



Financial Statements – Regulatory Basis  
June 30, 2021

# Green Dot Public Schools Southeast Texas

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**Certificate of Board**

We, the undersigned, certify that the attached annual financial and compliance report of Green Dot Southeast Texas were reviewed and (check one) \_\_\_\_ approved \_\_\_\_ disapproved for the year ended June 30, 2021, at a meeting of the Board of Directors of said entity on the \_\_\_\_ day of \_\_\_\_\_, 2021.

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Signature of Board Secretary

Signature of Board President



## Independent Auditor's Report

Board of Directors  
Green Dot Public Schools Southeast Texas  
Beaumont, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund information – regulatory basis of Green Dot Public Schools Southeast Texas (GDPS STX) as of June 30, 2021, and for the period of inception of September 30, 2020 through June 30, 2021, and the related notes to the financial statements, which collectively comprise GDPS STX's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed by the Beaumont Independent School District; this includes 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.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described more fully in Note 1, GDPS STX has prepared these financial statements using accounting practices prescribed by the Beaumont Independent School District, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Beaumont Independent School District. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of GDPS STX, as of June 30, 2021, or changes in financial position for the period of inception of September 30, 2020 through June 30, 2021.

### **Opinions on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund information of Green Dot Public Schools Southeast Texas, as of June 30, 2021, and the respective changes in financial position for the period of inception of September 30, 2020 through June 30, 2021, in conformity with the basis of accounting described in Note 1.

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Green Dot Public Schools Southeast Texas's financial statements – regulatory basis. The combining and individual nonmajor fund financial statements – regulatory basis, Schedule of Expenditures of Federal Awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining general fund financial statements – regulatory basis, the schedule of expenditures of federal awards, and notes to supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining general fund financial statements – regulatory basis, the schedule of expenditures of federal awards, and notes to supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Management’s Discussion and Analysis and the Budgetary Comparison Schedule – General Fund – Regulatory Basis, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated February 15, 2022 on our consideration of Green Dot Public Schools Southeast Texas’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Green Dot Public Schools Southeast Texas’s 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 Green Dot Public Schools Southeast Texas’s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Rancho Cucamonga, California  
February 15, 2022

This section of Green Dot Public Schools Southeast Texas's (GDPS STX) annual financial report presents our discussion and analysis of the GDPS STX's financial performance during the fiscal year that ended on June 30, 2021. Please read it in conjunction with the GDPS STX's financial statements, which immediately follow this section.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

### **The Financial Statements**

The financial statements presented herein include all of the activities of GDPS STX and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The Government-Wide Financial Statements present the financial picture of GDPS STX from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities. These statements include all assets of GDPS STX (including capital assets), as well as all liabilities (including long-term liabilities). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements for governmental activities.

- The *Governmental Funds* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

*Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements – Regulatory Basis* is provided to explain the differences created by the integrated approach.

The Primary unit of the government is GDPS STX.

## **REPORTING GDPS STX AS A WHOLE**

### **The Statement of Net Position – Regulatory Basis and the Statement of Activities – Regulatory Basis**

The *Statement of Net Position – Regulatory Basis* and the *Statement of Activities – Regulatory Basis* report information about GDPS STX as a whole and about its activities. These statements include all assets and liabilities of GDPS STX using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report GDPS STX's net position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure GDPS STX's financial health, or financial position. Over time, increases or decreases in GDPS STX's net position will serve as a useful indicator of whether the financial position of GDPS STX is improving or deteriorating. Other factors to consider are changes in GDPS STX's property tax base and the condition of the GDPS STX's facilities.

The relationship between revenues and expenses is GDPS STX's operating results. Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of GDPS STX. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Position – Regulatory Basis* and the *Statement of Activities – Regulatory Basis*, all of GDPS STX activities are reported as governmental activities.

**Governmental Activities** - GDPS STX reports all of its services in this category. This includes activities related to opening of school sites. Federal and local grants finance these activities.

## REPORTING GDPS STX'S MOST SIGNIFICANT FUNDS

### Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not GDPS STX as a whole. Some funds are required to be established by State law.

