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**ACADEMIA ANTONIA ALONSO CHARTER SCHOOL**  
(A Component Unit of the State of Delaware)  
**WILMINGTON, DELAWARE**

**FINANCIAL STATEMENTS**

**JUNE 30, 2022**

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ACADEMIA ANTONIA ALONSO CHARTER SCHOOL  
(A Component Unit of the State of Delaware)

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## INDEPENDENT AUDITOR'S REPORT

October 3, 2022

Board of Directors  
Academia Antonia Alonso Charter School  
Newark, Delaware

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the financial statements of the governmental activities and the major fund of the Academia Antonia Alonso Charter School ("the School"), Newark, Delaware, a component unit of the State of Delaware, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Academia Antonia Alonso Charter School, Newark, Delaware, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") 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 the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

The School's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles general 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 the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### 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 opinions. 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 GAAS 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 GAAS 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 the 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 the School's ability to continue as a going concern for a reasonable period of time.

Board of Directors  
Academia Antonia Alonso Charter School

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.

Report on Summarized Comparative Information

We have previously audited the School's 2021 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities and the major fund in our report dated September 30, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10, and the budgetary comparison schedule – general fund, schedule of the School's proportionate share of the net pension liability, schedule of School pension contributions, schedule of the School's proportionate share of the net OPEB liability, and schedule of School OPEB contributions on pages 35 through 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The combining balance sheet - general fund, combining statement of revenues, expenditures, and changes in fund balances - general fund, schedule of expenditures by natural classification – general fund, and 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"), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining balance sheet - general fund, combining statement of revenues, expenditures, and changes in fund balances - general fund, schedule of expenditures by natural classification – general fund, and schedule of expenditures of federal awards are the responsibility of management and were

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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 balance sheet - general fund, combining statement of revenues, expenditures, and changes in fund balances - general fund, schedule of expenditures by natural classification – general fund, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic 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 October 3, 2022, on our consideration of the 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 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 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 the School's internal control over financial reporting and compliance.

*Barbacane, Thornton & Company LLP*  
BARBACANE, THORNTON & COMPANY LLP

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



**ACADEMIA ANTONIA ALONSO CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED  
FOR THE YEAR ENDED JUNE 30, 2022**

The discussion and analysis of the financial performance of the Academia Antonia Alonso Charter School ("the School") provides an overview of the School's financial activities for the fiscal year ended June 30, 2022.

**FINANCIAL HIGHLIGHTS**

The School's net position reflects a deficit of \$7,974,053. Program revenues accounted for \$3,017,519, or 24.47 percent, of total revenue, and general revenues accounted for \$9,314,184, or 75.53 percent.

The Governmental Fund reported ending fund balance in the amount of \$2,691,020.

**USING THIS ANNUAL FINANCIAL REPORT**

This annual financial report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the School as a whole and then proceed to provide a detailed look at specific financial activities.

**REPORTING THE SCHOOL AS A WHOLE**

Fiscal year 2022 is the School's seventh year of operations. One of the most important questions asked about School finances is, "Is the School better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the School as a whole and about its activities in a manner that helps to answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenue and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the School's net position and changes therein. The change in net position provides the reader with a tool to assist in determining whether the School's financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors such as educational related legislation, student enrollment growth, facility conditions, and other issues in arriving at a conclusion regarding the overall health of the School.

**REPORTING THE SCHOOL'S MOST SIGNIFICANT FUND**

The School's activities are reported in the General Fund, which focuses on how money flows into and out of that fund and the year-end balance available for spending in future periods. This fund is reported using the modified accrual basis of accounting, which measures cash and other financial assets that can readily be converted to cash. The Governmental Fund statements provide a detailed short-term view of the School's general operations and the basic services it provides. Governmental Fund information helps one determine whether there are more or fewer financial resources available to spend in the near future to finance the School's programs and/or operations. The relationship (or differences)

**ACADEMIA ANTONIA ALONSO CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2022**

between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the Governmental Fund is reconciled in the basic financial statements.

**ENTITY-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the government's financial position. In the case of the School, assets and deferred outflows of resources were exceeded by liabilities and deferred inflows of resources by \$7,974,053 at the close of the fiscal year. The School's unrestricted net position had a deficit balance of \$(8,617,315), and \$643,262 was the net investment in capital assets.

A comparative analysis of net position and changes in net position follows:

**Table 1  
NET POSITION  
June 30, 2022 and 2021**

	Governmental Activities	
	2022	2021
ASSETS		
Current assets	\$ 4,151,304	\$ 3,238,976
Noncurrent assets	2,902,624	936,367
TOTAL ASSETS	7,053,928	4,175,343
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows	10,494,341	11,729,733
LIABILITIES		
Current liabilities	1,501,880	1,319,686
Noncurrent liabilities	16,823,371	19,270,566
TOTAL LIABILITIES	18,325,251	20,590,252
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows	7,197,071	2,541,590
NET POSITION (DEFICIT)		
Net investment in capital assets	643,262	772,974
Restricted for net pension asset	2,078,185	-
Unrestricted deficit	(10,695,500)	(7,999,740)
TOTAL NET DEFICIT	\$ (7,974,053)	\$ (7,226,766)

**ACADEMIA ANTONIA ALONSO CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2022**

**Table 2  
CHANGES IN NET POSITION  
For the Fiscal Years Ended June 30, 2022 and 2021**

	Governmental Activities	
	2022	2021
<b>REVENUES</b>		
General revenue:		
Charges to school districts	\$ 2,878,216	\$ 2,891,227
Payments from primary government	6,014,370	5,834,120
Earnings on cash and pooled cash	-	29,567
Other local revenue	421,598	-
Program revenue:		
Operating grants and contributions	3,017,519	1,492,602
<b>TOTAL REVENUES</b>	<u>12,331,703</u>	<u>10,247,516</u>
<b>EXPENSES</b>		
Instructional services	8,333,012	7,377,116
Support services:		
Operation and maintenance of facilities	3,264,641	3,287,958
Transportation	702,947	864,577
Food service	758,183	309,065
Interest expense and other charges	20,207	19,013
<b>TOTAL EXPENSES</b>	<u>13,078,990</u>	<u>11,857,729</u>
<b>CHANGE IN NET DEFICIT</b>	<u>\$ (747,287)</u>	<u>\$ (1,610,213)</u>

**THE SCHOOL'S FUNDS**

The School's Governmental Fund reported a fund balance of \$2,691,020, which is an increase from the prior year of \$1,991,286. This increase was realized primarily a result of an increase in state aid and federal grants.

**Governmental Fund**

The tables that follow assist in illustrating the financial activities of the Governmental Fund.

