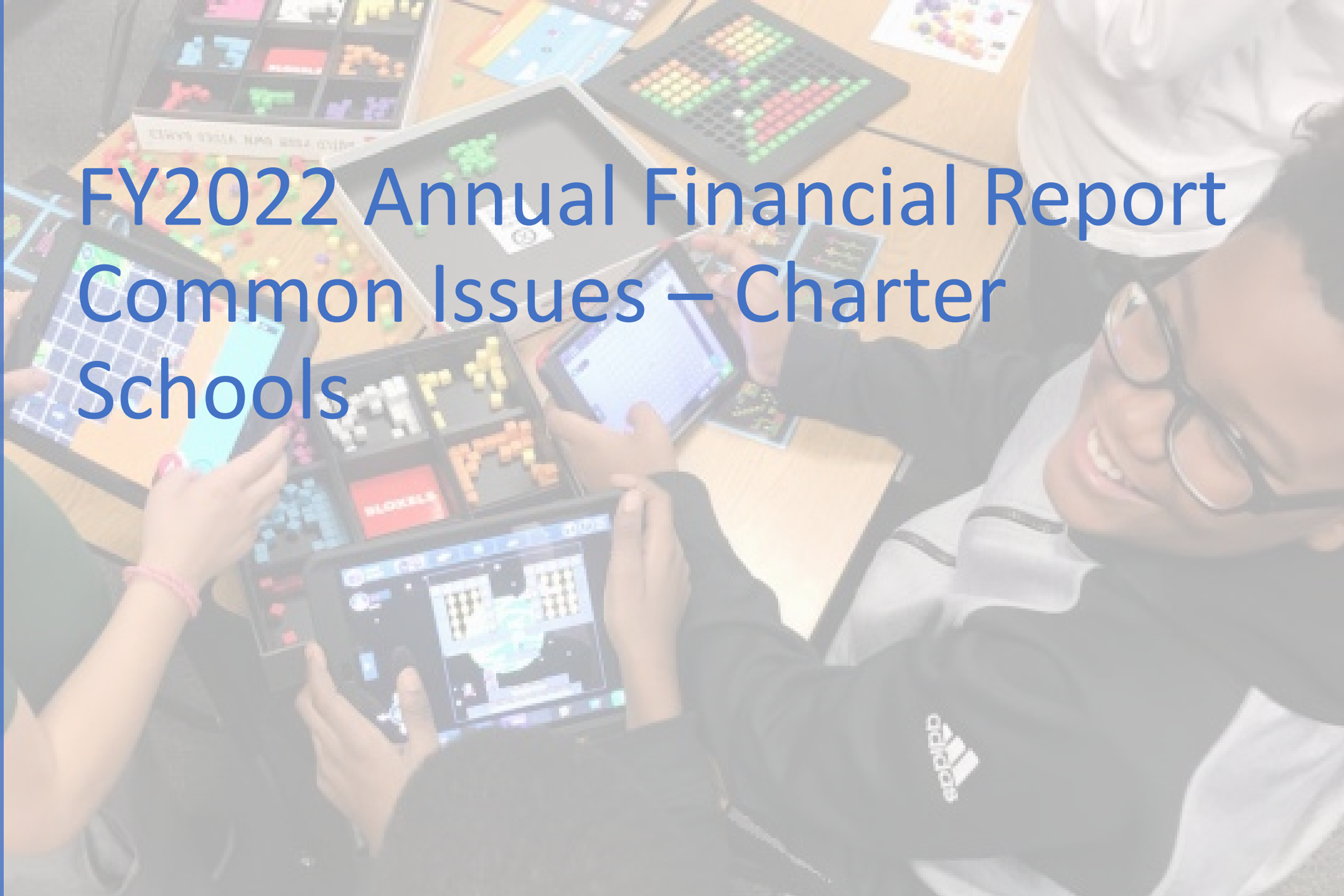




FY2022 Annual Financial Report Common Issues – Charter Schools



- Incomplete AFR PDF Submission
- Data feed – inconsistent entries between the PDF and DF schedules
- Exhibit B.11 Schedule of Assets incomplete
- Notes to the Budgetary Comparison Schedule
- Pension Plan Obligation Disclosures

Incomplete AFR PDF – Certificate of Board

CERTIFICATE OF BOARD

Name of School District

County

Co.-Dist. Number

We, the undersigned, certify that the attached annual financial and compliance report of the above-named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2022 at a meeting of the Board of Trustees of such school district on the 23rd day of February 2023.