**Governmental Funds** - Most of GDPS STX's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of GDPS STX's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance GDPS STX's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

## FINANCIAL HIGHLIGHTS

Total revenue was \$1,064,418. Total expenses was \$803,719. The result of total revenue and total expense was an overall change in net position of \$260,699.

**GDPS STX AS A WHOLE**

**Net Position**

GDPS STX's net position was \$260,699 for the fiscal year ended June 30, 2021. Of this amount, \$160,699 was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of GDPS STX's governmental activities. Prior year comparative information is not presented as GDPS STX was in its initial year of operations as of September 30, 2021.

**Table 1**

	Governmental Activities 2021
Assets	
Current and other assets	\$ 923,332
Liabilities	
Current liabilities	653,470
Long-term liabilities	9,163
Total liabilities	662,633
Net Position	
Restricted	100,000
Unrestricted	160,699
Total net position	\$ 260,699

The \$160,699 in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

**Changes in Net Position**

The results of this year's operations for GDPS STX as a whole are reported in the Statement of Activities – Regulatory Basis on page 11. Table 2 takes the information from the Statement and rearranges them slightly so you can see our total revenues for the year.

**Table 2**

	Governmental Activities
	2021
Revenues	
Program revenues	
Operating grants and contributions	\$ 764,418
General revenues	
Grants and contributions, not restricted to specific programs	200,000
Other donor restricted revenues	100,000
Total revenues	1,064,418
Expenses	
Instructional resources and media services	2,010
Curriculum and staff development	27,576
General administration	9,163
Plant maintenance and operations	214,835
School administrative and support services	550,135
Total expenses	803,719
Change in Net Position	\$ 260,699

**Governmental Activities**

As reported in the *Statement of Activities – Regulatory Basis* on page 11, the cost of all of our governmental activities this year was \$803,719. A portion of the cost in the amount of \$764,418 was paid by other governments and organizations who subsidized certain programs with grants and contributions. We paid for the remaining “public benefit” portion of our governmental activities with \$200,000 in grants and contributions, not restricted to specific programs and \$100,000 in other donor restricted revenues.

In Table 3, we have presented the cost and net cost of each of GDPS STX’s largest functions: instructional resources and media services; curriculum and staff development; general administration; plant maintenance and operations; and school administrative and support services. The net cost shows the amount funded through grants and contributions, not restricted to specific programs and other general revenues.

**Table 3**

	Total Cost of Services	Net Cost of Services
	2021	2021
Instructional resources and media services	\$ 2,010	\$ -
Curriculum and staff development	27,576	(27,576)
General administration	9,163	(9,163)
Plant maintenance and operations	214,835	-
School administrative and support services	550,135	(2,562)
Total	\$ 803,719	\$ (39,301)

**GDPS STX’s GENERAL FUND**

As GDPS STX completed this year, our governmental fund reported a fund balance of \$269,862.

**Table 4**

	Balances and Activity			June 30, 2021
	July 1, 2020	Revenues	Expenditures	
General fund	\$ -	\$ 1,064,418	\$ 794,556	\$ 269,862

**Long-Term Liabilities**

At the end of this year, GDPS STX had \$9,163 in compensated absences.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

In considering GDPS STX Budget for the 2021-2022 year, the governing board and management used the following criteria:

The key assumptions in our revenue forecast are:

**Revenue**

- Current state apportionment numbers such as general purpose entitlement (FSP) based on the current state budget.
- Changes to the state categorical funds based on up-to-date student demographics (i.e., special education, poverty) and legislature approval of the state budget.
- Current Federal Entitlements funding based on up-to-date student demographics and overall federal funding.
- Recognition of Replication and Expansion Grants to support King MS in its first year of operation and future growth in the region.

**Expense**

- Grades six through eight enrollment of 555 students
- King MS Staffed as needed per the number of students at the site
- Optimal per student spending on variable categories
- Full staffing of Home Office to enable growth in the region

**CONTACTING GDPS STX’S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of GDPS STX’s finances and to show GDPS STX’s accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Director of Finance and Operations, at richard.harris@greendot.org.