**ACADEMIA ANTONIA ALONSO CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2022**

**Table 3  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
For the Fiscal Years Ended June 30, 2022 and 2021**

	Total Governmental Fund	
	2022	2021
<b>REVENUES</b>		
Charges to school districts	\$ 2,878,216	\$ 2,891,227
State aid	6,014,370	5,834,120
Federal aid	3,017,519	1,411,143
Earnings on cash and pooled cash	-	29,567
Food service revenue	-	69,179
Other local revenue	52,197	7,142
Donations	369,401	5,138
<b>TOTAL REVENUES</b>	<b>12,331,703</b>	<b>10,247,516</b>
<b>EXPENDITURES</b>		
Current:		
Instructional services	6,907,666	5,378,147
Operation and maintenance of facilities	2,898,401	2,332,246
Transportation	578,410	558,378
Food service	758,183	235,646
Capital outlays:		
Equipment	486,886	446,562
Debt service:		
Principal	71,996	105,824
Interest and other charges	20,207	19,013
<b>TOTAL EXPENDITURES</b>	<b>11,721,749</b>	<b>9,075,816</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>609,954</b>	<b>1,171,700</b>
<b>LOAN PROCEEDS</b>	<b>89,780</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>699,734</b>	<b>1,171,700</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>1,991,286</b>	<b>819,586</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 2,691,020</b>	<b>\$ 1,991,286</b>

The majority of the School's total revenue, 72.11 percent, comes from state sources and local school districts. The socioeconomic diversity and special needs of the School's population dictate entitlement to federal funding, which accounts for 24.47 percent of total revenue. Donations and earnings on cash and pooled cash account for the remainder of total revenue. The reliance on this revenue is to support programs and facility expenditures that are not allotted for in federal, state, and local funds.

**ACADEMIA ANTONIA ALONSO CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2022**

**General Fund Budget Information**

The School's budget is prepared in accordance with the modified accrual basis of accounting.

Appropriate adjustments are made to the budget based on unanticipated revenue increases or shortfalls due to federal, state, and Delaware Department of Education requirements and/or legislation, lack of contributions, etc. Some appropriations required changes in functional categories due to spending patterns. See further detail of the School's budget and actual performance in the Budgetary Comparison Schedule on page 35.

***Revenues***

**State Aid** – The unfavorable variance of \$788,112 is attributed to less than anticipated state aid received.

**Federal Aid** – The favorable variance of \$646,180 is attributed to the timing of the grants availability.

**Food Service Revenue** – The unfavorable variance of \$540,845 is due to all meals being federally reimbursable during the current year due to the ongoing pandemic.

***Expenditures***

**Salaries and Employment Costs** – The unfavorable combined variance of \$82,355 is mainly due to needing more staff members than anticipated in the budget process.

**Contractual Services** – The favorable variance of \$105,383 is due to food service and transportation contracted costs being lower than anticipated due to the pandemic.

**Supplies and Materials** – The favorable variance of \$839,559 is due to the School purchasing less supplies during the year than originally anticipated.

**Capital Assets**

The School has \$824,439 invested in capital assets, net of depreciation, all of which is attributed to governmental activities. The school's major asset additions during the year were school buses totaling \$391,560. The increase in accumulated depreciation was \$529,198. Detailed information regarding capital assets activity is included in the notes to the basic financial statements.

**Long-term Debt**

At June 30, 2022, the School had outstanding debt obligations of \$181,177 for school buses.

**ACADEMIA ANTONIA ALONSO CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2022**

**FACTORS EXPECTED TO HAVE AN EFFECT ON FUTURE OPERATIONS**

The School's student population and revenue is stable. Since the School has no direct taxing authority, it is reliant upon state, federal, and local funding that is passed through to the School by the state. In order to maintain a school that provides students with a strong biliterate academic and cultural foundation, the School continues to seek other funding services.

**CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our fellow citizens, customers, investors, and creditors with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School's office at 302-351-8200.

## **BASIC FINANCIAL STATEMENTS**

**ACADEMIA ANTONIA ALONSO CHARTER SCHOOL**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2022 AND 2021**

	Governmental Activities	
	2022	2021
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash and pooled cash	\$ 2,766,244	\$ 3,074,680
Accounts Receivable - Local	80,247	-
Due from other governments	204,813	164,296
Security deposit	1,100,000	-
Total Current Assets	4,151,304	3,238,976
NONCURRENT ASSETS:		
Depreciable capital assets, net	824,439	936,367
Net pension Asset	2,078,185	-
Total Noncurrent Assets	2,902,624	936,367
TOTAL ASSETS	7,053,928	4,175,343
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - pension	1,848,146	1,710,401
Deferred outflows - OPEB	8,646,195	10,019,332
TOTAL DEFERRED OUTFLOWS OF RESOURCES	10,494,341	11,729,733
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 17,548,269	\$ 15,905,076
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)		
CURRENT LIABILITIES:		
Accounts payable	\$ 300,353	\$ 176,150
Accrued salaries and related costs	1,159,931	1,071,540
Loans payable	41,596	71,996
Total Current Liabilities	1,501,880	1,319,686
NONCURRENT LIABILITIES:		
Compensated absences	70,575	41,395
Loans payable	139,581	91,397
Net pension liability	-	2,325,387
Net OPEB liability	16,613,215	16,812,387
Total Noncurrent Liabilities	16,823,371	19,270,566
TOTAL LIABILITIES	18,325,251	20,590,252
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows - pension	4,174,491	411,053
Deferred inflows - OPEB	3,022,580	2,130,537
TOTAL DEFERRED INFLOWS OF RESOURCES	7,197,071	2,541,590
NET POSITION (DEFICIT):		
Net investment in capital assets	643,262	772,974
Restricted for net pension asset	2,078,185	-
Unrestricted (Deficit)	(10,695,500)	(7,999,740)
TOTAL NET POSITION (DEFICIT)	(7,974,053)	(7,226,766)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)	\$ 17,548,269	\$ 15,905,076

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



**ACADEMIA ANTONIA ALONSO CHARTER SCHOOL  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022  
(With Summarized Comparative Data for the Year Ended June 30, 2021)**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Deficit	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Totals	
					2022	2021
<b>GOVERNMENTAL ACTIVITIES</b>						
Instructional services	(8,333,012)	\$ -	\$ 2,330,268	\$ -	\$ (6,002,744)	\$ (5,960,835)
Support services:						
Operation and maintenance of facilities	(3,264,641)	-	-	-	(3,264,641)	(3,280,816)
Transportation	(702,947)	-	-	-	(702,947)	(864,577)
Food service	(758,183)	-	687,251	-	(70,932)	(239,886)
Interest expense and other charges	(20,207)	-	-	-	(20,207)	(19,013)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ (13,078,990)</b>	<b>\$ -</b>	<b>\$ 3,017,519</b>	<b>\$ -</b>	<b>(10,061,471)</b>	<b>(10,365,127)</b>
		<b>GENERAL REVENUES</b>				
					2,878,216	2,891,227
					6,014,370	5,834,120
					-	29,567
					421,598	-
					<u>9,314,184</u>	<u>8,754,914</u>
					(747,287)	(1,610,213)
					<u>(7,226,766)</u>	<u>(5,616,553)</u>
					<u>\$ (7,974,053)</u>	<u>\$ (7,226,766)</u>

