

ANNUAL FINANCIAL REPORT
of

**THE UNIVERSITY OF TEXAS
ELEMENTARY SCHOOL**

(A department of the University of Texas,
an agency of the State of Texas)

**For the Year Ended
August 31, 2022**

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THE UNIVERSITY OF TEXAS ELEMENTARY SCHOOL

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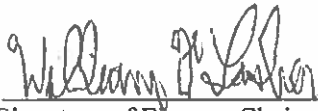
CERTIFICATE OF BOARD

The University of Texas Elementary School
Name of School

Travis County
County

227-819
School Number

We, the undersigned, certify that the attached annual financial reports of the above named charter school were reviewed and (check one) approved disapproved for the year ended August 31, 2022 at a meeting of the Management Board of the Charter School on the 24 day of January, 2023.



Signature of Finance Chairman



Signature of Board President

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

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Management Board of
The University of Texas Elementary School:

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The University of Texas Elementary School (the "Charter School") (a department of The University of Texas (the "University"), which is an agency of the State of Texas (the "State")) as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the Charter School'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 Charter School as of August 31, 2022, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Charter School, 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.

Emphasis of Matter

As discussed in Note I, the financial statements of the Charter School are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of the Charter School, a department of the University, which is an agency of the State, that is attributable to the transactions of the Charter School. They do not purport to, and do not, present fairly the financial position of the University or the State, as of August 31, 2022, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Charter School'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.

Auditors' Responsibility 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 auditors' 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 Charter School'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Charter School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information, identified as Required Supplementary Information on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have

applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The supplementary information noted in the table of contents is presented for purposes of additional analysis and is 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 supplementary information noted in the table of contents is 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 the schedule of required responses to selected school first indicators does not include the basic financial statements and our auditors' 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 4, 2023 on our consideration of the Charter School'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 the Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control over financial reporting and compliance.

The logo for Belt Harris Pechacek, LLLP features the company name in a stylized, cursive font. The letters 'B', 'H', and 'P' are significantly larger and more ornate than the other letters, which are in a smaller, simpler cursive font.

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
January 4, 2023

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***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

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THE UNIVERSITY OF TEXAS

ELEMENTARY SCHOOL

MANAGEMENT DISCUSSION AND ANALYSIS

For the Year Ended August 31, 2022

This discussion and analysis of The University of Texas Elementary School’s (the “Charter School”) financial performance provides an overview of the Charter School’s financial activities for the fiscal year ended August 31, 2022. This Management’s Discussion and Analysis is unaudited and is intended to offer a summary of significant current year activities, resulting changes, and currently known economic conditions and facts. It should be read in conjunction with the Charter School’s financial statements.

FINANCIAL HIGHLIGHTS

- The Charter School’s total net position at August 31, 2022 was \$1,956,014. Of this amount, \$1,869,706 is unrestricted and \$86,308 is restricted for uses in federal and state programs.
- For the fiscal year ended August 31, 2022, the Charter School’s general fund reported a total fund balance of \$1,869,706. Of this amount, \$31,866 is nonspendable due to prepaid items and the remaining balance is unassigned.
- The fund balance for the child nutrition fund was \$86,308, which is restricted for the National School Lunch Program and School Breakfast Program.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of three parts – *Management’s Discussion and Analysis* (this section), the *Basic Financial Statements*, and *Required Supplementary Information*. The basic statements include two kinds of statements that present different views of the Charter School.

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the Charter School’s overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the Charter School, reporting the Charter School’s operations in more detail than the government-wide statements.
- The *governmental funds* statements tell how *instructional* services were financed in the *short-term* as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The notes to the financial statements are followed by a section entitled *Required Supplementary Information* that further explains and supports the information in the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the Charter School as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Charter School’s assets and liabilities. All of the current period’s revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The government-wide statements report the Charter School’s net position and how it has changed. Net position is the difference between the Charter School’s assets and liabilities and is one way to measure the Charter School’s financial health or position.

- Over time, increases or decreases in the Charter School’s net position is an indicator of whether its financial health is improving or deteriorating, respectively.

THE UNIVERSITY OF TEXAS
ELEMENTARY SCHOOL
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2022

- To assess the overall health of the Charter School, one needs to consider additional nonfinancial factors such as changes in the Charter School’s staffing patterns, enrollment, and attendance.

