

**PANOLA SCHOOL**

**ANNUAL FINANCIAL AND**  
**COMPLIANCE REPORTS**

**FOR THE YEAR ENDED AUGUST 31, 2022**

PANOLA SCHOOL

ANNUAL FINANCIAL AND COMPLIANCE REPORT  
FOR THE YEAR ENDED AUGUST 31, 2022

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PANOLA SCHOOL  
COUNTY-DISTRICT NO. 183801  
FEDERAL EMPLOYER IDENTIFICATION NUMBER 75-2855333

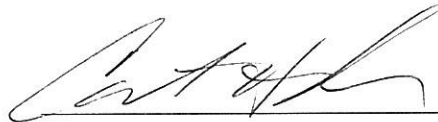
ANNUAL FINANCIAL AND COMPLIANCE REPORT  
FOR THE YEAR ENDED AUGUST 31, 2022

CERTIFICATE OF BOARD OF DIRECTORS

We, the undersigned, certify that the attached Annual Financial and Compliance Report of Panola School was reviewed and (check one)  approved  disapproved for the year ended August 31, 2022, at a meeting of the governing body of said charter holder on the 23<sup>rd</sup> day of January, 2023.



Signature of Board Secretary



Signature of Board President

**NOTE:** If the governing body of the charter school does not approve the independent auditors' report, it must forward a written statement discussing the reason(s) for not approving the report.

# GREGORY S. DELK



CERTIFIED PUBLIC ACCOUNTANT

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Panola School  
Carthage, Texas

### Opinion

We have audited the accompanying financial statements of Panola School (a nonprofit organization), which comprise the statement of financial position as of August 31, 2022 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Panola School as of August 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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 Panola School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### 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.

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 Panola School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### 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 opinion. 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 Panola 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 Panola School's ability to continue as a going concern for a reasonable period of time.

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.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying specific purpose financial statements and supplementary information including the Schedule of Expenses, Schedule of Capital Assets, Budgetary Comparison Schedule, Schedule of Real Property Ownership Interests, Schedule of Related Party Transactions and Compensation, and Compensatory and Bilingual Education Programs Compliance Responses are presented for purposes of additional analysis as required by the Texas Education Agency and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2023, on our consideration of Panola School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide and opinion on 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 Panola School's internal control over financial reporting and compliance.



Gregory S. Delk, CPA  
January 10, 2023

**GENERAL-PURPOSE  
FINANCIAL STATEMENTS**

**PANOLA SCHOOL**  
**Statement of Financial Position**  
**August 31, 2022**

Exhibit A-1

**ASSETS**

**Current Assets**

Cash in Banks and On Hand	\$	378,372.69
Due from State		95,970.00
Total Current Assets		474,342.69

**Property and Equipment**

Land		164,288.00
Building and Improvements		2,385,276.21
Furniture and Equipment		467,646.09
Vehicles		56,723.03
Furniture and Equipment-Capital Lease		133,942.00
Accumulated Depreciation		(1,098,198.82)
Total Property and Equipment		2,109,676.51

TOTAL ASSETS	\$	2,584,019.20
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**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts Payable	\$	33,173.73
Notes Payable Current Portion		22,448.32
Total Current Liabilities		55,622.05

**Long Term Liabilities**

Notes Payable Less Current Portion		661,848.62
Total Long Term Liabilities		661,848.62

**Net Assets**

Without Donor Restrictions		0.00
With Donor Restrictions		1,866,548.53
Total Net Assets		1,866,548.53

TOTAL LIABILITIES AND NET ASSETS	\$	2,584,019.20
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The accompanying notes are an integral part of these financial statements.