Signature of Board Secretary
Vice President

Signature of Board President

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

- The Certificate of Board should indicate if governing body approved or disapproved contents of the AFR

CERTIFICATE OF BOARD

Name of Charter Holder [REDACTED] **County** [REDACTED] **Co.-District Number** [REDACTED]

We, the undersigned, certify that the attached annual financial reports of the above named charter school were reviewed and (check one) approved disapproved for the year ended August 31, 2022, at a meeting of the Board of Directors of such school on the 25th day of [REDACTED], 2023.

Signature of Board Secretary [REDACTED] **Signature of Board President** [REDACTED]

9/25/2023

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


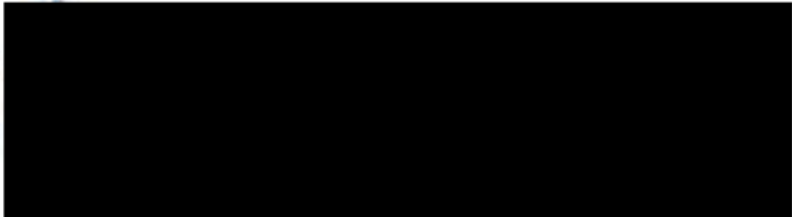
- The Certificate of Board should have a complete date (Month, Day, and Year)

Example of Complete Certificate of Board

CERTIFICATE OF BOARD

<u>Quinlan Independent School District</u> Name of School District	<u>Hunt</u> County	<u>116-908</u> Co.-Dist. Number
---	-----------------------	------------------------------------

We, the undersigned, certify that the attached auditor's report of the above named school district was reviewed and ✓ approved/ _____ disapproved for the year ended June 30, 2014, at a meeting of the board of school trustees of such school district on 9/15/2014.

 _____ Signature of Board Secretary	 _____ Signature of Board President
---	--

Annual Financial Report Issues – Data Feed entries

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2022

<u>Cash Flows From Operating Activities</u>	
Change in net assets	\$ 1,162,626
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Depreciation	228,149
Increase in due from governments	(379,944)
Decrease in accrued liabilities	<u>(1,146)</u>
	<u>1,009,685</u>
 <u>Cash Flows From Investing Activities</u>	
Acquisition of property and equipment	<u>(47,407)</u>
 <u>Cash Flows From Financing Activities</u>	
Payments on note payable	<u>(146,095)</u>

- Data feed entries should include a minus (-) sign to indicate when a number is negative.

Account Descriptions	1 Total
<i>Cash Flow from Financing Activities</i>	
Principal Payments	146,095
Net Cash Provided (Used) by Financing Activities	-146,095

Annual Financial Report Issues – Data Feed entries

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? No
- Significant deficiencies identified? None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal program or cluster:

Child Nutrition Cluster ALN 10.553, 10.555
 Education Stabilization Fund ALN 84.425

- The B15a data feed schedule should include the identification of major programs as reported in the Schedule of Findings and Questioned Costs.

q7	Type of auditor's report issued on compliance for major programs	<input type="text" value="Unmodified"/>			
q8	Are there any audit findings disclosed that are required to be reported in accordance with Uniform Guidance (2 CFR §200)?	<input type="text" value="no"/>			
q9	Dollar Threshold used to distinguish between Type A and Type B programs	<input type="text" value="\$750,000"/>			
q10	Auditee qualified as a low-risk auditee?	<input type="text" value="yes"/>			
Data Codes	Account Descriptions	1 Answer	2 Federal CFDA Number	3 Name of Federal Program or Cluster	4 Federal Expenditures
	<i>Identification of Major Programs</i>				
	Data		<input type="text"/>	<input type="text"/>	<input type="text"/>
	Data		<input type="text"/>	<input type="text"/>	<input type="text"/>
	Data		<input type="text"/>	<input type="text"/>	<input type="text"/>