The government-wide financial statements of the Charter School include the *governmental activities*. The Charter School’s basic services such as instruction, curriculum and staff development, health services, food services, general administration, and plant maintenance and operations are included in *governmental activities*.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Charter School’s most significant funds – not the Charter School as a whole. Funds are simply accounting devices that are used to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law.
- The Management Board (the “Board”) establishes other funds to control and manage money set aside for particular purposes.

The Charter School has the following kinds of funds:

- *Governmental funds* – The Charter School’s basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Charter School’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them, if applicable.

FINANCIAL ANALYSIS OF THE CHARTER SCHOOL AS A WHOLE

The Charter School’s net position was \$1,956,014 at August 31, 2022. *Table 1* focuses on net position while *Table 2* shows the revenues and expenses that changed the net position balance during the fiscal year ended August 31, 2022.

Table 1
Net Position

	Governmental Activities		Total Change
	2022	2021	2022-2021
Current assets	\$ 2,182,652	\$ 1,911,296	\$ 271,356
Total Assets	2,182,652	1,911,296	271,356
Current liabilities	226,638	381,107	(154,469)
Total Liabilities	226,638	381,107	(154,469)
Net Position:			
Restricted	86,308	115	86,193
Unrestricted	1,869,706	1,530,074	339,632
Total Net Position	\$ 1,956,014	\$ 1,530,189	\$ 425,825

THE UNIVERSITY OF TEXAS
ELEMENTARY SCHOOL
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2022

Table 2
Changes in Net Position

	Governmental Activities		Total Change
	2022	2021	2022-2021
Revenues			
Program revenues:			
Charges for services	\$ 3,609	\$ 1,031	\$ 2,578
Operating grants and contributions	195,377	301,517	(106,140)
General revenues:			
Grants and contributions not restricted	3,491,822	2,858,779	633,043
Miscellaneous	644,628	777,506	(132,878)
Total Revenue	<u>4,335,436</u>	<u>3,938,833</u>	<u>396,603</u>
Expenses			
Instruction	2,322,776	2,094,847	227,929
Instructional resources and media services	23,492	86,770	(63,278)
Curriculum and staff development	49,748	6,744	43,004
School leadership	387,611	261,000	126,611
Guidance, counseling, and evaluation services	449	86,932	(86,483)
Health services	52,867	35,512	17,355
Food services	263,484	186,216	77,268
General administration	307,328	263,654	43,674
Plant maintenance and operations	313,297	244,280	69,017
Security and monitoring	12,204	20,754	(8,550)
Data processing services	23,956	19,140	4,816
Fundraising	152,399	199,575	(47,176)
Total Expenses	<u>3,909,611</u>	<u>3,505,424</u>	<u>404,187</u>
Change in Net Position	425,825	433,409	(7,584)
Beginning net position	1,530,189	1,096,780	433,409
Ending Net Position	<u>\$ 1,956,014</u>	<u>\$ 1,530,189</u>	<u>\$ 425,825</u>

Net position of the Charter School's governmental activities increased from \$1,530,189 to \$1,956,014. Unrestricted net position, the part of net position that can be used to finance daily operations without constraints, was \$1,869,706 at August 31, 2022. The increase in net position was primarily the result of an increase in grants and contributions not restricted revenue.

FINANCIAL ANALYSIS OF THE CHARTER SCHOOL'S FUNDS

At the close of the fiscal year ending August 31, 2022, the Charter School's governmental funds reported a combined fund balance of \$1,956,014. This compares to a combined fund balance of \$1,530,189 at August 31, 2021. The general fund experienced an increase in fund balance of \$339,632. Expenditures decreased for instructional resources and media services; school leadership; guidance, counseling, and evaluation services; and fundraising, while revenue decreased from local and intermediate sources, resulting in the overall increase in fund balance compared to the prior year. The fund balance in the child nutrition fund increased by \$86,193, due to increased federal program revenues and decreased expenditures.

THE UNIVERSITY OF TEXAS
ELEMENTARY SCHOOL
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2022

GENERAL FUND BUDGETARY HIGHLIGHTS

In accordance with State law and generally accepted accounting principles, the Charter School prepares an annual budget for the general fund and the child nutrition fund. Special revenue funds have budgets approved by the funding agency and are amended throughout the year as required.

The actual revenues were more than the amended budgeted revenues for the general fund by \$102,200 during the year. This variance was primarily the result of more local and intermediate revenue sources received than anticipated for the general fund.

