

**UNIVERSITY OF TEXAS -
UNIVERSITY CHARTER SCHOOL
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2025**

UNIVERSITY OF TEXAS - UNIVERSITY CHARTER SCHOOL
Annual Financial Report for
the Year Ended August 31, 2025

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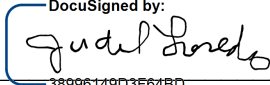
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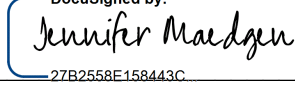
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**UNIVERSITY OF TEXAS - UNIVERSITY CHARTER SCHOOL
CERTIFICATE OF BOARD**

University of Texas - University Charter School Travis 227-806
Name of District County District Number

We, the undersigned, certify that the attached annual financial reports of the above named school were reviewed and (check one) approved _____ disapproved for the year ended August 31, 2025, at a meeting of the Advisory Board of University of Texas - University Charter School on the 21st day of January, 2026.

DocuSigned by:

38996149D3F64BD...
Signature of Vice Chair

DocuSigned by:

27B2558E158443C...
Signature of Chairman

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

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FINANCIAL SECTION



Goff & Herrington, P. C.

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A.J. Goff, CPA
Ronnie Herrington, CPA
Daniel Raney, CPA
Laurie Durbin, CPA

Independent Auditor's Report

Members of the Advisory Board
University of Texas - University Charter School
Austin, Texas

Report on the Audit of the Financial Statements

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 - University Charter School (School), as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the 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 School, as of August 31, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

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.

Independent Auditor's Report

Members of the Advisory Board

January 8, 2026

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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 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.

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

Independent Auditor's Report

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January 8, 2026

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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 6 through 11, and the budgetary comparison information on page 27, 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 District's basic financial statements. The accompanying combining schedules, other schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Independent Auditor's Report

Members of the Advisory Board

January 8, 2026

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Other Information

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

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 8, 2026, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 School's internal control over financial reporting and compliance.

Goff & Herrington, P.C.

GOFF & HERRINGTON, P.C.

Certified Public Accountants

Lufkin, Texas

January 8, 2026

UNIVERSITY OF TEXAS - UNIVERSITY CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report presents management's discussion and analysis of the School's financial performance during the year ended August 31, 2025. Please read it in conjunction with the School's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- ▶ The School's total combined net position was \$5,041,219 as of August 31, 2025.
- ▶ During the year ended August 31, 2025, the School's net position decreased by \$185,713.
- ▶ The School generated \$12,169,003 in revenues from local and governmental activities, and the total cost of the School's programs was \$12,354,716.
- ▶ The general fund reported a total fund balance this year of \$5,029,253, all of which is unassigned at August 31, 2025.

OVERVIEW OF THE FINANCIAL STATEMENTS

The School is considered a governmental organization for accounting, financial reporting, and auditing purposes. Organizations other than public corporations, and bodies corporate and political, are classified as governmental organizations if they have one or more of the following characteristics:

- ▶ Popular election of officers or appointment (or approval) of a controlling majority of the members of the organization's governing body by officials of one or more state or local governments;
- ▶ The potential for unilateral dissolution by a government with the net position reverting to a government; or
- ▶ The power to enact and enforce a tax levy.

The School has the potential for unilateral dissolution by the University of Texas at Austin and the Texas Education Agency. Therefore, the School exhibits two of the characteristics and is considered to be a governmental organization for accounting, financial reporting, and auditing purposes.

This annual financial report consists of three parts - **management's discussion and analysis** (this section), the **basic financial statements**, and **required supplementary information**. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The required supplementary information further explains and supports the information in the financial statements.

Government-wide Financial Statements

The School's annual financial report includes two government-wide financial statements. These statements provide both long-term and short-term information about the School's finances. Financial reporting at this level uses a perspective similar to that found in the private sector.

The first of these government-wide financial statements is the **Statement of Net Position**. This is the School wide statement of financial position presenting information that includes all of the School's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School as a whole is improving or deteriorating. Evaluation of the overall health of the School would extend to other non-financial factors.

The second government-wide financial statement is the **Statement of Activities**, which reports how the School's net position changed during the current year. All current revenues and expenses are included regardless of when the cash is received or paid.

The government-wide financial statements of the School include the governmental activities of the School. These are the basic services such as instruction, curriculum and staff development, health services, and administration. State aid and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements focus on individual parts of the government, reporting the School's operations in more detail than the government-wide statements. The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.

The fund financial statements provide more detailed information about the School's most significant funds - not the School as a whole. Funds are accounting devices that the School uses to keep track of specific sources of funding and spending for particular purposes. Laws and contracts require the School to establish some funds. The School's administration establishes other funds to help it control and manage money for particular purposes.

Governmental funds - Most of the School's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can 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 School's programs. Because this information does not encompass the additional long term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund statement, or on the subsequent page, that explains the relationship (or differences) between them.

UNIVERSITY OF TEXAS - UNIVERSITY CHARTER SCHOOL

The accompanying notes to the financial statements provide essential information to a full understanding of the government-wide and fund financial statements.

