

**UNION GROVE
INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT
AUGUST 31, 2024**



UNION GROVE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2024

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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) _____ approved _____ disapproved for the year ended August 31, 2024 at a meeting of the Board of Trustees of such school district on the _____ day of January 2025.

Signature of Board Secretary

Signature of Board President

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



**UNMODIFIED OPINION ON BASIC FINANCIAL STATEMENTS
ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND
OTHER SUPPLEMENTARY INFORMATION**

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, 2024, 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, 2024, 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 47, schedule of the District's proportionate share of the net pension liability (TRS) on pages 48-49, schedule of District contributions to TRS on pages 50-51, schedule of the District's proportionate share of the OPEB liability (TRS) on pages 52-53, and schedule of District contributions to TRS OPEB plan on pages 54-55 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 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises of reports required from Texas Education Agency identified in the Table of Contents as J-1 through J-4 and L-1. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2025, 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.

Wilf & Henderson, P.C.

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

January 6, 2025

**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, 2024. 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 \$6,162,281 at August 31, 2024. Program revenues accounted for \$1,820,204 or 15.29% of total revenue, and general revenues accounted for \$10,057,538 or 88.80%.

During the year, the District had expenses that were (\$86,979) more than the \$11,877,742 generated in tax and other revenues for governmental programs.

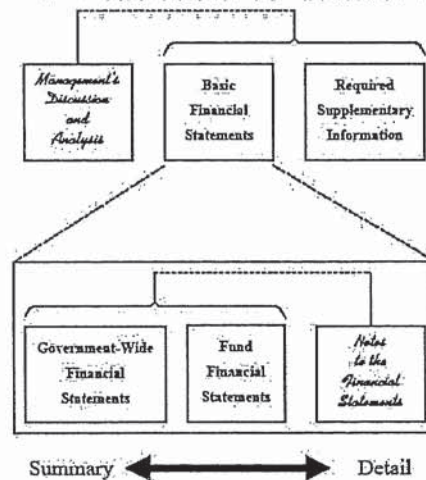
On Exhibit C-1, the general fund reported a positive fund balance of \$4,170,824.

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.

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



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.

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 2024	Governmental Activities 2023	Total % Change
Current and other assets	5,379,455	6,045,459	-11.02%
Capital assets	18,503,954	19,140,619	-3.33%
Total assets	<u>23,883,409</u>	<u>25,186,078</u>	<u>-5.17%</u>
Deferred Outflows of Resources	<u>1,763,289</u>	<u>1,936,192</u>	<u>-8.93%</u>
Long-term liabilities	15,655,681	16,499,447	-5.11%
Other liabilities	503,980	1,175,954	-57.14%
Total liabilities	<u>16,159,661</u>	<u>17,675,401</u>	<u>-8.58%</u>
Deferred Inflows of Resources	<u>3,324,756</u>	<u>3,197,609</u>	<u>3.98%</u>
Net Position:			
Net Investment in Capital Assets	6,048,675	6,265,537	-3.46%
Restricted	453,483	664,122	-31.72%
Unrestricted	<u>(339,877)</u>	<u>(680,399)</u>	<u>-50.05%</u>
Total net position	<u><u>6,162,281</u></u>	<u><u>6,249,260</u></u>	<u><u>-1.39%</u></u>

Net position of the District's governmental activities decreased from \$6,249,260 to \$6,162,281. 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 (\$339,877) at August 31, 2024.

Table II
Union Grove Independent School District
CHANGES IN NET POSITION

	Governmental Activities 2024	Governmental Activities 2023	Total % Change
Revenues:			
Program Revenues:			
Charges for Services	\$ 614,148	\$ 552,701	11.12%
Operating grants and contributions	1,139,063	1,617,277	-29.57%
Capital grants and contributions	66,993	-	100.00%
General Revenues:			
Maintenance and operations taxes	1,380,147	1,746,154	-20.96%
Debt Service Taxes	536,089	590,267	-9.18%
State Aid - Formula Grants	8,021,350	7,394,217	8.48%
Investment Earnings	108,651	59,219	83.47%
Miscellaneous	11,301	52,220	-78.36%
Total Revenue	<u>11,877,742</u>	<u>12,012,055</u>	<u>-1.12%</u>
Expenses:			
Instruction, curriculum and media services	5,663,219	5,510,927	2.76%
Instructional and school leadership	586,702	530,708	10.55%
Student support services	453,664	445,609	1.81%
Child nutrition	624,283	655,296	-4.73%
Co curricular activities	911,192	846,134	7.69%
General administration	684,933	597,940	14.55%
Plant maintenance, security, and data processing	2,224,214	2,290,511	-2.89%
Debt - Interest and Fees	465,891	385,970	20.71%
Payments to fiscal agents and miscellaneous	350,623	282,263	24.22%
Total Expenses	<u>11,964,721</u>	<u>11,545,358</u>	<u>3.63%</u>
Special Item	-	178,785	-100.00%
Increase (Decrease) in Net Position	(86,979)	645,482	-113.48%
Net Position - Beginning of Year	6,249,260	5,603,778	11.52%
Net Position - End of Year	<u>\$ 6,162,281</u>	<u>\$ 6,249,260</u>	<u>-1.39%</u>

The cost of all governmental activities this year was \$11,964,721. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through District taxes was only \$1,916,236 because some of the costs were paid by those who directly benefited from the programs \$614,148 or by other governments and organizations that subsidized certain programs with grants and contributions \$1,206,056 or by state aid and other revenues \$8,141,302.

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 2024	Governmental Funds 2023	Total \$ Change	Total % Change
Revenues:				
Local and Intermediate Sources	\$ 2,639,896	\$ 3,179,255	\$ (539,359)	-17.0%
State Program Revenues	8,666,041	7,903,677	762,364	9.6%
Federal Program Revenues	629,496	1,374,819	(745,323)	-54.2%
Total Revenues	<u>11,935,433</u>	<u>12,457,751</u>	<u>(522,318)</u>	<u>-4.2%</u>
Expenditures:				
Instruction	5,257,102	5,310,519	(53,417)	-1.0%
Instructional resources & media services	54,151	56,191	(2,040)	-3.6%
Curriculum and Instructional Staff Development	7,230	7,984	(754)	-9.4%
School leadership	547,125	522,959	24,166	4.6%
Guidance, counseling & evaluation services	148,853	111,917	36,936	33.0%
Health services	103,818	116,247	(12,429)	-10.7%
Student (pupil) transportation	285,833	519,494	(233,661)	-45.0%
Food service	638,818	643,064	(4,246)	-0.7%
Extracurricular activities	847,628	797,594	50,034	6.3%
General administration	635,648	578,468	57,180	9.9%
Facilities maintenance & operations	1,621,511	1,690,137	(68,626)	-4.1%
Security & monitoring services	168,538	246,161	(77,623)	-31.5%
Data processing services	254,541	236,796	17,745	7.5%
Debt service	1,043,318	921,566	121,752	13.2%
Capital outlay	132,790	2,938,042	(2,805,252)	-95.5%
Other intergovernmental charges	350,623	282,263	68,360	24.2%
Total Expenditures	<u>12,097,527</u>	<u>14,979,402</u>	<u>(2,881,875)</u>	<u>-19.2%</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(162,094)	(2,521,651)	2,359,557	-93.6%
Capital Related Debt Issued				
Capital Related Debt Issued	7,075,000	-	7,075,000	100.0%
Premium or Discount on Issuance of Bonds	524,930	-	524,930	100.0%
Other Financing Sources (Uses)	(7,445,760)	895,000	(8,340,760)	-931.9%
Total Other Financing Sources (Uses)	<u>154,170</u>	<u>895,000</u>	<u>(740,830)</u>	<u>-82.8%</u>
Net Change in Fund Balances				
Net Change in Fund Balances	(7,924)	(1,626,651)	1,618,727	99.5%
Fund Balance - Beginning of Year	4,696,155	6,322,806	(1,626,651)	-25.7%
Fund Balance - End of Year	<u>\$ 4,688,231</u>	<u>\$ 4,696,155</u>	<u>\$ (7,924)</u>	<u>-0.2%</u>

As the District completed the year, its governmental funds reported a combined fund balance of \$4,688,231, which is below last year's total of \$4,696,155. Included in this year's total change in fund balance is an increase of \$215,655 in the District's General Fund, a decrease of (\$210,461) in the Debt Service Fund, and a decrease of (\$13,118) in other non-major funds.