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

**ACADEMIA ANTONIA ALONSO CHARTER SCHOOL  
BALANCE SHEETS - GENERAL FUND  
JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS:</b>		
Cash and pooled cash	\$ 2,766,244	\$ 3,074,680
Accounts receivable - local	80,247	-
Due from other governments	204,813	164,296
Security deposit	<u>1,100,000</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 4,151,304</u></u>	<u><u>\$ 3,238,976</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES:</b>		
Accounts payable	\$ 300,353	\$ 176,150
Accrued salaries and related costs	<u>1,159,931</u>	<u>1,071,540</u>
<b>TOTAL LIABILITIES</b>	<u><u>1,460,284</u></u>	<u><u>1,247,690</u></u>
<b>FUND BALANCE:</b>		
Nonspendable - security deposit	1,100,000	-
Unassigned	<u>1,591,020</u>	<u>1,991,286</u>
<b>TOTAL FUND BALANCE</b>	<u><u>2,691,020</u></u>	<u><u>1,991,286</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 4,151,304</u></u>	<u><u>\$ 3,238,976</u></u>

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

**ACADEMIA ANTONIA ALONSO CHARTER SCHOOL  
RECONCILIATION OF BALANCE SHEET - GENERAL  
FUND TO STATEMENT OF NET POSITION  
JUNE 30, 2022**

TOTAL FUND BALANCE - GENERAL FUND \$ 2,691,020

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in the governmental activities are not financial resources and, therefore, are not reported in the fund. Capital assets net of accumulated depreciation as detailed in the footnotes are included in the statement of net position. 824,439

Long-term assets applicable to governmental activities are not due and receivable in the current period and, therefore, are not reported as fund assets. In addition, some liabilities are not due and payable in the current period and, therefore, are not reported in the fund. Those liabilities consist of:

Net pension asset	\$ 2,078,185	
Compensated absences	(70,575)	
Loans payable	(181,177)	
Net OPEB liability	<u>(16,613,215)</u>	(14,786,782)

Deferred inflows of resources and deferred outflows of resources related to the School's net pension asset are based on the differences between actuarially determined actual and expected investment returns, differences in actual and expected experience, changes in assumptions, changes in the actuarially determined proportion of the School's amount of the total pension asset, and pension contributions made after the measurement date of the net pension asset. These amounts will be amortized over the estimated remaining average service life of the employees.

Deferred outflows - pension	\$ 1,848,146	
Deferred inflows - pension	<u>(4,174,491)</u>	(2,326,345)

Deferred inflows of resources and deferred outflows of resources related to the School's net OPEB liability are based on the differences between actuarially determined actual and expected investment returns, differences in actual and expected experience, changes in assumptions, changes in the actuarially determined proportion of the School's amount of the total OPEB liability, and OPEB contributions made after the measurement date of the net OPEB liability. These amounts will be amortized over the estimated remaining average service life of the employees.

Deferred outflows - OPEB	\$ 8,646,195	
Deferred inflows - OPEB	<u>(3,022,580)</u>	<u>5,623,615</u>

TOTAL NET DEFICIT - GOVERNMENTAL ACTIVITIES \$ (7,974,053)

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

**ACADEMIA ANTONIA ALONSO CHARTER SCHOOL  
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
GENERAL FUND  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
REVENUES		
Charges to school districts	\$ 2,878,216	\$ 2,891,227
State aid	6,014,370	5,834,120
Federal aid	3,017,519	1,411,143
Earnings on cash and pooled cash	-	29,567
Food service revenue	-	69,179
Donations	52,197	5,138
Other local revenues	369,401	7,142
TOTAL REVENUES	<u>12,331,703</u>	<u>10,247,516</u>
EXPENDITURES		
Current:		
Instruction	6,907,666	5,378,147
Operation and maintenance of facilities	2,898,401	2,332,246
Transportation	578,410	558,378
Food services	758,183	235,646
Capital outlay:		
Equipment	486,886	446,562
Debt service:		
Principal	71,996	105,824
Interest and other charges	20,207	19,013
TOTAL EXPENDITURES	<u>11,721,749</u>	<u>9,075,816</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>609,954</u>	<u>1,171,700</u>
OTHER FINANCING SOURCES (USES):		
Loan proceeds	89,780	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>89,780</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	699,734	1,171,700
FUND BALANCE, BEGINNING OF YEAR	<u>1,991,286</u>	<u>819,586</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,691,020</u>	<u>\$ 1,991,286</u>

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

**ACADEMIA ANTONIA ALONSO CHARTER SCHOOL  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - GENERAL FUND TO STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

NET CHANGES IN FUND BALANCE - TOTAL GENERAL FUND \$ 699,734

Amounts reported for governmental activities in the statement of activities are different because:

General fund reports capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$1,000 are capitalized, and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 417,270	
Depreciation expense	<u>(529,198)</u>	(111,928)

Debt proceeds are reported as financing sources in the general fund and, thus, contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the general fund but reduces the liability in the statement of net position. In addition, bond premiums are reported as other financing sources; however, these amounts are reported on the statement of net position as deferred charges and amortized over the life of the debt.

Proceeds from loans	(89,780)	
Principal repayments on loans	<u>71,996</u>	(17,784)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the general funds:

Compensated absences		(29,180)
----------------------	--	----------

Pension expenses in the statement of activities differ from the amount reported in the general fund because pension expenses are recognized on the statement of activities based on the School's proportionate share of the expenses of the cost-sharing pension plan, whereas pension expenditures are recognized in the general fund when a requirement to remit contributions to the plan exists.

777,879

OPEB expenses in the statement of activities differ from the amount reported in the general fund because OPEB expenses are recognized on the statement of activities based on the School's proportionate share of the expenses of the cost-sharing pension plan, whereas OPEB expenditures are recognized in the general funds when a requirement to remit contributions to the plan exists.

(2,066,008)

CHANGE IN NET DEFICIT - GOVERNMENTAL ACTIVITIES		<u><u>\$ (747,287)</u></u>
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The accompanying notes are an integral part of these financial statements.

## ACADEMIA ANTONIA ALONSO CHARTER SCHOOL

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Description of the Charter School

The Academia Antonia Alonso Charter School ("the School") is organized under Delaware Code, Title 14, Chapter 5 of the State of Delaware. The Charter School Law grants authority for independent public schools to be created for the purpose of increasing choices for parents of public-school students and increasing academic performance. A charter school is an independent public school governed by an independent board of directors. In Delaware, charter schools have the same basic standing as a school district with some exceptions - most notably, they may not levy taxes. To encourage innovation, charter schools operate free from a number of state laws and regulations. The School's initial charter was granted for a four-year period, renewable every five years thereafter. The School's first full year of school started in August 2014.

Charter schools are funded similarly to other public schools in that state and local funds are allocated for each enrolled student. Public funds are not provided for facilities. Charter schools may charge for selected additional costs consistent with those permitted by other school districts. Because charter schools receive local, state, and federal funds, they may not charge tuition.

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the School are described below.

##### Reporting Entity

The School is the primary government and is considered a component unit of the State of Delaware. A component unit, although a legally separate entity, is, in substance, part of the State of Delaware's operations. The School has no component units for which it is considered to be financially accountable.