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Position. The School’s combined net position was \$5,041,219 as of August 31, 2025. The following table provides a summary of the School’s net position.

The School’s Net Position

	Governmental Activities		
	2025	2024	% Change
Current and Other Assets	5,131,383	5,305,224	(3.3)%
Capital and Non-Current Asset	-	-	0.0%
Total Assets	5,131,383	5,305,224	(3.3)%
Other Liabilities	90,164	78,292	15.2%
Long Term Liabilities	-	-	0.0%
Total Liabilities	90,164	\$78,292	15.2%
Net Position:			
Restricted	11,966	\$18,362	(34.8)%
Unrestricted	5,029,253	\$5,208,570	(3.4)%
Total Net Position	<u>5,041,219</u>	<u>\$5,226,932</u>	<u>(3.6)%</u>

Restricted net position consists of \$11,699 restricted for fund raising activities.

Changes in net position. The School’s total revenues were \$12,169,003. A significant portion, 86.00 percent, of the School’s revenue comes from state aid grants. The rest of the School’s revenue comes from federal operating grants, charges for services, and other local sources.

The total cost to the School of all programs and services was \$12,354,716; 81.27 percent of these costs are for instructional and student services.

UNIVERSITY OF TEXAS - UNIVERSITY CHARTER SCHOOL

Governmental Activities

The following table provides a summary of the School's changes in net position.

Changes in the School's Net Position

	<u>Governmental Activities</u>		
	<u>2025</u>	<u>2024</u>	<u>% Change</u>
Revenues:			
Program Revenues:			
Operating grants and contributions	1,521,876	2,605,177	(41.6)%
General Revenues:			
State Foundation Program	10,464,903	9,489,812	10.3%
Miscellaneous	182,224	49,390	268.9%
Total revenues	<u>12,169,003</u>	<u>12,144,379</u>	<u>0.2%</u>
Expenses:			
Instruction, curriculum, and school leadership	9,636,633	9,038,964	6.6%
Student support services	404,355	661,120	(38.8)%
General administration	1,344,825	1,367,977	(1.7)%
Plant maintenance	198,052	338,210	(41.4)%
Security services	9,599	-	??
Data processing services	477,945	465,391	2.7%
Community services and fund raising	283,307	301,155	(5.9)%
Total expenses	<u>12,354,716</u>	<u>12,172,817</u>	<u>1.5%</u>
Increase (Decrease) in Net Position	(185,713)	(28,438)	553.0%
Beginning Net Position	<u>5,226,932</u>	<u>5,255,370</u>	<u>(0.5)%</u>
Ending Net Position	<u><u>5,041,219</u></u>	<u><u>5,226,932</u></u>	<u><u>(3.6)%</u></u>

UNIVERSITY OF TEXAS - UNIVERSITY CHARTER SCHOOL

The following table presents the cost of each of the School’s largest functions as well as each functions net cost (total cost less fees generated by activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local dollars.

Net Cost of Selected School Functions

	Total cost of services			Net cost of services		
	2025	2024	% Change	2025	2024	% Change
Instruction	8,047,415	7,366,024	9.3%	7,299,034	6,188,180	18.0%
School leadership	1,283,544	1,142,099	12.4%	1,079,043	1,142,099	(5.5)%
General administration	1,344,825	1,367,977	(1.7)%	1,286,718	1,367,977	(5.9)%
Data processing services	477,945	465,391	2.7%	477,945	26,469	1705.7%
Guidance and counseling	340,647	619,978	(45.1)%	141,656	180,578	(21.6)%

FINANCIAL ANALYSIS OF THE SCHOOL’S FUNDS

Revenues from governmental fund types totaled \$12,169,003, an increase of 0.20 percent from the preceding year. The increase in revenues is primarily attributable to increased local and intermedial sources and state program revenues.

The School’s governmental funds ended the year with a reported combined fund balance of \$5,041,219, which is \$185,713 less than last year’s ending balance of \$5,226,932.

General Fund Budgetary Highlights

Over the course of the year, the School revised its budget as actual results were analyzed. Actual expenditures were \$399,329 below budget amounts. The most significant positive variances were in school leadership and security and monitoring functions, as actual expenditures were less than anticipated.

Reported revenues were \$232,391 above the final budgeted amount, as state program revenues were more than expected.

UNIVERSITY OF TEXAS - UNIVERSITY CHARTER SCHOOL

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

For the 2025-2026 fiscal year, the School's average daily attendance was budgeted conservatively at 540 students, which is a 1.12 percent increase from the prior year.

Amounts available for expenditure in the general fund budget for 2026 are \$13,288,848 an increase of 29.87 percent from the 2025 final budgeted revenues of \$10,232,512. Expenditures are budgeted to increase 21.01 percent to \$13,363,814. If these estimates are realized, the School's budgetary general fund balance is expected to decrease slightly at the close of 2026.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the School's finances and to show the School's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the School's business office at the University of Texas-University Charter School, The University of Texas at Austin, College of Education, 2200 East 6 Street, Austin, Texas 78702.

