



# McConnell Jones

August 6, 2021

Larnetta Stewart  
Director of Business Office  
Texas Serenity Academy School District  
400 N. Sam Houston Parkway East, Suite 625  
Houston, Texas 77060

Dear Ms. Stewart,

We are pleased to be selected as external auditors for the Texas Serenity Academy School District (“TSA” or the “District”) for the August 2021 year end and for subsequent years and appreciate having a detailed and candid conversation with you regarding the financial reporting issues faced by the District regarding previously issued financial statements for the August 2020 year end. Per our conversations with you, prior year audit adjustments and reclassifications to previously reported numbers are anticipated which is likely going to have a significant impact on our audit efforts for August 2021 year end. Further, the quality and in-depth availability of predecessor auditor workpapers is not fully known, which will further require us to spend more time in the first year of our audit to verify opening balances for August 2021, as required by the auditing standards generally accepted in the United States of America. Our audit efforts in the first year will be focused on resolution of more pressing and material financial issues to prevent any future material financial misstatements, however, in our professional judgment and experience working with other charter schools, we believe that there is a high potential for certain financial and related internal control issues to linger and get fully resolved during August 2022 year end.

Considering this additional information, we are proposing to revise our fee estimates for August 2021 and 2022 year ends from \$29,500 to \$49,495, and from \$29,500 to \$39,375, respectively, as follows:

### Year End August 2021

Labor Categories	Standard Hourly Rates	Hours	Fees
Partner	\$ 350	29	\$ 10,150
Senior Manager	\$ 220	51	\$ 11,220
Senior Staff	\$ 135	190	\$ 25,650
Audit Staff	\$ 115	165	\$ 18,975
<b>Total</b>		<b>435</b>	<b>\$ 65,995</b>
<b>Discount (25%)</b>			<b>\$ (16,500)</b>
<b>Net Fees</b>			<b>\$ 49,495</b>

### Year End August 2022

Labor Categories	Standard Hourly Rates	Hours	Fees
Partner	\$ 350	20	\$ 7,000
Senior Manager	\$ 220	35	\$ 7,700
Senior Staff	\$ 135	165	\$ 22,275
Audit Staff	\$ 115	135	\$ 15,525
<b>Total</b>		<b>355</b>	<b>\$ 52,500</b>
<b>Discount (25%)</b>			<b>\$ (13,125)</b>
<b>Net Fees</b>			<b>\$ 39,375</b>

4828 Loop Central Dr.  
Suite 1000  
Houston, TX 77081  
Phone: 713.968.1600  
Fax: 713.968.1601

WWW.MCCONNELLJONES.COM



# McConnell Jones

Our above revised fee quote is based on an in-depth conversation with you and once, we start our audit work, it is possible that additional issues are identified, or we encounter unexpected circumstances including the condition of District's financial records that may require us to further increase our audit work. If significant additional time is necessary, we will keep you informed of any problems we encounter, and our fees will be adjusted accordingly upon your approval.

Please note that our fee quotes for subsequent years (August 2023 through 2025) would remain the same as quoted previously under the "Professional Fees" section of our proposal to provide "External Audit Services" (RFQ #21-002) dated July 19, 2021 as follows:

Year end 2023 ----\$29,500

Year end 2024 ----\$30,500

Year end 2025 ----\$31,600

We appreciate the opportunity to be of service to the Texas Serenity Academy School District. If you have any questions or comments, please call.

Marlon Williams, CPA  
Engagement Partner

## 2. Consider approval of the selected Insurance Vendor

### a. Jenkins Insurance Agency

- i. Jenkins Insurance Agency has been the Insurance Agent for Texas Serenity Academy for several years.
- ii. The insurance coverages are:
  1. Workman's Compensation
  2. Professional Liability
  3. General Liability
  4. Transportation

#### TEXAS SERENITY ACADEMY 2021 2022 QUOTES

##### **WORK COMPENSATION**

COVERAGES: \$1 MILLION PER BODILY INJURY PER ACCIDENT BY DISEASE EA EMPLOYEE

RENEWAL 08/28/2021, SATURDAY

ANNUAL PREMIUM QUOTED: \$ 38250.00

10 Monthly Pay Plan is available with a 30% down payment, Upon, Written authorization by Ms Larnetta Stewart.

##### **BOARD OF DIRECTORS, ERRORS & OMISSION, (PROFESSIONAL)**

COVERAGES: \$1 MILLION IN COVERAGE WITH ENDORSEMENTS AS FOLLOWS:

- A. EDUCATORS LEGAL LIABILITY, \$1 MILLION
- B. EMPLOYEMENT PRACTICES LIABILITY, \$1 MILLION
- C. REIMBURSEMENT FOR DEFENSE, \$50,000

RETENTION INCLUDES, \$10,000 EA (A., B., C.)

RENEWAL 08/28/20

ANNUAL PREMIUM, \$ 9962.80

30% Down Payment is Required for the 10 Pay Plan which will be set up once Mrs. Larnetta Stewart gives the agent written authorization to execute the policy for the District.

##### **GENERAL LIABILITY AND PROPERTY**

COVERAGES: INCLUDES \$1 MILLION LIABILITY AND \$500K IN PERSONAL PROPERTY THAT TEXAS SERENITY ACADEMY OWN.

RENEWAL DATE: 07/31/2021

ANNUAL PREMIUM \$11,450.00

10 Pay Plan is available, with a 30% down payment once Mrs. Larnetta Stewart gives written authorization to the agent to proceed with Binding Coverages and secure payment.

**BUS TRANSPORTATION**, 10 units, 10 drivers, & 4 Pool Drivers  
Coverages Included: \$1 Million in Liability, Uninsured Motorist,  
\$5000 Personal Injury Protection and the Deductibles are set  
At a \$1000 for Comprehension and Collision for each claim made.  
Renewal Date: 06/30/2021  
Annual Premium, \$109,878.07

10 MONTH PAYMENT PLAN, Is available with a minimum  
30% DOWN PAYMENT, once the written authorization is sent over by Mrs. Larnetta Stewart.

C. Non-Bid (OTHER) Consent Items

I. Consider approval of the 2021-2022 Amended School Calendar

The 2021-2022 school calendar previously approved by the board has been adjusted.  
The start of school was pushed back one week, from August 16, 2021 to August 23, 2021.