The District's General Fund balance of \$4,170,824 differs by \$1,129,383 from the General Fund's budgetary fund balance of \$3,041,441 reported in the budgetary comparison schedule.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2024, the District had \$18,503,954 of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. There was a net (decrease) in capital assets of (\$636,665) under last year due to depreciation expense exceeding current year additions.

During fiscal year 2024, the District invested \$50,375 in renovations and improvements to the softball field. Additionally, the District spent \$275,544 on furniture and equipment purchases, including a bus, two vehicles, a sousaphone, a reach-in refrigerator, an ice machine, and cafeteria equipment.

In fiscal year 2022, the District incurred \$48,134 in costs for the Elementary Site Improvements Project. On March 15, 2023, the District entered into a construction manager as contractor agreement with RLM Enterprises, Inc. with a guaranteed maximum price of \$2,212,047. During 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-related costs. In fiscal year 2024, the District incurred an additional \$7,232 in architect fees and \$38,547 in construction costs to complete the project. Total project costs of \$2,585,223 were capitalized under buildings and improvements.

In fiscal year 2023, the District incurred \$42,135 in architect fees and \$10,080 in surveying and other costs for a new administration building project. In fiscal year 2024, the District incurred an additional \$36,636 in architect fees related to this project. As of August 31, 2024, there were no construction commitments. Total costs of \$88,851 are recorded under construction in progress.

The District disposed of fully depreciated furniture and equipment originally valued at \$181,911. Auction proceeds from the sale of these items, along with other non-capital equipment, totaled \$18,028.

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 \$12,077,426, which was a decrease of (\$851,738). 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 2025 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 2025. Amounts available for appropriation in the General Fund budget are \$10.138 million, a decrease of 5.72 percent over the final 2024 budget of \$10.718 million. The 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 \$150,000 at the close of 2025.

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, 2024

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 734,190
1120 Current Investments	3,161,575
1220 Property Taxes - Delinquent	377,392
1230 Allowance for Uncollectible Taxes	(144,607)
1240 Due from Other Governments	1,217,854
1250 Accrued Interest Receivable	901
1300 Inventories	30,872
1410 Prepayments	1,278
Capital Assets:	
1510 Land	639,546
1520 Buildings and Improvements, Net	17,054,503
1530 Furniture and Equipment, Net	721,054
1580 Construction in Progress	88,851
1000 Total Assets	23,883,409
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	48,657
1705 Deferred Outflow Related to TRS Pension	995,313
1706 Deferred Outflow Related to TRS OPEB	719,319
1700 Total Deferred Outflows of Resources	1,763,289
LIABILITIES	
2110 Accounts Payable	13,945
2140 Accrued Interest Payable	17,930
2150 Payroll Deductions and Withholdings	14,766
2160 Accrued Wages Payable	340,108
2180 Due to Other Governments	58,611
2200 Accrued Expenses	9,076
2300 Unearned Revenue	49,544
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	1,884,523
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	10,192,903
2540 Net Pension Liability (District's Share)	2,389,081
2545 Net OPEB Liability (District's Share)	1,189,174
2000 Total Liabilities	16,159,661
DEFERRED INFLOWS OF RESOURCES	
2602 Deferred Gain for Refunding	426,510
2605 Deferred Inflow Related to TRS Pension	226,813
2606 Deferred Inflow Related to TRS OPEB	2,671,433
2600 Total Deferred Inflows of Resources	3,324,756
NET POSITION	
3200 Net Investment in Capital Assets	6,048,675
Restricted:	
3820 Restricted for Federal and State Programs	39,465
3850 Restricted for Debt Service	383,146
3890 Restricted for Other Purposes	30,872
3900 Unrestricted	(339,877)
3000 Total Net Position	\$ 6,162,281

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, 2024

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 5,596,488	\$ 160,645	\$ 514,707
12 Instructional Resources and Media Services	58,788	-	1,816
13 Curriculum and Instructional Staff Development	7,943	-	-
23 School Leadership	586,702	-	28,559
31 Guidance, Counseling, and Evaluation Services	159,415	-	8,088
33 Health Services	111,422	-	6,111
34 Student (Pupil) Transportation	182,827	-	5,109
35 Food Services	624,283	193,476	376,466
36 Extracurricular Activities	911,192	260,027	14,320
41 General Administration	684,933	-	23,880
51 Facilities Maintenance and Operations	1,763,476	-	146,363
52 Security and Monitoring Services	184,840	-	5,002
53 Data Processing Services	275,898	-	8,642
72 Debt Service - Interest on Long-Term Debt	314,823	-	-
73 Debt Service - Bond Issuance Cost and Fees	151,068	-	-
93 Payments Related to Shared Services Arrangements	291,121	-	-
99 Other Intergovernmental Charges	59,502	-	-
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 11,964,721	\$ 614,148	\$ 1,139,063

Data Control Codes	General Revenues:
	Taxes:
MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
SF	State Aid - Formula Grants
IE	Investment Earnings
MI	Miscellaneous Local and Intermediate Revenue
TR	Total General Revenues
CN	Change in Net Position
NB	Net Position - Beginning
NE	Net Position - Ending

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

		Net (Expense) Revenue and Changes in Net Position	
5		6	
Capital Grants and Contributions		Governmental Activities	
\$	-	\$	(4,921,136)
	-		(56,972)
	-		(7,943)
	-		(558,143)
	-		(151,327)
	-		(105,311)
	-		(177,718)
	66,993		12,652
	-		(636,845)
	-		(661,053)
	-		(1,617,113)
	-		(179,838)
	-		(267,256)
	-		(314,823)
	-		(151,068)
	-		(291,121)
	-		(59,502)
\$	<u>66,993</u>		<u>(10,144,517)</u>

1,380,147
536,089
8,021,350
108,651
<u>11,301</u>
<u>10,057,538</u>
(86,979)
<u>6,249,260</u>
<u>\$ 6,162,281</u>