Government-Wide Financial Statements

UNIVERSITY OF TEXAS - UNIVERSITY CHARTER SCHOOL
STATEMENT OF NET POSITION
AUGUST 31, 2025

Data Control Codes		Primary Government Governmental Activities
	ASSETS	
1110	Cash and cash equivalents	4,369,120
1240	Due from other governments	<u>762,263</u>
1000	Total assets	<u>5,131,383</u>
	LIABILITIES	
2160	Accrued wages payable	<u>90,164</u>
2000	Total liabilities	<u>90,164</u>
	NET POSITION	
3870	Restricted for campus activity	11,966
3900	Unrestricted net position	<u>5,029,253</u>
3000	Total net position	<u><u>5,041,219</u></u>

The accompanying notes are an integral part of this statement

**UNIVERSITY OF TEXAS - UNIVERSITY CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2025**

Data Control Codes	1	Program Revenues		Program Revenues	Net (Expense) Revenue and Changes in Net Position	
		3	4	5		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental activities:						
11	Instruction	8,047,415	-	748,381	-	(7,299,034)
12	Instructional resources and media services	65,928	-	-	-	(65,928)
13	Curriculum and staff development	239,746	-	198,597	-	(41,149)
23	School leadership	1,283,544	-	204,501	-	(1,079,043)
31	Guidance, counseling, and evaluation	340,647	-	198,991	-	(141,656)
33	Health services	63,708	-	-	-	(63,708)
41	General administration	1,344,825	-	58,107	-	(1,286,718)
51	Plant maintenance and operations	198,052	-	110,136	-	(87,916)
52	Security and monitoring services	9,599	-	3,163	-	(6,436)
53	Data processing services	477,945	-	-	-	(477,945)
61	Community services	283,307	-	-	-	(283,307)
TP	Total primary government	12,354,716	-	1,521,876	-	(10,832,840)

Data Control Codes	General revenues:	
SF	State aid formula grants	10,464,903
MI	Miscellaneous	182,224
TR	Total general revenues	<u>10,647,127</u>
CN	Change in net position	(185,713)
NB	Net position, beginning	<u>5,226,932</u>
NE	Net position, ending	<u>5,041,219</u>

The accompanying notes are an integral part of this statement

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Governmental Fund Financial Statements

UNIVERSITY OF TEXAS - UNIVERSITY CHARTER SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2025

Data Control Codes	10	Other Governmental Funds	98 Total Governmental Funds	
	General Fund			
ASSETS				
1110	Cash and cash equivalents	4,357,154	11,966	4,369,120
1240	Due from other governments	557,210	205,053	762,263
1260	Due from other funds	205,053	-	205,053
1000	Total Assets	<u>5,119,417</u>	217,019	<u>5,336,436</u>
LIABILITIES				
2110	Accounts payable	90,164	-	90,164
2170	Due to other funds	-	205,053	205,053
2000	Total Liabilities	<u>90,164</u>	205,053	<u>295,217</u>
FUND BALANCES				
Assigned Fund Balance:				
3590	Other assigned fund balance	-	11,966	11,966
3600	Unassigned fund balance	5,029,253	-	5,029,253
3000	Total Fund Balances	<u>5,029,253</u>	11,966	<u>5,041,219</u>
4000	Total Liabilities, Deferred Inflows and Fund Balances	<u>5,119,417</u>	217,019	<u>5,336,436</u>

The accompanying notes are an integral part of this statement

**UNIVERSITY OF TEXAS - UNIVERSITY CHARTER SCHOOL
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2025**

Total fund balances - governmental funds	5,041,219
Reconciling items	-
19 Net Position of governmental activities	<u>5,041,219</u>

The accompanying notes are an integral part of this statement

UNIVERSITY OF TEXAS - UNIVERSITY CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
5700 Total local and intermediate sources	-	182,224	182,224
5800 State program revenues	10,464,903	150,000	10,614,903
5900 Federal program revenues	-	1,371,876	1,371,876
5020 Total revenues	<u>10,464,903</u>	<u>1,704,100</u>	<u>12,169,003</u>
EXPENDITURES			
0011 Instruction	7,124,139	923,276	8,047,415
0012 Instructional resources and media services	65,928	-	65,928
0013 Curriculum and staff development	40,549	199,197	239,746
0023 School leadership	1,079,043	204,501	1,283,544
0031 Guidance, counseling, and evaluation services	141,656	198,991	340,647
0033 Health services	63,708	-	63,708
0041 General administration	1,282,856	61,969	1,344,825
0051 Plant maintenance and operations	81,163	116,889	198,052
0052 Security and monitoring services	6,436	3,163	9,599
0053 Data processing services	477,945	-	477,945
0061 Community services	280,797	2,510	283,307
6030 Total expenditures	<u>10,644,220</u>	<u>1,710,496</u>	<u>12,354,716</u>
1100 Excess (deficiency) of revenues over expenditures	(179,317)	(6,396)	(185,713)
OTHER FINANCING SOURCES (USES)			
7915 Transfers in	-	-	-
8911 Transfers out	-	-	-
7080 Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net change in fund balances	(179,317)	(6,396)	(185,713)
0100 Fund balance - September 1 (beginning)	<u>5,208,570</u>	<u>18,362</u>	<u>5,226,932</u>
3000 Fund balance - August 31 (ending)	<u>5,029,253</u>	<u>11,966</u>	<u>5,041,219</u>