General fund expenditures were less than the amended budget by \$237,432. This variance was primarily the result of lower than expected expenditures for instruction, school leadership, general administration, and fundraising.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Charter School's Board considered many factors when setting the 2022-2023 budget including:

- Average daily attendance
- State aid
- Federal grants
- Donations and contributions

The Charter School plans no additional new programs during 2022-2023 and anticipates revenues of \$3,317,924 and expenditures of \$3,317,924 which are in line with current levels.

CONTACTING THE CHARTER SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Charter School's business office at 2200 East Sixth Street, R1100, Austin, Texas 78702 or by calling (512) 471-1434.

BASIC FINANCIAL STATEMENTS

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THE UNIVERSITY OF TEXAS
ELEMENTARY SCHOOL
STATEMENT OF NET POSITION - EXHIBIT A-1
August 31, 2022

<u>Data Control Codes</u>		1 <u>Governmental Activities</u>
	<u>Assets</u>	
1110	Cash and cash equivalents	\$ 1,967,042
1241	Due from State	183,744
1410	Prepaid items	31,866
1000	Total Assets	<u>2,182,652</u>
	<u>Liabilities</u>	
2110	Accounts payable	69,359
2160	Accrued wages payable	157,279
2000	Total Liabilities	<u>226,638</u>
	<u>Net Position</u>	
	Restricted for:	
3820	Federal and state programs	86,308
3900	Unrestricted	1,869,706
3000	Total Net Position	<u>1,956,014</u>
	Total Liabilities and Net Position	<u>\$ 2,182,652</u>

See Notes to Financial Statements.

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THE UNIVERSITY OF TEXAS
ELEMENTARY SCHOOL
STATEMENT OF ACTIVITIES - EXHIBIT B-1
For the Year Ended August 31, 2022

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues		Net (Expense)
			3 Charges for Services	4 Operating Grants and Contributions	Revenue and Changes in Net Position
					6 Primary Gov. Governmental Activities
Primary Government Governmental Activities					
0011	Instruction	\$ 2,322,776	\$ -	\$ 110,632	\$ (2,212,144)
0012	Instructional resources and media services	23,492	-	-	(23,492)
0013	Curriculum and staff development	49,748	-	-	(49,748)
0023	School leadership	387,611	-	-	(387,611)
0031	Guidance, counseling, and evaluation services	449	-	-	(449)
0033	Health services	52,867	-	-	(52,867)
0035	Food services	263,484	3,609	84,745	(175,130)
0041	General administration	307,328	-	-	(307,328)
0051	Plant maintenance and operations	313,297	-	-	(313,297)
0052	Security and monitoring service	12,204	-	-	(12,204)
0053	Data processing services	23,956	-	-	(23,956)
0081	Fundraising	152,399	-	-	(152,399)
TG	Total Governmental Activities	<u>\$ 3,909,611</u>	<u>\$ 3,609</u>	<u>\$ 195,377</u>	<u>(3,710,625)</u>
General Revenues					
GC	Grants and contributions not restricted				3,491,822
MI	Miscellaneous local and intermediate revenue				644,628
TR				Total General Revenues	<u>4,136,450</u>
CN				Change in Net Position	<u>425,825</u>
NB	Beginning net position				1,530,189
NE				Ending Net Position	<u>\$ 1,956,014</u>

See Notes to Financial Statements.

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THE UNIVERSITY OF TEXAS
ELEMENTARY SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS - EXHIBIT C-1
August 31, 2022

Data Control Codes		10	240		98
		General	Child Nutrition	Nonmajor Governmental	Total Governmental Funds
	<u>Assets</u>				
1110	Cash and cash equivalents	\$ 1,870,176	\$ 95,986	\$ 880	\$ 1,967,042
1241	Due from State	115,940		67,804	183,744
1262	Due from other funds	59,536	-	-	59,536
1410	Prepaid items	31,866	-	-	31,866
1000	Total Assets	\$ 2,077,518	\$ 95,986	\$ 68,684	\$ 2,242,188
	<u>Liabilities</u>				
2110	Accounts payable	\$ 57,377	\$ 2,834	\$ 9,148	\$ 69,359
2160	Accrued wages payable	150,435	6,844	-	157,279
2171	Due to other funds	-	-	59,536	59,536
2000	Total Liabilities	207,812	9,678	68,684	286,174
	<u>Fund Balances</u>				
	Nonspendable:				
3430	Prepaid items	31,866	-	-	31,866
	Restricted for:				
3450	Grant funds	-	86,308	-	86,308
3600	Unassigned	1,837,840	-	-	1,837,840
3000	Total Fund Balances	1,869,706	86,308	-	1,956,014
4000	Total Liabilities and Fund Balances	\$ 2,077,518	\$ 95,986	\$ 68,684	\$ 2,242,188

See Notes to Financial Statements.