Exhibit B.11.a Sample Schedule of Assets for Individual Charter School 1			
Anywhere Charter School Schedule of Assets For the Year Ended August 31, 20BB			
	Ownership Interest		
	Local	State	Federal
1110 Cash		\$ x,xxx	
1120 Investments		xxx,xxx	
1510 Land and Improvements		xxx,xxx	
1520 Buildings and Improvements		xxx,xxx	
1531 Vehicles		xxx,xxx	\$ xx,xxx
1539 Furniture and Equipment	\$ xx,xxx		xx,xxx
Total Cash, Investments, and Capital Assets	<u>\$ xx,xxx</u>	<u>\$ xxx,xxx</u>	<u>\$ xx,xxx</u>

- The FASRG v18 revised the Schedule of Assets (formerly Schedule of Capital Assets) to include Cash and Investments (as applicable).
- If any exhibit amounts differ from the amounts reported on the applicable statement of financial position or notes to the financial statements, the exhibit must include a reconciliation of amounts disclosed to the applicable statement of financial position.

Annual Financial Report Issues – Exhibit B.12 Budgetary Comparison Schedule

- The AFR must include a budgetary comparison schedule for the fiscal year end of each individual charter school operated by the charter holder. This special-purpose schedule must disclose revenues by detailed object code and expenses by detailed function code as defined in Module 3: Special Supplement—Nonprofit Charter School Chart of Accounts.
- If the exhibit discloses a variance(s) between the final budgeted amounts and the actual amounts that **exceed** 10 percent of the final budgeted amount, the charter holder must include a written statement discussing the cause of the variance and the corrective action(s) that were taken to ensure that the charter school adheres to its budget.
- If the original and final budgeted amounts **vary** by more than 10 percent of the original budgeted amounts (positive or negative), the charter holder must include a written statement discussing the cause of the variance(s).

Example of Exhibit B.12 Budgetary Comparison Schedule

BUDGETARY COMPARISON SCHEDULE

For the Year Ended August 31, 2022

	Budgeted Amount:		Variance From Original to Final Budget	Actual Amount:	Variance From Final Budget to Actual
	Original	Final			
REVENUES AND OTHER SUPPORT					
Local Support:					
5740 Other Revenues from Local Sources	\$ 303,320	\$ 446,666	\$ 143,346 [1]	\$ 444,206	\$ (2,460)
Total Local Support	303,320	446,666	143,346	444,206	(2,460)
State Program Revenues:					
5810 Foundation School Program Act Revenues	1,552,407	1,570,407	18,000	1,541,675	(28,732)
5820 State Program Revenues: Distributed by the Texas Education Agency	10,717	10,717	-	10,539	(178)
Total State Program Revenues	1,563,124	1,581,124	18,000	1,552,214	(28,910)
Federal Program Revenues:					
5920 Federal Revenues: Distributed by the Texas Education Agency	496,148	501,293	5,145	495,966	(5,327)
5940 Federal Revenues: Distributed Directly from the Federal Government	162,710	244,220	81,510 [2]	244,220	-
Total Federal Program Revenues	658,858	745,513	86,655	740,186	(5,327)
TOTAL REVENUES AND OTHER SUPPORT	2,525,302	2,773,303	248,001	2,736,606	(36,697)
EXPENSES					
11 Instruction	1,048,534	1,203,581	(155,047) [3]	1,079,180	124,401
13 Curriculum Development and Instructional Staff Development	39,200	23,150	16,050 [4]	33,169	(10,019) [13]
23 School Leadership	288,000	344,185	(56,185) [5]	371,428	(27,243)
31 Guidance, Counseling, and Evaluation Services	46,000	54,200	(8,200) [6]	69,986	(15,786) [14]
33 Health Services	830	830	-	1,180	(350) [15]
35 Food Services	20,000	38,500	(18,500) [7]	41,024	(2,524)
36 Extracurricular Activities	-	-	-	121	(121) [16]
41 General Administration	435,000	169,729	265,271 [8]	157,096	12,633
51 Plant Maintenance and Operations	518,129	724,388	(206,259) [9]	739,489	(15,101)
52 Security and Monitoring Services	8,500	8,500	-	28,306	(19,806) [17]
53 Data Processing	86,000	60,292	25,708 [10]	142,543	(82,251) [18]
61 Community Service	42,000	48,033	(6,033) [11]	71,697	(23,664) [19]
71 Debt Service	4,420	2,225	2,195 [12]	17,885	(15,660) [20]
TOTAL EXPENSES	2,536,613	2,677,613	(141,000)	2,753,104	(75,491)
CHANGE IN NET ASSETS	(11,311)	95,690	107,001	(16,498)	(112,188)
NET ASSETS, Beginning of Year	1,226,740	1,226,740	-	1,226,740	-
NET ASSETS, End of Year	\$ 1,215,429	\$ 1,322,430	\$ 107,001	\$ 1,210,242	\$ (112,188)