The accompanying notes are an integral part of this statement

**UNIVERSITY OF TEXAS - UNIVERSITY CHARTER SCHOOL
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, 2025**

Net change in fund balances - governmental funds	(185,713)
Reconciling items	-
Change in net position of governmental activities	<u><u>(185,713)</u></u>

The accompanying notes are an integral part of this statement

**UNIVERSITY OF TEXAS - UNIVERSITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2025**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the University of Texas - University Charter School (School) are prepared in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and complies with the requirements of the appropriate version of Texas Education Agency's Financial Accountability System Resource Guide (Resource Guide) and the requirements of contracts and grants of agencies from which it receives funds. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing accounting and financial reporting principles.

1. Reporting Entity

The University of Texas-University 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 (UT System), and UT System is one of six university systems and five independent universities that in total are presented a major enterprise fund in the State's Comprehensive Annual Financial Report.

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

University of Texas-University Charter School is chartered by the State Board of Education and accredited by the Texas Education Agency. The school operates within the College of Education (COE) at the University of Texas at Austin (UT). UT is accredited with the Southern Association of Colleges and Schools. Courses are developed to the Texas Essential Knowledge and Skills (TEKS) objectives and are TEKS compliant. The School's administrators and staff are degreed and certified for the positions to which they are assigned.

As approved in the charter application, the Superintendent oversees all day to day operations of the University of Texas-University Charter School. The Superintendent reports to the Associate Dean, who reports to the Dean of the College of Education, who reports to the Executive Vice President and Provost, who reports to the President of the University, who is ultimately responsible to the Chancellor and UT System Board of Regents. The UT System Board of Regents is appointed by the Governor and by the State Senate This reporting structure effectively outlines the governing body of the School with the Dean, the Executive Vice President and Provost, President and the Board of

**UNIVERSITY OF TEXAS - UNIVERSITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2025**

Regents retaining final oversight. On a monthly basis, an advisory board works to ensure effective management of the School. Community members, students, parents, treatment facility staff, and additional UT member are asked to attend meetings as appropriate. The School provides K-12 educational services to students in residential treatment and special program facilities. By providing individualized education at students' location and at a time tailored to specific need, individuals can continue their education while in residence. Many students returning to public school find success because of the support and flexibility of the School's instructional model.

2. Basis of Presentation and Basis of Accounting

Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government. Governmental activities generally are financed through intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The School does not allocate indirect expenses in the statement of activities. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the School's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The School accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The School has established several individual funds that are organized within a separate set of self-balancing accounts comprised of assets, liabilities, fund balance, revenues, and expenditures or expenses as appropriate. Governmental resources allocated to individual funds are recorded for the purpose of carrying on specific activities in accordance with laws, regulations, or other appropriate requirements.

The School reports the following major governmental fund:

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

In addition, the School reports the following fund types:

Special Revenue Funds: These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. All Federal and some

UNIVERSITY OF TEXAS - UNIVERSITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2025

State financial assistance is accounted for in a special revenue fund. Sometimes any unused balances must be returned to the grantor at the close of the specified project periods.

Measurement Focus, Basis of Accounting

The financial statements of the School are prepared in accordance with generally accepted accounting principles (GAAP). The School applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide financial statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Fiduciary fund financial statements also report using this same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grant revenues are recognized when allowable expenditures are made under the provisions of the grant.

The statement of activities reports the expenses of the School's functions offset by program revenues directly connected with the function. A function is a general operational area in the School that groups together similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with the function. Program revenues include: (1) charges for services which report charges to users of the School's services such as school lunch charges; and (2) operating grants and contributions which finance annual operating activities of the School such as federal and state grants. State aid formula grants, and other revenue sources not properly included with program revenues are reported as general revenues.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers all revenues reported in the governmental funds to be available. Revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Expenditures are recorded when the related fund liability is incurred. General capital asset acquisitions are reported as expenditures in governmental funds.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as needed.

The School does not allocate general administration or support services expenses to other functions.

Fund Balance Policy

The School reports fund balances for governmental funds in classifications based primarily on the extent to which the entity is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The nonspendable classification represents assets that will be consumed or maintained intact; and, therefore will never convert to cash, such as inventories of supplies and

UNIVERSITY OF TEXAS - UNIVERSITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2025

endowments. Provisions of laws, contracts, and grants specify how fund resources can be used in the restricted classification. The nature of these two classifications precludes a need for a policy from the Charter Board. However, the Charter Board has adopted fund balance policies for the three unrestricted classifications-committed, assigned, and unassigned.

The School's assigned fund balances represent amounts assigned for future operating expenses and campus activities.

When the School incurs expenditures that can be made from either restricted or unrestricted balances, the expenditures are charged to restricted balances. When the entity incurs expenditures that can be made from either committed, assigned, or unassigned balances, the expenditures are charged to committed, assigned and then unassigned.

