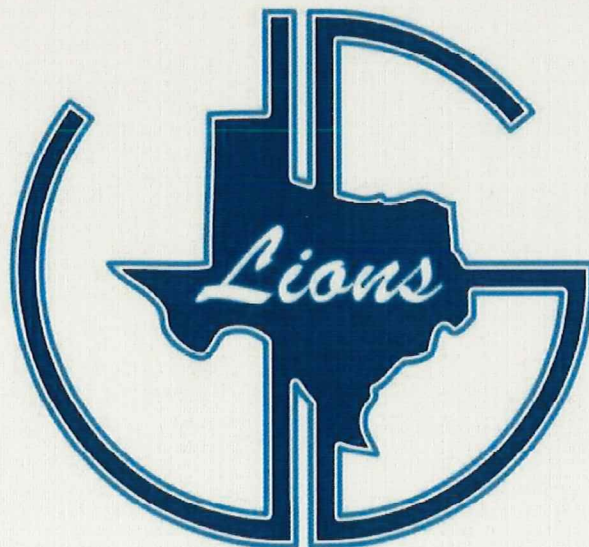


**UNION GROVE
INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT
AUGUST 31, 2023**



UNION GROVE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2023

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CERTIFICATE OF BOARD

Union Grove Independent School District
Name of School District

Upshur
County

230-908
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) 6 approved 0 disapproved for the year ended August 31, 2023 at a meeting of the Board of Trustees of such school district on the 11 day of December 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)



WILF & HENDERSON, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Member of American Institute of Certified Public Accountants
Member of Private Company Practice Section
Member of AICPA Governmental Audit Quality Center

**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
Union Grove Independent School District
P. O. Box 1447
Gladewater, TX 75647

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 Union Grove Independent School District (the District) as of and for the year ended August 31, 2023, 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 Union Grove Independent School District as of August 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise 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 relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-10, budgetary comparison information on page 45, schedule of the District's proportionate share of the net pension liability (TRS) on pages 46-47, schedule of District contributions to TRS on pages 48-49, schedule of the District's proportionate share of the OPEB liability (TRS) on pages 50-51, and schedule of District contributions to TRS OPEB plan on pages 52-53 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Union Grove Independent School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and 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 November 8, 2023, on our consideration of the Union 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 Union 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 Union Grove Independent School District's internal control over financial reporting and compliance.

Wulf & Henderson, P.C.

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

November 28, 2023

UNION GROVE INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Union Grove Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2023. Please read it in conjunction with the independent auditors' report and the District's Basic Financial Statements.

FINANCIAL HIGHLIGHTS

The District's net position was \$6,249,260 at August 31, 2023. Program revenues accounted for \$2,169,978 or 17.8% of total revenue, and general revenues accounted for \$10,020,862 or 82.2%.

During the year, the District had expenses that were \$645,482 less than the \$12,190,840 generated in tax and other revenues for governmental programs.

On Exhibit C-1, the general fund reported a positive fund balance of \$3,955,169.

USING THIS ANNUAL REPORT

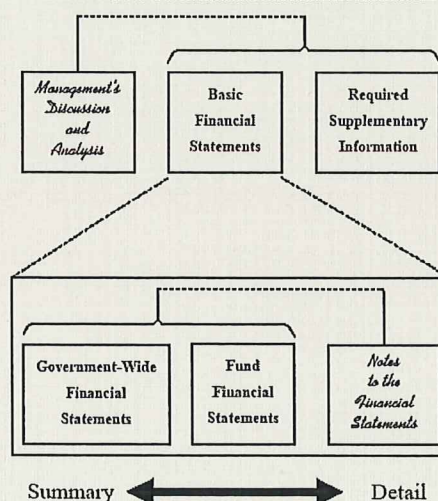
This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the District as a whole and present a longer-term view of the District's property 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.

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. 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. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

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.

The combining statements for nonmajor funds contain even more information about the District's 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.

Figure A-1: Required Components of
The District's Annual Financial Information



Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 11. 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.

Figure A-2: Major Features of the District's Government-Wide and Fund Financial Statements

Type of Statements	Fund Statements			
	Government-Wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Agency's Governmental (except Fiduciary Funds) and the Agency's Component Units	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private businesses: such as self-insurance	Instances in which the District is the trustee or agent for someone else's resources
Required Financial Statements	*Statement of Net Position	*Balance Sheet	*Statement of Net Position	*Statement of Fiduciary Net Position
	*Statement of Activities	*Statement of revenues, expenditures and changes in fund balances	*Statement of revenues, expenditures and changes in fund balances	*Statement of Changes in Fiduciary Net Position
Accounting Basis And Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	All assets and liabilities, both financial and capital, short-term and long-term	Accrual accounting and economic resources focus.
Type of Asset/Liability Information	All asset and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term, the Agency's funds do not currently contain capital assets, but they can
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

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 costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities 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 them. The District's net position (the difference between assets plus deferred outflows and liabilities plus deferred inflows) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are 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's activities are presented as:

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some 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 accounts for activities using governmental funds.

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 a 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.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities and alumni scholarship programs. All of the District's fiduciary activities are reported in separate Statements of 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.

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
Union Grove Independent School District
NET POSITION

	Governmental Activities 2023	Governmental Activities 2022	Total % Change
Current and other assets	6,045,459	7,160,995	-15.58%
Capital assets	19,140,619	16,730,029	14.41%
Total assets	<u>25,186,078</u>	<u>23,891,024</u>	<u>5.42%</u>
Deferred Outflows of Resources	<u>1,936,192</u>	<u>898,633</u>	<u>115.46%</u>
Long-term liabilities	16,499,447	15,412,232	7.05%
Other liabilities	1,175,954	664,519	76.96%
Total liabilities	<u>17,675,401</u>	<u>16,076,751</u>	<u>9.94%</u>
Deferred Inflows of Resources	<u>3,197,609</u>	<u>3,109,128</u>	<u>2.85%</u>
Net Position:			
Invested in capital assets net of related debt	6,265,537	4,213,940	48.69%
Restricted	664,122	607,343	9.35%
Unrestricted	<u>(680,399)</u>	<u>782,495</u>	<u>-186.95%</u>
Total net position	<u><u>6,249,260</u></u>	<u><u>5,603,778</u></u>	<u><u>11.52%</u></u>

Net position of the District's governmental activities increased from \$5,603,778 to \$6,249,260. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was (\$680,399) at August 31, 2023.

Table II
Union Grove Independent School District
CHANGES IN NET POSITION

	Governmental Activities 2023	Governmental Activities 2022	Total % Change
Revenues:			
Program Revenues:			
Charges for Services	\$ 552,701	\$ 432,636	27.75%
Operating grants and contributions	1,617,277	1,204,933	34.22%
General Revenues:			
Maintenance and operations taxes	1,746,154	1,682,095	3.81%
Debt Service Taxes	590,267	509,257	15.91%
State Aid - Formula Grants	7,394,217	6,914,626	6.94%
Investment Earnings	59,219	34,560	71.35%
Miscellaneous	52,220	139,015	-62.44%
Total Revenue	<u>12,012,055</u>	<u>10,917,122</u>	<u>10.03%</u>
Expenses:			
Instruction, curriculum and media services	5,510,927	5,038,021	9.39%
Instructional and school leadership	530,708	473,130	12.17%
Student support services	445,609	400,013	11.40%
Child nutrition	655,296	509,495	28.62%
Co curricular activities	846,134	799,480	5.84%
General administration	597,940	526,661	13.53%
Plant maintenance, security, and data processing	2,290,511	1,803,020	27.04%
Debt - Interest and Fees	385,970	470,683	-18.00%
Payments to fiscal agents and miscellaneous	282,263	255,583	10.44%
Total Expenses	<u>11,545,358</u>	<u>10,276,086</u>	<u>12.35%</u>
Special Item	178,785	(10,226)	-1848.34%
Increase (Decrease) in Net Position	645,482	630,810	2.33%
Net Position - Beginning of Year	5,603,778	4,972,968	12.68%
Net Position - End of Year	<u>\$ 6,249,260</u>	<u>\$ 5,603,778</u>	<u>11.52%</u>

The cost of all governmental activities this year was \$11,545,358. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through District taxes was only \$2,336,421 because some of the costs were paid by those who directly benefited from the programs \$552,701 or by other governments and organizations that subsidized certain programs with grants and contributions \$1,617,277 or by state aid and other revenues \$7,684,441.