##### Entity-wide and Fund Financial Statements

The entity-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the School.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Separate financial statements are provided for governmental funds. The major governmental fund is reported in the fund financial statements.

ACADEMIA ANTONIA ALONSO CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

**Entity-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Charges to the School are recognized as revenues in the year for which they are billed.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to students for special fees, supplies, food, or services provided; 2) operating grants and contributions; and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include charges to school districts.

**Governmental fund financial statements** are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

Charges to the school districts, state appropriations, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the School receives cash.

The School reports the following major governmental fund:

- **General Fund** – The general fund is the School's primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.

Receivables

The School considers all accounts receivable at year end to be collectible; therefore, no allowance for doubtful accounts has been recorded.

Capital Assets

Capital assets, which include leasehold improvements, are reported in the entity-wide financial statements. The School defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year.

ACADEMIA ANTONIA ALONSO CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Such assets are recorded at historical cost. When the historical cost cannot be determined, the value shall be fixed by estimation based on those assets which are currently in existence. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend lives of the assets are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest cost incurred during construction is capitalized.

Capital assets of the School are depreciated using the straight-line method over the estimated useful lives of the related assets. The School generally uses the following estimated useful lives:

Leasehold improvements (life of lease)	4 - 7 years
Furniture and fixtures	5 years
Computers and equipment	3 years
Vehicles (school buses)	5 years

Compensated Absences

Vacation pay plus related payroll taxes are accrued when incurred in the entity-wide financial statements. The liability for these amounts is reported in the governmental funds only when the liability matures; for example, as a result of employee resignations and retirements.

**Vacation** – Twelve-month employees can accumulate up to 42 days of vacation. Any days in excess of 42 are dropped as of July 1 of each year. Employees are paid for unused vacation upon termination and retirement at the current rate of pay.

**Sick and Personal Leave** – Employees are paid for unused sick or personal leave upon retirement. Sick and personal leave allowances are as follows: 10 days for 10- month salaried employees and 10 days for 12-month salaried employees, to be used during the school year. Three sick days can be taken as personal days for both 10-month and 12-month salaried employees.

Earned unused sick leave may be transferred to another state agency if the employee remains a state employee or is later rehired as a state employee. Sick time does not accrue while an employee is on leave of absence, unless otherwise required by law. At the time of separation, the state will pay out any compensated absences, within its guidelines, to the employee.

The compensated absences liability was \$70,575 at June 30, 2022.

Fund Equity

Fund balance will be displayed in the following classification (if applicable) depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:



ACADEMIA ANTONIA ALONSO CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

*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.

*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 formal action of the Board of Directors. The Board is the highest level of decision-making authority for the School. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Directors.

*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. The School Director may assign amounts for specific purposes.

*Unassigned* – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the School considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School considers amounts to have been spent first out of committed funds, then assigned funds, and finally, unassigned funds, as needed, unless the Board or School Director 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 invested 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. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Any remaining portions of net position are reflected as unrestricted. When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first and then unrestricted resources as they are needed.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of

ACADEMIA ANTONIA ALONSO CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The School reports deferred pension and OPEB contributions resulting from pension and OPEB contributions subsequent to the measurement date of the net pension asset and OPEB liability and certain other items which represent differences related to changes in the net pension asset and OPEB liability which will be amortized over future periods.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element represents a source of net position that applies to future periods. The School reports certain items which represent differences related to changes in the net pension asset and net OPEB liability which will be amortized over future periods.

Use of Estimates in the Preparation of Financial Statements

The preparation of basic 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.

Income Tax Status

The School is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. The School qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1). The School did not engage in any unrelated business activities during the fiscal year. Management believes more likely than not that its tax-exempt status and tax positions will be sustained if examined by authorities.

NOTE 2 CASH AND POOLED CASH

At June 30, 2022, the School had a pooled cash balance of \$2,766,244, the entirety of which was part of an investment pool controlled by the personnel of the State Treasurer's Office in Dover, Delaware, and all investment decisions are made by the State Treasurer's Office. These funds are considered to be highly liquid and available for immediate use and, thus, are recorded as cash equivalents in these financial statements.

The funds held by the State of Delaware investment pool, an internal investment pool, are specifically identified for the School, but the credit risk cannot be categorized for these funds. Credit risk for such investments depends on the financial stability of the State of Delaware. The

ACADEMIA ANTONIA ALONSO CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 2 CASH AND POOLED CASH (cont'd)

State reports that its investment securities are stated at quoted market prices, except that investment securities with a remaining maturity at time of purchase of one year or less are stated at cost or amortized cost.

NOTE 3 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2022 is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<i>Governmental Activities:</i>				
General capital assets being depreciated:				
Furniture and fixtures	\$ 286,997	\$ -	\$ -	\$ 286,997
Computers and equipment	243,501	23,410	-	266,911
Vehicles (school buses)	854,201	391,560	-	1,245,770
Leasehold improvements	<u>2,127,072</u>	<u>2,300</u>	-	<u>2,129,372</u>
 Total general capital assets being depreciated	 3,511,780	 417,270	 -	 3,929,050
 Accumulated depreciation	 <u>2,575,413</u>	 <u>529,198</u>	 -	 <u>3,104,611</u>
 Governmental Activities, Net	 <u>\$ 936,367</u>	 <u>\$ (111,928)</u>	 <u>\$ -</u>	 <u>\$ 824,439</u>

Depreciation expense was charged to the following governmental activities:

Instructional services	\$ 38,421
Operation and maintenance of facilities	366,240
Transportation	<u>124,537</u>
	<u>\$ 529,198</u>

NOTE 4 LINE OF CREDIT

The School has a \$200,000 bank line of credit. The line of credit accrues interest at two percent plus the LIBOR rate on any outstanding balances and is payable monthly. As of June 30, 2022, the School did not have any outstanding balance on the line of credit. The line of credit is payable on demand and secured by an assignment of accounts and equipment.

ACADEMIA ANTONIA ALONSO CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 5 LONG-TERM LIABILITIES

Long-term debt obligations as of June 30, 2022 are as follows:

Bus loan, payable in fixed monthly installments of \$3,971, including interest charged at 6.5%, maturing in August 2022, secured by vehicles.	\$ 7,400
Bus loan, payable in fixed monthly installments of \$1,388, including interest charged at 7.75%, maturing in June 2029, secured by vehicles.	83,997
Bus loan, payable in fixed monthly installments of \$2,496, including interest charged at 7.4%, maturing in August 2025, secured by vehicles.	<u>89,780</u>
	181,177
Current portion	<u>(41,596)</u>
	<u>\$ 139,581</u>

A schedule of changes in long-term liabilities for the year ended June 30, 2022 is as follows:

	Amounts			Amounts	
	Outstanding			Outstanding	Due Within
	07/01/2021	Additions	Retirements	06/30/2022	One Year
<i>Governmental Activities:</i>					
Compensated absences	\$ 41,395	\$ 29,180	\$ -	\$ 70,575	\$ -
Loans payable	163,393	89,780	71,996	181,177	41,596
Net pension liability	2,325,187	-	2,325,187	-	-
Net OPEB liability	16,812,387	-	199,172	16,613,215	-
Total Governmental Activities	<u>\$19,342,362</u>	<u>\$ 118,960</u>	<u>\$2,596,355</u>	<u>\$16,864,967</u>	<u>\$ 41,596</u>

The total principal and interest maturities on the loans payable as of June 30, 2022 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 41,596	\$ 12,435	\$ 54,031
2024	37,486	9,123	46,609
2025	40,408	6,151	46,559
2026	16,938	3,918	20,856
2027	13,780	2,878	16,658
2028-2029	<u>30,969</u>	<u>2,347</u>	<u>33,316</u>
Total	<u>\$ 181,177</u>	<u>\$ 36,852</u>	<u>\$ 218,029</u>

ACADEMIA ANTONIA ALONSO CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 6 PENSION PLAN

Plan Description

School employees are considered state employees and are covered under the State of Delaware Employees' Pension Plan ("the Plan"), which is a cost-sharing, multiple-employer defined benefit public employees' retirement system ("the State PERS") defined by the Delaware Code.