Green Dot Public Schools Southeast Texas  
Statement of Net Position – Regulatory Basis  
June 30, 2021

<u>Data Control Codes</u>		<u>1 Governmental Activities</u>
	Assets	
1110	Cash and Cash Equivalents	300,000
1240	Due from other governmental units	<u>623,332</u>
1000	Total assets	<u>923,332</u>
	Liabilities	
2110	Accounts payable	489,969
2165	Accrued liabilities	163,501
	Long-term liabilities	
2502	Due in More Than One Year	<u>9,163</u>
2000	Total liabilities	<u>662,633</u>
	Net Position	
3870	Restricted for campus activities	100,000
3900	Unrestricted	<u>160,699</u>
3000	Total net position	<u><u>\$ 260,699</u></u>

Green Dot Public Schools Southeast Texas  
Statement of Activities – Regulatory Basis  
Period of Inception of September 30, 2020 through June 30, 2021

Data Control Codes	Functions/Programs	1	Program Revenues 4	Net (Expenses) Revenues and Changes in Net Position 6
Codes	Functions/Programs	Expenses	Operating Grants and Contributions	Governmental Activities
	Governmental Activities			
12	Instructional resources and media services	\$ 2,010	\$ 2,010	\$ -
13	Curriculum and staff development	27,576	-	(27,576)
41	General administration	9,163	-	(9,163)
51	Plant maintenance and operations	214,835	214,835	-
62	School administrative and support services	550,135	547,573	(2,562)
TG	Total governmental activities	<u>\$ 803,719</u>	<u>\$ 764,418</u>	<u>(39,301)</u>
	General revenues			
GC	Grants and contributions, not restricted to specific programs			200,000
MI	Miscellaneous			<u>100,000</u>
TR	Total general revenues			<u>300,000</u>
CN	Change in Net Position			260,699
NB	Net Position - Beginning			<u>-</u>
NE	Net Position - Ending			<u>\$ 260,699</u>

Green Dot Public Schools Southeast Texas  
Balance Sheet – Governmental Funds – Regulatory Basis  
June 30, 2021

Data Control Codes		10 General Fund
	Assets	
1110	Cash and cash equivalents	\$ 300,000
1240	Due from other governments	623,332
1000	Total assets	\$ 923,332
	Liabilities and Fund Balances	
	Liabilities	
2110	Accounts payable	\$ 489,969
2165	Accrued liabilities	163,501
2000	Total liabilities	653,470
	Fund Balances	
3450	Restricted - Grant Funds	100,000
3600	Unassigned	169,862
3000	Total fund balances	269,862
	Total liabilities and fund balances	\$ 923,332

## Green Dot Public Schools Southeast Texas

### Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position – Regulatory Basis Period of Inception of September 30, 2020 through June 30, 2021

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Total Fund Balance - Governmental Funds	\$ 269,862
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because	
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of	
Compensated absences (vacations)	<u>(9,163)</u>
Total net position - governmental activities	<u><u>\$ 260,699</u></u>

Green Dot Public Schools Southeast Texas

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds – Regulatory Basis  
 Period of Inception of September 30, 2020 through June 30, 2021

Data Control Codes		10 General Fund
	Revenues	
5700	Total local and intermediate sources	\$ 300,000
5900	Federal program revenues	764,418
5020	Total revenues	1,064,418
	Expenditures	
	Current	
0012	Instructional resources and media services	2,010
0013	Curriculum and instructional staff development	27,576
0062	School administrative and support services	550,135
0051	Plant maintenance and operations	214,835
6030	Total expenditures	794,556
1200	Net Change in Fund Balances	269,862
0100	Fund Balance - Beginning	-
3000	Fund Balance - Ending	\$ 269,862

## Green Dot Public Schools Southeast Texas

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities – Regulatory Basis Period of Inception of September 30, 2020 through June 30, 2021

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Total Net Change in Fund Balances - Governmental Funds \$ 269,862

Amounts Reported for Governmental Activities in the Statement of Activities are different because:

In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Vacation used was less than the amounts earned by \$9,163.