**PANOLA SCHOOL**  
**Statement of Activities**  
**For the Year Ended August 31, 2022**

Exhibit A-2

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Totals</b>
<b><u>REVENUE AND OTHER SUPPORT</u></b>			
Local Support--			
Earnings from Temporary Investments	\$	\$ 582.03	\$ 582.03
Other Revenue from Local Sources		747.00	747.00
Enterprising Services Revenue		26,944.06	26,944.06
Total Local Support	0.00	28,273.09	28,273.09
State Program Revenues--			
Foundation Program Revenues-Per Capita		93,465.00	93,465.00
Foundation Program Revenues		1,937,927.00	1,937,927.00
Total State Program Revenues	0.00	2,031,392.00	2,031,392.00
Federal Program Revenues--			
IDEA-Part B Formula		34,221.00	34,221.00
COVID-ESSER Supplemental		190,680.00	190,680.00
COVID-ARP-IDEA Part B Supplemental		7,970.00	7,970.00
Nurse Grant		29,114.08	29,114.08
Total Federal Program Revenues	0.00	261,985.08	261,985.08
Net Assets Released from Restrictions	1,988,479.59	(1,988,479.59)	0.00
Total Revenue and Other Support	1,988,479.59	333,170.58	2,321,650.17
<b><u>EXPENSES</u></b>			
Program Services:			
Instructional and Instructional Related Services	717,198.94	----	717,198.94
Instructional and School Leadership	405,241.54	----	405,241.54
Support Services:			
Administrative Support Services	410,598.01	----	410,598.01
Support Services-Non-Student Based	230,353.78	----	230,353.78
Support Services-Student (Pupil)	186,449.63	----	186,449.63
Debt Service	38,637.69	----	38,637.69
Total Expenses	1,988,479.59	0.00	1,988,479.59
<b>Change in Net Assets</b>	<b>0.00</b>	<b>333,170.58</b>	<b>333,170.58</b>
Net Assets, Beginning of Year	0.00	1,533,377.95	1,533,377.95
Net Assets, End of Year	\$ 0.00	\$ 1,866,548.53	\$ 1,866,548.53

The accompanying notes are an integral part of these financial statements.



**PANOLA SCHOOL**  
**Statement of Functional Expenses**  
**For the Year Ended August 31, 2022**

Exhibit A-3

	<b>Program Services</b>	<b>Management and General</b>	<b>Totals</b>
<b><u>EXPENSES</u></b>			
Payroll Expenses:			
Salaries and Wages	\$ 940,046.67	\$ 182,968.73	\$ 1,123,015.40
Benefits	63,857.54	5,619.77	69,477.31
Payroll Taxes	43,663.95	19,142.73	62,806.68
Total Payroll Expenses	1,047,568.16	207,731.23	1,255,299.39
Non Payroll Expenses before Depreciation			
Professional Services	13,142.10	16,870.00	30,012.10
Contracted Services-Tuition	123,353.76		123,353.76
Contracted Services	6,721.26	27,765.00	34,486.26
Repairs and Maintenance	48,845.75	50,623.73	99,469.48
Utilities	44,199.31	4,911.03	49,110.34
General Supplies	103,839.89	69,074.20	172,914.09
Textbooks	9,714.82	0.00	9,714.82
Student Activity Supplies	3,096.67	0.00	3,096.67
Travel	7,904.71	849.98	8,754.69
Insurance	36,909.47	12,503.83	49,413.30
Debt Service Costs	34,773.92	3,863.77	38,637.69
Total Non Payroll Expenses before Depreciation	432,501.66	186,461.54	618,963.20
Total Expenses before Depreciation	1,480,069.82	394,192.77	1,874,262.59
Depreciation	102,795.30	11,421.70	114,217.00
Total Expenses	1,582,865.12	405,614.47	1,988,479.59

The accompanying notes are an integral part of these financial statements.

**PANOLA SCHOOL**  
**Statement of Cash Flows**  
**For the Year Ended August 31, 2022**

Exhibit A-4

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Received from Government Contracts/Grants	\$ 2,171,415.08
Cash Received from Local Sources	28,273.09
Cash Paid to Suppliers for Goods and Services	(679,332.20)
Cash Paid to Employees for Services	(1,127,006.06)
Cash Paid for Income Taxes	0.00
Cash Paid for Interest Expense	(38,637.69)
Net Cash Provided By Operating Activities	<u>354,712.22</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of Property and Equipment	<u>(323,696.98)</u>
Net Cash Used By Investing Activities	(323,696.98)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Payments on Notes & Capital Leases Payable	<u>(65,814.70)</u>
Net Cash Used By Financing Activities	<u>(65,814.70)</u>

Net Decrease in Cash	(34,799.46)
Cash at Beginning of Year	<u>413,172.15</u>
Cash at End of Year	<u>\$ 378,372.69</u>

**RECONCILIATION OF CHANGE IN NET ASSETS TO  
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Change in Net Assets	\$ 333,170.58
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:	
Depreciation	114,217.00
(Increase) Decrease in Operating Assets--	
Due from State	(86,126.00)
Increase (Decrease) in Operating Liabilities--	
Accounts Payable & Accrued Expenses	29,286.64
Due to State	<u>(35,836.00)</u>
Net Adjustments	<u>21,541.64</u>
Net Cash Provided By Operating Activities	<u>\$ 354,712.22</u>

The accompanying notes are an integral part of these financial statements.