The State of Delaware General Assembly is responsible for setting benefits and contributions, and amending plan provisions; administrative rules and regulations are adopted and maintained by the Board of Pension Trustees ("the Board").

The following are brief descriptions of the Plan in effect as of June 30, 2022. For a more complete description, please refer to the Delaware Employees' Pension Plan Comprehensive Annual Financial Report. Separately issued financial statements for the Plan may be obtained by writing to the State of Delaware Public Employee Retirement System, McArdle Building, Suite 1, 860 Silver Lake Boulevard, Dover, DE 19904; by calling 1-800-722-7300; or by visiting the PERS website at [www.delawarepensions.com](http://www.delawarepensions.com).

Plan Description and Eligibility

The State Employees' Pension Plan covers virtually all full-time or regular part-time employees of the State, including employees of other affiliated entities.

There are two tiers within this plan: 1) employees hired prior to January 1, 2012 (Pre-2012), and 2) employees hired on or after January 1, 2012 (Post-2011).

Benefits Provided

*Service Benefits*

Final average monthly compensation (employees hired Post-2011 may not include overtime in pension compensation) multiplied by 2.0 percent and multiplied by years of credited service prior to January 1, 1997, plus final average monthly compensation multiplied by 1.85 percent and multiplied by years of credited service after December 31, 1996, subject to minimum limitations. For this plan, final average monthly compensation is the monthly average of the highest three periods of twelve consecutive months of compensation.

*Vesting*

Pre-2012 date of hire employees vest in the plan after five years of credited service. Post-2011 date of hire employees vest in the plan after ten years of credited service.

ACADEMIA ANTONIA ALONSO CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 6 PENSION PLAN (cont'd)

*Retirement*

Pre-2012 date of hire employees may retire at age 62 with five years of credited service; at age 60 with 15 years of credited service; or after 30 years of credited service at any age. Post-2011 date of hire employees may retire at age 65 with at least 10 years of credited service; at age 60 with 20 years of credited service; or after 30 years of credited service at any age.

*Disability Benefits*

Disability benefits for Pre-2012 date of hire employees are offered using the same calculations as the Service Benefits described above. Employees in this program must have five years of credited service. In lieu of disability pension benefits, over 90 percent of the members of this plan opted into a Disability Insurance Program offered by the State effective January 1, 2006. Post-2011 date of hire employees are also included in the Disability Insurance Program.

*Survivor and Burial Benefits*

In the event of the death of a member of the Plan, the eligible survivor receives 50 percent of the benefits received under the pension (or 75 percent with a three percent reduction of the benefit). If the employee is an active member of the Plan with at least five years of credited service, the eligible survivor receives 75 percent of the benefit the active employee would have received at age 62.

Burial benefits are established at \$7,000 per plan member.

Contributions

*Member Contributions*

Pre-2012 date of hire employees contributes three percent of earnings in excess of \$6,000. Post-2011 date of hire employees contributes five percent of earnings in excess of \$6,000.

*Employer Contributions*

Employer contributions are determined by the Board of Pension Trustees. For the year ended June 30, 2022, the rate of the employer contributions was 12.45 percent of covered payroll. The School's contribution to PERS for the year ended June 30, 2022 was \$535,781.

*PRI Contribution*

All reporting units participating in the State PERS make contributions to a PRI fund which accumulates resources to fund ad hoc postretirement increases granted by the General

ACADEMIA ANTONIA ALONSO CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 6 PENSION PLAN (cont'd)

Assembly. The increases are funded over a five-year period from the PRI fund. The allocation of the contribution from the PRI fund to the Pension Trust is a reduction of the net pension liability of each participating employer.

Pension Liability and Expense, and Deferred Outflows and Inflows of Resources

At June 30, 2022, the School reported an asset of \$2,078,185 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by rolling forward the Plan's total pension liability as of June 30, 2020 to June 30, 2021. The School's proportion of the net pension asset was calculated based on the actual contributions made during the measurement period in proportion to the total of all employer contributions made during the measurement period. At June 30, 2021, the School's proportion was 0.1705 percent, which was an increase of 0.0051 percent from its proportion as of June 30, 2020.

For the year ended June 30, 2022, the School recognized pension credit in the amount of \$242,098. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ -	\$ 4,174,491
Difference between actual and expected experience	314,999	-
Changes in assumptions	375,476	-
Changes in proportions	621,890	-
Contributions subsequent to the date of measurement	535,781	-
	<u>\$ 1,848,146</u>	<u>\$ 4,174,491</u>

An amount of \$535,781 is reported as deferred outflows of resources resulting from the School's contributions subsequent to the June 30, 2021 measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources related to pensions and will be recognized in pension expense as follows:

ACADEMIA ANTONIA ALONSO CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 6 PENSION PLAN (cont'd)

Year Ending June 30,

2023	\$ (759,831)
2024	(729,011)
2025	(816,112)
2026	(760,827)
2027	<u>203,655</u>
	<u>\$ (2,862,126)</u>

Actuarial Assumptions

The total pension liability as of the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020, and update procedures were used to roll forward the total pension asset to June 30, 2021. These actuarial valuations used the following actuarial assumptions, applied to all periods:

- Investment return/discount rate – 7.0 percent, including inflation of 2.5 percent
- Salary increases – 2.5 percent + merit, including inflation of 2.5 percent
- Cost-of-living adjustments – ad hoc

The total pension liability is measured based on assumptions pertaining to interest rates, inflation rates, and employee demographic behavior in future years. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the actual experience deviates, the larger the impact on future financial statements.

Mortality rates were based on the RP-2014 tables with gender adjustments for healthy annuitants and disabled retirees, and an adjusted version on MP-2015 mortality improvement scale on a fully generational basis.