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THE UNIVERSITY OF TEXAS
ELEMENTARY SCHOOL
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - EXHIBIT C-2
For the Year Ended August 31, 2022

Data Control Codes		10	240		98
		General	Child Nutrition	Nonmajor Governmental	Total Governmental Funds
Revenues					
5700	Local and intermediate sources	\$ 644,628	\$ 3,609	\$ -	\$ 648,237
5800	State program revenues	2,867,093	3,562	10,461	2,881,116
5900	Federal program revenues	-	191,815	614,268	806,083
5020	Total Revenues	<u>3,511,721</u>	<u>198,986</u>	<u>624,729</u>	<u>4,335,436</u>
Expenditures					
0011	Instruction	1,920,493	-	402,283	2,322,776
0012	Instructional resources and media services	23,492	-	-	23,492
0013	Curriculum and staff development	43,601	-	6,147	49,748
0023	School leadership	223,615	-	163,996	387,611
0031	Guidance, counseling, and evaluation services	449	-	-	449
0033	Health services	41,689	-	11,178	52,867
0035	Food services	151,664	111,820	-	263,484
0041	General administration	266,019	184	41,125	307,328
0051	Plant maintenance and operations	312,508	789	-	313,297
0052	Security and monitoring service	12,204	-	-	12,204
0053	Data processing services	23,956	-	-	23,956
0081	Fundraising	152,399	-	-	152,399
6030	Total Expenditures	<u>3,172,089</u>	<u>112,793</u>	<u>624,729</u>	<u>3,909,611</u>
1200	Net Change in Fund Balances	339,632	86,193	-	425,825
0100	Beginning fund balances	1,530,074	115	-	1,530,189
3000	Ending Fund Balances	<u>\$ 1,869,706</u>	<u>\$ 86,308</u>	<u>\$ -</u>	<u>\$ 1,956,014</u>

See Notes to Financial Statements.

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THE UNIVERSITY OF TEXAS
ELEMENTARY SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements are prepared in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and they comply with the requirements of the appropriate version of Texas Education Agency's (TEA) *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

A. Reporting Entity

The University of Texas Elementary School (the "Charter School") is a department of The University of Texas (UT), which is an agency of the State of Texas (the "State"). UT is one of the universities that make up The University of Texas System (the "UT System") and the UT System is one of six university systems and five independent universities that in total are presented as a major enterprise fund in the State's Annual Comprehensive Financial Report.

UT, the UT System, and the Charter School have elected to define the Charter School's reporting entity to include only activities in the Charter School's name. The Charter School's proportional share of liabilities in the name of UT and/or the UT System are reported by UT and/or the UT System. Accordingly, transactions associated with facilities, bonds, pensions, and other postemployment benefits related to the Charter School's activities in the name of UT and/or the UT System are not reported by the Charter School. However, the Charter School has elected to make limited disclosures with respect to these matters in Notes III.C. and D. The associated financial activities related to these items and required disclosures are made within the UT System's and the State's Annual Financial Reports. These financial statements present financial information that is attributable to the Charter School and do not purport to, and do not, present fairly the financial position of UT, the UT System, or the State.

The Charter School is chartered by the State Board of Education and accredited by the TEA. The charter is held by UT. UT is accredited with the Southern Association of Colleges and Schools. Courses are developed to comply with the Texas Essential Knowledge and Skills objectives and are compliant. The Charter School's administrators and staff are degreed and certified for the positions to which they are assigned.

As approved in the Charter School application, the Chief Administrative Officer of the Charter School is the CEO/Executive Director of the Charter School. The CEO/Executive Director reports to the Management Board (the "Board"), who reports to the President of UT, who is ultimately responsible to the UT System Board of Regents (the "Board of Regents"), appointed by the Governor of the State and confirmed by the Texas Senate. The reporting structure effectively outlines the governing body of the Charter School, with the President, Vice President, and the Board of Regents retaining final oversight. The Board works to ensure effective operation of the Charter School. The Charter School provides educational curriculum to pre-kindergarten through grade five.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the Charter School. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Charter School has no business-type activities.