3. Financial Statement Amounts

Cash and cash equivalents - Cash and cash equivalents consist of amounts available to the School in the UT treasury.

Receivable and Payable Balances - The 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 which disaggregates those balances. There are no significant receivables which are not scheduled for collection within one year of year end.

Capital Assets - Purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

All assets acquired in excess of the capitalization threshold were purchased by UT, who retains title and ownership of those assets. These assets include the building and land improvements that constitute the physical plant of the School, as well as, furniture and fixtures.

Since title and ownership of all capital assets are retained by UT, no capital assets are reported in the accompanying financial statements.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position 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 that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

UNIVERSITY OF TEXAS - UNIVERSITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2025

Pensions - The fiduciary net position of the Teachers 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 the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities, and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. UT's share of the liability is based on total TRS contributions made during the measurement year ended August 31, 2024.

Other Post-Employment Benefits (OPEB) -The State provides certain health and life insurance benefits for retired employees which are guaranteed in accordance with State statutes. Other post-employment benefits are provided to the System's retirees under the UT System Employee Group Insurance Program. The Employee Group Insurance Program is a single-employer defined benefit OPEB plan; however, because State statute requires funding for the plan from State appropriations, the State's governmental fund reports a proportionate share of the OPEB liability.

Compensated Absences - State employees are entitled to be paid for all unused vacation time (annual leave) accrued in the event of the employee's resignation, dismissal or separation from state employment, provided the employee has had continuous employment with the State for six months. The School does not record a liability for sick pay or vacation benefits. UT does record a liability for compensable absences.

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

Data Control Codes - These codes refer to the account code structure prescribed by the Texas Education Agency (TEA) in the Resource Guide. TEA requires the display of these codes in the financial statements filed with the Agency in order to ensure accuracy in building a Statewide database for policy development and funding plans.

Subsequent Events - Management has evaluated subsequent events through January 8, 2026, the date the financial statements were available to be issued.

DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The 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 School's agent bank approved pledged securities in an amount sufficient to protect 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 ("FDIC") insurance. The School's funds are maintained by UT.

**UNIVERSITY OF TEXAS - UNIVERSITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2025**

On a monthly basis, UT provides the School with a statement of account showing all fund activities for the month and ending monthly balances which is then reconciled to the accounts of the School. Such deposits are insured to protect School funds on a day-to-day basis during the period of the contract. The pledge of approved securities is collateralized with securities held by the University of Texas at Austin in UT's name. The School does not maintain investments of any kind since funds available are retained by UT, therefore, no interest accrues to the School.

B. DUE FROM OTHER GOVERNMENTS

The School participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the School receives entitlements from the State through the School Foundation and Per Capita Programs. These amounts are reported on the governmental fund financial statements as Due from Other Governments.

Amounts due from federal and state governments as of August 31, 2025 are summarized as follows:

Fund	State Programs	Federal Grants	Total
General Fund	557,210	-	557,210
Special Revenue Funds	56,136	148,917	205,053
	<u>613,346</u>	<u>148,917</u>	<u>762,263</u>

C. INTERFUND BALANCES AND TRANSFERS

Interfund due to/from balances at August 31, 2025 consisted of the following amounts:

<u>Amounts due to General Fund from Other Governmental Funds:</u>	
Special Revenue Funds	<u>205,053</u>

Transfers are used to move revenues from the fund that the budget requires to collect them to the fund that the budget requires to expend them or to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. There were no interfund transfers during the year ended August 31, 2025.

D. RISK MANAGEMENT

The School is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2025, the School, through UT, was covered by commercial insurance. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

**UNIVERSITY OF TEXAS - UNIVERSITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2025**

E. PENSION PLAN

Defined Benefit Pension Plan

Plan Description. The 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 of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System'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 <http://www.trs.texas.gov/learning-resources/publications>; by writing to TRS at attention Finance Division, P.O. Box 149676, Austin, TX, 78714-0185; or by calling (800) 223-8778.

Net Pension Liability. The School's proportionate share of the TRS Net Pension Liability is included as part of the UT System's proportionate share, and is reflected on their financial statements.

Additional information regarding the UT System's proportional share of the obligation may be obtained for the UT System at <https://www.utsystem.edu/sites/default/files/documents/report-state/2025/consolidated-annual-financial-report-fy-2025/uts-fy25-and-fy24-audit-reportfinal121125.pdf>

F. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Other Post -Employment Benefit Plan (OPEB)

In addition to providing pension benefits, the State provides certain health (medical and pharmacy) 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.

**UNIVERSITY OF TEXAS - UNIVERSITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2025**

Texas Senate Bill 1055, which was signed by the Governor on May 10, 2023, added UT into the UT System. As a result, eligible employees, inactive employees, and retired employees of UT became members under this OPEB plan effective September 1, 2023.

Plan Description. OPEB are provided to the U.T. System's retirees under the UT System Employee Group Insurance Program (EGIP). The EGIP is a single-employer defined benefit OPEB plan; however, due to the State statute requiring appropriations for funding the plan, the State is reporting a proportionate share.