UNION GROVE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2024

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 545,395	\$ 105,646	\$ 83,149	\$ 734,190
1120 Investments - Current	3,061,575	100,000	-	3,161,575
1220 Property Taxes - Delinquent	301,033	76,359	-	377,392
1230 Allowance for Uncollectible Taxes	(123,043)	(21,564)	-	(144,607)
1240 Due from Other Governments	1,116,001	-	101,853	1,217,854
1250 Accrued Interest Receivable	901	-	-	901
1260 Due from Other Funds	-	199,200	-	199,200
1300 Inventories	2,218	-	28,654	30,872
1410 Prepayments	670	-	608	1,278
1000 Total Assets	<u>\$ 4,904,750</u>	<u>\$ 459,641</u>	<u>\$ 214,264</u>	<u>\$ 5,578,655</u>
LIABILITIES				
2110 Accounts Payable	\$ 12,851	\$ -	\$ 1,094	\$ 13,945
2150 Payroll Deductions and Withholdings Payable	14,766	-	-	14,766
2160 Accrued Wages Payable	302,734	-	37,374	340,108
2170 Due to Other Funds	199,200	-	-	199,200
2180 Due to Other Governments	-	58,565	46	58,611
2200 Accrued Expenditures	6,427	-	2,649	9,076
2300 Unearned Revenue	40,183	-	9,361	49,544
2000 Total Liabilities	<u>576,161</u>	<u>58,565</u>	<u>50,524</u>	<u>685,250</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	157,765	47,409	-	205,174
2600 Total Deferred Inflows of Resources	<u>157,765</u>	<u>47,409</u>	<u>-</u>	<u>205,174</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	2,218	-	28,654	30,872
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	5,579	-	33,886	39,465
3480 Retirement of Long-Term Debt	-	353,667	-	353,667
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	-	101,200	801,200
3600 Unassigned Fund Balance	2,213,027	-	-	2,213,027
3000 Total Fund Balances	<u>4,170,824</u>	<u>353,667</u>	<u>163,740</u>	<u>4,688,231</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 4,904,750</u>	<u>\$ 459,641</u>	<u>\$ 214,264</u>	<u>\$ 5,578,655</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, 2024

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	4,688,231
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 \$31,981,048 and the accumulated depreciation was (\$12,840,429). In addition, long-term liabilities of (\$12,929,164), 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.		6,211,455
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.		893,334
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 \$995,313, a deferred resource inflow in the amount of (\$226,813), and a net pension liability in the amount of (\$2,389,081). This resulted in a (decrease) in net position.		(1,620,581)
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 \$719,319, a deferred resource inflow in the amount of (\$2,671,433), and a net OPEB liability in the amount of (\$1,189,174). This resulted in a (decrease) in net position.		(3,141,288)
5 The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to (decrease) net position.		(1,044,999)
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 increase net position.		176,129
29 Net Position of Governmental Activities	\$	6,162,281

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, 2024

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,667,439	\$ 542,949	\$ 429,508	\$ 2,639,896
5800 State Program Revenues	8,369,623	61,857	234,561	8,666,041
5900 Federal Program Revenues	17,757	-	611,739	629,496
5020 Total Revenues	<u>10,054,819</u>	<u>604,806</u>	<u>1,275,808</u>	<u>11,935,433</u>
EXPENDITURES:				
Current:				
0011 Instruction	4,980,487	-	276,615	5,257,102
0012 Instructional Resources and Media Services	54,151	-	-	54,151
0013 Curriculum and Instructional Staff Development	7,230	-	-	7,230
0023 School Leadership	547,125	-	-	547,125
0031 Guidance, Counseling, and Evaluation Services	147,901	-	952	148,853
0033 Health Services	103,818	-	-	103,818
0034 Student (Pupil) Transportation	285,833	-	-	285,833
0035 Food Services	-	-	638,818	638,818
0036 Extracurricular Activities	608,494	-	239,134	847,628
0041 General Administration	635,648	-	-	635,648
0051 Facilities Maintenance and Operations	1,492,656	-	128,855	1,621,511
0052 Security and Monitoring Services	163,986	-	4,552	168,538
0053 Data Processing Services	254,541	-	-	254,541
Debt Service:				
0071 Principal on Long-Term Liabilities	-	485,000	-	485,000
0072 Interest on Long-Term Liabilities	71,772	335,478	-	407,250
0073 Bond Issuance Cost and Fees	-	151,068	-	151,068
Capital Outlay:				
0081 Facilities Acquisition and Construction	132,790	-	-	132,790
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	291,121	-	-	291,121
0099 Other Intergovernmental Charges	59,502	-	-	59,502
6030 Total Expenditures	<u>9,837,055</u>	<u>971,546</u>	<u>1,288,926</u>	<u>12,097,527</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>217,764</u>	<u>(366,740)</u>	<u>(13,118)</u>	<u>(162,094)</u>
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued	-	7,075,000	-	7,075,000
7916 Premium or Discount on Issuance of Bonds	-	524,930	-	524,930
8949 Other (Uses)	(2,109)	(7,443,651)	-	(7,445,760)
7080 Total Other Financing Sources (Uses)	<u>(2,109)</u>	<u>156,279</u>	<u>-</u>	<u>154,170</u>
1200 Net Change in Fund Balances	215,655	(210,461)	(13,118)	(7,924)
0100 Fund Balance - September 1 (Beginning)	3,955,169	564,128	176,858	4,696,155
3000 Fund Balance - August 31 (Ending)	<u>\$ 4,170,824</u>	<u>\$ 353,667</u>	<u>\$ 163,740</u>	<u>\$ 4,688,231</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, 2024

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ (7,924)
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.	893,334
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.	(1,044,999)
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.	(51,303)
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 \$167,587. 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 (\$178,732). 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 (\$214,895). The net result is a (decrease) in the change in net position.	(226,040)
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 \$42,996. 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 (\$46,062). 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 \$353,019. The net result is an increase in the change in net position.	349,953
Change in Net Position of Governmental Activities	\$ (86,979)

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, 2024

EXHIBIT E-1

	Private Purpose Trust Fund	Custodial Fund
<hr/>		
ASSETS		
Cash and Cash Equivalents	\$ 65,799	\$ 10,839
Total Assets	<u>65,799</u>	<u>\$ 10,839</u>
NET POSITION		
Restricted for Scholarships	65,799	-
Restricted for Other Purposes	<u>-</u>	<u>10,839</u>
Total Net Position	<u>\$ 65,799</u>	<u>\$ 10,839</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, 2024

	Private Purpose Trust Fund	Custodial Fund
ADDITIONS:		
Received from Student Groups	\$ -	\$ 459
Earnings from Temporary Deposits	178	-
Contributions, Gifts and Donations	43,937	-
Total Additions	<u>44,115</u>	<u>459</u>
DEDUCTIONS:		
Supplies and Materials	-	6,744
Other Deductions	26,516	-
Total Deductions	<u>26,516</u>	<u>6,744</u>
Change in Fiduciary Net Position	17,599	(6,285)
Total Net Position September 1 (Beginning)	48,200	17,124
Total Net Position August 31 (Ending)	<u>\$ 65,799</u>	<u>\$ 10,839</u>

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, 2024**

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.

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 Every Student Succeeds 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, 2024

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, 2024**

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, 2024**

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. Certificates of deposits are valued at amortized cost.

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.

UNION GROVE INDEPENDENT SCHOOL DISTRICT
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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.

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, 2024, Nonspendable Fund Balance – Inventory included \$30,872 for food and supplies, Restricted Fund Balance included \$39,465 for various grant restrictions and \$353,667 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 \$101,200 for campus activity funds. Unassigned Fund Balance totaled \$2,213,027 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.

**UNION GROVE INDEPENDENT SCHOOL DISTRICT
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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.

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, 2024, 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, 2023, the Fund carries a discounted reserve of \$48,919,036 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended August 31, 2024, 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, 2023 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.

**UNION GROVE INDEPENDENT SCHOOL DISTRICT
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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.

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, 2024.

The District's cash deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) at August 31, 2024 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, 2024.