THE DISTRICT'S FUNDS

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

Table III
Union Grove Independent School District
NET CHANGES IN FUND BALANCES

	Governmental Funds 2023	Governmental Funds 2022	Total \$ Change	Total % Change
Revenues:				
Local and Intermediate Sources	\$ 3,179,255	\$ 2,703,303	\$ 475,952	17.6%
State Program Revenues	7,903,677	7,323,638	580,039	7.9%
Federal Program Revenues	1,374,819	1,286,059	88,760	6.9%
Total Revenues	12,457,751	11,313,000	1,144,751	10.1%
Expenditures:				
Instruction	5,310,519	5,035,528	274,991	5.5%
Instructional resources & media services	56,191	88,620	(32,429)	-36.6%
Curriculum and Instructional Staff Development	7,984	11,947	(3,963)	-33.2%
School leadership	522,959	489,112	33,847	6.9%
Guidance, counseling & evaluation services	111,917	140,183	(28,266)	-20.2%
Health services	116,247	112,710	3,537	3.1%
Student (pupil) transportation	519,494	147,462	372,032	252.3%
Food service	643,064	506,348	136,716	27.0%
Extracurricular activities	797,594	764,837	32,757	4.3%
General administration	578,468	527,972	50,496	9.6%
Facilities maintenance & operations	1,690,137	1,435,166	254,971	17.8%
Security & monitoring services	246,161	70,290	175,871	250.2%
Data processing services	236,796	213,740	23,056	10.8%
Debt service	921,566	908,865	12,701	1.4%
Capital outlay	2,938,042	48,134	2,889,908	6003.9%
Other intergovernmental charges	282,263	255,583	26,680	10.4%
Total Expenditures	14,979,402	10,756,497	4,222,905	39.3%
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(2,521,651)	556,503	(3,078,154)	-553.1%
Other Financing Sources (Uses)	895,000	(10,226)	905,226	8852.2%
Net Change in Fund Balances	(1,626,651)	546,277	(2,172,928)	-397.8%
Fund Balance - Beginning of Year	6,322,806	5,776,529	546,277	9.5%
Fund Balance - End of Year	\$ 4,696,155	\$ 6,322,806	\$ (1,626,651)	-25.7%

As the District completed the year, its governmental funds reported a combined fund balance of \$4,696,155, which is below last year's total of \$6,322,806. Included in this year's total change in fund balance is a decrease of (\$1,684,027) in the District's General Fund, an increase of \$99,485 in the Debt Service Fund, and a decrease of (\$42,109) in other non-major funds.

Revenue increased due to an increase in state funding which was primarily due to increase in ADA. The increase in expenditures was primarily due to the bus purchases and additional maintenance projects.

The increase of \$905,226 in Other Financing Sources is primarily due to current year loan proceeds for drainage improvements to the parking lot.

The District's General Fund balance of \$3,955,169 differs by \$980,566 from the General Fund's budgetary fund balance of \$2,974,603 reported in the budgetary comparison schedule.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, the District had \$19,140,619 of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. There was a net increase in capital assets of \$2,410,590 over last year due to depreciation expense exceeding current year additions.

During the current year, the District expended \$394,517 for building and improvements to the high school parking lot, elementary playground, and elementary gym. The District purchased furniture and equipment, which included 3 buses, 2 vehicles, a golf cart, and cafeteria equipment, totaling \$397,385.

In fiscal year 2022, the District incurred \$48,134 in costs related to the Elementary Improvements Project. In fiscal year 2023, the District incurred an additional \$2,491,310 in project costs. These costs are reflected in construction in progress.

The District started a new administration building project in fiscal year 2023. Costs incurred to August 31, 2023 totaled \$52,215 and are reflected in construction in progress.

More detailed information about the District's capital assets is represented in Note I of the financial statements.

Debt

At year-end, the District had outstanding bonds and notes of \$12,929,164, which was an increase of \$353,329. More detailed information about the District's debt is presented in Note J to the financial statements

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many social and economic factors when setting the fiscal-year 2024 budget and set the tax rates according to the mandated maximum compressed rate set by the State.

These indicators were taken into account when adopting the General Fund budget for 2024. Amounts available for appropriation in the General Fund budget are \$9.650 million, a decrease of 1.63 percent over the final 2023 budget of \$9.810 million. Budgeted expenditures are expected to decrease 16.32 percent in 2023-2024. This expected decrease in budgeted expenditures is due to the completion of a major capital improvement project. The District has continued all programs and initiatives begun in prior years in the 2023 budget, which are being funded by increased state allotments.

If these estimates are realized, the District's budgetary General Fund balance is expected to decrease by approximately \$750,000 at the close of 2024. The District plans to utilize \$500,000 committed in fund balance in FY 2023 related to the construction project.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, 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 P.O. Box 1447, Gladewater, Texas 75647.

BASIC FINANCIAL STATEMENTS

UNION GROVE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2023

EXHIBIT A-1

Data Control Codes	Primary Government <hr/> Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 1,572,553
1120 Current Investments	3,156,575
1220 Property Taxes - Delinquent	330,587
1230 Allowance for Uncollectible Taxes	(114,291)
1240 Due from Other Governments	1,051,527
1250 Accrued Interest Receivable	901
1290 Other Receivables, Net	31,441
1300 Inventories	15,118
1410 Prepayments	1,048
Capital Assets:	
1510 Land	639,546
1520 Buildings and Improvements, Net	15,318,177
1530 Furniture and Equipment, Net	591,237
1580 Construction in Progress	2,591,659
1000 Total Assets	<hr/> 25,186,078
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	54,082
1705 Deferred Outflow Related to TRS Pension	989,277
1706 Deferred Outflow Related to TRS OPEB	892,833
1700 Total Deferred Outflows of Resources	<hr/> 1,936,192
LIABILITIES	
2110 Accounts Payable	780,342
2140 Accrued Interest Payable	19,275
2150 Payroll Deductions and Withholdings	8,772
2160 Accrued Wages Payable	253,739
2180 Due to Other Governments	58,591
2200 Accrued Expenses	5,311
2300 Unearned Revenue	49,924
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	1,904,523
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	11,024,641
2540 Net Pension Liability (District's Share)	2,044,275
2545 Net OPEB Liability (District's Share)	1,526,008
2000 Total Liabilities	<hr/> 17,675,401
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	339,543
2606 Deferred Inflow Related to TRS OPEB	2,858,066
2600 Total Deferred Inflows of Resources	<hr/> 3,197,609
NET POSITION	
3200 Net Investment in Capital Assets	6,265,537
Restricted:	
3820 Restricted for Federal and State Programs	59,041
3850 Restricted for Debt Service	589,963
3890 Restricted for Other Purposes	15,118
3900 Unrestricted	(680,399)
3000 Total Net Position	<hr/> <hr/> \$ 6,249,260

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

UNION GROVE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023

FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		3	4	6	
		Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities	
Expenses					
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 5,443,551	\$ 98,664	\$ 855,102	\$ (4,489,785)
12	Instructional Resources and Media Services	58,711	-	3,066	(55,645)
13	Curriculum and Instructional Staff Development	8,665	-	-	(8,665)
23	School Leadership	530,708	-	10,665	(520,043)
31	Guidance, Counseling, and Evaluation Services	113,053	-	31,608	(81,445)
33	Health Services	118,092	-	2,473	(115,619)
34	Student (Pupil) Transportation	214,464	-	1,904	(212,560)
35	Food Services	655,296	180,810	425,004	(49,482)
36	Extracurricular Activities	846,134	273,227	4,773	(568,134)
41	General Administration	597,940	-	7,753	(590,187)
51	Facilities Maintenance and Operations	1,776,268	-	267,523	(1,508,745)
52	Security and Monitoring Services	266,440	-	4,723	(261,717)
53	Data Processing Services	247,803	-	2,683	(245,120)
72	Debt Service - Interest on Long-Term Debt	384,720	-	-	(384,720)
73	Debt Service - Bond Issuance Cost and Fees	1,250	-	-	(1,250)
93	Payments Related to Shared Services Arrangements	234,329	-	-	(234,329)
99	Other Intergovernmental Charges	47,934	-	-	(47,934)
[TP]	TOTAL PRIMARY GOVERNMENT:	\$ 11,545,358	\$ 552,701	\$ 1,617,277	(9,375,380)
Data Control Codes	General Revenues:				
	Taxes:				
MT	Property Taxes, Levied for General Purposes				1,746,154
DT	Property Taxes, Levied for Debt Service				590,267
SF	State Aid - Formula Grants				7,394,217
IE	Investment Earnings				59,219
MI	Miscellaneous Local and Intermediate Revenue				52,220
S1	Insurance Recovery				178,785
TR	Total General Revenues and Special Items				10,020,862
CN	Change in Net Position				645,482
NB	Net Position - Beginning				5,603,778
NE	Net Position - Ending				\$ 6,249,260

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

UNION GROVE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2023

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 1,143,654	\$ 318,065	\$ 110,834	\$ 1,572,553
1120 Investments - Current	3,056,575	100,000	-	3,156,575
1220 Property Taxes - Delinquent	268,628	61,959	-	330,587
1230 Allowance for Uncollectible Taxes	(102,869)	(11,422)	-	(114,291)
1240 Due from Other Governments	920,364	-	131,163	1,051,527
1250 Accrued Interest Receivable	901	-	-	901
1260 Due from Other Funds	60,536	199,200	-	259,736
1290 Other Receivables	24,244	-	7,197	31,441
1300 Inventories	2,218	-	12,900	15,118
1410 Prepayments	264	-	784	1,048
1000 Total Assets	<u>\$ 5,374,515</u>	<u>\$ 667,802</u>	<u>\$ 262,878</u>	<u>\$ 6,305,195</u>
LIABILITIES				
2110 Accounts Payable	\$ 779,257	\$ -	\$ 1,085	\$ 780,342
2150 Payroll Deductions and Withholdings Payable	8,772	-	-	8,772
2160 Accrued Wages Payable	241,074	-	12,665	253,739
2170 Due to Other Funds	199,200	-	60,536	259,736
2180 Due to Other Governments	-	58,564	27	58,591
2200 Accrued Expenditures	5,039	-	272	5,311
2300 Unearned Revenue	38,489	-	11,435	49,924
2000 Total Liabilities	<u>1,271,831</u>	<u>58,564</u>	<u>86,020</u>	<u>1,416,415</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	147,515	45,110	-	192,625
2600 Total Deferred Inflows of Resources	<u>147,515</u>	<u>45,110</u>	<u>-</u>	<u>192,625</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	2,218	-	12,900	15,118
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	59,041	59,041
3480 Retirement of Long-Term Debt	-	564,128	-	564,128
Committed Fund Balance:				
3510 Construction	500,000	-	-	500,000
3530 Capital Expenditures for Equipment	750,000	-	-	750,000
3545 Other Committed Fund Balance	700,000	-	104,917	804,917
3600 Unassigned Fund Balance	2,002,951	-	-	2,002,951
3000 Total Fund Balances	<u>3,955,169</u>	<u>564,128</u>	<u>176,858</u>	<u>4,696,155</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 5,374,515</u>	<u>\$ 667,802</u>	<u>\$ 262,878</u>	<u>\$ 6,305,195</u>