**NOTES TO  
FINANCIAL STATEMENTS**

**PANOLA SCHOOL**  
**Notes To Financial Statements**  
**For the Year Ended August 31, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Organization and Nature of Activities –

Panola School provides high school curricula for students in grades 8 – 12. The School operates under an open enrollment charter granted by the State of Texas Board of Education. This charter was issued for a period of five years and is subject to review and renewal periodically prior to the expiration date of charter. The School is part of the public-school system of the State of Texas and is therefore entitled to distribution from the State's available school fund. The School does not have the authority to impose ad valorem taxes or to charge tuition. The organization does business as Panola Charter School and there is not currently any additional financial activity outside of the charter school. The School was incorporated in January 2000 and has been recognized as an organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

B. Accounting Policies –

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The Financial Accounting Standards Board (FASB) is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles. The accounting system is organized under the *Special Supplement to Financial Accounting and Reporting – Nonprofit Charter School Chart of Accounts*, a module of the Texas Education Agency Financial Accountability Resource Guide. The significant accounting policies are as follows:

To ensure observance of limitations and restrictions placed on the use of resources available to the School, the accounts are maintained in accordance with the principles of fund accounting. Resources for various purposes are classified into funds according to their nature and purposes. Separate accounts are maintained for each fund; however, the accompanying statements of financial position and of activities focus on the organization as a whole and reports the amounts of its total assets, liabilities, net assets, and changes in net assets.

*Net Assets*

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified as either without donor restrictions or with donor restrictions.

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets with Donor Restrictions* - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

In accordance with state law, a charter holder is entitled to receive state aid for the charter school based on student attendance; however, before the charter holder may reclassify state aid from net assets with donor restrictions to net assets without donor restrictions, it must expend state aid for the benefit of its students consistent with TEC, §45.105(c).

**PANOLA SCHOOL**  
**Notes To Financial Statements**  
**For the Year Ended August 31, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Cash and Cash Equivalents –**

For purposes of the statement of cash flows, cash and cash equivalents are comprised of cash on hand and in banks.

**D. Fixed Assets and Depreciation –**

All assets acquired with a value of \$500.00 or greater are recorded as fixed assets and are valued at cost or estimated cost. Donated assets are reported at the fair market value at the time of acquisition. Depreciation of building improvements and equipment is provided over the estimated useful lives of the assets on a straight-line basis.

**E. Revenues –**

Revenues from the State of Texas available school fund are earned based on reported attendance. Contributions received are recognized as revenue in the period received and are reported as support either with or without donor-imposed restrictions, in accordance with FASB ASU 2016-14. Government grant contracts that are entered into by the School are recognized as revenue when services are rendered or when expenses in connection with those services are incurred in accordance with the accrual method.

**F. Donated Goods and Services –**

Donated goods and services that can be measured and meet certain other requirements are recorded in the financial statements as in-kind contributions and expenses of a like amount.

**G. Personal Leave –**

All employees earn six days of paid personal leave per year. However, unused balances do not accumulate; therefore, there is no liability accrued on the financial statements.

**H. Estimates –**

In preparation of the financial statements and in conformity with generally accepted accounting principles, management's estimated useful lives of asset classes were used in the calculation of depreciation.

**I. Functional Allocation of Expenses –**

The expense of the various programs and other activities has been presented on a functional basis in the statement of activities. Accordingly, certain expenses and supporting service costs have been allocated among the various programs.

**J. Pension –**

The fiduciary net position of the Teacher 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 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.

**PANOLA SCHOOL**  
**Notes To Financial Statements**  
**For the Year Ended August 31, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**K. Recent Accounting Pronouncements –**

The FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* effective for fiscal years beginning after December 15, 2019 and adopted by the Organization. Under this new standard, revenue is recognized in the amount expected to be entitled to receive for the transfer of promised goods and services to customers. The Organization’s contract with the State of Texas calls for payments to the school based upon daily attendance records and the State’s available school funds with an after the year settle up payment or refund once all the factors are known. Disaggregation of revenues is not necessary since the contract is consistently adjusted by the State based upon average daily attendance and paid in accordance with that formula. There is no remaining unpaid balance on the contract that is waiting on a performance obligation to be satisfied.

The FASB has issued ASU No. 2016-02, *Leases (Topic 842)* to be effective for fiscal years beginning after December 15, 2021. Under this new standard, lessees are required to recognize on the balance sheet a lease asset and a lease liability for all leases with terms exceeding 12 months. In the case of operating leases previously only disclosed in the footnotes, this will represent a major change in presentation in the financial statements. The Organization is currently evaluating the effect this new accounting pronouncement will have on the financial statements.