**UNION GROVE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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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, 2024, Union Grove Independent School District had the following investments:

<u>Investment Type</u>	<u>Amortized Cost</u>
Certificates of Deposit	<u>3,161,575</u>
Total Investments	<u>3,161,575</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, 2024**

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 revenues - Total Local and Intermediate Sources	90,500
Increase in revenues - State Program Revenues	64,500
(Increase) in expenditures - Function 11 - Instruction	(250,000)
Decrease in expenditures - Function 12 - Instructional Resource and Media Services	10,000
Decrease in expenditures - Function 13 - Curriculum and Instructional Staff Development	10,000
Decrease in expenditures - Function 23 - School Leadership	15,000
Decrease in expenditures - Function 33 - Health Services	10,000
Decrease in expenditures - Function 34 - Student Transportation	50,000
(Increase) in expenditures - Function 36 - Extracurricular Activities	(25,000)
(Increase) in expenditures - Function 41 - General Administration	(65,000)
Decrease in expenditures - Function 51 - Facilities Maintenance and Operations	40,000
Decrease in expenditures - Function 52 - Security & Monitoring Services	10,000
Decrease in expenditures - Function 53 - Data Processing Services	10,000
Decrease in expenditures - Function 71 - Principal on Long-Term Debt	70,000
(Increase) in expenditures - Function 72 - Interest on Long-Term Debt	(40,000)
(Increase) in expenditures - Function 81 - Facilities Acquisition	(745,000)
(Increase) in expenditures - Function 93 - Fiscal Agent	(27,370)
	(772,370)

Food Service Fund:

Increase in revenues - Total Local and Intermediate Sources	20,000
Increase in revenues - Federal Program Revenues	55,000
(Increase) in expenditures - Function 35 - Food Services	(75,000)
	-

Debt Service Fund

(Increase) in expenditures - Function 73 - Bond Issuance Costs and Fees	(155,343)
Increase in Other Financing Sources (Uses) - Capital Related Debt Issued	7,075,000
Increase in Other Financing Sources (Uses) - Premium or Discount on Issuance of Bonds	523,994
(Increase) in Other Financing Sources (Uses) - Other (Uses)	(7,443,651)
	-

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:

	08/31/24
	<u>Fund Balance</u>
Appropriated Budget Funds - Food Service Special Revenue Fund	61,599
Nonappropriated Budget Funds	<u>102,141</u>
All Nonmajor Governmental Special Revenue Funds	<u>163,740</u>

**UNION GROVE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024**

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, 2024, to finance General Fund operations and Debt Service was \$0.7574 and \$0.2921 respectively, per \$100 valuation. The assessed value of the property tax roll on January 1, 2023, upon which the levy for the 2023-2024 fiscal year was based, was \$190,629,061.

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, 2024, consisted of the following individual fund balances:

	Due to Other Funds	Due from Other Funds
General Fund:		
Debt Service Fund	199,200	-
Debt Service Fund:		
General Fund	-	199,200
Total	199,200	199,200

All balances are expected to be paid within one year.

Note G. Disaggregation of Receivables and Payables

Receivables at August 31, 2024, were as follows:

	Property Taxes	Other Governments	Accrued Interest	Due From Other Funds	Total Receivables
Governmental Activities:					
General Fund	301,033	1,116,001	901	-	1,417,935
Debt Service Fund	76,359	-	-	199,200	275,559
Nonmajor Governmental Funds (Special Revenue)	-	101,853	-	-	101,853
Total - Government Activities	377,392	1,217,854	901	199,200	1,795,347
Amounts not scheduled for collection during subsequent year	(144,607)	-	-	-	(144,607)
	(144,607)	-	-	-	(144,607)

**UNION GROVE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024**

Payables at August 31, 2024, were as follows:

	Accounts Payable	Salaries/ Benefits	Due to Other Funds	Other Governments	Total Payables
Governmental Activities:					
General Fund	12,851	323,927	199,200	-	535,978
Debt Service Fund	-	-	-	58,565	58,565
Nonmajor Governmental Funds (Special Revenue)	1,094	40,023	-	46	41,163
Total - Government Activities	<u>13,945</u>	<u>363,950</u>	<u>199,200</u>	<u>58,611</u>	<u>635,706</u>

Note H. Deferred Inflows of Resources (Governmental Funds)

Unavailable revenue – property taxes at August 31, 2024, consisted of the following:

	General Fund	Debt Service Fund	Total
Net uncollected tax revenue	157,765	47,409	205,174
	<u>157,765</u>	<u>47,409</u>	<u>205,174</u>

Note I. Capital Asset Activity

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

	Beginning Balance	Additions	Reclassifications/ Retirements	Ending Balance
Governmental Activities				
Land	639,546	-	-	639,546
Buildings and Improvements	26,073,336	50,375	2,585,223	28,708,934
Furniture and Equipment	2,676,507	275,544	(181,911)	2,770,140
Construction in Progress	2,591,659	82,415	(2,585,223)	88,851
Total Historical Cost	<u>31,981,048</u>	<u>408,334</u>	<u>(181,911)</u>	<u>32,207,471</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(10,755,159)	(899,272)	-	(11,654,431)
Furniture and Equipment	(2,085,270)	(145,727)	181,911	(2,049,086)
Total Accumulated Depreciation	<u>(12,840,429)</u>	<u>(1,044,999)</u>	<u>181,911</u>	<u>(13,703,517)</u>
Governmental Activities:				
Land	639,546	-	-	639,546
Buildings and Improvements, net	15,318,177	(848,897)	2,585,223	17,054,503
Furniture and Equipment, net	591,237	129,817	-	721,054
Construction in Progress	2,591,659	82,415	(2,585,223)	88,851
Capital Assets, Net	<u>19,140,619</u>	<u>(636,665)</u>	<u>-</u>	<u>18,503,954</u>

During fiscal year 2024, the District invested \$50,375 in renovations and improvements to the softball field. Additionally, the District spent \$275,544 on furniture and equipment purchases, including a bus, two vehicles, a sousaphone, a reach-in refrigerator, an ice machine, and cafeteria equipment.

**UNION GROVE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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In fiscal year 2022, the District incurred \$48,134 in costs for the Elementary Site Improvements Project. On March 15, 2023, the District entered into a construction manager as contractor agreement with RLM Enterprises, Inc. with a guaranteed maximum price of \$2,212,047. During 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-related costs. In fiscal year 2024, the District incurred an additional \$7,232 in architect fees and \$38,547 in construction costs to complete the project. Total project costs of \$2,585,223 were capitalized under buildings and improvements.

In fiscal year 2023, the District incurred \$42,135 in architect fees and \$10,080 in surveying and other costs for a new administration building project. In fiscal year 2024, the District incurred an additional \$36,636 in architect fees related to this project. As of August 31, 2024, there were no construction commitments. Total costs of \$88,851 are recorded under construction in progress.

The District disposed of fully depreciated furniture and equipment originally valued at \$181,911. Auction proceeds from the sale of these items, along with other non-capital equipment, totaled \$18,028.

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
Instruction	520,904
Instructional Resources and Media Services	5,341
Curriculum and Instructional Staff Development	713
School Leadership	53,963
Guidance, Counseling and Evaluation Services	14,682
Health Services	10,240
Student Transportation	28,192
Food Services	63,007
Extracurricular Activities	83,602
General Administration	62,695
Facilities Maintenance and Operations	159,931
Security and Monitoring Services	16,623
Data Processing Services	25,106
Total Depreciation Expense - Governmental Activities	1,044,999

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, 2024.