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

UNION GROVE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2023

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 4,696,155
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 \$28,878,923 and the accumulated depreciation was (\$12,148,894). In addition, long-term liabilities of (\$12,575,835), 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.	4,154,194
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 capital outlays and debt principal payments is to increase net position.	3,799,427
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 \$989,277, a deferred resource inflow in the amount of (\$339,543), and a net pension liability in the amount of (\$2,044,275). This resulted in a (decrease) in net position.	(1,394,541)
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 \$892,833, a deferred resource inflow in the amount of (\$2,858,066), and a net OPEB liability in the amount of (\$1,526,008). This resulted in a (decrease) in net position.	(3,491,241)
5 The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to (decrease) net position.	(924,837)
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.	(589,897)
19 Net Position of Governmental Activities	\$ 6,249,260

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

UNION GROVE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 2,151,466	\$ 602,138	\$ 425,651	\$ 3,179,255
5800 State Program Revenues	7,433,090	320,347	150,240	7,903,677
5900 Federal Program Revenues	40,796	-	1,334,023	1,374,819
5020 Total Revenues	<u>9,625,352</u>	<u>922,485</u>	<u>1,909,914</u>	<u>12,457,751</u>
EXPENDITURES:				
Current:				
0011 Instruction	4,524,960	-	785,559	5,310,519
0012 Instructional Resources and Media Services	53,738	-	2,453	56,191
0013 Curriculum and Instructional Staff Development	7,984	-	-	7,984
0023 School Leadership	522,959	-	-	522,959
0031 Guidance, Counseling, and Evaluation Services	86,777	-	25,140	111,917
0033 Health Services	116,247	-	-	116,247
0034 Student (Pupil) Transportation	519,494	-	-	519,494
0035 Food Services	-	-	643,064	643,064
0036 Extracurricular Activities	553,133	-	244,461	797,594
0041 General Administration	578,468	-	-	578,468
0051 Facilities Maintenance and Operations	1,443,351	-	246,786	1,690,137
0052 Security and Monitoring Services	241,601	-	4,560	246,161
0053 Data Processing Services	236,796	-	-	236,796
Debt Service:				
0071 Principal on Long-Term Liabilities	74,000	390,000	-	464,000
0072 Interest on Long-Term Liabilities	24,316	432,000	-	456,316
0073 Bond Issuance Cost and Fees	250	1,000	-	1,250
Capital Outlay:				
0081 Facilities Acquisition and Construction	2,938,042	-	-	2,938,042
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	234,329	-	-	234,329
0099 Other Intergovernmental Charges	47,934	-	-	47,934
6030 Total Expenditures	<u>12,204,379</u>	<u>823,000</u>	<u>1,952,023</u>	<u>14,979,402</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,579,027)</u>	<u>99,485</u>	<u>(42,109)</u>	<u>(2,521,651)</u>
OTHER FINANCING SOURCES (USES):				
7914 Non-Current Loans	895,000	-	-	895,000
1200 Net Change in Fund Balances	(1,684,027)	99,485	(42,109)	(1,626,651)
0100 Fund Balance - September 1 (Beginning)	<u>5,639,196</u>	<u>464,643</u>	<u>218,967</u>	<u>6,322,806</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 3,955,169</u>	<u>\$ 564,128</u>	<u>\$ 176,858</u>	<u>\$ 4,696,155</u>

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

UNION 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, 2023

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ (1,626,651)
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 current year capital outlays and debt principal payments is to increase the change net position.	3,799,427
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) the change in net position.	(924,837)
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) the change in net position.	(823,313)
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 \$178,732. 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 (\$161,110). 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 (\$55,649). The net result is a (decrease) in the change in net position.	(38,027)
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 \$46,062. 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 (\$53,071). 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 \$265,892. The net result is an increase in the change in net position.	258,883
Change in Net Position of Governmental Activities	\$ 645,482

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

UNION GROVE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2023

	Private Purpose Trust Fund	Custodial Fund
ASSETS		
Cash and Cash Equivalents	\$ 48,200	\$ 17,124
Total Assets	<u>48,200</u>	<u>\$ 17,124</u>
NET POSITION		
Restricted for Scholarships	48,200	-
Restricted for Other Purposes	-	17,124
Total Net Position	<u>\$ 48,200</u>	<u>\$ 17,124</u>

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

UNION GROVE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

	Private Purpose Trust Fund	Custodial Fund
ADDITIONS:		
Received from Student Groups	\$ -	\$ 14,815
Earnings from Temporary Deposits	106	-
Contributions, Gifts and Donations	19,063	-
Total Additions	19,169	14,815
DEDUCTIONS:		
Supplies and Materials	-	9,576
Other Deductions	14,704	-
Total Deductions	14,704	9,576
Change in Fiduciary Net Position	4,465	5,239
Total Net Position - September 1 (Beginning)	43,735	11,885
Total Net Position - August 31 (Ending)	\$ 48,200	\$ 17,124

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

**UNION GROVE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023**

Note A. Summary of Significant Accounting Policies

Union 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 general purpose financial statements in conformity with generally accepted accounting principles promulgated by Governmental Accounting Standards Board "(GASB)" and other authoritative sources identified in *Statement on Auditing Standards No. 76* of the American Institute of 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 96 "Subscription-Based Information Technology Arrangements (SBITAs)". GASB Statement No. 96 requires recognition of certain right-to-use subscription assets and liabilities for SBITAs in the financial statements. The District did not have any material SBITAs 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 Union 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 receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. 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 unit.

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 Union Grove Independent School District's 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 revenue is not program revenue, it is 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(s) 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 and between governmental funds and internal service 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 three fund categories - governmental, proprietary, 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.

**UNION GROVE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023**

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, as do fiduciary fund financial statements. 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, deferred inflows of resources generally, and fund balances are included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance report the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses of current financial resources). This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations, with a brief explanation to better identify the relationship between government-wide statements and the governmental fund statements.

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available. For this purpose, the District considers revenues available if they are collected within 60 days of the end of the current fiscal period. It recognizes 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. 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 – Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis of accounting, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the District, the phrase “available for exchange transactions” means expected to be received within 60 days of year-end.

Revenues – Non-exchange Transactions – Non-exchange transactions in which the District receives value without directly giving equal value in return, includes property taxes, grants, and donations. On the government-wide financial statements, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditures requirements, in which the resources are provided to the District on a reimbursement basis. On modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized in the governmental funds.

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 revenues available if they are collected within 60 days of the end of the current fiscal period. 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 sometimes require the District to refund all or part of the unused amount.

**UNION GROVE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023**

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. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

Expenditures/Expenses – On the accrual basis of accounting (government-wide financial statements), expenses are recognized at the time they are incurred. On the modified accrual basis (fund based financial statements), expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

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 the related debt obligations have been met.

Additionally, the District reports the following fund type(s):

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.

Fiduciary Fund Type:

Fiduciary Funds – These funds are used to report student activity funds held by the District in a custodial capacity and the assets are for the benefit of the student organizations. The collections and disbursement amounts are controlled by a group which is governed by a representative student body.

Private Purpose Trust Funds – The District accounts for donations for which the donor has stipulated that both the principal and income may be used for purposes that benefit parties outside the District. The District's Private Purpose Trust Fund is the Scholarship Fund.

5. Cash Equivalents

For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

**UNION GROVE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023**

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. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are charged to expenditures when consumed.

8. 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.

9. General Fixed Assets

Capital assets, which include land, buildings, furniture and equipment, are reported in the governmental column 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 two years. 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, furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

Buildings and Improvements	20 - 50 years
Buses	6 - 15 years
Other Vehicles	2 - 15 years
Furniture	7 - 15 years
Computer Equipment	3 - 5 years

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. In the government-wide and fund financial statements, debt issuance costs are recognized during the current period. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

11. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement 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 that time.

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.

**UNION GROVE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023**

12. 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 amounts the District intends to use for specific purposes as expressed by the Board or an official delegated authority. The Board has delegated the authority to assign fund balances to the Superintendent and the Director of Business Operations.

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.