NOTES TO BUDGETARY COMPARISON SCHEDULE

For the Year Ended August 31, 2022

- [1] Local revenues budget was increased to include unexpected local grants from Farrish Fund & Fidelity as well as reimbursement from landlord for prior year building repairs.
- [2] Increase in final budget was to include ERC refund received from the IRS.
- [3] Increase in final budgeted amount is due to including five new positions.
- [4] Decrease in final budget is due to utilizing curriculum materials from prior year.
- [5] Increase in final budget is due to additional consulting services for Principal & Administration.
- [6] Increase in final budget is due to additional evaluations for new students.
- [7] Increase in final budget is due to increase in participation in meal service.
- [8] Decrease in final budgeted amount is due to correction of a misallocation of expenses.
- [9] Increase in final budget is due to correction of misallocation in function 41.
- [10] Decrease in final budget is due to projected purchase of technology placed on hold.
- [11] Increase in final budget is due to increase in recruitment for enrollment and increased community awareness expense.
- [12] Decrease in final budget is due to timing of repayment of debt.
- [13] Actual expense is higher than budgeted amount due to increased training for TCLAS program at the end of year.
- [14] Actual expense is higher than budgeted amount due to increased counseling services.
- [15] Actual expense is higher than budgeted amount due to cost of health screening being more than anticipated.
- [16] Actual expense is higher than budgeted amount due to unanticipated activities at the end of the year.
- [17] Actual expense is higher than budgeted amount due to investment in security equipment and repairs.
- [18] Actual expense is higher than budgeted amount due to increase in vendor fees.
- [19] Actual expense is higher than budgeted amount due to increase in recruitment efforts due to lower than expected enrollment.
- [20] Actual expense is higher than budgeted amount due to accrual of interest due on loan.

NOTES TO FINANCIAL STATEMENTS

August 31, 2022 and 2021

(4) Defined benefit pension plan

Plan description

The charter school contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing, multiple-employer defined benefit pension plan with one exception; all risks and costs are not shared by the charter school, but are the liability of the State of Texas. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701 or by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications Heading.

Funding policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) the state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) a state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 1 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal year 2009, 2008 and 2007, and a state contribution rate of 6.58% for fiscal years 2009 and 2008 and 6.0% for fiscal year 2007. The charter school's employees' contributions to the system for the years ending August 31, 2022 and 2021 were \$252,069 and \$276,994, respectively, equal to the required contributions for each year. Other contributions made from federal and private grants and from the charter school for salaries above the statutory minimum for the years ending August 31, 2022 and 2021 were \$180,980 and \$272,703, respectively, equal to the required contributions for each year.

- When disclosing contribution rates, the information should include the most recently available information concerning multi-employer defined benefit plan as required per Financial Accounting Standards Board ASC 715-80-50-3.
- For 2022, the TRS Pension Plan contribution rates were disclosed as 8%, 7.75% and 7.75% for Members, Non-Employer Contributing Entity (State) and Employers, respectively.

[REDACTED]

NOTES TO FINANCIAL STATEMENTS

NOTE 10: PENSION PLAN

TRS is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Sec. 67 and Texas Government code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees.

TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701 or by calling (800) 223-8778, or by downloading the report from the TRS website, www.trs.state.tx.us, under the TRS Publications heading.

Legal plan name:	Teacher Retirement System of Texas	
Plan's EIN:	N/A	
Total plan assets:	\$223,172,755,000	
Accumulated benefit obligation:	\$227,273,463,630	
Funding percent:	88.79%	
Collective-bargaining agreement	None	
Employer contributions:	\$73,258	

[REDACTED] contributions to the plan did not represent more than 5% of the total contributions to the plan.

<u>Contribution rates:</u>	<u>2021</u>	<u>2022</u>
Member	7.7%	8.0%
Non-employer contributing entity	7.5%	7.75%
Employers	7.5%	7.75%

- The note disclosure discussing the defined benefit pension plan should also indicate whether the school's contributions represent more than 5 percent of total contributions to the TRS plan as required per Financial Accounting Standards Board ASC 715-80-50-5.



Contact Information

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