THE UNIVERSITY OF TEXAS
ELEMENTARY SCHOOL
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2022

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments where the amounts are reasonably equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the Charter School's funds. Separate statements for each fund category – governmental – are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Charter School reports the following governmental funds:

General Fund

The general fund is the Charter School's primary operating fund. It accounts for and reports all financial resources of the Charter School not accounted for and reported in another fund. The major revenue source for the general fund is the state funding under the Foundation School Program. Expenditures include all costs associated with the daily operations of the Charter School except for specific programs funded by the federal or state government, which are required to be accounted for in another fund. The general fund is always considered a major fund for reporting purposes.

Child Nutrition Fund

The child nutrition fund is used to account for the National School Lunch Program and School Breakfast Program. The major revenue source for the child nutrition fund is federal funding. Expenditures include the cost of providing low-cost or free meals to students at the Charter School.

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The restricted or committed proceeds of specific revenues sources comprise a substantial portion of the inflows of these special revenue funds.

During the course of operations, the Charter School has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

THE UNIVERSITY OF TEXAS
ELEMENTARY SCHOOL
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2022

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Charter School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Grant revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the Charter School.

F. Assets, Liabilities, and Net Position/Fund Balance

1. Cash and Cash Equivalents

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

THE UNIVERSITY OF TEXAS
ELEMENTARY SCHOOL
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2022

On a monthly basis, UT provides the Charter School with a statement of accounts showing all fund activities for the month and ending monthly balances which is then reconciled to the accounts of the Charter School. Such deposits are insured or collateralized with securities held by UT in UT's name. The Charter School does not maintain investments of any kind outside the operating bank account since funds available are retained by UT, therefore, the only interest accruing to the Charter School is from the operating bank account.

2. Investments

The Charter School does not maintain investments of any kind.

3. Receivables and Payables

The Charter School believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided to further disaggregate those balances. All receivables are scheduled for collection within one year from year end.

4. Capital Assets

Since title and ownership of all capital assets are in UT's name, no capital assets are reported in the accompanying financial statements.

5. Long-Term Obligations

The Charter School does not separately issue long-term debt. The Charter School is not currently engaged in any long-term financing transactions.

6. Interfund Receivables and Payables

The composition of interfund balances as of year end were as follows:

Due to	Due from	Amount
General fund	Nonmajor governmental funds	\$ 59,536

7. Net Position Flow Assumption

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

THE UNIVERSITY OF TEXAS
ELEMENTARY SCHOOL
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2022

8. Fund Balance Flow Assumptions

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

9. Fund Balance Policies

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Charter School itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted fund balance.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Charter School's highest level of decision-making authority. The Board is the highest level of decision-making authority for the Charter School that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Charter School for specific purposes but do not meet the criteria to be classified as committed. The Charter School's Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

10. Estimates

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, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

THE UNIVERSITY OF TEXAS
ELEMENTARY SCHOOL
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2022

11. Data Control Codes

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as general revenues rather than as program revenues.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. The original budget is adopted by the Charter School prior to the beginning of the year. The legal level of control is the function code stated in the approved budget. Appropriations lapse at the end of the year. Supplemental budget appropriations were made for the year.

In accordance with State law, the Charter School prepares an annual budget for the general fund. An annual budget is also prepared for the child nutrition fund. Special revenue funds have budgets approved by the funding agency and are amended throughout the year as required.

III. OTHER INFORMATION

A. Risk Management

The Charter School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. UT carries commercial insurance to cover losses to which the Charter School may be exposed.

B. Contingent Liabilities

The Charter School receives funds through state and federal programs that are governed by various statutes and regulations. State program funding is based primarily on student attendance data submitted to the TEA and is subject to audit and adjustment. In addition, costs charged to federal programs are subject to audit and adjustment by the grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although the Charter School expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

THE UNIVERSITY OF TEXAS
ELEMENTARY SCHOOL
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2022

C. Pension Plan

Teacher Retirement System

The Charter School 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 (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. TRS's Board of Trustees does not have the authority to establish or amend benefit terms.