As of August 31, 2023, Nonspendable Fund Balance – Inventory included \$15,118 for food and supplies, Restricted Fund Balance included \$59,041 in various Special Revenue Funds and \$564,128 in the Debt Service Fund. Committed Fund Balance, in the General Fund, included \$500,000 for construction and \$750,000 for equipment and \$700,000 as other capital expenditures. Committed Fund Balance in Special Revenue Funds was \$104,917 for campus activity funds. Unassigned Fund Balance totaled \$2,002,951 for the General Fund.

Net Position - Net position represents the difference between assets and deferred outflow of resources, and liabilities and deferred inflow of resources. Net investments in capital consists of cost of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferred amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislature adopted by the district or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted.

13. Risk Management – Claims and Judgements

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 TRS ActiveCare for their 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.

**UNION GROVE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023**

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.

14. Workers' Compensation Plan

During the year ended August 31, 2023, the District met its statutory workers' compensation obligations through participation 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 or the Texas Government Code. The Fund's workers' compensation program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund executed Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their 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 \$2,000,000. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. August 31, 2022, the Fund carries a discounted reserve of \$50,647,775 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended August 31, 2023, 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 plan 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 at the TASB Risk Management Fund website and have been filed with the Texas State Board of Insurance in Austin.

15. 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.

16. Functions

School Districts are required to report all expenses by function, except certain indirect expenses. General administration, data processing services and other intergovernmental charges (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.

17. Data Control Totals

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

18. Estimates and Assumptions

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

19. Personal Days (Vacation and Sick Leave)

State personal leave days are allowed to accumulate and can be transferred with the employee to other districts. Personal Days are to be taken within the same year they are earned, and any unused days at the end of the year are forfeited. Therefore, no liability has been accrued in the accompanying general-purpose financial statements. Employees of the District are entitled to personal days off based on category/class of employment. Personal days off are allowed to be accumulated but do not vest. Therefore, a liability for unused personal days off (sick leave) has not been recorded in the accompanying general-purpose financial statements.

**UNION GROVE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023**

20. Interfund Transactions

Activities between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as due to/from other funds.

A description of the basic types of Interfund transactions and the related accounting policies are as follows: For reporting at the government-wide financial statement level, the District eliminates direct interfund charges for services and the balances created within the same activity categories (i.e. governmental vs. business-type). This process ensures neither governmental nor business-type activities report direct internal revenue/expenditures. Interfund activity and balances resulting from transactions with the fiduciary funds are not eliminated. Instead, the fiduciary interfund activity and balances are treated as transactions with an external party.

21. Application of Restricted or Unrestricted Resources

During the budgeting process, allocation of expenses are determined as to whether it originated following specific guidelines related to restricted assets retained in the fund or whether for other purposes (non-restricted). Restricted assets will be used before unrestricted assets when payments are budgeted for an expenditure which meets the specific guidelines set forth by the granting agency.

22. Grant Fund Accounting

The Special Revenue Fund includes programs that are financed on a project grant basis. These projects have grant periods that can range from less than twelve months to in excess of two years. Grants are recorded as revenues when earned, which the District considers to be earned to the extent expenditures have been incurred, the District has met all eligibility requirements, and funds are available.

Note B. Deposits and Investments

District Policies and Legal and Contractual Provisions Governing Deposits:

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 District had no other funds invested at August 31, 2023.

The District's cash deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) at August 31, 2023 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. The District's cash deposits were collateralized during the year ending August 31, 2023.

**UNION GROVE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023**

Public Funds Investments Act (Government Code Chapter 2256) contains specific provisions in the area of investment practice, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy addresses the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rate of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity date for the portfolio, (8) investment staff quality and capability, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. Union Grove Independent School District is in substantial compliance with the requirements of the Act and with local policies.

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

As of August 31, 2023, Union Grove Independent School District had the following investments:

<u>Investment Type</u>	<u>Amortized Cost</u>
Certificates of Deposit	<u>3,156,575</u>
Total Investments	<u>3,156,575</u>

Interest Rate Risk To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District shall use final and weighted-average-maturity limits and diversification. The District monitors interest rate risk using weighted-average-maturity and specific identification.

Note C. 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 compared to actual revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget reports appear in Exhibit G-1. The other two comparisons are reported on Exhibits J-2 and J-3.

**UNION GROVE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023**

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 Board legally enacts the budget 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.

General Fund:

(Increase) in expenditures - Function 11 - Instruction	(75,000)
Decrease in expenditures - Function 12 - Instructional Staff Development	24,425
Decrease in expenditures - Function 13 - Curriculum and Instructional Staff Development	10,000
(Increase) in expenditures - Function 34 - Student Transportation	(268,820)
Decrease in expenditures - Function 36 - Extracurricular Activities	10,000
(Increase) in expenditures - Function 41 - General Administration	(10,000)
(Increase) in expenditures - Function 51 - Facilities Maintenance and Operations	(119,066)
(Increase) in expenditures - Function 52 - Security & Monitoring Services	(138,125)
Decrease in expenditures - Function 71 - Principal on Long-Term Debt	95,000
(Increase) in expenditures - Function 81 - Facilities Acquisition	(3,093,795)
Increase in other operating sources (uses) - Non-Current Loans	895,000
	<u>(2,670,381)</u>

Food Service Fund:

Increase in revenues - Total Local and Intermediate Sources	86,500
Increase in revenues - Federal Program Revenues	108,893
(Increase) in expenditures - Function 35 - Food Services	(195,393)
	<u>-</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. A reconciliation of fund balances for both appropriated budget and nonappropriated budget special revenue funds is as follows:

	08/31/23 <u>Fund Balance</u>
Appropriated Budget Funds - Food Service Special Revenue Fund	71,019
Nonappropriated Budget Funds	<u>105,839</u>
All Nonmajor Governmental Special Revenue Funds	<u>176,858</u>

**UNION GROVE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023**

Note D. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for real and personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are delinquent and subject to interest if not paid by February 1 of the year following the October 1 levy date. On June 30 of each year, a tax lien attaches to the property to secure payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

The tax rates assessed for the year ended August 31, 2023, to finance General Fund operations and Debt Service was \$0.9428 and \$0.3180 respectively, per \$100 valuation. The assessed value of the property tax roll on January 1, 2022, upon which the levy for the 2022-2023 fiscal year was based, was \$188,876,983.

Note E. Delinquent Taxes Receivable

Delinquent taxes are prorated between maintenance and debt service based on rates for the year of the levy. Allowance for uncollectible tax receivables within the General and Debt Service Funds 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. Interfund Receivables and Payables

Interfund balances at August 31, 2023, consisted of the following individual fund balances:

	Due to Other Funds	Due from Other Funds
General Fund:		
Debt Service Fund	199,200	-
Nonmajor Governmental Fund (Special Revenue)	-	60,536
Debt Service Fund:		
General Fund	-	199,200
Nonmajor Governmental Fund (Special Revenue):		
General Fund	60,536	-
Total	259,736	259,736

These interfund receivables and payables were recorded to eliminate cash flow deficits of various funds and to report interfund balances not paid as of year-end. All balances are expected to be paid within one year.

UNION GROVE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

Note G. Disaggregation of Receivables and Payables

Receivables at August 31, 2023, were as follows:

	Property Taxes	Other Governments	Accrued Interest	Due From Other Funds	Other Receivables	Total Receivables
Governmental Activities:						
General Fund	268,628	920,364	901	60,536	24,244	1,274,673
Debt Service Fund	61,959	-	-	199,200	-	261,159
Nonmajor Governmental Funds (Special Revenue)	-	131,163	-	-	7,197	138,360
Total - Government Activities	<u>330,587</u>	<u>1,051,527</u>	<u>901</u>	<u>259,736</u>	<u>31,441</u>	<u>1,674,192</u>
Amounts not scheduled for collection during subsequent year	<u>(114,291)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(114,291)</u>
	<u>(114,291)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(114,291)</u>

Payables at August 31, 2023, were as follows:

	Accounts Payable	Salaries/ Benefits	Due to Other Funds	Other Governments	Total Payables
Governmental Activities:					
General Fund	779,257	254,885	199,200	-	1,233,342
Debt Service Fund	-	-	-	58,564	58,564
Nonmajor Governmental Funds (Special Revenue)	1,085	12,937	60,536	27	74,585
Total - Government Activities	<u>780,342</u>	<u>267,822</u>	<u>259,736</u>	<u>58,591</u>	<u>1,366,491</u>

Note H. Deferred Inflows of Resources (Governmental Funds)

Unavailable revenue – property taxes at August 31, 2023, consisted of the following:

	General Fund	Debt Service Fund	Total
Net uncollected tax revenue	<u>147,515</u>	<u>45,110</u>	<u>192,625</u>
	<u>147,515</u>	<u>45,110</u>	<u>192,625</u>

**UNION GROVE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023**

Note I. Capital Asset Activity

Capital asset activity for the District for the year ended August 31, 2023, was as follows:

	Beginning Balance	Additions	Reclassifications/ Retirements	Ending Balance
Governmental Activities				
Land	639,546			639,546
Buildings and Improvements	25,912,121	394,517	(233,302)	26,073,336
Furniture and Equipment	2,279,122	397,385	-	2,676,507
Construction in Progress	48,134	2,543,525	-	2,591,659
Total Historical Cost	28,878,923	3,335,427	(233,302)	31,981,048
Less Accumulated Depreciation for:				
Buildings and Improvements	10,188,582	799,879	(233,302)	10,755,159
Furniture and Equipment	1,960,312	124,958	-	2,085,270
Total Accumulated Depreciation	12,148,894	924,837	(233,302)	12,840,429
Governmental Activities:				
Land	639,546	-	-	639,546
Buildings and Improvements	15,723,539	(405,362)	-	15,318,177
Furniture and Equipment	318,810	272,427	-	591,237
Construction in Progress	48,134	2,543,525	-	2,591,659
Capital Assets, Net	16,730,029	2,410,590	-	19,140,619

During the current year, the District expended \$394,517 for building and improvements to the high school parking lot, elementary playground, and elementary gym. The District purchased furniture and equipment which included 3 buses, 2 vehicles, a golf cart, and cafeteria equipment, totaling \$397,385.