Projected benefit payments do not include the effects of projected ad hoc cost-of-living adjustments (“ad hoc COLAs”), as they are not substantively automatic. The primary considerations relevant to making this determination include the historical patterns of granting the changes and the consistency in the amounts of the changes.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major



ACADEMIA ANTONIA ALONSO CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 6 PENSION PLAN (cont'd)

asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by an asset allocation percentage, which is based on the nature and mix of current and expected plan investments, and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Plan are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return	Target Asset Allocation
Domestic equity	5.7%	32.3%
International equity	5.7%	18.1%
Fixed income	2.0%	20.6%
Alternative investments	7.8%	24.2%
Cash and equivalents	-	4.8%

Discount Rate

The discount used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at rates determined by the Board, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension asset, calculated using the discount rate of 7 percent, as well as what the net pension asset would be if it were calculated using a discount rate that is one percentage point lower (6.0 percent) or one percentage point higher (8.0 percent) than the current rate.

	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
School's proportionate share of the net pension liability (asset)	\$ 253,999	\$ (2,078,185)	\$ (4,035,589)

ACADEMIA ANTONIA ALONSO CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 6 PENSION PLAN (cont'd)

Pension Plan Fiduciary Net Position

Detailed information about PERS' fiduciary net position is available in the PERS Comprehensive Annual Financial Report, which can be found on the Plan's website at [www.delawarepensions.com](http://www.delawarepensions.com).

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description

School employees are considered state employees and are covered under the State of Delaware Employees' Other Postemployment Benefits Fund Trust ("the Plan"), which is a cost-sharing, multiple-employer defined benefit plan defined by the Delaware Code.

The State of Delaware General Assembly is responsible for setting benefits and contributions, and amending plan provisions; administrative rules and regulations are adopted and maintained by the DPERS Board of Pension Trustees, which acts as the Board of Trustees ("the Board") for the Plan and is responsible for the financial management of the Plan.

The following are brief descriptions of the Plan in effect as of June 30, 2022. For a more complete description, please refer to the Delaware Public Employees' Retirement System Comprehensive Annual Financial Report. Separately issued financial statements for the Plan may be obtained by writing to the State of Delaware Public Employee Retirement System, McArdle Building, Suite 1, 860 Silver Lake Boulevard, Dover, DE 19904; by calling 1-800-722-7300; or by visiting the PERS website at [www.delawarepensions.com](http://www.delawarepensions.com).

Plan Description and Eligibility

The Plan is a cost-sharing multiple employer plan that covers all employees of the State that are eligible to participate in the defined benefit pension plan, including employees of other affiliated entities.

Benefits Provided

The Plan provides medical coverage to pensioners and their eligible dependents. The participant's cost of plan benefits is variable based on years of service. Pensioners who retire after July 1, 2012 and who become eligible for Medicare will pay an additional five percent of the Medicare supplement offered by the State. Surviving spouses are eligible for coverage after a retiree's death.

ACADEMIA ANTONIA ALONSO CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Contributions

*Employer Contributions*

Participating employers fund the Plan for current retirees on a pay-as-you-go basis along with funding for future benefits at a rate that is approved in the annual budget but not actuarially determined. For the year ended June 30, 2022, the rate of the employer contribution was 11.48 percent of covered payroll. The School's contribution to the Plan for the year ended June 30, 2022 was \$494,067.

Other Postemployment Benefits Plan Liability and Expense, and Deferred Outflows and Inflows of Resources

At June 30, 2022, the School reported a liability of \$16,812,387 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the Plan's total OPEB liability as of June 30, 2020 to June 30, 2021. The School's proportion of the net OPEB liability was calculated based on the actual contributions made during the measurement period in proportion to the total of all employer contributions made during the measurement period. At June 30, 2021, the School's proportion was 0.1596 percent, which was a decrease of 0.0019 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the School recognized OPEB expense of \$2,560,075. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ -	\$ 191,910
Net difference between projected and actual experience	398,402	2,286,197
Changes in proportions	4,875,751	-
Changes in assumptions	2,877,975	544,473
Contributions subsequent to the date of measurement	<u>494,067</u>	<u>-</u>
	<u>\$ 8,646,195</u>	<u>\$ 3,022,580</u>

An amount of \$494,067 is reported as deferred outflows of resources resulting from the School's contributions subsequent to the June 30, 2021 measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts will be

ACADEMIA ANTONIA ALONSO CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

reported as deferred outflows of resources and deferred inflows of resources related to OPEB, and will be recognized in OPEB expense as follows:

Year Ending June 30,

2023	\$ 740,933
2024	1,061,902
2025	1,172,397
2026	1,342,908
2027	<u>811,408</u>
	<u>\$ 5,129,548</u>

Actuarial Assumptions

The total OPEB liability as of the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020, and update procedures were used to roll forward the total OPEB liability to June 30, 2021. These actuarial valuations used the following actuarial assumptions:

- Discount rate – 2.16 percent
- Salary increases – 3.25 percent - merit
- Healthcare cost trend rates – 5.5 percent

Mortality rates were based on the Sex Distinct RP-2014 Total Dataset Healthy Annuitant Mortality Table, including adjustment for healthy annuitant and disabled annuitant. Future mortality improvements are reflected by applying a custom projection scale on a generational basis to adjusted base tables from the base year.

The total OPEB liabilities are measured based on the assumptions pertaining to interest rates, inflation rates, and employee demographic behavior in future years. The assumptions used were based on the results of an actuarial experience study conducted in 2016. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the actual experience deviates, the larger the impact on future financial statements.

Discount Rate

The discount rate to measure the total OPEB liability was 2.21 percent at the beginning of the current measurement period and 2.16 percent at the end, based on the Bond Buyer GO 20-Bond Municipal Bond Index, an index satisfying the GASB requirement of an index rate for 20-

ACADEMIA ANTONIA ALONSO CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that employer contributions to the Plan will continue to follow the pay-as-you-go contribution policy. Based on the assumptions of a pay-as-you-go plan, the discount rates used at the June 30, 2020 and 2019 measurement dates are equal to the applicable rate of the 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of the School's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, calculated using the discount rate of 2.21 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.21 percent) or one percentage point higher (3.21 percent) than the current rate.

	1% Decrease 1.21%	Current Discount Rate 2.21%	1% Increase 3.21%
School's proportionate share of the net OPEB liability	\$ 19,849,560	\$ 16,813,215	\$ 14,056,010

Sensitivity of the School's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability, calculated using the healthcare cost trend rate of 5.60 percent, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (4.60 percent) or one percentage point higher (6.60 percent) than the current rate.

	1% Decrease 4.60%	Current Healthcare Trend Rate 5.60%	1% Increase 6.60%
School's proportionate share of the net OPEB liability	\$ 13,588,330	\$ 16,613,215	\$ 20,596,494

Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the PERS Comprehensive Annual Financial Report, which can be found on the Plan's website at [www.delawarepensions.com](http://www.delawarepensions.com).

ACADEMIA ANTONIA ALONSO CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 8 LEASING ARRANGEMENTS

Leasing Arrangement

The School leases its space located in Wilmington, Delaware from Odyssey Charter School. The lease commenced on August 1, 2016 and was initially set to expire on July 31, 2021; however, it was renewed for an additional year and will expire on July 31, 2022.