**2. LAND, BUILDING IMPROVEMENTS AND EQUIPMENT**

An analysis of land, building, improvements and equipment at August 31, 2022, is presented as follows:

Asset	Cost	Accumulated Depreciation	Net	Straight Line Depr. Rate
Land	\$ 164,288.00	0.00	164,288.00	N/A
Building & Improvements	2,385,276.21	591,912.19	1,793,364.02	2.50%
Furniture & Equipment	467,646.09	361,622.59	106,023.50	14.29%
Vehicles	56,723.03	50,391.61	6,331.42	20.00%
Furniture & Equipment- Capital Leases	133,942.00	94,272.43	39,669.57	14.29%
Total	\$ 3,207,875.33	1,098,198.82	2,109,676.51	

Depreciation expense for the year ended August 31, 2022 was \$114,217.00.

**3. PENSION PLAN**

**Plan Description**

The Organization 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. No part of the plan is subject to a collective bargaining agreement.

**PANOLA SCHOOL**  
**Notes To Financial Statements**  
**For the Year Ended August 31, 2022**

**3. PENSION PLAN (continued)**

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. Charter Schools are legally separate entities from the State and each other. Funds contributed by any one Charter School or ISD may be used to satisfy the obligations of all the Charter Schools and ISDs in the System. The unfunded obligations are shared by the other Charter Schools and ISDs. There are no withdrawal penalties for leaving the TRS System.

Detailed information about the Teacher Retirement System 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 [https://www.trs.texas.gov/Pages/about\\_publications.aspx](https://www.trs.texas.gov/Pages/about_publications.aspx); by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

**Benefits Provided**

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (A) above.

**Contributions**

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the 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 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 12 of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2020 thru 2025. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2016 as discussed in Note 1 of the TRS 2014 CAFR. The 86<sup>th</sup> Texas Legislature, TRS Pension Reform Bill increased employee and employer contribution rates for fiscal years 2020 through 2025.

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes

**PANOLA SCHOOL**  
**Notes To Financial Statements**  
**For the Year Ended August 31, 2022**

**3. PENSION PLAN (continued)**

and the General Appropriations Act (GAA). As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to:

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors, and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5 percent of the applicable salary.

**Statutorily Determined Contribution Rates**

	<b>FYE 8/31</b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>
<b>Member</b>	<b>8.0%</b>	<b>7.7%</b>
<b>Non-Employer Contributing Entity (State)</b>	<b>7.75%</b>	<b>7.5%</b>
<b>Employers</b>	<b>7.75%</b>	<b>7.5%</b>

The Organization's FYE 8/31/2022 Contributions to the Plan were \$54,319.24 and did not represent more than 5% of the total contributions to the plan. There have been no changes which would affect the comparison of employer contributions from year to year.



**PANOLA SCHOOL**  
**Notes To Financial Statements**  
**For the Year Ended August 31, 2022**

**3. PENSION PLAN (continued)**

**Plan Assets and Obligations**

Total Plan assets and obligations for the year 8/31/2022 are as follows:

Total Plan Assets	\$ 207,621,897,538
Total Pension Liability	\$ 243,553,045,455
Total Plan Fiduciary Net Position	\$ 184,185,617,196

Net Position as a percentage of Total Pension Liability is 75.62%.

**Additional Plans**

Certain employees of the organization are covered under Federal Social Security and Medicare. Under the provisions of that law, covered employees contribute 6.2% for Social Security and 1.45% for Medicare of their covered annual earnings and the Organization pays the matching Social Security and Medicare amounts.

**4. OTHER POST EMPLOYMENT BENEFIT PLAN**

**Plan Description**

The Organization participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). TRS-Care is a cost-sharing multiple-employer defined Other Post Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. TRS-Care is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

Detailed information about the TRS-Care plan is available in the TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [https://www.trs.texas.gov/Pages/about\\_publications.aspx](https://www.trs.texas.gov/Pages/about_publications.aspx); by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

**Benefits Provided**

TRS-Care provides a basic health insurance coverage at low cost to all retirees from public schools, charter schools, regional education service centers, and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional premium.

**Plan Assets and Obligations**

Total Plan assets and obligations for the year 8/31/2022 are as follows:

Total Plan Assets	\$ 3,308,391,215
Total Accumulated Benefit Obligations	\$ 27,061,942,520
Total Plan Fiduciary Net Position	\$ 3,117,937,218

Net Position as a percentage of Total OPEB Liability is 11.52%.

**5. HEALTH CARE COVERAGE**

Employees of the School are covered by a group insurance plan with TRS Active Care managed by Aetna. The School pays the employee's premium and the employee pays the premiums for dependent coverage through payroll deductions. All premiums were paid to licensed insurers.