The System and member contribution rates are determined annually by the System based on the recommendations of the OEB staff and consulting actuary. The contribution rates are determined based on the benefit and administrative costs expected to be incurred and (i) the funds appropriated and (ii) the funding policy established by the Texas Legislature in connection with benefits provided through the EGIP. The System revises benefits when necessary to match expected benefit and administrative costs with available revenue. The plan 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.

Net OPEB Liability. The School's proportionate share of the TRS Net OPEB Liability is included as part of the UT System's proportionate share, and is reflected on their financial statements.

Additional information regarding the UT System's proportional share of the obligation may be obtained for the UT System at <https://www.utsystem.edu/sites/default/files/documents/report-state/2025/consolidated-annual-financial-report-fy-2025/uts-fy25-and-fy24-audit-reportfinal121125.pdf>

G. DEFERRED COMPENSATION

UT employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in the TEX. GOV'T. CODE ANN., Sec 609.001. Two plans are available for employees: the 403(b) Tax Sheltered Annuity (TSA) plan and the Texasaver 457(b) plan. The TSA is administered by UT. The 457(b) plan is administered by the Employees Retirement System of Texas.

H. HEALTH CARE COVERAGE

UT provides health care benefits to all School employees who meet UT employment qualifications and requirements. Contributions are required for coverage of dependents. During the year UT deducted amounts from the School's cash accounts to cover their portion of health care coverage.

**UNIVERSITY OF TEXAS - UNIVERSITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2025**

I. COMMITMENTS AND CONTINGENCIES

The School participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

J. RELATED PARTY TRANSACTIONS

The School operates within the College of Education (COE) as detailed in Note A1; therefore, the School has several transactions within UT. In addition to payroll and supplies processed or purchased through UT, significant financial transactions include the following:

Administrative Service Charges to UT	<u><u>759,580</u></u>
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Required Supplementary Schedules

**UNIVERSITY OF TEXAS - UNIVERSITY CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2025**

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
5700	Local and intermediate sources	-	-	-
5800	State program revenues	9,870,873	10,232,512	10,464,903
5900	Federal program revenues	-	-	-
5020	Total revenues	9,870,873	10,232,512	10,464,903
EXPENDITURES:				
0011	Instruction	6,171,497	7,148,633	7,124,139
0012	Instructional resources and media services	71,947	71,947	65,928
0013	Curriculum and staff development	38,952	40,952	40,549
0023	School leadership	1,419,303	1,159,533	1,079,043
0031	Guidance, counseling, and evaluation services	286,930	168,523	141,656
0033	Health services	65,296	65,296	63,708
0041	General administration	1,299,988	1,299,988	1,282,856
0051	Plant maintenance and operations	147,320	147,320	81,163
0052	Security and monitoring services	233,563	89,849	6,436
0053	Data processing services	549,916	549,916	477,945
0061	Community services	377,303	301,592	280,797
6030	Total expenditures	10,662,015	11,043,549	10,644,220
1100	Excess (deficiency) of revenues over expenditures	(791,142)	(811,037)	(179,317)
OTHER FINANCING SOURCES (USES):				
7915	Transfers in	-	-	-
8911	Transfers out (use)	-	-	-
7080	Total other financing sources (uses)	-	-	-
1200	Net change in fund balances	(791,142)	(811,037)	(179,317)
0100	Fund balance - September 1 (beginning)	5,208,570	5,208,570	5,208,570
3000	Fund balance - August 31 (ending)	4,417,428	4,397,533	5,029,253

The accompanying notes are an integral part of this statement

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Combining Schedules

**UNIVERSITY OF TEXAS - UNIVERSITY CHARTER SCHOOL
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2025**

Data Control Codes	Special Revenue Funds			
	211	224	225	255
	Title I, Part A	IDEA, Part B - Formula	IDEA, Part B - Preschool	Title II A, Training/ Recruiting
ASSETS				
1110	Cash and cash equivalents	-	-	-
1240	Due from other governments	53,142	10,499	10,846
1000	Total Assets	53,142	10,499	10,846
LIABILITIES				
2170	Due to other funds	53,142	10,499	10,846
2000	Total Liabilities	53,142	10,499	10,846
FUND BALANCES				
Restricted Fund Balance:				
3450	Federal or state grant programs	-	-	-
3490	Other restricted fund balance	-	-	-
3000	Total Fund Balances	-	-	-
4000	Total Liabilities, Deferred Inflows and Fund Balances	53,142	10,499	10,846

Special Revenue Funds

263	282	288	289	410	429	499	Total
Title III A	ESSER III		Other	State	Other		Nonmajor
English Lang.	ARP	Title I,	Federal	Textbook	State	Various	Governmental
Acquisition	Act	Part D	Programs	Fund	Programs	Donors	Funds
-	-	-	-	-	-	11,966	11,966
500	-	67,581	6,349	-	56,136	-	205,053
500	-	67,581	6,349	-	56,136	11,966	217,019
500	-	67,581	6,349	-	56,136	-	205,053
500	-	67,581	6,349	-	56,136	-	205,053
-	-	-	-	-	-	-	-
-	-	-	-	-	-	11,966	11,966
-	-	-	-	-	-	11,966	11,966
500	-	67,581	6,349	-	56,136	11,966	217,019