(9,163)

Change in net position of governmental activities

\$ 260,699

**Note 1 - Summary of Significant Accounting Policies****Financial Reporting Entity**

Green Dot Public Schools Southeast Texas (GDPS STX) (A Texas Nonprofit Public Benefit Organization) was organized on September 30, 2020. During the fiscal year ended June 30, 2021, GDPS STX incurred startup costs for Martin Luther King Middle School, Texas School #2, and Texas School #3. Martin Luther King Middle School will begin operations in the 2021-2022 fiscal year under the approval of the Beaumont Independent School District. Texas School #2 and Texas School #3 are future charter schools that do not have a start date as of June 30, 2021.

GDPS STX's mission is to transform public education so all students graduate prepared for college, leadership, and life. GDPS STX's academic model is designed to meet individual student needs and to provide students with a rigorous curriculum and the support they need to succeed. GDPS STX ensures that every student has a highly effective classroom experience by providing small, safe personalized schools, high expectations for all students, local control and accountability, parent participation, maximum funding in the classroom, and a longer school day and year. GDPS STX's students mirror the socio-economic demographic of their communities and local traditional schools

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of GDPS STX consists of all funds, departments, boards, and agencies that are not legally separate from GDPS STX. For Green Dot Public Schools Southeast Texas, this includes general operations.

**Other Related Entities**

Green Dot Public Schools National (GDPS National) is a national organization providing services to schools in California, Tennessee, and Texas. These services include, but are not limited to, Human Resources, Legal, Finance and Accounting, Information Technology, Knowledge Management, Strategic Planning, and National Expansion. In exchange, GDPS STX pays service fees to GDPS National. Each of the regional offices operates the schools and oversees educational services in its region.

GDPS National grants GDPS STX a non-transferable, non-sub-licensable, and non-exclusive license to use, reproduce, and display the Green Dot brand, which includes, but is not limited to: trademarks, service marks, design marks, trade names, domain names, and registrations in connection with GDPS STX's oversight, support activities, and related educational activities of the schools in its region.

**Basis of Presentation - Fund Accounting**

GDPS STX prepares its financial statements in accordance with the accounting guidance prescribed by the Governmental Accounting Standards Board (GASB), which is a presentation requirement of the Beaumont Independent School District. The reporting structure and accounting policies are described below.

As GDPS STX is a nonprofit organization that does not meet the definition of a governmental entity for financial reporting purposes, the accounting principles generally accepted in the United States of America applicable to the organization are prescribed by the Financial Accounting Standards Board (FASB). Accordingly, reporting under the GASB framework as required by the Beaumont Independent School District rather than a FASB framework is considered a regulatory basis of accounting.

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which requires full accrual accounting and has different presentation and disclosure requirements.

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. GDPS STX's funds are grouped into one fund category: governmental.

**Governmental Funds** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. GDPS STX's major governmental fund is the General Fund.

### **Major Governmental Funds**

**General Fund** The General Fund is GDPS STX's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

### **Basis of Accounting - Measurement Focus**

**Government-Wide Financial Statements** The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities – regulatory basis presents a comparison between expenses, both direct and indirect, and of GDPS STX and for each governmental function and exclude fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. GDPS STX does not allocate indirect expenses to functions in the Statement of Activities – Regulatory Basis. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of GDPS STX. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

**Fund Financial Statements** Fund financial statements report detailed information about GDPS STX. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Individual charter funds are aggregated and presented in a single column.

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances – regulatory basis reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

**Revenues – Exchange and Non-Exchange Transactions** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. GDPS STX considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: certain grants and other local sources.

Non-exchange transactions, in which GDPS STX receives value without directly giving equal value in return, include certain grants, entitlements, and donations. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**Expenses/Expenditures** On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred. Principal and interest on long-term liabilities, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

**Compensated Absences**

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position – regulatory basis. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

**Fund Balances - Governmental Funds**

As of June 30, 2021, fund balances of the governmental funds are classified as follows:

**Nonspendable** - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. GDPS STX currently does not have any nonspendable funds.