In fiscal year 2022, the District incurred \$48,134 in costs related to the Elementary Site Improvements Project. On March 15, 2023, the District entered into a construction manager as contractor agreement with RLM Enterprises, Inc. This agreement has a guaranteed maximum price of \$2,212,047. In fiscal year 2023, the District incurred \$63,682 in architect fees; \$2,040,152 in construction contract costs; \$213,870 in drainage evaluation, remediation design, and engineering fees; and \$173,606 in other project costs. Total costs of \$2,539,444 are reflected in construction in progress.

In fiscal year 2023, the District incurred \$42,135 in architect fees and \$10,080 in surveying and other costs related to a new administration building project. There were no related construction commitments at August 31, 2023. Costs incurred totaled \$52,215 and are reflected in construction in progress.

The District removed fully depreciated buildings and improvements of \$233,302 due to renovations and replacements.

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
Instruction	453,181
Instructional Resources and Media Services	4,795
Curriculum and Instructional Staff Development	681
School Leadership	44,628
Guidance, Counseling and Evaluation Services	9,551
Health Services	9,920
Student Transportation	44,332
Food Services	54,877
Extracurricular Activities	68,064
General Administration	49,364
Facilities Maintenance and Operations	144,230
Security and Monitoring Services	21,007
Data Processing Services	20,207
Total Depreciation Expense - Governmental Activities	924,837

**UNION GROVE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023**

Note J. Bonds and Other Long-Term Obligations

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, 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 the 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, 2023.

Long-term Obligation Activity:

The following is a summary of the changes in the District's long-term debt for the year ended August 31, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
2015 Unlimited Building Bonds	7,920,000	-	(265,000)	7,655,000	275,000
2020 Unlimited Tax Refunding Bonds	3,080,000	-	(125,000)	2,955,000	130,000
Premium on Issuance of Bonds	897,312	-	(77,671)	819,641	-
QZAB Series 2007	74,000	-	(74,000)	-	-
Notes Payable	604,523	895,000	-	1,499,523	1,499,523
Total Bonds and Notes Payable	12,575,835	895,000	(541,671)	12,929,164	1,904,523
Other Liabilities:					
TRS Net Pension Liability	736,502	1,307,773	-	2,044,275	-
TRS Net OPEB Liability	2,099,895	-	(573,887)	1,526,008	-
Total Other Liabilities	2,836,397	1,307,773	(573,887)	3,570,283	-
Total Governmental Activities					
Long-term Liabilities	15,412,232	2,202,773	(1,115,558)	16,499,447	1,904,523

Bonds payable information is as follows:

Title of Issue	Interest Rate	Maturity Date	Original Amount
Unlimited Building Bonds, Series 2015	3.00 - 5.00%	8/15/2042	9,115,000
Unlimited Tax Refunding Bonds, Series 2020	3%	2/15/2041	3,240,000
Qualified Zone Academy Tax and Revenue Note, Series 2007	1.48%	10/18/2022	1,000,000
			<u>\$ 13,355,000</u>

Bonds indebtedness' current requirements for principal and interest expenditures are accounted for in the Debt Service Fund, Function 71 and Function 72, respectively. During the year ended August 31, 2023, the District paid \$390,000 in principal, and \$432,000 in interest.

There are a number of limitations and restrictions contained in the various general obligation bonds indentures. The District is in compliance with all significant limitations and restrictions at August 31, 2023.

Unlimited Building Bonds – Series 2015

In 2015, The District issued Unlimited Building Bonds – Series 2015 in the amount of \$9,115,000. The proceeds of the bond were for renovations and new construction. In the governmental fund financial statements, bond indebtedness of the District current requirements for principal and interest expenditures are accounted for the Debt Service Fund.

**UNION GROVE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023**

Debt service requirements for the outstanding series 2015 bonds are as follows:

Year Ended August 31	Principal	Interest	Total Requirement
2024	275,000	330,875	605,875
2025	290,000	319,875	609,875
2026	300,000	308,275	608,275
2027	310,000	296,275	606,275
2028	325,000	283,875	608,875
2029-2033	1,840,000	1,212,575	3,052,575
2034-2038	2,245,000	801,525	3,046,525
2039-2042	2,070,000	248,900	2,318,900
Totals	\$ 7,655,000	\$ 3,802,175	\$ 11,457,175

Unlimited Tax Refunding Bonds, Series 2020

In 2020, the District issued Unlimited Tax Refunding Bonds, Series 2020 in the amount of \$3,240,000 to refund Series 2011. The escrow payment of \$3,490,164 was used to provide debt service payments on Series 2011 when called on February 15, 2030. As a result, the Series 2011 is considered defeased and the District has removed the liability from its financial statements.

Debt service requirements for the outstanding series 2020 bonds are as follows:

Year Ended August 31	Principal	Interest	Total Requirement
2024	130,000	86,700	216,700
2025	130,000	82,800	212,800
2026	135,000	78,825	213,825
2027	140,000	74,700	214,700
2028	145,000	70,425	215,425
2029-2033	775,000	284,625	1,059,625
2034-2038	900,000	159,000	1,059,000
2039-2041	600,000	27,300	627,300
Totals	\$ 2,955,000	\$ 864,375	\$ 3,819,375

In the government-wide financial statements, bonded indebtedness of the District is reflected in the Statement of Net Position. Premium on issuance of bonds, net of accumulated amortization, totaled \$819,641 at August 31, 2023. Bond premium/discount proceeds are deferred and amortized over the life of the bonds. The current year amortization of \$77,671 is reflected in the Statement of Activities for the year ended August 31, 2023.

The deferred charge on refunding bonds, Series 2020, net of accumulated amortization, totaled \$54,082 at August 31, 2023. Current year amortization of \$5,664 is reflected in the Statement of Activities for the year ended August 31, 2023.

QZAB Maintenance Tax Note – Direct Borrowing

On September 17, 2007, The Board of Trustees authorized the issuance of a Qualified Zone Academy Tax and Revenue Note in the amount of \$1,000,000. The proceeds of the note were for renovations to the Union Grove Elementary School. Loan payments were made in the General Fund for Function 71 – Principal of \$74,000, Function 72 – Interest of \$1,095 and Function 73 – Fees of \$250. These bonds were paid in full in the year ended August 31, 2023.

**UNION GROVE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023**

Construction Loan Payable – Direct Borrowing

On April 3, 2019, the District authorized a construction loan payable in the amount of \$1,500,000. As of August 31, 2023, the District utilized \$1,499,523 of the loan for the drainage project at the football field, replacing the roof at the high school, constructing a parking lot, and other maintenance performed at the District. The current year draw on the loan was \$895,000 and is shown reported as Other Financing Sources. The interest rate of the loan is 3.25%. Interest payments were made in the General Fund for Function 72-Interest of \$23,221. The District plans to convert the loan into long-term financing in the near future.

Note K. Defined Benefit Pension Plan

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

Plan Description. Union 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>; 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 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.

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

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

The following table shows contribution rates by type of contributor for the fiscal years 2022 and 2023 and the contributions by type of contributions reported by TRS which were received by TRS during the measurement year (TRS FY 2022). These are included in the calculation of the district's proportionate share of the net pension liability.

	Contribution Rates	
	2022	2023
Member	8.00%	8.00%
Employers	7.75%	8.00%
Non-Employer Contributing Entity (State)	7.75%	8.00%
UGISD Fiscal Year Member Contributions	414,415	424,354
UGISD Fiscal Year Employer Contributions	161,110	178,732
UGISD Measurement Year NECE On-behalf Contributions	344,867	326,588

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 a surcharge an employer is subject to.

- All public schools, charter schools, and regional educational service centers must contribute 1.7 percent of the member's salary beginning in fiscal year 2022, gradually increasing to 2 percent in fiscal year 2025.

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- 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.

Net Pension Liability. Components of the net pension liability of the plan as of August 31, 2022 are disclosed below:

<u>Components of Liability</u>	<u>Amount</u>
Total Pension Liability	\$ 243,553,045,455
Less: Plan Fiduciary Net Position	(184,185,617,196)
Net Pension Liability	\$ 59,367,428,259
Net Position as Percentage of Total Pension Liability	75.62%

Actuarial Assumptions. The total pension liability in the August 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-Term Expected Rate	7.00%
	3.91% - 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 taxexempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Municipal Bond Rate as of August 2022	
Last year ending August 31 in	
Projection Period	2121
(100) years	
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Ad hoc post-employment benefit changes	None

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

Discount Rate. A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 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.