**UNIVERSITY OF TEXAS - UNIVERSITY CHARTER SCHOOL
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2025**

Data Control Codes	Special Revenue Funds			
	211	224	225	255
	Title I, Part A	IDEA, Part B - Formula	IDEA, Part B - Preschool	Title II A, Training/ Recruiting
REVENUES				
5700	Total local and intermediate sources	-	-	-
5800	State program revenues	-	-	-
5900	Federal program revenues	491,074	430,398	1,603
5020	Total Revenues	<u>491,074</u>	<u>430,398</u>	<u>1,603</u>
EXPENDITURES				
0011	Instruction	250,136	253,411	1,535
0013	Curriculum and staff development	198,597	-	-
0023	School leadership	21,644	1,298	8,931
0031	Guidance, counseling, & evaluation services	-	157,716	-
0041	General administration	20,697	17,973	68
0051	Facilities maintenance & operations	-	-	-
0052	Security and monitoring services	-	-	-
0061	Community services	-	-	-
6030	Total Expenditures	<u>491,074</u>	<u>430,398</u>	<u>1,603</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
OTHER FINANCING SOURCES (USES)				
7915	Transfers in	-	-	-
8911	Transfers out	-	-	-
7080	Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	-
0100	Fund balances, beginning	-	-	-
3000	Fund balances, ending	<u>-</u>	<u>-</u>	<u>-</u>

Special Revenue Funds							Total Nonmajor Governmental Funds
263 Title III A English Lang. Acquisition	282 ESSER III ARP Act	288 Title I, Part D	289 Other Federal Programs	410 State Textbook Fund	429 Other State Programs	499 Various Donors	
-	-	-	-	-	-	182,224	182,224
-	-	-	-	-	150,000	-	150,000
500	1,955	378,296	40,458	-	-	-	1,371,876
500	1,955	378,296	40,458	-	150,000	182,224	1,704,100
-	1,875	188,283	35,643	-	-	174,895	923,276
-	-	-	-	-	-	600	199,197
-	-	132,795	3,132	-	36,701	-	204,501
-	-	41,275	-	-	-	-	198,991
500	80	15,943	1,683	-	-	3,862	61,969
-	-	-	-	-	110,136	6,753	116,889
-	-	-	-	-	3,163	-	3,163
-	-	-	-	-	-	2,510	2,510
500	1,955	378,296	40,458	-	150,000	188,620	1,710,496
-	-	-	-	-	-	(6,396)	(6,396)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	(6,396)	(6,396)
-	-	-	-	-	-	18,362	18,362
-	-	-	-	-	-	11,966	11,966

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Required TEA Schedules

**STEPHEN F. AUSTIN STATE UNIVERSITY CHARTER SCHOOL
SCHEDULE OF EXPENDITURES BY OBJECT CODE
GENERAL AND SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025**

<u>Expenditures</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
6100 Payroll costs	\$ 9,089,190	\$ 1,370,587	\$ 10,459,777
6200 Professional and contracted services	364,620	207,775	572,395
6300 Supplies and materials	273,915	67,312	341,227
6400 Other operating costs	916,496	64,821	981,317
Total	<u>\$ 10,644,221</u>	<u>\$ 1,710,495</u>	<u>\$ 12,354,716</u>

**UNIVERSITY OF TEXAS - UNIVERSITY CHARTER SCHOOL
SCHEDULE OF RELATED PARTY TRANSACTIONS
FOR THE YEAR ENDED AUGUST 31, 2025**

Related Party Name	Name of Relation to the Related Party	Relationship	Type of Transaction	Description of Terms and Conditions	Source of Used Funds	Payment Frequency	Total Paid During FY	Entire Year's Adjustments	Principal Balance Due
The University of Texas at Austin	Component Unit	Division	Financial	Charge to all Components	State Funds	Monthly	\$ 702,523	-	-
The University of Texas at Austin	Component Unit	Division	Financial	Charge to all Components	Federal Funds	Monthly	<u>\$ 57,057</u>	<u>-</u>	<u>-</u>
							<u><u>\$ 759,580</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

**UNIVERSITY OF TEXAS - UNIVERSITY CHARTER SCHOOL
 SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST
 FOR THE YEAR ENDED AUGUST 31, 2025**

<u>Date of Purchase</u>	<u>Description</u>	<u>Property Address</u>	<u>Total Assessed Value</u>	<u>Ownership State Funds</u>	<u>State Funds</u>	<u>Federal Funds</u>
None			-	-	-	-

The School does not have ownership interest in any real proerty.

**UNIVERSITY OF TEXAS - UNIVERSITY CHARTER SCHOOL
USE OF FUNDS REPORT - STATE ALLOTMENT PROGRAMS
FOR THE YEAR ENDED AUGUST 31, 2025**

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	<u>Yes</u>
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	<u>Yes</u>
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	<u>\$ 498,747</u>
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	<u>\$ 339,833</u>

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the district's fiscal year?	<u>Yes</u>
AP6	Does the LEA have written policies and procedures for its bilingual education program?	<u>Yes</u>
AP7	List the total state allotment funds received for bilingual education programs during the district's fiscal year.	<u>\$ 11,932</u>
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year.	<u>\$ 10,650</u>

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FEDERAL AWARDS SECTION



G o f f & H e r r i n g t o n , P . C .