**Restricted** - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**Committed** - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for GDPS STX. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board. GDPS STX currently does not have any committed funds.

**Assigned** - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under GDPS STX's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes. GDPS STX currently does not have any assigned funds.

**Unassigned** - all other spendable amounts.

**Spending Order Policy**

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, GDPS STX considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, GDPS STX considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

**Net Position**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. GDPS STX has no related debt outstanding as of June 30, 2021. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by GDPS STC or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. GDPS STX first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$100,000 of restricted net position.

**Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Custodial Credit Risk - Deposits**

This is the risk that in the event of a bank failure, GDPS STX's deposits may not be returned to it. GDPS STX does not have a policy for custodial credit risk for deposits. As of June 30, 2021, GDPS STX's bank balance of \$50,000 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of GDPS STX.

**Note 2 - Due from other Governmental Units**

Due from other governmental units at June 30, 2021, consisted of the following. All receivables are considered collectible in full.

	General Fund
Federal program revenues	\$ 623,332

**Note 3 - Accounts Payable and Accrued Liabilities**

Accounts payable at June 30, 2021, consisted of the following:

	General Fund
Vendor payables	\$ 169,615
GDPS National	483,855
Total	\$ 653,470

**Note 4 - Long-Term Liabilities****Compensated Absences**

Compensated absences for GDPS STX at June 30, 2021, amounted to \$9,163.

**Note 5 - Fund Balance**

Fund balance is composed of the following elements:

	General Fund
Restricted for campus activities	\$ 100,000
Unassigned	<u>169,862</u>
Total	<u><u>\$ 269,862</u></u>

**Note 6 - Commitments and Contingencies****Grants**

GDPS STX received financial assistance from Federal agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of GDPS STX at June 30, 2021.

**Litigation**

GDPS STX is not currently a party to any legal proceedings.

**Line of Credit**

GDPS STX's finance agreement with Wells Fargo Bank ("Lender") provides for a revolving loan with a maximum borrowing capacity of \$1,000,000 available until June 5, 2022. Interest shall accrue on any unpaid outstanding principal balance at a floating rate equal to the prime rate set by the lender plus 1%. Green Dot Public Schools National pledged \$1,000,000 to Lender a first priority security interest savings account as collateral.

As of year-end GDPS STX outstanding balance was zero.

**Note 7 - Related Party Transactions**

GDPS National is a national organization which provides services to schools in Southeast Texas. These services include, but are not limited to: Human Resources, Legal, Finance and Accounting, Information Technology, Knowledge Management, Strategic Planning, and National Expansion. In exchange, GDPS STX pays service fees to GDPS National. The GDPS STX regional office operates and oversees educational services for its charter schools.

GDPS National charges GDPS STX for a non-transferable, non-sub-licensable, and non-exclusive license to use, reproduce, and display the Green Dot brand, which includes, but is not limited to: trademarks, service marks, design marks, trade names, domain names, registrations in connection with GDPS STX's oversight, support activities, and related educational activities of the schools in its region. At June 30, 2021, GDPS STX has an accounts payable to GDPS National for \$483,855.

The GDPS STX regional office operates and oversees educational services for their charter schools.

Refer to the table below for related party transactions between GDPS STX Schools and GDPS National:

	Grant Revenue - <u>GDPS National</u>	Service Expense - <u>GDPS National</u>
GDPS STX Schools	<u>\$ 200,000</u>	<u>\$ 565,376</u>



Supplementary Information  
June 30, 2021

# Green Dot Public Schools Southeast Texas

Green Dot Public Schools Southeast Texas  
 Budgetary Comparison Schedule – General Fund  
 Period of Inception of September 30, 2020 through June 30, 2021