**PANOLA SCHOOL**  
**Notes To Financial Statements**  
**For the Year Ended August 31, 2022**

**6. DUE FROM STATE**

At August 31, 2022, the School was due an additional \$39,673.00 in State Foundation Allotment, \$2,545 in Federal IDEA B Grant Funds, and \$53,752 in Federal ESSER Supplemental Grant. Those amounts will be received from the Texas Education Agency during the 2022-2023 school year.

**7. CASH DEPOSIT RISK**

During the 2021-2022 school year, the School's cash in bank accounts was entirely covered by Federal Deposit Insurance Corporation (FDIC) insurance as well as covered all year by pledged collateral held by the School's agent bank.

**8. COMMITMENTS AND CONTINGENCIES**

The School receives funds through state and federal programs which are governed by various rules and regulations of the grantor. Expenses charged to the grant program are subject to audit and adjustment by the grantor agency. In the opinion of management, aside from the temporary restrictions on net assets as explained below, there are no contingent liabilities relating to compliance with rules and regulations governing the grants; therefore, no provision has been made in the accompanying financial statements for such contingencies.

**9. ECONOMIC DEPENDENCY**

During the year the School received the majority of its revenues from the Texas Education Agency through a Charter Agreement and through federal grants available to charter schools. The loss of this Charter Agreement would have a material effect on the ability of the School to continue to provide the current level of services to its students.

**10. SUBSEQUENT EVENTS**

Management has reviewed subsequent events through January 11, 2023, for the purpose of evaluating the need for their inclusion in these notes. There have been no material subsequent events to note herein.

**11. LIQUIDITY AND AVAILABILITY**

Currently the organization has no financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position. The State and Federal Program assets and revenues are classified as with donor restrictions and must be used for education purposes in accordance with State law and Grant restrictions. As such, there are cash and receivables that are due from the State and Federal Agencies and are available for use for educational purposes and are released from restrictions at the time they are spent for those purposes.

**12. NOTES PAYABLE**

On March 9, 2006 the Organization purchased a building located at 1110 FM 10, Carthage, TX 75633 for both office and classroom activities. The initial mortgage on the building was \$500,000.00, accruing interest at 7%, payable in six annual installments of \$70,000.00 with the remaining balance due in year seven. The mortgage was refinanced August 2015 at a rate of 4.75% interest payable in seven installments averaging \$29,233.69. The Organization purchased the land and building at 3714 East End Blvd S, Marshall, TX 75672 for office and classroom space. The resulting \$575,000.00 loan was due in lump sum with 5% interest on February 18, 2018. The loan was refinanced February 16<sup>th</sup> 2018 with the resulting principal of \$700,000.00 due in February 2020. Interest only payments of \$3,400.25 are due each month until then. The loan was refinanced July 28, 2021 at a balance of \$691,891.16 with 24 payments of \$3,400.00 including interest of 4.75% and a balloon payment then of \$677,949.93. The loan was refinanced August 30, 2022 at a balance of \$684,296.94 with 60 monthly payments of \$4,710.00 including interest at 5.5% and a balloon payment of \$574,687.76 on September 1, 2027.

**PANOLA SCHOOL**  
**Notes To Financial Statements**  
**For the Year Ended August 31, 2022**

**12. NOTES PAYABLE (continued)**

The future minimum principal payments are as follows:

<u>Year Ended</u>	<u>Principal</u>
8/31/23	\$ 22,448.32
8/31/24	20,633.32
8/31/25	21,797.19
8/31/26	23,026.71
8/31/27	24,325.61
Thereafter	<u>572,065.79</u>
Total	684,296.94
Less Current Portion	<u>22,448.32</u>
Long Term Portion	<u>\$ 661,848.62</u>

**13. NET ASSETS WITH DONOR RESTRICTIONS**

At August 31, 2022 the School had donor restricted net assets of \$1,866,548.53 that consisted of the following:

Local Restricted Funds	\$ 102,076.48
State Gifted and Talented Program	3,781.00
State Career & Technical Program	4,190.88
State Special Education Program	11,738.71
State Compensatory Education Program	34,099.06
State Dyslexia Allotment	12,085.90
State Foundation Program	1,653,097.33
State School Safety Program	21,361.67
Federal IDEA-B Program	<u>24,117.50</u>
	<u>\$ 1,866,548.53</u>

**14. FEDERAL INCOME TAXES**

The Organization is a non-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code except to the extent it has business income unrelated to its tax exempt purpose. The Organization has no unrelated business income and is not expecting to have any in the future, accordingly, there is no provision for federal income taxes in the financial statements. Generally Accepted Accounting Principles requires the evaluation of tax positions taken in the preparation of the tax returns and the recording of a tax liability if an uncertain tax position has been taken that is more likely than not sustainable upon audit by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization and there have been no uncertain tax positions taken that would require the recognition or disclosure in the financial statements. The tax returns for the years ended 8/31/2019, 8/31/2020 and 8/31/2021 are still subject to possible IRS audit but management has not been notified of any pending examinations.

