**

*Opinion on Each Major Federal Program*

We have audited Pleasant Grove Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Pleasant Grove Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2022.

*Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

*Responsibilities of Management for Compliance*

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

*Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

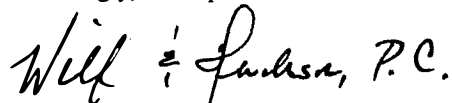
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

#### *Report on Internal Control Over Compliance*

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



**WILF & HENDERSON, P.C.**  
Certified Public Accountants  
Texarkana, Texas

January 11, 2023

**PLEASANT GROVE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2022**

**I. Summary of the Auditor's Results:**

- a. The type of report issued on the financial statements of the Pleasant Grove Independent School District was an unmodified opinion.
- b. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the report on internal control over financial reporting and on compliance and other matters required by the GAO's *Government Auditing Standards*.
- c. No instances of noncompliance material to the financial statements of the Pleasant Grove Independent School District was disclosed during the audit.
- d. No significant deficiency relating to the audit of the major federal award program is reported in the report on internal control over compliance required by Uniform Guidance.
- e. The type of report the auditor issued on compliance for major programs was an unmodified opinion.
- f. Audit findings relative to the major federal awards programs were disclosed by the audit that were required to be reported under 2 CFR 200.516 (a).
- g. The programs tested as major programs were:

School Breakfast Program – Cash Assistance	ALN# 10.553
National School Lunch Program – Cash Assistance	ALN # 10.555
National School Lunch Program – Non-Cash Assistance	ALN # 10.555
COVID-19 Supply Chain Assistance Grant	ALN # 10.555

- h. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- I. Pleasant Grove Independent School District was not determined to be a low-risk auditee.

**II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.**

No findings were required to be reported.

**III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in I.f Above**

No findings were required to be reported.



**PLEASANT GROVE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2022**

U.S DEPARTMENT OF AGRICULTURE  
PASSED THROUGH TEXAS DEPARTMENT OF AGRICULTURE  
CHILD NUTRITION CLUSTER (CASH ASSISTANCE) - CFDA # 10.555 AND 10.553  
AUDIT PERIOD - YEAR ENDED AUGUST 31, 2021

**2021-1                    Procurement and Suspension and Debarment – Internal Control**

Title 7 U.S. Code of Federal Regulations (CFR) § 210.16 requires that any school district that employs a food service management company in the operation of its nonprofit school food service program must ensure that the food service operation is in conformance with the District's agreement under the School Breakfast Program and National School Lunch Program. The District did not establish controls and procedures to ensure costs billed to the District's child nutrition program were accurate and allowable. Without adequate internal controls to monitor a cost-reimbursable contract, reimbursements for unallowable costs could be charged to the District's nonprofit food service account.

The District implemented the auditor's recommendations in the current year and no similar finding was reported in the 2022 audit.

**PLEASANT GROVE INDEPENDENT SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED AUGUST 31, 2022**

There were no current year audit findings.

PLEASANT GROVE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2022

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	20 - 610101019912	\$ 33,649
ESEA, Title I, Part A - Improving Basic Programs	84.010A	22 - 610101019912	198,122
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23 - 610101019912	24,574
Total Assistance Listing Number 84.010			256,345
*IDEA - Part B, Formula	84.027	22 - 660001019912600	379,898
*IDEA - Part B, Formula	84.027	23 - 660001019912600	53,166
Total Assistance Listing Number 84.027			433,064
*IDEA - Part B, Preschool	84.473	22 - 661001019912600	7,201
Total Special Education Cluster (IDEA)			440,265
Career and Technical - Basic Grant	84.048	22 - 420006019912	18,184
ESEA, Title II, Part A, Supporting Effective Instruction	84.367A	22 - 694501019912	46,766
COVID-19 - ESSER Grant Fund I	84.425D	22 - 521001019912	4,810
COVID-19 - ESSER Grant Fund II	84.425D	20 - 521001019912	92,140
COVID-19 - ESSER Grant Fund III	84.425U	20 - 528001019912	5,107
COVID-19 - ESSER Grant Fund III	84.425U	22 - 528001019912	500,319
Total Assistance Listing Number 84.425			602,376
Title IV, Part A, Subpart 1	84.424A	20 - 680101019912	2,790
Title IV, Part A, Subpart 1	84.424A	22 - 680101019912	16,823
Total Assistance Listing Number 84.424			19,613
Total Passed Through Texas Education Agency			1,383,549
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			1,383,549
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	N/A	183,559
*National School Lunch Program - Cash Assistance	10.555	N/A	853,811
*National School Lunch Prog. - Non-Cash Assistance	10.555	N/A	61,154
*COVID-19 Supply Chain Assistance Grant	10.555	N/A	13,049
Total Assistance Listing Number 10.555			928,014
Total Child Nutrition Cluster			1,111,573
Total Passed Through the Texas Department of Agriculture			1,111,573
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			1,111,573
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 2,495,122
*Clustered Programs as required by Compliance Supplement 2022			

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**PLEASANT GROVE INDEPENDENT SCHOOL DISTRICT  
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2022**

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

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

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

The District has elected to not use the 10% de minimum indirect cost rate as allowed under the Uniform Guidance

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Uniform Guidance Compliance Statement.
4. Nonmonetary assistance received from the Commodity Supplemental Food Program is recorded at fair market value of the commodities received and disbursed. The revenues and expenses are reported in the Food Service Special Revenue Fund.

A reconciliation of federal program revenues and expenditures is as follows:

General Fund	84,801
Other Special Revenue Funds	<u>2,495,122</u>
Sub -total	2,579,923
Less:	
SSA - School Health & Related Services (SHARS)	(83,145)
ERATE	<u>(1,656)</u>
Total Federal Program Expenditures	<u>2,495,122</u>

SCHOOLS&FIRST QUESTIONNAIRE

Pleasant Grove Independent School District

Fiscal Year 2022

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	\$0