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Annual Financial and Compliance Report

Each year, a Charter School, Independent School District (ISD) or education service center (ESC) must take the following steps:

- 1. Prepare its annual financial statements.
- 2. Have its annual financial statements audited by a licensed independent certified public accountancy (CPA) firm.
- 3. Submit the resulting audited annual financial and compliance report (AFR) and additional data to the Texas Education Agency (TEA) for review.

When is the AFR due to TEA?

An AFR is due by no later than 150 days after the close of a district's fiscal year. The following table shows the due dates for different fiscal year calendars.

If a district's fiscal year ends on	then the AFR is due to TEA on or before
August 31,	January 28.
June 30,	November 27.

- The Texas Education Code (TEC), §44.008 [🔗](https://statutes.capitol.texas.gov/Docs/ED/htm/ED.44.htm#44.008) (https://statutes.capitol.texas.gov/Docs/ED/htm/ED.44.htm#44.008), does not provide for any extension when the date falls on a holiday or weekend. The AFR is also not required to be submitted earlier.
- A complete, board approved, and signed AFR in PDF and data feed text file must be received through the AUDIT application in the TEA Login (TEAL) secure environment to meet submission requirements.
- Emailing of the required AFR files does not meet submission requirements.
- The AUDIT application in TEAL is open 24 hours a day, seven days a week to accept electronic AFR submissions.

Anticipated change to November 27, 2025, Due Date

Due to delays in the release of the final 2025 Office of Management and Budget (OMB) Compliance Supplement and in the development of the new Audit 2.0 application in TEAL, the FY2025 annual financial report (AFR) due date for charter schools and school districts with a fiscal year-end date of June 30 will probably be later than November 27, 2025. The FY2025 AFR submission due date for these entities may be delayed until January. As January approaches, TEA will be revisiting the January due date if the final 2025 OMB Compliance Supplement has still not been released.

In addition, we anticipate that the new Audit 2.0 application will open with a soft launch in mid-December 2025 for a select number of schools. The Audit 2.0 application will then open for all the remaining schools and ESCs in January 2026. Beginning in late October or early November users should be able to apply for the new Audit 2.0 application in TEAL.

In mid-October, we will issue an official To the Administrator Addressed (TAA) [🔗](https://nam10.safelinks.protection.outlook.com/?url=https%3A%2F%2Ftea.texas.gov%2Fabout-tea%2Fnews-and-multimedia%2Fcorrespondence&data=05%7C02%7CPaul.Moreno%40tea.texas.gov%7C408afd65fd7d4e5879da08de027faa1f%7C65d6b3c3723648189613248dbd713a) (https://nam10.safelinks.protection.outlook.com/?url=https%3A%2F%2Ftea.texas.gov%2Fabout-tea%2Fnews-and-multimedia%2Fcorrespondence&data=05%7C02%7CPaul.Moreno%40tea.texas.gov%7C408afd65fd7d4e5879da08de027faa1f%7C65d6b3c3723648189613248dbd713a) notification concerning the FY2025 AFR submission due date and when the Audit 2.0 training will begin.

Preparation of the Annual Financial Report submission

The AFR electronic submission summary:

1. Prepare annual financial statements and have them audited by a licensed independent CPA firm.
2. Have the audited AFR approved by its board.
3. Prepare a PDF version of its board-approved, audited AFR.
4. Ensure that the AFR PDF file includes:
 - Certificate of Board
 - Indicated to be approved or disapproved
 - Complete date: month, date, and year
 - Signed by board president and secretary (or other board member in place of)
 - Signed and dated auditor's reports
 - Federal single audit report (required when \$750,000 or more in federal expenditures)
 - Management letter (if issued)
 - Schedule L-1, Required Responses to Selected School FIRST Indicators (ISDs only, Charter Schools submit schedule RQ1 in data feed only)
5. Prepare data feed text file submission.
6. Ensure that the financial information in the AFR and data feed are consistent.
7. Submit Both the PDF and data feed through the AUDIT application in the Texas Education Agency Login (TEAL)
8. Review the PDF and data feed submission for consistency and completeness.
9. Finalize the data feed text file.
10. Use the *VIEW District Status* menu option in the AUDIT application to open and view each PDF file for completeness, and verify that the data feed is submitted and finalized.

For instructions on submitting the AFR and data feed to TEA, see Electronic Submissions (/finance-and-grants/financial-compliance/electronic-submissions).

Common Issues with Annual Financial Report submissions

The following presentation(s) summarize the common issues identified during reviews of the annual financial report PDF and data feed file submissions. The third presentation provides information on updates to two ISD data feed schedules for FY2023 submissions.