All UT System personnel employed in a position on a half-time or greater basis for at least 4½ months or more are eligible for membership in TRS. However, students employed in positions that require student status as a condition of employment do not participate. Members with at least five years of service have a vested right to unreduced retirement benefits at age 65 or provided they have a combination of age plus years of service totaling 80 or more. However, members who began TRS participation on or after September 1, 2007 must be age 60 to retire with unreduced benefits and members who are not vested in TRS on August 31, 2014 must be age 62 to retire with unreduced benefits under the second option. Members are fully vested after five years of service and are entitled to any reduced benefits for which the eligibility requirements have been met prior to meeting the eligibility requirements for unreduced benefits.

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

Pension Plan Fiduciary Net Position

Detailed information about TRS's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report that includes financial statements and Required Supplementary Information. That report may be obtained on the Internet at <https://www.trs.texas.gov/Pages/aboutpublications.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 the State. The pension formula is calculated using 2.3% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic postemployment benefit changes; including automatic cost-of-living adjustments (COLAs). Ad hoc postemployment benefit changes, including ad hoc COLAs, can be granted by the Texas Legislature as noted in the Plan Description above.

THE UNIVERSITY OF TEXAS
ELEMENTARY SCHOOL
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2022

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

Optional Retirement Program (ORP)

The State has also established an optional defined contribution retirement program (ORP) for institutions of higher education. Participation in the ORP is in lieu of participation in TRS. ORP is available to certain eligible employees who hold faculty positions and other professional positions including, but not limited to, director-level and above, librarians, and coaches. ORP provides for the purchase of annuity contracts and mutual funds. Participants are vested in the employer contributions after one year and one day of service. Depending upon the source of funding for the employee's compensation, the UT System may be required to make the employer contributions in lieu of the State. Since these are individual annuity contracts, the State and the UT System have no additional or unfunded liability for the ORP. The employee and employer contribution rates are established by the State Legislature each biennium. The State provides an option for a local supplement on top of the state base rate. Each institution within the UT System can decide to adopt and fund a local supplement each year to provide each participating employee the maximum employer rate. The chancellor then approves the employer rates each fiscal year.

Additional information may be obtained from the UT System's annual financial report on the internet at <https://www.utsystem.edu/documents/docs/report-state/2021/consolidated-annual-financial-report-fy-2021>

D. Postemployment Benefits Other Than Pensions

In addition to providing pension benefits, the State provides certain health and life insurance benefits for retired employees (OPEB), in accordance with state statutes. Many employees may become eligible for the health and life insurance benefits as a retired employee if they meet certain age and service requirements as defined by the State. Similar benefits for active employees are provided through the same self-funded plan.

Plan Description and Funding Policy

OPEB are provided to the UT System's retirees under the UT System Employee Group Insurance Program (EGIP). EGIP is a single-employer defined benefit OPEB plan; however, due to the state statute requiring appropriations for funding EGIP, the State is reporting a proportionate share. Chapter 1551 of the Texas Insurance Code, Sections 310 and 311, require that the State contribute to the cost of each participant's insurance coverage. The funds are appropriated under the General Appropriations Act Higher Education Employees Group Insurance (HEGI) contributions. The State's proportions are 18.26 and 20.51 percent of the collective OPEB related liabilities, deferred outflows and inflows, and expense based on HEGI contributions by the State to total contributions as of August 31, 2021 and 2020, respectively. The UT System's proportions as of August 31, 2021 and 2020 measurement dates were 81.74 and 79.49 percent, respectively. At August 31, 2021 and 2020, the amounts of the total OPEB liability related to the UT System reported by the State were \$3,199,363,501 and \$2,979,287,588, respectively. The amounts reported by the State are related to the premium sharing contributions, which are recognized as State appropriation general

THE UNIVERSITY OF TEXAS
ELEMENTARY SCHOOL
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2022

revenue on the UT System's financial statements in the fiscal year that the State contributed the amounts for OPEB on the UT System's behalf.