**SPECIFIC-PURPOSE  
FINANCIAL STATEMENTS**

**PANOLA CHARTER SCHOOL**  
**Statement of Financial Position**  
**August 31, 2022**

Exhibit B-1

**ASSETS**

**Current Assets**

Cash in Banks and On Hand	\$	378,372.69
Due from State		95,970.00
Total Current Assets		474,342.69

**Property and Equipment**

Land		164,288.00
Building and Improvements		2,385,276.21
Furniture and Equipment		467,646.09
Vehicles		56,723.03
Furniture and Equipment-Capital Lease		133,942.00
Accumulated Depreciation		(1,098,198.82)
Total Property and Equipment		2,109,676.51

TOTAL ASSETS	\$	2,584,019.20
--------------	----	--------------

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts Payable	\$	33,173.73
Notes Payable Current Portion		22,448.32
Total Current Liabilities		55,622.05

**Long Term Liabilities**

Notes Payable Less Current Portion		661,848.62
Total Long Term Liabilities		661,848.62

**Net Assets**

Without Donor Restrictions		0.00
With Donor Restrictions		1,866,548.53
Total Net Assets		1,866,548.53

TOTAL LIABILITIES AND NET ASSETS	\$	2,584,019.20
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The accompanying notes are an integral part of these financial statements.

**PANOLA CHARTER SCHOOL**  
**Statement of Activities**  
**For the Year Ended August 31, 2022**

Exhibit B-2

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Totals</b>
<b><u>REVENUE AND OTHER SUPPORT</u></b>			
Local Support--			
5742 Earnings from Temporary Investments	\$	\$ 582.03	\$ 582.03
5749 Other Revenue from Local Sources		747.00	747.00
5755 Enterprising Services Revenue		26,944.06	26,944.06
Total Local Support	0.00	28,273.09	28,273.09
State Program Revenues--			
5811 Foundation Program Revenues-Per Capita		93,465.00	93,465.00
5812 Foundation Program Revenues		1,937,927.00	1,937,927.00
Total State Program Revenues	0.00	2,031,392.00	2,031,392.00
Federal Program Revenues--			
5929 IDEA-Part B Formula		34,221.00	34,221.00
5929 COVID-ESSER Supplemental		190,680.00	190,680.00
5929 COVID-ARP-IDEA Part B Supplemental		7,970.00	7,970.00
5949 Nurse Grant		29,114.08	29,114.08
Total Federal Program Revenues	0.00	261,985.08	261,985.08
Net Assets Released from Restrictions	1,988,479.59	(1,988,479.59)	0.00
Total Revenue and Other Support	1,988,479.59	333,170.58	2,321,650.17
<b><u>EXPENSES</u></b>			
11 Instruction	716,928.94	----	716,928.94
13 Curriculum Dev. & Instructional Staff Dev.	270.00	----	270.00
21 Instructional Leadership/Instruction Staff	34,703.47	----	34,703.47
23 School Leadership	370,538.07	----	370,538.07
31 Guidance, Counseling and Evaluation Svcs.	130,760.48	----	130,760.48
33 Health Services	34,059.04	----	34,059.04
34 Student (Pupil) Transportation	190.80	----	190.80
36 Extracurricular/Cocurricular Activities	21,439.31	----	21,439.31
41 General Administration	410,598.01	----	410,598.01
51 Plant Maintenance and Operations	175,056.77	----	175,056.77
52 Security and Monitoring Services	6,451.26	----	6,451.26
53 Data Processing Services	48,845.75	----	48,845.75
71 Debt Service	38,637.69	----	38,637.69
Total Expenses	1,988,479.59	0.00	1,988,479.59
<b>Change in Net Assets</b>	<b>0.00</b>	<b>333,170.58</b>	<b>333,170.58</b>
Net Assets (Deficiency), Beginning of Year	0.00	1,533,377.95	1,533,377.95
Net Assets (Deficiency), End of Year	\$ 0.00	\$ 1,866,548.53	\$ 1,866,548.53

The accompanying notes are an integral part of these financial statements.