- FY2022 AFR Common Issues - Charter Schools (/finance-and-grants/financial-compliance/charter-school-afr-common-issues-found.pdf) (PowerPoint in PDF)
- FY2022 AFR Common Issues - ISDs [🔗](https://www.youtube.com/watch?v=wJhxtbDHMY) (https://www.youtube.com/watch?v=wJhxtbDHMY) (Video)
- FY2023 AFR Updates to the Data Feed schedules - ISDs Balance Sheet (C-1) and Statement of Revenues, Expenditures, and Changes in Fund Balances (C-2) (/finance-and-grants/financial-compliance/fy2022-updates-to-the-c1-and-c2-schedules-isds.pdf) (PowerPoint in PDF)

Listing of External Audit Firms

We have provided a listing of independent audit firms that have performed audits of charter schools and school districts in Texas for the most recent audit year. The firms are listed by the name under which the audit was performed and the number of audits performed in each ESC region. Please refer to the Texas State Board of Public Accountancy website at <https://www.tsbpa.texas.gov/php/fpl/frmllookup.php> [🔗](https://www.tsbpa.texas.gov/php/fpl/frmllookup.php) (https://www.tsbpa.texas.gov/php/fpl/frmllookup.php) for contact information, name changes, and the license status of each firm.

Please note that this posting is not an endorsement of any of the firms listed.

Charter schools, ESCs, and school districts in Texas must ensure their independent auditor:

- is a CPA firm that has a current valid license issued by the Texas State Board of Public Accountancy;
- is a CPA with a current valid license issued by the Texas State Board of Public Accountancy;
- is a member of the AICPA Governmental Audit Quality Center (GAQC) (<http://www.aicpa.org/interestareas/governmentalauditquality.html>) [🔗](http://www.aicpa.org/interestareas/governmentalauditquality.html) (<http://www.aicpa.org/interestareas/governmentalauditquality.html>); and
- meets all additional rules of the TEC, §44.008 [🔗](https://statutes.capitol.texas.gov/Docs/ED/htm/ED.44.htm#44.008) (https://statutes.capitol.texas.gov/Docs/ED/htm/ED.44.htm#44.008), 19 Texas Administrative Code (TAC) §109.23 [🔗](https://texas-sos.appianportalsgov.com/rules-and-meetings?) (https://texas-sos.appianportalsgov.com/rules-and-meetings?)

\$locale=en_US&interface=VIEW_TAC_SUMMARY&queryAsDate=03%2F20%2F2025&recordId=200664), and all other requirements.

Out-of-State CPA Firms Unlicensed in Texas

An out-of state CPA firm unlicensed in Texas can perform a Texas school audit; however, the auditor signing off on the audit is required to be a Texas licensed CPA per the Texas Education Code §44.008(a) and Texas Administrative Code §109.23(d)(1)(B).

The following spreadsheet contains a listing of external certified public accounting firms that performed audits of charter schools, governmental charter schools, and school districts:

- Independent Audit Firms (csv, 9 KB) (/finance-and-grants/financial-compliance/cs-govcs-isd-external-audit-firms.csv)

Electronic AFR Public Viewer

To view a prior AFR, search the Database of Prior Annual Financial and Compliance Reports (<https://tealprod.tea.state.tx.us/Audit/Public/PDFViewer.asp>).

Statutes and Rules Related to the AFR

- TEC, §8.102, Data Reporting [↗](http://www.statutes.legis.state.tx.us/Docs/ED/htm/ED.8.htm#8.102) (http://www.statutes.legis.state.tx.us/Docs/ED/htm/ED.8.htm#8.102) (applies only to ESCs)
- TEC, §39.081, Definitions [↗](http://www.statutes.legis.state.tx.us/Docs/ED/htm/ED.39.htm#39.081) (http://www.statutes.legis.state.tx.us/Docs/ED/htm/ED.39.htm#39.081) (relating to School FIRST indicators)
- TEC, §39.083, Reporting [↗](http://www.statutes.legis.state.tx.us/Docs/ED/htm/ED.39.htm#39.083) (http://www.statutes.legis.state.tx.us/Docs/ED/htm/ED.39.htm#39.083) (relating to AFRs)
- TEC, §44.008, Annual Audit; Report [↗](http://www.statutes.legis.state.tx.us/Docs/ED/htm/ED.44.htm#44.008) (http://www.statutes.legis.state.tx.us/Docs/ED/htm/ED.44.htm#44.008)
- 19 TAC §109.23 [↗](https://texas-sos.appianportalsgov.com/rules-and-meetings?locale=en_US&interface=VIEW_TAC_SUMMARY&queryAsDate=03%2F20%2F2025&recordId=200664) (https://texas-sos.appianportalsgov.com/rules-and-meetings?locale=en_US&interface=VIEW_TAC_SUMMARY&queryAsDate=03%2F20%2F2025&recordId=200664) (relating to AFRs)
- Financial Accountability System Resource Guide* (FASRG) (/node/106183),
 - Module 1: Financial Accounting and Reporting (FAR) (PDF, 2,518KB) (/sites/default/files/fasrg17-module1-final-accessible.pdf)
 - Module 2: Special Supplement—Charter Schools (PDF, 1,556KB) (/sites/default/files/fasrg17-module2-final-accessible.pdf)
- 19 TAC §109.41 [↗](https://texas-sos.appianportalsgov.com/rules-and-meetings?locale=en_US&interface=VIEW_TAC_SUMMARY&queryAsDate=03%2F20%2F2025&recordId=217151) (https://texas-sos.appianportalsgov.com/rules-and-meetings?locale=en_US&interface=VIEW_TAC_SUMMARY&queryAsDate=03%2F20%2F2025&recordId=217151) (relating to the FASRG)

Contact Information

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