The UT System and member contribution rates are determined annually by the UT System based on the recommendations of the UT System's Office of Employee Benefits staff and consulting actuary. The contribution rates are determined based on the benefit and administrative costs expected to be incurred, the funds appropriated, and the funding policy established by the Texas Legislature in connection with benefits provided through the EGIP. The UT System revises benefits when necessary to match expected benefits and administrative costs with available revenue. EGIP is operated on a pay-as-you-go basis and no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Additional information may be obtained from the UT System's annual financial report:
<https://www.utsystem.edu/documents/docs/report-state/2021/consolidated-annual-financial-report-fy-2021>

E. Employee Health Care Coverage

The Charter School provides health care benefits through the UT Health Coverage Plan to all Charter School employees who meet UT employment qualifications and requirements.

F. Related Party Transactions

For the fiscal year ended August 31, 2022, UT provided the Charter School with direct funding in the amount of \$209,472. UT also provided the Charter School with funding for administrative and development expenses estimated at \$98,699 for the fiscal year 2022. These amounts have been included in the revenues reported in the financial statements for the year. In addition, the Charter School provided UT with funding for administrative expenses incurred for \$125,536, which is included in the expenses reported in the financial statements for the year.

G. Charter School Operations

The Charter School did not conduct any other charter or noncharter activities.

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REQUIRED SUPPLEMENTARY INFORMATION

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THE UNIVERSITY OF TEXAS
ELEMENTARY SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND - EXHIBIT G-1

For the Year Ended August 31, 2022

Data Control Codes	Revenues	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
		Original	Final		
5700	Local and intermediate sources	\$ 561,071	\$ 561,071	\$ 644,628	\$ 83,557
5800	State program revenues	2,848,450	2,848,450	2,867,093	18,643
5020	Total Revenues	<u>3,409,521</u>	<u>3,409,521</u>	<u>3,511,721</u>	<u>102,200</u>
	Expenditures				
0011	Instruction	2,011,519	1,967,768	1,920,493	47,275
0012	Instructional resources and media	24,913	27,032	23,492	3,540
0013	Curriculum and staff development	13,000	52,676	43,601	9,075
0023	School leadership	289,272	264,272	223,615	40,657
0031	Guidance, counseling, and evaluation services	300	2,450	449	2,001
0032	Social services			-	-
0033	Health services	21,351	48,351	41,689	6,662
0034	Student (pupil) transportation	10,000	10,000	-	10,000
0035	Food service	145,242	167,242	151,664	15,578
0041	General administration	312,520	300,963	266,019	34,944
0051	Plant maintenance and operations	324,068	324,068	312,508	11,560
0052	Security	5,400	17,500	12,204	5,296
0053	Data processing services	24,264	37,264	23,956	13,308
0061	Community services	-	2,263	-	2,263
0081	Fundraising	227,672	187,672	152,399	35,273
6030	Total Expenditures	<u>3,409,521</u>	<u>3,409,521</u>	<u>3,172,089</u>	<u>237,432</u>
1200	Net Change in Fund Balance	-	-	339,632	339,632
0100	Beginning fund balance	1,530,074	1,530,074	1,530,074	-
3000	Ending Fund Balance	<u>\$ 1,530,074</u>	<u>\$ 1,530,074</u>	<u>\$ 1,869,706</u>	<u>\$ 339,632</u>

Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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THE UNIVERSITY OF TEXAS
ELEMENTARY SCHOOL
BUDGETARY COMPARISON SCHEDULE
CHILD NUTRITION FUND - EXHIBIT J-1
For the Year Ended August 31, 2022

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
		Original	Final		
Revenues					
5700	Local and intermediate sources	\$ 3,000	\$ 3,000	\$ 3,609	\$ 609
5800	State program revenues	1,000	3,000	3,562	562
5900	Federal program revenues	115,000	159,000	191,815	32,815
5020	Total Revenues	<u>119,000</u>	<u>165,000</u>	<u>198,986</u>	<u>33,986</u>
Expenditures					
Current:					
0035	Food services	114,000	161,000	111,820	49,180
0041	General administration	5,000	1,000	184	816
0051	Plant maintenance and operations	-	3,000	789	2,211
6030	Total Expenditures	<u>119,000</u>	<u>165,000</u>	<u>112,793</u>	<u>52,207</u>
1200	Net Change in Fund Balance	-	-	86,193	86,193
0100	Beginning fund balance	115	115	115	-
3000	Ending Fund Balance	<u>\$ 115</u>	<u>\$ 115</u>	<u>\$ 86,308</u>	<u>\$ 86,193</u>

Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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***OTHER SUPPLEMENTARY
INFORMATION***