**UNION GROVE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024**

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, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
2015 Unlimited Building Bonds	7,655,000	-	(7,655,000) (1)	-	-
2020 Unlimited Tax Refunding Bonds	2,955,000	-	(130,000)	2,825,000	130,000
2024 Unlimited Tax Refunding Bonds	-	7,075,000	(80,000)	6,995,000	255,000
Premium on Issuance of Bonds	819,641	524,930	(586,668) (2)	757,903	-
Notes Payable	1,499,523	-	-	1,499,523	1,499,523
Total Bonds and Notes Payable	<u>12,929,164</u>	<u>7,599,930</u>	<u>(8,451,668)</u>	<u>12,077,426</u>	<u>1,884,523</u>
Other Liabilities:					
TRS Net Pension Liability	2,044,275	344,806	-	2,389,081	-
TRS Net OPEB Liability	1,526,008	-	(336,834)	1,189,174	-
Total Other Liabilities	<u>3,570,283</u>	<u>344,806</u>	<u>(336,834)</u>	<u>3,578,255</u>	<u>-</u>
Total Governmental Activities					
Long-term Liabilities	<u>16,499,447</u>	<u>7,944,736</u>	<u>(8,788,502)</u>	<u>15,655,681</u>	<u>1,884,523</u>

(1) Includes \$7,380,000 reduction due to early retirement of debt.

(2) Includes \$499,950 reduction due to early retirement of debt.

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
Unlimited Tax Refunding Bonds, Series 2024	4.00 - 5.00%	8/31/2042	7,075,000
			<u>\$ 19,430,000</u>

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. During fiscal year 2024, the District issued Unlimited Tax Refunding Bonds, Series 2024 to fully retire this debt.

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.

**UNION GROVE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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Debt service requirements for the outstanding series 2020 bonds are as follows:

Year Ended August 31	Principal	Interest	Total Requirement
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	145,000	66,075	211,075
2030-2034	800,000	261,000	1,061,000
2035-2039	925,000	131,625	1,056,625
2040-2041	405,000	12,225	417,225
Totals	<u>\$ 2,825,000</u>	<u>\$ 777,675</u>	<u>\$ 3,602,675</u>

Unlimited Tax Refunding Bonds, Series 2024

In 2024, the District issued Unlimited Tax Refunding Bonds, Series 2024 in the amount of \$7,075,000 to refund Unlimited Building Bonds, Series 2015. The escrow payment of \$7,443,651 was used to provide debt service payments on Series 2015 when called on August 15, 2024. As a result, the Series 2015 is considered defeased and the District has removed the liability from its financial statements.

In the governmental fund financial statements, bond proceeds of \$7,075,000 and bond premium of \$524,930 are reported as Other Financing Sources in the Debt Service Fund. Additionally, bond issuance costs of \$151,068 are reported as an expenditure in the Debt Service Fund.

Debt service requirements for the outstanding series 2024 bonds are as follows:

Year Ended August 31	Principal	Interest	Total Requirement
2025	255,000	329,600	584,600
2026	265,000	316,850	581,850
2027	275,000	303,600	578,600
2028	295,000	289,850	584,850
2029	310,000	275,100	585,100
2030-2034	1,795,000	1,126,000	2,921,000
2035-2039	2,285,000	631,750	2,916,750
2040-2042	1,515,000	118,600	1,633,600
Totals	<u>\$ 6,995,000</u>	<u>\$ 3,391,350</u>	<u>\$ 10,386,350</u>

Bonded indebtedness' current requirements for principal, interest, and fees expenditures are accounted for in the Debt Service Fund, Function 71, Function 72, and Function 73, respectively. During the year ended August 31, 2024, the District paid \$485,000 in principal, \$335,478 in interest, and \$151,068 in issuance costs and other fees.

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 \$757,903 at August 31, 2024. Bond premium/discount proceeds are deferred and amortized over the life of the bonds. The current year amortization of \$86,718 is reflected in the Statement of Activities for the year ended August 31, 2024. The deferred charge on refunding bonds, net of accumulated amortization, totaled \$48,657 at August 31, 2024. Current year amortization of \$5,425 is reflected in the Statement of Activities for the year ended August 31, 2024. The deferred gain on refunding bond, net of accumulated amortization, totaled \$426,510 at August 31, 2024. Current year amortization of \$9,789 is reflected in the Statement of Activities for the year ended August 31, 2024.

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Note Payable – Direct Borrowing

On April 3, 2019, the District approved a \$1,500,000 construction loan payable. As of August 31, 2023, \$1,499,523 of the loan had been utilized for various projects, including the drainage project at the football field, roof replacement at the high school, parking lot construction, and other maintenance activities within the District. On September 30, 2023, the construction loan was consolidated into a commercial loan agreement with a 4.90% interest rate, maturing on September 30, 2024. Interest payments totaling \$71,722 were recorded in the General Fund under Function 72-Interest. The District plans to transition the loan into long-term financing in the near future.

Note K. Defined Benefit Pension Plan (TRS)

Pensions. The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS 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 workload 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. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/Pages/about_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

**UNION GROVE INDEPENDENT SCHOOL DISTRICT
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such action. Actuarial implications of the funding provided in the manner are determined by the System’s actuary.

Contributions. Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6 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 2019 thru 2025.

The following table shows contribution rates by type of contributor for the fiscal years 2023 and 2024 and the contributions by type of contributions reported by TRS which were received by TRS during the measurement year (TRS FY 2023). These are included in the calculation of the district’s proportionate share of the net pension liability.

	Contribution Rates	
	<u>2023</u>	<u>2024</u>
Member	8.00%	8.25%
Employers	8.00%	8.25%
Non-Employer Contributing Entity (State)	8.00%	8.25%
UGISD Fiscal Year Member Contributions	424,354	434,018
UGISD Fiscal Year Employer Contributions	178,732	167,587
UGISD Measurement Year NECE On-behalf Contributions	326,588	330,326

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 1.8 percent of the member’s salary beginning in fiscal year 2023, 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, 2023 are disclosed below:

Components of Liability	Amount
Total Pension Liability	\$ 255,860,886,500
Less: Plan Fiduciary Net Position	(187,170,535,558)
Net Pension Liability	\$ 68,690,350,942
Net Position as Percentage of Total Pension Liability	73.15%

Actuarial Assumptions. The total pension liability in the August 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2022 rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-Term Expected Rate	7.00%
Municipal Bond Rate as of August 2023	4.13% - 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"
Last year ending August 31 in	
Projection Period (100) years	2122
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, 2022. For a full description of these assumptions please see the actuarial valuation report dated November 22, 2022.

Discount Rate. A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.50 percent of

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payroll in fiscal year 2024 increasing to 9.56 percent in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

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

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

Asset Class	Target Allocation % ²	Long-Term Expected Arithmetic Real Rate of Return ³	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0%	4.0%	1.00%
Non-U.S. Developed	13.0%	4.5%	0.90%
Emerging Markets	9.0%	4.8%	0.70%
Private Equity ¹	14.0%	7.0%	1.50%
Stable Value			
Government Bonds	16.0%	2.5%	0.50%
Absolute Return ¹	0.0%	3.6%	0.00%
Stable Value Hedge Funds	5.0%	4.1%	0.20%
Real Return			
Real Estate	15.0%	4.9%	1.10%
Energy, Natural Resources & Infrastructure	6.0%	4.8%	0.40%
Commodities	0.0%	4.4%	0.00%
Risk Parity			
Risk Parity	8.0%	4.5%	0.40%
Asset Allocation Leverage			
Cash	2.0%	3.7%	0.01%
Asset Allocation Leverage	-6.0%	4.4%	-0.10%
Inflation Expectation			2.30%
Volatility Drag⁴			-0.90%
Total	100.00%		8.00%

¹ Absolute Return includes Credit Sensitive Investments

² Target Allocations are based on the FY2023 policy model

³ Capital Asset Market Assumptions come from Aon Hewitt (as of 6/30/2023).