At June 30, 2022, the minimum future rental payments under non-cancelable leasing arrangements for the remaining years and in the aggregate are as follows:

<u>Year Ending June 30,</u>	
2022	\$ 61,068
Minimum future rental payments required	<u>\$ 61,068</u>

Total rent expense for the year ended June 30, 2022 was \$714,500.

NOTE 9 RISK MANAGEMENT

The School has purchased commercial insurance policies for various risks of loss related to torts; theft, damage, or destruction of assets; errors or omissions; injuries to employees; or acts of God. Payments of premiums for these policies are recorded as expenditures of the School. Insurance settlements have not exceeded insurance coverage in any of the past two years. There were no significant reductions in coverage compared to the prior year.

NOTE 10 UNCERTAINTIES

Grants

The School receives 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. Any disallowed claims resulting from such audits could become a liability of the School. The School's administration believes such disallowance, if any, would be immaterial.

COVID-19 Pandemic

As a result of the spread of the COVID-19 coronavirus which is ongoing at June 30, 2022, economic and operational uncertainties have arisen which may impact the School in fiscal year 2023. While the School has fully resumed in-class learning, there continues to be

ACADEMIA ANTONIA ALONSO CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 10 UNCERTAINTIES (cont'd)

uncertainty regarding the potential for another resurgence of the virus, which may require another period of remote or hybrid learning. The extent of the potential impact is unknown as the COVID-19 pandemic continues to develop.

NOTE 11 DEFICIT NET POSITION

For governmental activities, the unrestricted net deficit amount of \$8,617,315 includes the effect of deferring the recognition of pension and OPEB contributions made subsequent to the measurement date of the net pension asset and net OPEB liability, and the deferred outflows related to the pension and OPEB plans. This is offset by the School's actuarially determined pension asset and OPEB liability, and the deferred inflows related to the pension and OPEB plans.

NOTE 12 EXCESS EXPENDITURES OVER APPROPRIATIONS

The School overspent budgetary allocations in the following categories:

Salaries	\$	5,609
Employment costs	\$	76,746
Student activities	\$	9,361
Capital outlay – equipment	\$	40,869
Debt service – interest	\$	8,377

The excess expenditures were covered by other expenditure categories that came in under budget.

NOTE 13 SUBSEQUENT EVENTS

The School has evaluated all subsequent events through October 3, 2022, the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**



**ACADEMIA ANTONIA ALONSO CHARTER SCHOOL  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Charges to school districts	\$ 2,758,596	\$ 2,878,216	\$ 2,878,216	\$ -
State aid	6,332,309	6,802,482	6,014,370	(788,112)
Federal aid	3,612,124	2,371,339	3,017,519	646,180
Food service revenue	450,000	540,845	-	(540,845)
Donations	-	9,104	52,197	43,093
Other local revenues	-	36,729	369,401	332,672
<b>TOTAL REVENUES</b>	<u>13,153,029</u>	<u>12,638,715</u>	<u>12,331,703</u>	<u>(307,012)</u>
<b>EXPENDITURES</b>				
Current:				
Salaries	4,690,154	4,909,905	4,915,514	(5,609)
Employment costs	2,551,914	2,374,369	2,451,115	(76,746)
Travel	-	323	47	276
Contractual services	1,531,566	2,428,479	2,323,096	105,383
Professional development	29,986	35,846	27,674	8,172
Public utilities service	113,655	89,151	82,750	6,401
Insurance	65,726	74,936	73,931	1,005
Related services	134,837	106,679	94,883	11,796
Supplies and materials	354,095	1,981,699	1,142,140	839,559
Student activities	14,276	22,610	31,971	(9,361)
Miscellaneous	112	-	-	-
Capital outlay:				
Equipment	294,369	445,556	486,425	(40,869)
Debt service:				
Principal	75,870	96,036	71,996	24,040
Interest	8,430	11,830	20,207	(8,377)
<b>TOTAL EXPENDITURES</b>	<u>9,864,991</u>	<u>12,577,419</u>	<u>11,721,749</u>	<u>855,670</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	3,288,038	61,296	609,954	548,658
<b>OTHER FINANCING USES</b>				
Contingency	-	-	89,780	89,780
<b>TOTAL OTHER FINANCING USES</b>	<u>-</u>	<u>-</u>	<u>89,780</u>	<u>89,780</u>
<b>NET CHANGE IN FUND BALANCE</b>	3,288,038	61,296	699,734	638,438
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>1,991,286</u>	<u>1,991,286</u>	<u>1,991,286</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 5,279,324</u>	<u>\$ 2,052,582</u>	<u>\$ 2,691,020</u>	<u>\$ 638,438</u>

NOTE: The School's budget is presented on the modified accrual basis of accounting.

**ACADEMIA ANTONIA ALONSO CHARTER SCHOOL  
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
STATE OF DELAWARE EMPLOYEES' PENSION PLAN**

<u>PROPORTIONATE SHARE OF NET PENSION LIABILITY</u>	<u>MEASUREMENT DATE</u>						
	<u>JUNE 30, 2021</u>	<u>JUNE 30, 2020</u>	<u>JUNE 30, 2019</u>	<u>JUNE 30, 2018</u>	<u>JUNE 30, 2017</u>	<u>JUNE 30, 2016</u>	<u>JUNE 30, 2015</u>
School's proportion of the net pension liability (asset)	0.1705%	0.1654%	0.1429%	0.0935%	0.0639%	0.0578%	0.0399%
School's proportion of the net pension liability (asset) - dollar value	\$ (2,078,185)	\$ 2,325,387	\$ 2,225,943	\$ 1,207,816	\$ 937,764	\$ 870,430	\$ 265,332
School's covered employee payroll	\$ 3,727,056	\$ 3,566,187	\$ 2,966,762	\$ 3,148,441	\$ 3,101,119	\$ 3,161,088	\$ 81,453
School's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-55.76%	65.21%	75.03%	38.36%	79.01%	35.67%	20.13%
Plan fiduciary net position as a percentage of the total pension liability (asset)	110.48%	87.27%	85.41%	87.49%	85.31%	84.11%	92.67%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**ACADEMIA ANTONIA ALONSO CHARTER SCHOOL  
SCHEDULE OF SCHOOL PENSION CONTRIBUTIONS  
STATE OF DELAWARE EMPLOYEES' PENSION PLAN**

<u>CONTRIBUTIONS</u>	<u>JUNE 30, 2022</u>	<u>JUNE 30, 2021</u>	<u>JUNE 30, 2020</u>	<u>JUNE 30, 2019</u>	<u>JUNE 30, 2018</u>	<u>JUNE 30, 2017</u>	<u>JUNE 30, 2016</u>
Contractually required contribution	\$ 535,781	\$ 459,546	\$ 426,516	\$ 350,968	\$ 193,483	\$ 119,341	\$ 105,534
Contributions in relation to the contractually required contribution	<u>535,781</u>	<u>459,546</u>	<u>426,516</u>	<u>350,968</u>	<u>193,483</u>	<u>119,341</u>	<u>105,534</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered employee payroll	\$ 4,303,462	\$ 3,727,056	\$ 3,566,187	\$ 2,966,762	\$ 3,148,441	\$ 3,101,119	\$ 3,161,088
Contributions as a percentage of covered employee payroll	12.45%	12.33%	11.96%	11.83%	10.42%	6.15%	3.85%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**ACADEMIA ANTONIA ALONSO CHARTER SCHOOL  
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**