**PANOLA CHARTER SCHOOL**  
**Statement of Cash Flows**  
**For the Year Ended August 31, 2022**

Exhibit B-3

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Received from Government Contracts/Grants	\$ 2,171,415.08
Cash Received from Local Sources	28,273.09
Cash Paid to Suppliers for Goods and Services	(679,332.20)
Cash Paid to Employees for Services	(1,127,006.06)
Cash Paid for Income Taxes	0.00
Cash Paid for Interest Expense	(38,637.69)
Net Cash Provided By Operating Activities	<u>354,712.22</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of Property and Equipment	<u>(323,696.98)</u>
Net Cash Used By Investing Activities	(323,696.98)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Payments on Notes & Capital Leases Payable	<u>(65,814.70)</u>
Net Cash Used By Financing Activities	<u>(65,814.70)</u>

Net Decrease in Cash	(34,799.46)
Cash at Beginning of Year	<u>413,172.15</u>
Cash at End of Year	<u>\$ 378,372.69</u>

**RECONCILIATION OF CHANGE IN NET ASSETS TO  
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Change in Net Assets	\$ 333,170.58
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:	
Depreciation	114,217.00
(Increase) Decrease in Operating Assets--	
Due from State	(86,126.00)
Increase (Decrease) in Operating Liabilities--	
Accounts Payable & Accrued Expenses	29,286.64
Due to State	<u>(35,836.00)</u>
Net Adjustments	<u>21,541.64</u>
Net Cash Provided By Operating Activities	<u>\$ 354,712.22</u>

The accompanying notes are an integral part of these financial statements.

**SUPPLEMENTARY  
SCHEDULES**



**PANOLA CHARTER SCHOOL**  
**Schedule of Expenses**  
**For the Year Ended August 31, 2022**

Exhibit C-1

<b><u>EXPENSES</u></b>	<b><u>Totals</u></b>
6100 Payroll Costs	\$ 1,255,299.39
6200 Professional and Contracted Services	336,431.94
6300 Supplies and Materials	185,725.58
6400 Other Operating Costs	172,384.99
6500 Debt	38,637.69
Total Expenses and Other Losses	\$ <u>1,988,479.59</u>

The accompanying notes are an integral part of these financial statements.

**PANOLA CHARTER SCHOOL**  
**Schedule of Capital Assets**  
**August 31, 2022**

Exhibit D-1

<u>CAPITAL ASSETS</u>	<u>Ownership Interest</u>			
	<u>Local</u>	<u>State</u>	<u>Federal</u>	<u>Total</u>
1110 Cash and Temporary Investments	\$ 102,076.48	\$ 252,178.71	\$ 24,117.50	\$ 378,372.69
1510 Land		164,288.00		164,288.00
1520 Buildings and Improvements		2,385,276.21		2,385,276.21
1530 Furniture and Equipment	502.99	246,956.65	220,186.45	467,646.09
1541 Vehicles		56,723.03		56,723.03
1559 Furniture and Equipment-Capital Lease		133,942.00		133,942.00
Total Capital Assets	<u>\$ 102,579.47</u>	<u>\$ 3,239,364.60</u>	<u>\$ 244,303.95</u>	<u>\$ 3,586,248.02</u>

The accompanying notes are an integral part of these financial statements.

**PANOLA CHARTER SCHOOL**  
**Budgetary Comparison Schedule**  
**For the Year Ended August 31, 2022**

Exhibit E-1

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUE AND OTHER SUPPORT</u></b>				
Local Support--				
5742 Earnings from Temporary Investments	\$	\$	\$ 582.03	\$ 582.03
5749 Other Revenue from Local Sources			747.00	747.00
5755 Enterprising Services Revenue			26,944.06	26,944.06
Total Local Support	0.00	0.00	28,273.09	28,273.09
State Program Revenues--				
5811 Foundation Program Revenues-Per Capita	74,402.00	93,468.00	93,465.00	(3.00)
5812 Foundation Program Revenues	1,685,000.00	1,898,254.00	1,937,927.00	39,673.00
Total State Program Revenues	1,759,402.00	1,991,722.00	2,031,392.00	39,670.00
Federal Program Revenues--				
5929 IDEA-Part B Formula			34,221.00	34,221.00
5929 COVID-ESSER Supplemental			190,680.00	190,680.00
5929 COVID-ARP-IDEA Part B Supplemental			7,970.00	7,970.00
5949 Nurse Grant			29,114.08	29,114.08
Total Federal Program Revenues	0.00	0.00	261,985.08	261,985.08
Total Revenue and Other Support	1,759,402.00	1,991,722.00	2,321,650.17	329,928.17
<b><u>EXPENSES</u></b>				
11 Instruction	571,107.00	576,000.00	716,928.94	(140,928.94)
13 Curriculum Dev. & Instructional Staff Dev.	8,140.00	350.00	270.00	80.00
21 Instructional Leadership/Instruction Staff	28,960.00	31,000.00	34,703.47	(3,703.47)
23 School Leadership	333,840.00	363,000.00	370,538.07	(7,538.07)
31 Guidance, Counseling and Evaluation Svcs.	90,190.00	96,260.00	130,760.48	(34,500.48)
33 Health Services		4,950.00	34,059.04	(29,109.04)
34 Student (Pupil) Transportation	275.00	200.00	190.80	9.20
36 Cocurricular/Extracurricular Activities			21,439.31	(21,439.31)
41 General Administration	365,850.00	411,180.00	410,598.01	581.99
51 Plant Maintenance and Operations	167,500.00	174,700.00	175,056.77	(356.77)
52 Security and Monitoring Services	3,500.00	6,000.00	6,451.26	(451.26)
53 Data Processing Services	36,300.00	48,000.00	48,845.75	(845.75)
71 Debt Service	68,000.00	40,000.00	38,637.69	1,362.31
Total Expenses	1,673,662.00	1,751,640.00	1,988,479.59	(236,839.59)
<b>Change in Net Assets</b>	<b>85,740.00</b>	<b>240,082.00</b>	<b>333,170.58</b>	<b>93,088.58</b>
Net Assets (Deficiency), Beginning of Year	1,533,377.95	1,533,377.95	1,533,377.95	----
Net Assets (Deficiency), End of Year	\$ 1,619,117.95	\$ 1,773,459.95	\$ 1,866,548.53	\$ 93,088.58