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A.J. Goff, CPA
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Laurie Durbin, CPA

Certified Public Accountants

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

Members of the Advisory Board
University of Texas - University Charter School
Nacogdoches, Texas

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 University of Texas - University Charter School (School), as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated January 8, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School'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 School's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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.

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

Members of the Advisory Board

January 8, 2026

Page 2

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 Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 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.

Goff & Herrington, P.C.

GOFF & HERRINGTON, P.C.

Certified Public Accountants

January 8, 2026



Certified Public Accountants

G o f f & H e r r i n g t o n , P . C .

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Members of the Advisory Board
University of Texas - University Charter School
Nacogdoches, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the University of Texas - University Charter School (School) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2025.

Basis for Opinion on Each Major Federal Program

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

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Members of the Advisory Board

January 8, 2026

Page 2

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

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

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Members of the Advisory Board
January 8, 2026
Page 3

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

Report on Internal Control over Compliance

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

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

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

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

Goff & Herrington, P.C.
GOFF & HERRINGTON, P.C.
Certified Public Accountants

January 8, 2026

**UNIVERSITY OF TEXAS - UNIVERSITY CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2025**

Section I - Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	___yes <u>X</u> no
Significant Deficiencies identified that are not considered to be material weaknesses?	___yes <u>X</u> no
Noncompliance material to financial statements noted?	___yes <u>X</u> no

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	___yes <u>X</u> no
Significant Deficiencies identified that are not considered to be material weaknesses?	___yes <u>X</u> no
Type of auditor's report on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___yes <u>X</u> no

Identification of Major Programs

<u>Fed. Asst. Listing No.</u>	
84.010A	ESEA, Title I, Part A
84.010A	Title I, Part D
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as a low risk auditee?	<u>X</u> yes ___no

Section II - Financial Statement Findings

None identified.

Section III - Federal Award Findings and Questioned Costs

None identified.

**UNIVERSITY OF TEXAS - UNIVERSITY CHARTER SCHOOL
SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2025**

There were no findings reported for the prior year.

**UNIVERSITY OF TEXAS - UNIVERSITY CHARTER SCHOOL
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2025**

None required.

**UNIVERSITY OF TEXAS - UNIVERSITY CHARTER SCHOOL
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2025**

(1) Federal Grantor/ Pass-Through Grantor/ Program title	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. Department of Education			
<i>Direct from Texas Education Agency</i>			
Title III, English Language Acquisition	84.865A	227806	500
Total Direct			<u>500</u>
<i>Passed through state and county</i>			
ESEA Title 1, Part A	84.010A	25610101227806	491,074
ESEA Title 1, Part D	84.010A	25610103227806	378,296
IDEA Part B Formula	84.027A	256600012278066000	430,398
IDEA Part B Preschool	84.173A	256610012278066000	1,603
Special Education (IDEA) cluster			<u>432,001</u>
COVID 19 - ARP - Elementary and Secondary School Relief (ESSER) Fund	84.367U	21528001227806	1,955
Total Education Stabilization Fund (ESF) Cluster			<u>1,955</u>
ESEA Title II, Part A	84.367A	25694501227806	27,592
ESEA Title VI, Part a	84.358A	25680101227806	40,458
Passed through Texas Education Agency			<u>1,371,376</u>
Total Department of Education			<u>1,371,876</u>
Total Expenditures of Federal Awards			<u><u>1,371,876</u></u>

UNIVERSITY OF TEXAS - UNIVERSITY CHARTER SCHOOL
NOTES TO THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2025

Basis of Presentation:

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the School under programs of the federal government for the year ended August 31, 2025. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

Summary of Significant Accounting Policies:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current-financial-resources measurement focus. All federal grant funds are accounted for in the Special Revenue Fund, a component of the governmental funds. With this measurement focus, only current assets and current liabilities, generally, are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified-accrual basis of accounting is used for the governmental funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual (measurable and available) and expenditures in the accounting period in which the fund liability is incurred, except that principal and interest on general long-term debt are recognized when due. Federal grant funds are considered to be earned when all eligibility requirements have been met. Any excess of revenues or expenditures is recorded as unearned revenues or accounts receivable, respectively.

The disbursement of funds received under federal grant programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund. In the opinion of management, such disallowed claims, if any, will not have a material effect on any of the financial statements of the individual fund types or on the overall financial position of the School at August 31, 2025.

Indirect Cost Rate

The School has elected not to use the 15-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**UNIVERSITY OF TEXAS - UNIVERSITY CHARTER SCHOOL
SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
FOR THE YEAR ENDED AUGUST 31, 2025**

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	<p>Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.)</p> <p>Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.</p> <p>Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.</p>	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, the school district is considered to have been 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 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 board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Not Applicable
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ -

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