Data Control Codes		Budgeted Amounts		Actual (GAAP Basis)	Variances - Positive (Negative)
		Original	Final		Final to Actual
	Revenues				
5700	Total local and intermediate sources	\$ 780,860	\$ 780,860	\$ 300,000	\$ (480,860)
5900	Federal program revenues	-	-	764,418	764,418
5020	Total revenues	<u>780,860</u>	<u>780,860</u>	<u>1,064,418</u>	<u>283,558</u>
	Expenditures				
0012	Instructional resources and media services	-	-	2,010	2,010
0013	Curriculum and instructional staff development	17,142	17,142	27,576	10,434
0062	School administrative and support services	611,165	611,165	550,135	(61,030)
0051	Plant maintenance and operations	<u>206,403</u>	<u>206,403</u>	<u>214,835</u>	<u>8,432</u>
6030	Total expenditures	<u>834,710</u>	<u>834,710</u>	<u>794,556</u>	<u>(40,154)</u>
1200	Net Change in Fund Balances	(53,850)	(53,850)	269,862	323,712
0100	Fund Balance - Beginning	-	-	-	-
3000	Fund Balance - Ending	<u>\$ (53,850)</u>	<u>\$ (53,850)</u>	<u>\$ 269,862</u>	<u>\$ 323,712</u>

**Note 1 - Purpose of Budgetary Comparison Schedule**

GDPS STX employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America as prescribed by the Governmental Accounting Standards Board. The budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.



Additional Supplementary Information  
June 30, 2021

# Green Dot Public Schools Southeast Texas

Green Dot Public Schools Southeast Texas  
Schedule of Expenditures of Federal Awards  
Period of Inception of September 30, 2020 through June 30, 2021

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Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed through Texas Education Agency			
2020-2022 School Action Fund Continuation Grant	84.010A	[1]	\$ 241,687
Replication & Expansion	84.282M	[1]	<u>522,731</u>
Total Federal Assistance			<u>\$ 764,418</u>

[1] Pass-Through Entity Identifying Number not available.

Green Dot Public Schools Southeast Texas  
Combining Balance Sheet – General Fund – Regulatory Basis  
June 30, 2021

Data Control Codes	Regional Office	Martin Luther King MS	Texas School #2	Texas School #3	Elimination of Due to/ Due from within the same fund	10 General Fund
<b>Assets</b>						
1110	Cash and cash equivalents	\$ 300,000	\$ -	\$ -	\$ -	\$ 300,000
1240	Due from other governments	-	585,702	13,961	-	623,332
1260	Due from other funds	192,824	-	-	(192,824)	-
1000	<b>Total assets</b>	<b>\$ 492,824</b>	<b>\$ 585,702</b>	<b>\$ 13,961</b>	<b>\$ 23,669</b>	<b>\$ (192,824)</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
2110	Accounts payable	\$ 469,026	\$ 20,943	\$ -	\$ -	\$ 489,969
2165	Accrued liabilities	-	163,501	-	-	163,501
2170	Due to other funds	-	155,194	13,961	23,669	(192,824)
2000	<b>Total liabilities</b>	<b>469,026</b>	<b>339,638</b>	<b>13,961</b>	<b>23,669</b>	<b>(192,824)</b>
<b>Fund Balances</b>						
3450	Restricted - Grant Funds	50,000	50,000	-	-	100,000
3600	Unassigned	(26,202)	196,064	-	-	169,862
3000	<b>Total fund balances</b>	<b>23,798</b>	<b>246,064</b>	<b>-</b>	<b>-</b>	<b>269,862</b>
4000	<b>Total liabilities and fund balances</b>	<b>\$ 492,824</b>	<b>\$ 585,702</b>	<b>\$ 13,961</b>	<b>\$ 23,669</b>	<b>\$ (192,824)</b>

Green Dot Public Schools Southeast Texas

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – General Fund – Regulatory Basis  
 Period of Inception of September 30, 2020 through June 30, 2021