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

The long-term rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2022 are summarized below:

Asset Class¹	Target Allocation %²	Long-Term Expected Arithmetic Real Rate of Return³	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0%	4.6%	1.12%
Non-U.S. Developed	13.0%	4.9%	0.90%
Emerging Markets	9.0%	5.4%	0.75%
Private Equity	14.0%	7.7%	1.55%
Stable Value			
Government Bonds	16.0%	1.0%	0.22%
Absolute Return	0.0%	3.7%	0.00%
Stable Value Hedge Funds	5.0%	3.4%	0.18%
Real Return			
Real Estate	15.0%	4.1%	0.94%
Energy, Natural Resources & Infrastructure	6.0%	5.1%	0.37%
Commodities	0.0%	3.6%	0.00%
Risk Parity			
Risk Parity	8.0%	4.6%	0.43%
Asset Allocation Leverage			
Cash	2.0%	3.0%	0.01%
Asset Allocation Leverage	-6.0%	3.6%	-0.05%
Inflation Expectation			2.70%
Volatility Drag⁴			-0.91%
Total	100.00%		8.19%

¹ Absolute Return includes Credit Sensitive Investments

² Target Allocations are based on the FY2021 policy model

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

⁴ 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 7.00 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

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	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
UGISD's proportionate share of the net pension liability	3,180,116	2,044,275	1,123,622

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2023, Union Grove ISD reported a liability of \$2,044,275 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Union Grove ISD. The amount recognized by Union 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 Union Grove ISD were as follows:

District's Proportionate share of the collective net pension liability	\$ 2,044,275
State's proportionate share that is associated with the District	4,155,045
Total	<u>\$ 6,199,320</u>

The net pension liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 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, 2021 thru August 31, 2022.

At August 31, 2022 the employer's proportion of the collective net pension liability was 0.0034434278% which was an increase (decrease) of 0.00055137960% from its proportion measured as of August 31, 2021.

Changes in Actuarial Assumptions Since the Prior Actuarial Valuation

The actuarial assumptions and methods have been modified since the determination of the prior year's Net Pension Liability. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25 percent to 7.00 percent.

For the year ended August 31, 2023, Union Grove School recognized pension expense of \$613,934 and revenue of \$397,175 for support provided by the State in the Government Wide Statement of Activities.

At August 31, 2023, Union Grove School reported its proportionate share of the TRS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual actuarial experiences	\$ 29,642	\$ 44,569
Changes in actuarial assumptions	380,915	94,935
Net difference between projected and actual investment earnings	201,968	-
Changes in proportion and differences between the employer contributions and the proportionate share of contributions	198,020	200,039
Total as of August 31, 2022 measurement date	\$ 810,545	\$ 339,543
Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability (to be calculated by employer)	178,732	-
Total as of August 31, 2023 fiscal year-end	\$ 989,277	\$ 339,543

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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
2024	111,496
2025	58,254
2026	14,803
2027	236,598
2028	49,850
Thereafter	1
	471,002

Note L. 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. Union 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 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.

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

TRS-Care Monthly Premium Rates

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 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor which were reported for the district by TRS for the measurement year. These are included in the calculation of the district's proportionate share of the Net TRS-Care liability.

Contribution Rates

	<u>2022</u>	<u>2023</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%
UGISD Fiscal Year Member Contributions	33,671	34,478
UGISD Fiscal Year Employer Contributions	53,071	46,062
Measurement Year NECE On-behalf Contributions	56,978	63,854

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$83 million in fiscal year 2022 from the Federal Rescue Plan Act (ARPA) to help defray COVID-19 related health care costs during fiscal year 2022.

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Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2022. 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, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2022:

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.

Additional Actuarial Methods and Assumptions

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	3.91% as of August 31, 2022
Aging Factors	Based on plan specific experience
	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Expenses	
Salary Increases	3.05% to 9.05%, including inflation
Ad Hoc Post-Employment Benefit Changes	None

The initial medical trend rates were 8.50 percent for Medicare retirees and 7.25 percent for non-Medicare retirees. There was an initial prescription drug trend rate of 8.25 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 13 years

Discount Rate: A single discount rate of 3.91 percent was used to measure the total OPEB liability. There was an increase of 1.96 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

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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.

Sensitivity of the Net OPEB Liability

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was one percentage point lower than and one percentage point higher than the discount rate that was used (3.91 percent) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.91%)	Current Single Discount Rate (3.91%)	1% Increase in Discount Rate (4.91%)
UGISD's proportionate share of the Net OPEB Liability	1,799,285	1,526,008	1,304,619

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2023 the District reported a liability of \$1,526,008 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective Net OPEB Liability	1,526,008
State's proportionate share that is associated with the District	1,861,490
Total	<u>3,387,498</u>

The Net OPEB Liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 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 OPEB relative to the contributions of all employers to the plan for the period September 1, 2021 thru August 31, 2022.

At August 31, 2022 the employer's proportion of the collective Net OPEB Liability was 0.0063732373%, compared to 0.0009294938% as of August 31, 2021.

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	1,257,438	1,526,008	1,874,175

Changes in Actuarial Assumptions 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:

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- The discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent as of August 31, 2022. 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.

On August 31, 2023, 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
Difference between expected and actual actuarial experience	\$ 84,841	\$ 1,271,302
Changes in actuarial assumptions	232,441	1,060,180
Net Difference between projected and actual investment earnings	4,546	-
Changes in proportion and difference between the employer contributions and the proportionate share of contributions	524,943	526,584
Total as of August 31, 2022 measurement date	846,771	2,858,066
Contributions paid to TRS subsequent to the measurement date of the Net OPEB Liability (to be calculated by employer)	46,062	-
Total as of August 31, 2023 fiscal year-end	\$ 892,833	\$ 2,858,066

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
2024	(387,389)
2025	(387,373)
2026	(322,660)
2027	(235,050)
2028	(251,316)
Thereafter	(427,507)
	<u>(2,011,295)</u>

For the year ended August 31, 2023, the District recognized OPEB expense of (\$476,982) and revenue of (\$264,161) for support provided by the State.

Note M. 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

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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 Union Grove Independent School District’s employees were \$26,821 for the year ended August 31, 2023, \$21,929 for the year ended August 31, 2022, and \$25,397 for the year ended August 31, 2021.

Note N. Health Care Coverage

The District participates in TRS Active Care sponsored by the Teacher Retirement System of Texas and administered through Aetna and Caremark (pharmacy). TRS-Active Care provides health care coverage to employees (and their dependents) of participating public education entities. Optional life and long-term care insurance are also provided to active members and retirees. Authority for the plan can be found in the Texas Insurance Code, Title 8, Subtitle H, Chapter 1579 and in the Texas Administrative Code, Title 34, Part 3, Chapter 41. The plan began operations on September 1, 2002. This is a premium-based plan. Payments are made on a monthly basis for all covered employees.

Note O. 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 federal and state governments as of August 31, 2023, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

Fund	State Entitlements	Federal Grants	Total
Governmental Activities:			
<u>Due From Other Governments</u>			
General Fund	920,364	-	920,364
Nonmajor Governmental Funds (Special Revenue)	79,192	51,971	131,163
	999,556	51,971	1,051,527
<u>Due to Other Governments</u>			
General Fund	-	-	-
Debt Service	58,564	-	58,564
Nonmajor Governmental Funds (Special Revenue)	27	-	27
	58,591	-	58,591

Note P. Commitments and Contingencies

Litigation – The District may be subjected to loss contingencies arising principally in the normal course or 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; therefore, to the extent that the District has no 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, 2023 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 combined financial statements for such contingencies.

**UNION GROVE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023**

Note Q. Shared Service Arrangements

The District participates in a shared services arrangement ("SSA") for special education and alternative education with the following school districts:

<u>Special Education</u>	<u>Alternative Education</u>	
Big Sandy ISD	Big Sandy ISD	Union Hill ISD
Gladewater ISD	Gladewater ISD	Gilmer ISD
Harmony ISD	Harmony ISD	Ore City ISD
New Diana ISD	New Diana ISD	
Union Hill ISD		

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Big Sandy ISD, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

The payments total \$234,329 for the year ended August 31, 2023.