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	3,571,808	2,389,081	1,405,642

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2024, Union Grove ISD reported a liability of \$2,389,081 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	\$ 2,389,081
State's proportionate share that is associated with the District	<u>4,414,228</u>
Total	<u>\$ 6,803,309</u>

The net pension liability was measured as of August 31, 2022 and rolled forward to August 31, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of 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, 2022 thru August 31, 2023.

At August 31, 2023 the employer's proportion of the collective net pension liability was 0.0034780440% which was an increase (decrease) of 0.0000346162% from its proportion measured as of August 31, 2022.

Changes in Actuarial Assumptions Since the Prior Actuarial Valuation

The actuarial assumptions and methods are the same as used in the determination of the prior year's net pension liability.

The Texas 2023 Legislature passed legislation that provides a one-time stipend to certain retirees teachers. The stipend was paid to retired beginning in September of 2023. The Legislature appropriated funds to pay for this one-time stipend so there will be no impact on the net pension liability of TRS. In addition, the Legislature also provided for a cost-of-living adjustment (COLA) to retirees which was approved during the November 2023 election which will be paid in January 2024. Therefore, this contingent liability was not reflected as of August 31, 2023.

For the year ended August 31, 2024, Union Grove School recognized pension expense of \$1,060,137 and revenue of \$666,510 for support provided by the State in the Government Wide Statement of Activities.

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At August 31, 2024, 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 economic experiences	\$ 85,124	\$ 28,929
Changes in actuarial assumptions	225,960	55,298
Net difference between projected and actual investment earnings	347,669	-
Changes in proportion and differences between the employer contributions and the proportionate share of contributions	168,973	142,586
Total as of August 31, 2023 measurement date	\$ 827,726	\$ 226,813
Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability (to be calculated by employer)	167,587	-
Total as of August 31, 2024 fiscal year-end	\$ 995,313	\$ 226,813

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	115,715
2025	71,784
2026	295,740
2027	106,968
2028	10,706
Thereafter	-
	<u>600,913</u>

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.

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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.

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 employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee’s pay for fiscal year 2023. The following table shows contributions to the TRS-Care plan by type of contributor.

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Contribution Rates		
	2023	2024
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	34,478	34,196
UGISD Fiscal Year Employer Contributions	46,062	42,996
Measurement Year NECE On-behalf Contributions	63,854	56,226

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 \$21.3 million in fiscal year 2023 provided by Rider 14 of the Senate Bill GAA of the 87th Legislature. These amounts were re-approved from amounts received by the pension and TRS-Care funds in excess of the state’s actual obligation and then transferred of TRS-Care.

Actuarial Assumptions

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

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, 2021.

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2022 TRS pension actuarial valuation that was rolled forward to August 31, 2023:

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

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

Additional Actuarial Methods and Assumptions

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Valuation Date	August 31, 2022 rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	4.13% as of August 31, 2023
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	2.95% to 8.95%, 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 4.13 percent was used to measure the total OPEB liability. There was an increase of 0.22 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. Because the investments are held in cash and there is no intentional objective to advance fund the benefits, the Single Discount Rate is equal to the prevailing municipal bond rate.

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2023 using the Fixed Income 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 (4.13 percent) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (3.13%)	Current Single Discount Rate (4.13%)	1% Increase in Discount Rate (5.13%)
UGISD's proportionate share of the Net OPEB Liability	1,400,600	1,189,174	1,016,646

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2024 the District reported a liability of \$1,189,174 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	1,189,174
State's proportionate share that is associated with the District	<u>1,434,921</u>
Total	<u><u>2,624,095</u></u>

The Net OPEB Liability was measured as of August 31, 2022 and rolled forward to August 31, 2023 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of

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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, 2022 thru August 31, 2023.

At August 31, 2023 the employer's proportion of the collective Net OPEB Liability was 0.0053715685%, compared to (0.0010016688%) as of August 31, 2022.

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	979,225	1,189,174	1,459,274

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:

- The single discount rate changed from 3.91 percent as of August 31, 2022 to 4.13 percent as of August 31, 2023, accompanied by revised demographic and economic assumptions based on the TRS experience study.

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

On August 31, 2024, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 53,801	\$ 1,000,465
Changes in actuarial assumptions	162,314	728,163
Net Difference between projected and actual investment earnings	513	-
Changes in proportion and difference between the employer contributions and the proportionate share of contributions	459,695	942,805
Total as of August 31, 2023 measurement date	676,323	2,671,433
Contributions paid to TRS subsequent to the measurement date of the Net OPEB Liability (to be calculated by employer)	42,996	-
Total as of August 31, 2024 fiscal year-end	\$ 719,319	\$ 2,671,433

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:

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Year ended August 31:	OPEB Expense Amount
2024	(405,403)
2025	(350,861)
2026	(277,021)
2027	(289,012)
2028	(252,884)
Thereafter	(419,929)
	<u>(1,995,110)</u>

For the year ended August 31, 2024, the District recognized OPEB expense of (\$613,713) and revenue of (\$306,756) 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 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 \$28,299 for the year ended August 31, 2024, \$26,821 for the year ended August 31, 2023, and \$21,929 for the year ended August 31, 2022.

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, 2024, 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.

**UNION GROVE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024**

Fund	State Entitlements	Federal Grants	Total
Governmental Activities:			
<u>Due From Other Governments</u>			
General Fund	1,116,001	-	1,116,001
Nonmajor Governmental Funds (Special Revenue)	47,863	53,990	101,853
	<u>1,163,864</u>	<u>53,990</u>	<u>1,217,854</u>
<u>Due to Other Governments</u>			
Debt Service	58,565	-	58,565
Nonmajor Governmental Funds (Special Revenue)	46	-	46
	<u>58,611</u>	<u>-</u>	<u>58,611</u>

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 not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at August 31, 2024 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.

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		
Gilmer ISD		
Ore City 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.

**UNION GROVE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024**

The payments total \$291,121 for the year ended August 31, 2024.

General Fund - Function 93:	
SSA - Special Education	210,896
SSA - Alternative Education	62,782
SSA - Virtual School	17,443
	291,121

Note R. Revenue from Local and Intermediate Source

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

Revenue Sources	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Property Taxes	1,400,195	537,782	-	1,937,977
Food Sales	-	-	193,476	193,476
Investment Income	103,006	5,167	477	108,650
Enterprising Income	-	-	191,503	191,503
Tuition and fees	49,224	-	-	49,224
Co-curricular student activities	27,643	-	40,881	68,524
SSA Contributions	39,250	-	-	39,250
Other (including gifts and bequests)	48,121	-	3,171	51,292
Total	1,667,439	542,949	429,508	2,639,896

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 January 6, 2025.