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THE UNIVERSITY OF TEXAS
ELEMENTARY SCHOOL
SCHEDULE OF EXPENSES - EXHIBIT J-2
For the Year Ended August 31, 2022

Data Control Codes	Expenses	Amount
6100	Payroll costs	\$ 2,686,767
6200	Professional and contractual services	573,006
6300	Supplies and materials	267,817
6400	Other operating costs	382,021
	Total Expenses	\$ 3,909,611

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THE UNIVERSITY OF TEXAS
ELEMENTARY SCHOOL
SCHEDULE OF RELATED PARTY TRANSACTIONS
For the Year Ended August 31, 2022

<u>Related Party Name</u>	<u>Relation to the Related Party</u>	<u>Relationship</u>	<u>Type of Transaction</u>	<u>Description of Terms and Conditions</u>	<u>Source of Funds Used</u>	<u>Payment Frequency</u>	<u>Total Paid During Fiscal Year</u>	<u>Principal Balance Due</u>
The University of Texas at Austin	Component unit	Division	Financial	Charge to all components	State funds	Annual	\$ 125,536	\$ -

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**THE UNIVERSITY OF TEXAS
ELEMENTARY SCHOOL**

SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST - EXHIBIT J-3
For the Year Ended August 31, 2022

<u>Date of Purchase</u>	<u>Description</u>	<u>Local Funds</u>	<u>State Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
None	None	None	None	None	None

The Charter School has not purchased any real property.

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THE UNIVERSITY OF TEXAS
ELEMENTARY SCHOOL
USE OF FUNDS REPORT
SELECT STATE ALLOTMENT PROGRAM- EXHIBIT J-4
For the Year Ended August 31, 2022

<u>Data Control Codes</u>		<u>Responses</u>
<u>Section A: Compensatory Education Programs</u>		
AP1	Did the Charter School expend any state compensatory education program state allotment funds during the Charter School's fiscal year?	Yes
AP2	Does the Charter School have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the Charter School's fiscal year.	\$ 279,201
AP4	List the actual direct program expenditures for state compensatory education programs during the Charter School's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 268,131
<u>Section B: Bilingual Education Programs</u>		
AP5	Did the Charter School expend any bilingual education program state allotment funds during the Charter School's fiscal year?	Yes
AP6	Does the Charter School have written policies and procedures for bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the Charter School's fiscal year.	\$ 21,796
AP8	List the actual direct program expenditures for bilingual education programs during the Charter School's fiscal year. (PICs 25, 35)	\$ 21,117

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THE UNIVERSITY OF TEXAS
ELEMENTARY SCHOOL
SCHEDULE OF REQUIRED RESPONSES TO
SELECTED SCHOOL FIRST INDICATORS - EXHIBIT L-1
For the Year Ended August 31, 2022

<u>Data Control Codes</u>		<u>Responses</u>
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 Charter School make timely payments to the Teacher Retirement System, Texas Workforce Commission, Internal Revenue Service, and other governmental agencies?	Yes
SF4	Was the Charter School issued a warrant hold?	No
SF5	Did the annual financial report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the annual financial report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the Charter School 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 Charter School's fiscal year end?	Yes
SF8	Did the Board members discuss the Charter School's property values at a Board meeting within 120 days before the Charter School adopted its budget?	N/A
SF9	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year end.	\$ <u><u>-</u></u>

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COMPLIANCE

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

To the Management Board of
The University of Texas Elementary School:

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 The University of Texas Elementary Charter School (the "Charter School") (a department of The University of Texas, which is an agency of the State of Texas) as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements and have issued our report thereon dated January 4, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter School's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Charter School's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter School'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 Charter School'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 Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
January 4, 2023

THE UNIVERSITY OF TEXAS
ELEMENTARY SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2022

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of The University of Texas Elementary School.
2. Material weaknesses in internal control were not disclosed by the audit of the basic financial statements.
3. Significant deficiencies in internal control were not disclosed by the audit of the basic financial statements.
4. No instances of noncompliance material to the financial statements were disclosed during the audit.

B. FINDINGS – BASIC FINANCIAL STATEMENTS AUDIT

None Noted

C. FINDINGS – FEDERAL AWARDS

None Noted

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THE UNIVERSITY OF TEXAS
ELEMENTARY SCHOOL
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended August 31, 2022

A. SUMMARY OF PRIOR YEAR AUDIT FINDINGS

No prior year findings.

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