General Fund - Function 93:

SSA - Special Education	156,303
SSA - Alternative Education	59,252
SSA - Virtual School	18,774
	<u>234,329</u>

Note R. Revenue from Local and Intermediate Source

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

<u>Revenue Sources</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Property Taxes	1,787,092	599,697	-	2,386,789
Food Sales	-	-	180,810	180,810
Investment Income	56,246	2,441	532	59,219
Enterprising Income	-	-	191,228	191,228
Tuition and fees	65,550	-	-	65,550
Co-curricular student activities	28,918	-	53,081	81,999
Insurance recovery	178,785	-	-	178,785
Other (including gifts and bequests)	34,875	-	-	34,875
Total	<u>2,151,466</u>	<u>602,138</u>	<u>425,651</u>	<u>3,179,255</u>

Note S. Subsequent Events

Management evaluated subsequent events after the date of the balance sheet and prior to the release of these financial statements which was November 28, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

UNION GROVE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 2,004,642	\$ 2,004,642	\$ 2,151,466	\$ 146,824
5800	State Program Revenues	6,851,098	6,851,098	7,433,090	581,992
5900	Federal Program Revenues	60,000	60,000	40,796	(19,204)
5020	Total Revenues	8,915,740	8,915,740	9,625,352	709,612
EXPENDITURES:					
Current:					
0011	Instruction	4,444,399	4,519,399	4,524,960	(5,561)
0012	Instructional Resources and Media Services	81,201	56,776	53,738	3,038
0013	Curriculum and Instructional Staff Development	20,000	10,000	7,984	2,016
0023	School Leadership	538,438	538,438	522,959	15,479
0031	Guidance, Counseling, and Evaluation Services	86,860	86,860	86,777	83
0033	Health Services	116,529	116,529	116,247	282
0034	Student (Pupil) Transportation	282,663	551,483	519,494	31,989
0036	Extracurricular Activities	585,667	575,667	553,133	22,534
0041	General Administration	564,798	574,798	578,468	(3,670)
0051	Facilities Maintenance and Operations	1,324,915	1,443,981	1,443,351	630
0052	Security and Monitoring Services	117,130	255,255	241,601	13,654
0053	Data Processing Services	244,797	244,797	236,796	8,001
Debt Service:					
0071	Principal on Long-Term Liabilities	174,000	74,000	74,000	-
0072	Interest on Long-Term Liabilities	17,000	22,000	24,316	(2,316)
0073	Bond Issuance Cost and Fees	1,000	1,000	250	750
Capital Outlay:					
0081	Facilities Acquisition and Construction	25,000	3,118,795	2,938,042	180,753
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	235,555	235,555	234,329	1,226
0099	Other Intergovernmental Charges	50,000	50,000	47,934	2,066
6030	Total Expenditures	8,909,952	12,475,333	12,204,379	270,954
1100	Excess (Deficiency) of Revenues Over Expenditures	5,788	(3,559,593)	(2,579,027)	980,566
OTHER FINANCING SOURCES (USES):					
7914	Non-Current Loans	-	895,000	895,000	-
1200	Net Change in Fund Balances	5,788	(2,664,593)	(1,684,027)	980,566
0100	Fund Balance - September 1 (Beginning)	5,639,196	5,639,196	5,639,196	-
3000	Fund Balance - August 31 (Ending)	\$ 5,644,984	\$ 2,974,603	\$ 3,955,169	\$ 980,566

UNION 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, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Pension Liability (Asset)	0.003443428%	0.002892048%	0.003369294%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 2,044,275	\$ 736,502	\$ 1,804,525
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	4,155,045	2,058,016	4,469,532
Total	<u>\$ 6,199,320</u>	<u>\$ 2,794,518</u>	<u>\$ 6,274,057</u>
District's Covered Payroll	\$ 5,154,926	\$ 5,227,593	\$ 5,333,192
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	39.66%	14.09%	33.84%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.62%	88.79%	75.54%

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, 2022 for year 2023, 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>FY 2020</u> <u>Plan Year 2019</u>		<u>FY 2019</u> <u>Plan Year 2018</u>		<u>FY 2018</u> <u>Plan Year</u>		<u>FY 2017</u> <u>Plan Year 2016</u>		<u>FY 2016</u> <u>Plan Year 2015</u>		<u>FY 2015</u> <u>Plan Year</u>	
0.003493908%		0.003532203%		0.003611229%		0.003789059%		0.0040578%		0.0019937%	
\$	1,816,243	\$	1,944,211	\$	1,154,676	\$	1,431,829	\$	1,434,378	\$	532,545
4,006,072		4,274,438		2,639,066		3,331,223		3,247,043		2,732,170	
\$	5,822,315	\$	6,218,649	\$	3,793,742	\$	4,763,052	\$	4,681,421	\$	3,264,715
\$	4,764,594	\$	4,579,457	\$	4,622,766	\$	4,732,383	\$	4,677,638	\$	4,371,319
38.12%		42.46%		24.98%		30.26%		30.66%		12.18%	
75.24%		73.74%		82.17%		78.00%		78.43%		83.25%	

UNION GROVE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2023

	2023	2022	2021
Contractually Required Contribution	\$ 178,732	\$ 161,110	\$ 123,417
Contribution in Relation to the Contractually Required Contribution	(178,732)	(161,110)	(123,417)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 5,301,763	\$ 5,154,926	\$ 5,227,593
Contributions as a Percentage of Covered Payroll	3.37%	3.13%	2.36%

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.

	2020	2019	2018	2017	2016	2015
\$	137,904	\$ 123,370	\$ 118,991	\$ 118,355	\$ 120,388	57,527
	(137,904)	(123,370)	(118,991)	(118,355)	(120,388)	(57,527)
\$	-	\$ -	\$ -	\$ -	\$ -	-
\$	5,333,192	\$ 4,764,594	\$ 4,579,457	\$ 4,622,766	\$ 4,732,383	4,677,638
	2.59%	2.59%	2.60%	2.56%	2.54%	1.23%

UNION 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, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.006373237%	0.005443743%	0.006414673%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 1,526,008	\$ 2,099,895	\$ 2,438,507
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	1,861,490	2,813,391	3,276,769
Total	<u>\$ 3,387,498</u>	<u>\$ 4,913,286</u>	<u>\$ 5,715,276</u>
District's Covered Payroll	\$ 5,154,926	\$ 5,227,593	\$ 5,333,192
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	29.60%	40.17%	45.72%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	11.52%	6.18%	4.99%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. The amounts for FY 2023 are for the measurement date of August 31, 2022. 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.

FY 2020 Plan Year		FY 2019 Plan Year		FY 2018 Plan Year	
0.0063374%		0.006377118%		0.006543552%	
\$	2,997,036	\$	3,184,153	\$	2,845,545
	3,982,388		3,923,565		3,664,613
\$	6,979,424	\$	7,107,718	\$	6,510,158
\$	4,764,594	\$	4,579,457	\$	4,622,766
	62.90%		69.53%		61.56%
	2.66%		1.57%		0.91%

UNION GROVE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2023

	2023	2022	2021
Contractually Required Contribution	\$ 46,062	\$ 53,071	\$ 41,458
Contribution in Relation to the Contractually Required Contribution	(46,062)	(53,071)	(41,458)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 5,301,763	\$ 5,154,926	\$ 5,227,593
Contributions as a Percentage of Covered Payroll	0.87%	1.03%	0.79%

Note: GASB Codification, Vol. 2, P50.238 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.

	2020	2019	2018
\$	48,552	\$ 45,210	\$ 43,964
	(48,552)	(45,210)	(43,964)
\$	-	\$ -	\$ -
\$	5,333,192	\$ 4,764,594	\$ 4,579,457
	0.91%	0.95%	0.96%

**UNION GROVE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2023**

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 was a change in the actuarial assumptions. The primary change was lowering of the single discount rate from 7.25 percent to 7.00 percent.

B. Notes to Schedules for the TRS OPEB Plan

Changes in Benefits.

There were no changes in benefits.

Changes in Assumptions.

The single discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent as of August 31, 2022. This change decreased the total OPEB liability.

Lower participation rates and updates to health care trend rate assumptions were also factors that decreased the Total OPEB liability.

COMBINING SCHEDULES

UNION GROVE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2023

Data Control Codes		211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ 56,601	\$ -
1240	Due from Other Governments	-	-	26,191	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	12,900	-
1410	Prepayments	-	-	784	-
1000	Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,476</u>	<u>\$ -</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ 1,085	\$ -
2160	Accrued Wages Payable	-	-	12,665	-
2170	Due to Other Funds	-	-	-	-
2180	Due to Other Governments	-	-	-	-
2200	Accrued Expenditures	-	-	272	-
2300	Unearned Revenue	-	-	11,435	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>25,457</u>	<u>-</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	12,900	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	58,119	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>71,019</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,476</u>	<u>\$ -</u>

EXHIBIT H-1

281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	289 Other Federal Special Revenue Funds	410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ (25,780) \$	- \$	- \$	\$ (9,136) \$	(9,520) \$	104,944 \$	(6,275) \$	110,834
25,780	-	-	69,672	9,520	-	-	131,163
-	-	-	-	-	-	7,197	7,197
-	-	-	-	-	-	-	12,900
-	-	-	-	-	-	-	784
\$ -	\$ -	\$ -	\$ 60,536	\$ -	\$ 104,944	\$ 922	\$ 262,878
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,085
-	-	-	-	-	-	-	12,665
-	-	-	60,536	-	-	-	60,536
-	-	-	-	-	27	-	27
-	-	-	-	-	-	-	272
-	-	-	-	-	-	-	11,435
-	-	-	60,536	-	27	-	86,020
-	-	-	-	-	-	-	12,900
-	-	-	-	-	-	922	59,041
-	-	-	-	-	104,917	-	104,917
-	-	-	-	-	104,917	922	176,858
\$ -	\$ -	\$ -	\$ 60,536	\$ -	\$ 104,944	\$ 922	\$ 262,878