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, 2024

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	\$ 1,779,197	\$ 1,869,697	\$ 1,667,439	\$ (202,258)
5800 State Program Revenues	7,819,729	7,884,229	8,369,623	485,394
5900 Federal Program Revenues	50,000	50,000	17,757	(32,243)
5020 Total Revenues	9,648,926	9,803,926	10,054,819	250,893
EXPENDITURES:				
Current:				
0011 Instruction	4,697,744	4,947,744	4,980,487	(32,743)
0012 Instructional Resources and Media Services	57,194	47,194	54,151	(6,957)
0013 Curriculum and Instructional Staff Development	20,000	10,000	7,230	2,770
0023 School Leadership	566,157	551,157	547,125	4,032
0031 Guidance, Counseling, and Evaluation Services	153,436	153,436	147,901	5,535
0033 Health Services	118,929	108,929	103,818	5,111
0034 Student (Pupil) Transportation	401,925	351,925	285,833	66,092
0036 Extracurricular Activities	589,218	614,218	608,494	5,724
0041 General Administration	569,901	634,901	635,648	(747)
0051 Facilities Maintenance and Operations	1,554,058	1,514,058	1,492,656	21,402
0052 Security and Monitoring Services	180,865	170,865	163,986	6,879
0053 Data Processing Services	277,178	267,178	254,541	12,637
Debt Service:				
0071 Principal on Long-Term Liabilities	70,000	-	-	-
0072 Interest on Long-Term Liabilities	50,000	90,000	71,772	18,228
Capital Outlay:				
0081 Facilities Acquisition and Construction	125,000	870,000	132,790	737,210
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	298,679	326,049	291,121	34,928
0099 Other Intergovernmental Charges	60,000	60,000	59,502	498
6030 Total Expenditures	9,790,284	10,717,654	9,837,055	880,599
1100 Excess (Deficiency) of Revenues Over Expenditures	(141,358)	(913,728)	217,764	1,131,492
OTHER FINANCING SOURCES (USES):				
8949 Other (Uses)	-	-	(2,109)	(2,109)
1200 Net Change in Fund Balances	(141,358)	(913,728)	215,655	1,129,383
0100 Fund Balance - September 1 (Beginning)	3,955,169	3,955,169	3,955,169	-
3000 Fund Balance - August 31 (Ending)	\$ 3,813,811	\$ 3,041,441	\$ 4,170,824	\$ 1,129,383

UNION GROVE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICTS PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2024

	FY 2024 <u>Plan Year 2023</u>	FY 2023 <u>Plan Year 2022</u>	FY 2022 <u>Plan Year 2021</u>
District's Proportion of the Net Pension Liability (Asset)	0.003478044%	0.003443428%	0.002892048%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 2,389,081	\$ 2,044,275	\$ 736,502
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	4,414,228	4,155,045	2,058,016
Total	<u>\$ 6,803,309</u>	<u>\$ 6,199,320</u>	<u>\$ 2,794,518</u>
District's Covered Payroll	\$ 5,301,763	\$ 5,154,926	\$ 5,227,593
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	45.06%	39.66%	14.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.15%	75.62%	88.79%

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, 2023 for year 2024, 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.

FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
0.003369294%	0.003493908%	0.003532203%	0.003611229%	0.003789059%	0.0040578%	0.0019937%
\$ 1,804,525	\$ 1,816,243	\$ 1,944,211	\$ 1,154,676	\$ 1,431,829	\$ 1,434,378	\$ 532,545
4,469,532	4,006,072	4,274,438	2,639,066	3,331,223	3,247,043	2,732,170
<u>\$ 6,274,057</u>	<u>\$ 5,822,315</u>	<u>\$ 6,218,649</u>	<u>\$ 3,793,742</u>	<u>\$ 4,763,052</u>	<u>\$ 4,681,421</u>	<u>\$ 3,264,715</u>
\$ 5,333,192	\$ 4,764,594	\$ 4,579,457	\$ 4,622,766	\$ 4,732,383	\$ 4,677,638	\$ 4,371,319
33.84%	38.12%	42.46%	24.98%	30.26%	30.66%	12.18%
75.54%	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 THE YEAR ENDED AUGUST 31, 2024

	2024	2023	2022
Contractually Required Contribution	\$ 167,587	\$ 178,732	\$ 161,110
Contribution in Relation to the Contractually Required Contribution	(167,587)	(178,732)	(161,110)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 5,322,884	\$ 5,301,763	\$ 5,154,926
Contributions as a Percentage of Covered Payroll	3.15%	3.37%	3.13%

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.

	2021	2020	2019	2018	2017	2016	2015
\$	123,417	\$ 137,904	\$ 123,370	\$ 118,991	\$ 118,355	\$ 120,388	\$ 57,527
	(123,417)	(137,904)	(123,370)	(118,991)	(118,355)	(120,388)	(57,527)
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	5,227,593	\$ 5,333,192	\$ 4,764,594	\$ 4,579,457	\$ 4,622,766	\$ 4,732,383	\$ 4,677,638
	2.36%	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, 2024

	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.005371568%	0.006373237%	0.005443743%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 1,189,174	\$ 1,526,008	\$ 2,099,895
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	1,434,921	1,861,490	2,813,391
Total	<u>\$ 2,624,095</u>	<u>\$ 3,387,498</u>	<u>\$ 4,913,286</u>
District's Covered Payroll	\$ 5,301,763	\$ 5,154,926	\$ 5,227,593
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	22.43%	29.60%	40.17%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.94%	11.52%	6.18%

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 2024 are for the measurement date of August 31, 2023. 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.

<u>FY 2021</u> <u>Plan Year 2020</u>	<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 2017</u>
0.006414673%	0.0063374%	0.006377118%	0.006543552%
\$ 2,438,507	\$ 2,997,036	\$ 3,184,153	\$ 2,845,545
3,276,769	3,982,388	3,923,565	3,664,613
<u>\$ 5,715,276</u>	<u>\$ 6,979,424</u>	<u>\$ 7,107,718</u>	<u>\$ 6,510,158</u>
\$ 5,333,192	\$ 4,764,594	\$ 4,579,457	\$ 4,622,766
45.72%	62.90%	69.53%	61.56%
4.99%	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 THE YEAR ENDED AUGUST 31, 2024

	2024	2023	2022
Contractually Required Contribution	\$ 42,996	\$ 46,062	\$ 53,071
Contribution in Relation to the Contractually Required Contribution	(42,996)	(46,062)	(53,071)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 5,322,884	\$ 5,301,763	\$ 5,154,926
Contributions as a Percentage of Covered Payroll	0.81%	0.87%	1.03%

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.

	2021	2020	2019	2018
\$	41,458	\$ 48,552	\$ 45,210	\$ 43,964
	(41,458)	(48,552)	(45,210)	(43,964)
\$	-	\$ -	\$ -	\$ -
\$	5,227,593	\$ 5,333,192	\$ 4,764,594	\$ 4,579,457
	0.79%	0.91%	0.95%	0.96%

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

A. Notes to Schedules for the TRS Pension

Changes of Benefit terms.

The Texas 2023 Legislature passed legislation that provides a one-time stipend to certain retired teachers. The stipend was paid to retirees beginning in September of 2023. The Legislature appropriated funds to pay for this one-time stipend so there will be no impact on the Net Pension Liability of TRS. In addition, the Legislature also provided for a cost-of-living adjustment (COLA) to retirees which was approved during the November 2023 election which will be paid January 2024. Therefore, this contingent liability was not reflected as of August 31, 2023.

Changes of Assumptions.

There were no changes in assumptions.

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 3.91 percent as of August 31, 2022 to 4.13 percent as of August 31, 2023. This change decreased the total OPEB liability.

