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Required Auditor Disclosure Letter

December 30, 2019

To the School Board of
The University of Texas of the Permian Basin STEM Academy:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The University of Texas of the Permian Basin STEM Academy (the “School”) (a department of The University of Texas of the Permian Basin, which is an agency of the State of Texas), as of and for the year ended August 31, 2019, and have issued our report thereon dated December 30, 2019. Professional standards require that we provide the School Board (the “governing body”) with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards*), as well as certain information related to the planned scope and timing of the audit.

I. Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated August 12, 2019, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with the governing body’s oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve the governing body or management of its responsibilities.

II. Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to the governing body in our engagement letter dated August 12, 2019.

III. Significant Audit Findings

I. *Qualitative Aspects of Accounting Practices*

- A. Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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- B. The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the School's relationship with University of Texas of the Permian Basin, including direct and indirect support provided through revenue, management oversight, services and supplies, and operations.

2. Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

3. Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule summarizes both material and immaterial misstatements detected as a result of our audit procedures.

4. Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

5. Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 30, 2019.

6. Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

7. Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

IV. Other Matters

We applied certain limited procedures to the Required Supplementary Information (RSI), as identified on the table of contents, that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information, as identified on the table of contents, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory information or schedule of required responses to selected school first indicators, which accompanies the financial statements but is not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

V. Restrictions on Use

This information is intended solely for the use of the governing body and management of the School and is not intended to be, and should not be, used by anyone other than these specified parties.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas

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12/23/2019
11:28 AM

Client: **UT Permian Basin STEM Academy**
 Engagement: **4.1 - UT Permian Basin STEM Academy 08/31/19**
 Period Ending: **8/31/2019**
 Trial Balance: **2.2.01 - TB**
 Workpaper: **2.6 - Journal Entries Report**

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
To correct FSP payment recorded in Foundation revenue.			
4200058120000000000	Foundation school program act	31,333.00	
4200058110000000000	Per capita apportionment		31,333.00
Total		31,333.00	31,333.00
Adjusting Journal Entries JE # 2			
To recognize deferred revenue in current year.			
4990023100000000000	Deferred revenue	8,914.28	
4990057490000000000	Other revenues from local sources		8,914.28
Total		8,914.28	8,914.28
Adjusting Journal Entries JE # 3			
To recognize 2018 revenue and expenditures in current year activity.			
2241161190000123000	Salaries or Wages for Teachers	18,861.98	
2240059290000000000	Federal revenues		18,861.98
Total		18,861.98	18,861.98
Adjusting Journal Entries JE # 4			
Client adjusting entry.			
4200011100000000000	Cash & Cash Equivalents	39.00	
4201163990000111000	General supplies	22,389.00	
4991163990000199000	General supplies	542.63	
4200011100000000000	Cash & Cash Equivalents		22,389.00
4200057490100000000	Other revenues from local sources		39.00
4990011100000000000	Cash & Cash Equivalents		542.63
Total		22,970.63	22,970.63
Total Adjusting Journal Entries		82,079.89	82,079.89
Total All Journal Entries		82,079.89	82,079.89