UNION GROVE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes		211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ 180,810	\$ -
5800	State Program Revenues	-	-	19,664	-
5900	Federal Program Revenues	98,894	41,304	400,101	28,789
5020	Total Revenues	98,894	41,304	600,575	28,789
EXPENDITURES:					
Current:					
0011	Instruction	98,894	41,304	-	28,789
0012	Instructional Resources and Media Services	-	-	-	-
0031	Guidance, Counseling, and Evaluation Services	-	-	-	-
0035	Food Services	-	-	643,064	-
0036	Extracurricular Activities	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
6030	Total Expenditures	98,894	41,304	643,064	28,789
1200	Net Change in Fund Balance	-	-	(42,489)	-
0100	Fund Balance - September 1 (Beginning)	-	-	113,508	-
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ 71,019	\$ -

EXHIBIT H-2

281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	289 Other Federal Special Revenue Funds	410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 201,777	\$ 43,064	\$ 425,651
-	-	-	84,726	45,850	-	-	150,240
405,959	345,416	13,560	-	-	-	-	1,334,023
405,959	345,416	13,560	84,726	45,850	201,777	43,064	1,909,914
361,747	164,512	8,040	82,273	-	-	-	785,559
-	-	-	2,453	-	-	-	2,453
-	24,180	960	-	-	-	-	25,140
-	-	-	-	-	-	-	643,064
-	-	-	-	-	200,656	43,805	244,461
44,212	156,724	-	-	45,850	-	-	246,786
-	-	4,560	-	-	-	-	4,560
405,959	345,416	13,560	84,726	45,850	200,656	43,805	1,952,023
-	-	-	-	-	1,121	(741)	(42,109)
-	-	-	-	-	103,796	1,663	218,967
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,917	\$ 922	\$ 176,858

REQUIRED T.E.A. SCHEDULES

UNION GROVE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2023

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2014 and prior years	Various	Various	\$ 165,813,987
2015	1.170000	0.12450	166,252,430
2016	1.170000	0.34980	147,888,275
2017	1.170000	0.34980	139,013,812
2018	1.170000	0.34980	146,267,011
2019	1.170000	0.34980	147,939,628
2020	1.068300	0.34980	157,118,610
2021	1.054700	0.34980	156,388,465
2022	1.039500	0.31800	162,900,037
2023 (School year under audit)	0.942800	0.31800	188,876,983
1000 TOTALS			
8000 Total Taxes Refunded Under Section 26.115, Tax Code			

EXHIBIT J-1

(10) Beginning Balance 9/1/2022	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2023
\$ 101,388	\$ -	\$ 1,247	\$ 139	\$ (334)	\$ 99,668
12,119	-	558	62	-	11,499
18,998	-	1,823	203	-	16,972
14,647	-	1,364	407	-	12,876
17,336	-	1,604	479	-	15,253
20,240	-	2,369	708	-	17,163
21,379	-	1,911	623	-	18,845
29,623	-	3,337	1,106	(1,895)	23,285
72,729	-	20,548	6,277	(6,600)	39,304
-	2,381,361	1,713,632	577,933	(14,073)	75,723
<u>\$ 308,458</u>	<u>\$ 2,381,361</u>	<u>\$ 1,748,393</u>	<u>\$ 587,937</u>	<u>\$ (22,902)</u>	<u>\$ 330,587</u>
		<u>\$ 80</u>			

UNION 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, 2023

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 89,900	\$ 176,400	\$ 180,810	\$ 4,410
5800 State Program Revenues	18,126	18,126	19,664	1,538
5900 Federal Program Revenues	361,255	470,148	400,101	(70,047)
5020 Total Revenues	469,281	664,674	600,575	(64,099)
EXPENDITURES:				
Current:				
0035 Food Services	465,021	660,414	643,064	17,350
6030 Total Expenditures	465,021	660,414	643,064	17,350
1200 Net Change in Fund Balances	4,260	4,260	(42,489)	(46,749)
0100 Fund Balance - September 1 (Beginning)	113,508	113,508	113,508	-
3000 Fund Balance - August 31 (Ending)	\$ 117,768	\$ 117,768	\$ 71,019	\$ (46,749)

UNION 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, 2023

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 615,398	\$ 615,398	\$ 602,138	\$ (13,260)
5800 State Program Revenues	219,704	219,704	320,347	100,643
5020 Total Revenues	835,102	835,102	922,485	87,383
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	390,000	390,000	390,000	-
0072 Interest on Long-Term Liabilities	432,000	432,000	432,000	-
0073 Bond Issuance Cost and Fees	2,500	2,500	1,000	1,500
6030 Total Expenditures	824,500	824,500	823,000	1,500
1200 Net Change in Fund Balances	10,602	10,602	99,485	88,883
0100 Fund Balance - September 1 (Beginning)	464,643	464,643	464,643	-
3000 Fund Balance - August 31 (Ending)	\$ 475,245	\$ 475,245	\$ 564,128	\$ 88,883

UNION GROVE INDEPENDENT SCHOOL DISTRICT
 USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS
 FOR THE YEAR ENDED AUGUST 31, 2023

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
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$525,602
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	\$396,429

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$13,130
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year.	\$14,833

**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
Union Grove Independent School District
P. O. Box 1447
Gladewater, TX 75647

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 Union Grove Independent School District (the District), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 28, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Union 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 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.

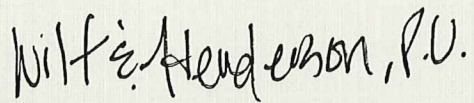
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Report on 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." in a cursive, slightly stylized font.

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

November 28, 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
Union Grove Independent School District
P. O. Box 1447
Gladewater, TX 75647

Members of the Board:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Union Grove Independent School District's (the District) compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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, Union 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, 2023.

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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Wilf & Henderson, P.C.

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

November 28, 2023

**UNION GROVE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2023**

I. Summary of the Auditor's Results:

- a. The type of report issued on the financial statements of the Union 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 Union Grove Independent School District were disclosed during the audit.
- d. No significant deficiencies or material weaknesses relating to the audit of the major federal award program are 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. No 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 was:

COVID-19 Elementary & Secondary School Emergency Relief Fund II	AL #84.425D
COVID-19 Elementary & Secondary School Emergency Relief Fund III	AL #84.425U
- h. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- i. Union Grove Independent School District was determined to not 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 required to be reported.

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

No findings required to be reported.

**UNION GROVE INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2023**

There were no prior year audit findings or questioned costs.

**UNION GROVE INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2023**

There were no current year audit findings or questioned costs.

UNION GROVE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2023

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23 - 610101230908	\$ 98,894
IDEA - Part B, Formula	84.027A	23 - 660001114901600	41,304
ESEA, Title II, Part A, Teacher Principal Training	84.367A	23 - 694501230908	28,789
COVID-19 Elementary Secondary School Emergency Relief II	84.425D	21 - 521001230908	405,959
COVID-19 Elementary Secondary School Emergency Relief III	84.425U	21 - 528001230908	345,416
Total Assistance Listing Number 84.425			<u>751,375</u>
Title IV, Part A, Subpart I	84.424A	23 - 680101230908	<u>13,560</u>
Total Passed Through Texas Education Agency			<u>933,922</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>933,922</u>
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	N/A	72,074
*National School Lunch Program - Cash Assistance	10.555	N/A	235,257
*National School Lunch Prog. - Non-Cash Assistance	10.555	N/A	38,767
*COVID-19 Supply Chain Assistance Grant Reallocation Award	10.555	22 - TX400N8903	32,951
Total Assistance Listing Number 10.555			<u>306,975</u>
Total Child Nutrition Cluster			<u>379,049</u>
COVID-19 Child Nutrition Discretionary Grants Ltd Availability	10.579	N/A	<u>21,052</u>
Total Passed Through the Texas Department of Agriculture			<u>400,101</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>400,101</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,334,023</u>
*Clustered Programs per Compliance Supplement 2023			

**UNION GROVE INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2023**

- 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 to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.
- 2 The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund or, in some instances, in the General Fund which are Governmental Fund type funds.

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. 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.

- 3 The District has elected to not use the 10% de minimum indirect cost rate as allowed under the Uniform Guidance.
- 4 The District must submit to the pass-through entity, no later than 90 calendar days (or an earlier date as agreed upon by the pass-through entity and District) after the end date of the period of performance, all financial, performance, and other reports as required by the terms and conditions of the Federal award. The Federal awarding agency or pass-through entity may approved extensions when requested and justified by the non-Federal entity, as applicable. (2 CFR 200.34(a))

Unless the Federal awarding agency or pass-through entity authorizes an extension, a non-Federal entity must liquidate all financial obligations incurred under the Federal award no later than 120 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award. (2 CFR 200.344(b))

- 5 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, Uniform Guidance.
- 6 Nonmonetary assistance received from the Commodity Supplemental Food Program is recorded in fair market value of the commodities received and disbursed. The revenue and expense are reported in the Food Service Special Revenue Fund.
- 7 Assistance Listing numbers for commodity assistance are the Assistance Listing numbers of the programs under which USDA donated the commodities.
- 8 A reconciliation of federal program revenues and expenditures is as follows:

Other Special Revenue Funds	1,334,023
General Fund Federal Revenues	40,796
Less Medicaid Arrangements Payments:	
SSA - School Health & Related Services (SHARS)	<u>(40,796)</u>
Total Federal Program Expenditures	<u>1,334,023</u>

SCHOOLS FIRST QUESTIONNAIRE

Union Grove Independent School District

Fiscal Year 2023

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