COMBINING SCHEDULES

UNION GROVE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2024

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	\$ -	\$ -	\$ 28,825	\$ -
1240	14,371	7,261	32,358	-
1300	-	-	28,654	-
1410	-	-	608	-
1000	<u>\$ 14,371</u>	<u>\$ 7,261</u>	<u>\$ 90,445</u>	<u>\$ -</u>
LIABILITIES				
2110	\$ -	\$ -	\$ 1,094	\$ -
2160	12,869	6,503	18,002	-
2180	-	-	-	-
2200	1,502	758	389	-
2300	-	-	9,361	-
2000	<u>14,371</u>	<u>7,261</u>	<u>28,846</u>	<u>-</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410	-	-	28,654	-
Restricted Fund Balance:				
3450	-	-	32,945	-
Committed Fund Balance:				
3545	-	-	-	-
3000	<u>-</u>	<u>-</u>	<u>61,599</u>	<u>-</u>
4000	<u>\$ 14,371</u>	<u>\$ 7,261</u>	<u>\$ 90,445</u>	<u>\$ -</u>

EXHIBIT H-1

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
\$ -	\$ (47,863)	\$ -	\$ 101,246	\$ 941	\$ 83,149
-	47,863	-	-	-	101,853
-	-	-	-	-	28,654
-	-	-	-	-	608
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,246</u>	<u>\$ 941</u>	<u>\$ 214,264</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,094
-	-	-	-	-	37,374
-	-	-	46	-	46
-	-	-	-	-	2,649
-	-	-	-	-	9,361
<u>-</u>	<u>-</u>	<u>-</u>	<u>46</u>	<u>-</u>	<u>50,524</u>
-	-	-	-	-	28,654
-	-	-	-	941	33,886
-	-	-	101,200	-	101,200
<u>-</u>	<u>-</u>	<u>-</u>	<u>101,200</u>	<u>941</u>	<u>163,740</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,246</u>	<u>\$ 941</u>	<u>\$ 214,264</u>

UNION GROVE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2024

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	\$ -	\$ -	\$ 194,072	\$ -
5800 State Program Revenues	-	-	14,485	-
5900 Federal Program Revenues	98,124	60,116	420,841	19,359
5020 Total Revenues	98,124	60,116	629,398	19,359
EXPENDITURES:				
Current:				
0011 Instruction	98,124	60,116	-	19,359
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0035 Food Services	-	-	638,818	-
0036 Extracurricular Activities	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
6030 Total Expenditures	98,124	60,116	638,818	19,359
1200 Net Change in Fund Balance	-	-	(9,420)	-
0100 Fund Balance - September 1 (Beginning)	-	-	71,019	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ 61,599	\$ -

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
\$ -	\$ -	\$ -	\$ 194,555	\$ 40,881	\$ 429,508
-	91,221	128,855	-	-	234,561
13,299	-	-	-	-	611,739
13,299	91,221	128,855	194,555	40,881	1,275,808
7,795	91,221	-	-	-	276,615
952	-	-	-	-	952
-	-	-	-	-	638,818
-	-	-	198,272	40,862	239,134
-	-	128,855	-	-	128,855
4,552	-	-	-	-	4,552
13,299	91,221	128,855	198,272	40,862	1,288,926
-	-	-	(3,717)	19	(13,118)
-	-	-	104,917	922	176,858
\$ -	\$ -	\$ -	\$ 101,200	\$ 941	\$ 163,740

REQUIRED T.E.A. SCHEDULES

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

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2015 and prior years	Various	Various	\$ Various
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	0.942800	0.31800	188,876,983
2024 (School year under audit)	0.757400	0.29210	190,629,061
1000 TOTALS			
8000 Total Taxes Refunded Under Section 26.1115, Tax Code			

(10) Beginning Balance 9/1/2023	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2024	(99) Taxes Refunded Under Section 26.1115c
\$ 111,166	\$ -	\$ 363	\$ 40	\$ -	\$ 110,763	
16,972	-	186	21	-	16,765	
12,876	-	196	59	-	12,621	
15,253	-	330	98	-	14,825	
17,163	-	373	111	-	16,679	
18,845	-	498	162	-	18,185	
23,285	-	845	280	-	22,160	
39,304	-	1,203	368	(8,125)	29,608	
75,723	-	18,835	6,346	(2,894)	47,648	
-	2,000,652	1,351,977	521,397	(39,140)	88,138	
<u>\$ 330,587</u>	<u>\$ 2,000,652</u>	<u>\$ 1,374,806</u>	<u>\$ 528,882</u>	<u>\$ (50,159)</u>	<u>\$ 377,392</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, 2024

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	\$ 175,250	\$ 195,250	\$ 194,072	\$ (1,178)
5800 State Program Revenues	20,488	20,488	14,485	(6,003)
5900 Federal Program Revenues	405,000	460,000	420,841	(39,159)
5020 Total Revenues	600,738	675,738	629,398	(46,340)
EXPENDITURES:				
Current:				
0035 Food Services	600,643	675,643	638,818	36,825
6030 Total Expenditures	600,643	675,643	638,818	36,825
1200 Net Change in Fund Balances	95	95	(9,420)	(9,515)
0100 Fund Balance - September 1 (Beginning)	71,019	71,019	71,019	-
3000 Fund Balance - August 31 (Ending)	\$ 71,114	\$ 71,114	\$ 61,599	\$ (9,515)

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, 2024

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	\$ 616,605	\$ 616,605	\$ 542,949	\$ (73,656)
5800 State Program Revenues	172,990	172,990	61,857	(111,133)
5020 Total Revenues	789,595	789,595	604,806	(184,789)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	485,000	485,000	485,000	-
0072 Interest on Long-Term Liabilities	337,575	337,575	335,478	2,097
0073 Bond Issuance Cost and Fees	2,000	157,343	151,068	6,275
6030 Total Expenditures	824,575	979,918	971,546	8,372
1100 Excess (Deficiency) of Revenues Over Expenditures	(34,980)	(190,323)	(366,740)	(176,417)
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued	-	7,075,000	7,075,000	-
7916 Premium or Discount on Issuance of Bonds	-	523,994	524,930	936
8949 Other (Uses)	-	(7,443,651)	(7,443,651)	-
7080 Total Other Financing Sources (Uses)	-	155,343	156,279	936
1200 Net Change in Fund Balances	(34,980)	(34,980)	(210,461)	(175,481)
0100 Fund Balance - September 1 (Beginning)	564,127	564,127	564,128	1
3000 Fund Balance - August 31 (Ending)	\$ 529,147	\$ 529,147	\$ 353,667	\$ (175,480)

UNION GROVE INDEPENDENT SCHOOL DISTRICT
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2024

Section A: Compensatory Education Programs

AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$515,746
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30)	\$304,574

Section B: Bilingual Education Programs

AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	\$12,516
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	\$5,547

**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, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 6, 2025.

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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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



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

January 6, 2025

**UNION GROVE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED AUGUST 31, 2024**

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.

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.

**UNION GROVE INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2024**

There were no prior year audit findings or responses.

**UNION GROVE INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2024**

There were no current year audit findings.

SCHOOLS FIRST QUESTIONNAIRE

Exhibit L-1

Union Grove Independent School District

Fiscal Year 2024

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If payments were not made or warrant hold not cleared within 30 days of when due, then payments are NOT timely.)	Yes
SF4	Was the school district issued a warrant hold? (Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, answer is still YES.)	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 and/or substantial doubt about the district's ability to continue as a going concern?	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 that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school district's administration and school board members discuss any changes and/or impact to local, state, and federal funding 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