The accompanying notes are an integral part of these financial statements.

**PANOLA CHARTER SCHOOL**  
**Schedule of Real Property Ownership Interest**  
**For the Year Ended August 31, 2022**

Description	Property Address	Assessed Value	Ownership Interest		
			Local	State	Federal
Land, Building, Building Improvements Land Improvements, Barn Building, etc.	1110 FM 10, Carthage, TX 75633	491,640.00 \$	\$	1,583,137.71	\$
Land, Building, Building Improvements Land Improvements,	3714 East End Blvd S, Marshall, TX 75672	933,430.00 \$	\$	966,426.50	\$

The accompanying notes are an integral part of these financial statements.

**PANOLA CHARTER SCHOOL**  
**Schedule of Related Party Transactions and Compensation**  
**For the Year Ended August 31, 2022**

Related Party Transactions:

Related Party Name	Relationship	Type of Transaction	Terms and Conditions	Source of Funds	Total Paid For Year	Principal Balance Due
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None

Related Party Compensation and Benefits:

Related Party Name	Name of Relation to the Related Party	Relationship	Compensation or Benefit	Payment Frequency	Description	Source of Funds	Total Paid For Year
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None

The accompanying notes are an integral part of these financial statements.

**PANOLA CHARTER SCHOOL**  
**Compensatory and Bilingual Education Programs Compliance Responses**  
**For the Year Ended August 31, 2022**

<b>Data Codes</b>	<b>Section A: Compensatory Education Programs</b>	<b>Responses</b>
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$96,094.00
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24,26,28,29,30,34)	\$58,620.00
<b>Section B: Bilingual Education Programs</b>		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$553.00
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	\$310.00

The accompanying notes are an integral part of these financial statements.

**COMPLIANCE AND  
INTERNAL CONTROL**

# GREGORY S. DELK



CERTIFIED PUBLIC ACCOUNTANT

## INDEPENDENT AUDITOR'S REPORT

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*

To the Board of Directors  
Panola School  
Carthage, Texas

We have audited, 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, the financial statements of Panola School (a non-profit organization) which comprise the statement of financial position as of August 31, 2022 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated January 10, 2023.

### **Report on Internal Control Over Financial Reporting**

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

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 on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Panola 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.

A handwritten signature in black ink that reads "Gregory S. Delk". The signature is written in a cursive style with a large, stylized 'G'.

Gregory S. Delk, CPA  
January 10, 2023

PANOLA SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended August 31, 2022

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Exhibit F-1

**FINANCIAL STATEMENTS**

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? \_\_\_\_\_ Yes  X  No

Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes  X  No

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes  X  No

**FEDERAL AWARDS**

Internal control over major programs:

Material weaknesses identified? \_\_\_\_\_ Yes  X  No

Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes  X  No

Type of auditor’s report issued on compliance for major programs: Unqualified

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

Identification of major programs: None

Dollar threshold used to distinguish between type A and type B programs: N/A

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes  X  No

SECTION II – FINANCIAL STATEMENT FINDINGS

None Identified

SECTION III – STATE AND FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Identified

**PANOLA SCHOOL**

**STATUS OF PRIOR AUDIT FINDINGS**

**For the Year Ended August 31, 2022**

**No prior audit findings**

**PANOLA SCHOOL  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED AUGUST 31, 2022**

Exhibit G-1

**No Corrective Action Plan was necessary.**