Data Control Codes	Regional Office	Martin Luther King MS	Texas School #2	Texas School #3	10 General Fund	
Revenues						
5700	Total local and intermediate sources	\$ 50,000	\$ 250,000	\$ -	\$ -	\$ 300,000
5900	Federal program revenues	-	585,702	67,142	111,574	764,418
5020	Total revenues	50,000	835,702	67,142	111,574	1,064,418
Expenditures						
Current						
0012	Instructional resources and media services	501	1,509	-	-	2,010
0013	Curriculum and instructional staff development	643	26,933	-	-	27,576
0062	School administrative and support services	25,058	346,361	67,142	111,574	550,135
0051	Plant maintenance and operations	-	214,835	-	-	214,835
6030	Total expenditures	26,202	589,638	67,142	111,574	794,556
1200	Net Change in Fund Balances	23,798	246,064	-	-	269,862
0100	Fund Balance - Beginning	-	-	-	-	-
3000	Fund Balance - Ending	\$ 23,798	\$ 246,064	\$ -	\$ -	\$ 269,862

**Note 1 - Purpose of Schedules****Schedule of Expenditures of Federal Awards (SEFA)**Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Green Dot Public Schools Southeast Texas (GDPS STX) under programs of the federal government for the year ended June 30, 2021. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Green Dot Public Schools Southeast Texas, it is not intended to and does not present the financial position or changes in net position or fund balance of GDPS STX.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

GDPS STX has not elected to use the ten percent de minimis cost rate.

**Combining General Fund Balance Sheet – Regulatory Basis and Statement of Revenues, Expenditures and Changes in Fund Balances – Regulatory Basis**

The Combining General Fund Balance Sheet – Regulatory Basis and Combining General Fund Statement of Revenues, Expenditures and Changes in Fund Balances – Regulatory Basis are included to provide information regarding the individual charter schools sites that have been included in the General Fund column on the Governmental Funds Balance Sheet – Regulatory Basis and Statement of Revenues, Expenditures, and Changes in Fund Balances – Regulatory Basis.



Independent Auditor's Reports  
June 30, 2021

**Green Dot Public Schools Southeast  
Texas**



**Independent Auditor’s 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  
Green Dot Public Schools Southeast Texas  
Beaumont, 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 the governmental activities and the major fund information of Green Dot Public Schools Southeast Texas, as of June 30, 2021 and for the period of inception of September 30, 2020 through June 30, 2021, and the related notes to the financial statements, which collectively comprise Green Dot Public Schools Southeast Texas’s basic financial statements and have issued our report thereon dated February 15, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Green Dot Public Schools Southeast Texas’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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Green Dot Public Schools Southeast Texas’s internal control. Accordingly, we do not express an opinion on the effectiveness of Green Dot Public Schools Southeast Texas’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 a 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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Green Dot Public Schools Southeast Texas'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.

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Rancho Cucamonga, California  
February 15, 2022



## **Independent Auditor’s Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Directors  
Green Dot Public Schools Southeast Texas  
Beaumont, Texas

### **Report on Compliance for the Major Federal Program**

We have audited Green Dot Public Schools Southeast Texas’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Green Dot Public Schools Southeast Texas’s major federal program for the period of inception of September 30, 2020 through June 30, 2021. Green Dot Public Schools Southeast Texas’s major federal program are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

### **Management’s Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for Green Dot Public Schools Southeast Texas’s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Green Dot Public Schools Southeast Texas’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Green Dot Public Schools Southeast Texas’s compliance.

### **Opinion on the Major Federal Program**

In our opinion, Green Dot Public Schools Southeast Texas’s complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the period of inception of September 30, 2020 through June 30, 2021.

## **Report on Internal Control over Compliance**

Management of Green Dot Public Schools Southeast Texas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Green Dot Public Schools Southeast Texas's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Green Dot Public Schools Southeast Texas's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California  
February 15, 2022



Schedule of Findings and Questioned Costs  
June 30, 2021

# Green Dot Public Schools Southeast Texas

**FINANCIAL STATEMENTS**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a):	No

**Identification of major programs:**

Name of Federal Program or Cluster	Assistance Listing Number (ALN)
Replication & Expansion	84.282M
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

None reported.

None reported.

There were no control deficiencies, significant deficiencies, material weaknesses, findings or questioned costs reported in the current year; therefore, no corrective action plan is required.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs, as this is the first year of Green Dot Public Schools Southeast Texas' operations.