<u>PROPORTIONATE SHARE OF NET OPEB LIABILITY</u>	<u>MEASUREMENT DATE</u>			
	<u>JUNE 30, 2021</u>	<u>JUNE 30, 2020</u>	<u>JUNE 30, 2019</u>	<u>JUNE 30, 2018</u>
School's proportion of the net OPEB liability	0.1596%	0.1615%	0.1392%	0.9120%
School's proportion of the net OPEB liability - dollar value	\$ 16,613,215	\$ 16,812,387	\$ 11,090,284	\$ 7,483,831
School's covered employee payroll	\$ 3,727,056	\$ 3,566,187	\$ 2,966,762	\$ 3,148,441
School's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	445.75%	471.44%	373.82%	237.70%
Plan fiduciary net position as a percentage of the total OPEB liability	6.06%	4.27%	4.89%	4.44%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**ACADEMIA ANTONIA ALONSO CHARTER SCHOOL  
SCHEDULE OF SCHOOL OPEB CONTRIBUTIONS**

<u>CONTRIBUTIONS</u>	<u>JUNE 30, 2022</u>	<u>JUNE 30, 2021</u>	<u>JUNE 30, 2020</u>	<u>JUNE 30, 2019</u>
Contractually required contribution	\$ 494,067	\$ 439,887	\$ 446,202	\$ 349,741
Contributions in relation to the contractually required contribution	<u>494,067</u>	<u>439,887</u>	<u>446,202</u>	<u>349,741</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered employee payroll	\$ 4,303,462	\$ 3,727,056	\$ 3,566,187	\$ 2,966,762
Contributions as a percentage of covered employee payroll	11.48%	11.80%	12.51%	11.79%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**SUPPLEMENTARY INFORMATION**

**ACADEMIA ANTONIA ALONSO CHARTER SCHOOL  
COMBINING BALANCE SHEET - GENERAL FUND  
JUNE 30, 2022**

	State Allocation	Local Funding	Federal Funding	Eliminations	Total
<b>ASSETS</b>					
Cash and pooled cash	\$ 684,487	\$ 2,081,757	\$ -	\$ -	\$ 2,766,244
Investments					
Accounts receivable	-	80,247	-	-	80,247
Due from other governments	-	-	204,813	-	204,813
Due from other funding source	-	25,138	-	(25,138)	-
Security deposit	1,100,000	-	-	-	1,100,000
<b>TOTAL ASSETS</b>	<b><u>\$ 1,784,487</u></b>	<b><u>\$ 2,187,142</u></b>	<b><u>\$ 204,813</u></b>	<b><u>\$ (25,138)</u></b>	<b><u>\$ 4,151,304</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 32,549	\$ 205,149	\$ 62,655	\$ -	\$ 300,353
Accrued salaries and related costs	-	1,042,911	117,020	-	1,159,931
Due to other funding source	-	-	25,138	(25,138)	-
<b>TOTAL LIABILITIES</b>	<b><u>32,549</u></b>	<b><u>1,248,060</u></b>	<b><u>204,813</u></b>	<b><u>(25,138)</u></b>	<b><u>1,460,284</u></b>
<b>FUND BALANCES:</b>					
Nonspendable - security deposit	1,100,000	-	-	-	1,100,000
Unassigned	651,938	939,082	-	-	1,591,020
<b>TOTAL FUND BALANCES</b>	<b><u>1,751,938</u></b>	<b><u>939,082</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>2,691,020</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 1,784,487</u></b>	<b><u>\$ 2,187,142</u></b>	<b><u>\$ 204,813</u></b>	<b><u>\$ (25,138)</u></b>	<b><u>\$ 4,151,304</u></b>

**ACADEMIA ANTONIA ALONSO CHARTER SCHOOL**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	State Allocation	Local Funding	Federal Funding	Total
REVENUES				
Charges to school districts	\$ -	\$ 2,878,216	\$ -	\$ 2,878,216
State aid	6,014,370	-	-	6,014,370
Federal aid	-	-	2,330,268	2,330,268
Earning on cash and pooled cash	-	-	-	-
Food service revenue	-	-	687,251	687,251
Donations	-	52,197	-	52,197
Other local revenues	-	369,401	-	369,401
<b>TOTAL REVENUES</b>	<u>6,014,370</u>	<u>3,299,814</u>	<u>3,017,519</u>	<u>12,331,703</u>
EXPENDITURES				
Current:				
Instruction	3,803,395	1,984,610	1,119,661	6,907,666
Operation and maintenance of facilities	1,436,802	687,343	774,256	2,898,401
Transportation	477,775	72,186	28,449	578,410
Food services	54,590	-	703,593	758,183
Capital outlay:				
Equipment	5,500	89,826	391,560	486,886
Debt service:				
Principal	58,383	13,613	-	71,996
Interest and other charges	17,551	2,656	-	20,207
<b>TOTAL EXPENDITURES</b>	<u>5,853,996</u>	<u>2,850,234</u>	<u>3,017,519</u>	<u>11,721,749</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	160,374	449,580	-	609,954
OTHER FINANCING USES:				
Loan proceeds	-	89,780	-	89,780
Transfer in (out)	1,205,120	(1,205,120)	-	-
<b>TOTAL OTHER FINANCING USES</b>	<u>1,205,120</u>	<u>(1,115,340)</u>	<u>-</u>	<u>89,780</u>
NET CHANGE IN FUND BALANCES	1,365,494	(665,760)	-	699,734
FUND BALANCES, BEGINNING OF YEAR	<u>386,444</u>	<u>1,604,842</u>	<u>-</u>	<u>1,991,286</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,751,938</u>	<u>\$ 939,082</u>	<u>\$ -</u>	<u>\$ 2,691,020</u>



**ACADEMIA ANTONIA ALONSO CHARTER SCHOOL  
 SCHEDULE OF EXPENDITURES BY NATURAL CLASSIFICATION -  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2022**

EXPENDITURES

Current:

Salaries	\$ 4,915,514
Employment costs	2,451,115
Travel	47
Contractual services	2,323,096
Communication	27,674
Public utilities service	82,750
Insurance	73,931
Repairs and maintenance	94,883
Supplies and materials	1,142,140
Student activities	31,971

Capital outlay:

Equipment	486,425
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Debt service:

Principal	71,996
Interest	20,207

TOTAL EXPENDITURES

\$ 11,721,749

**SINGLE AUDIT SUPPLEMENT**



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

October 3, 2022

Board of Directors  
Academia Antonia Alonso Charter School  
Wilmington, Delaware

We have audited, in accordance with the 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 of the Academia Antonia Alonso Charter School ("the School"), Wilmington, Delaware, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 3, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting ("internal control") to determine the 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 the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School'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.

Board of Directors  
Academia Antonia Alonso Charter School

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 the 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 determination of financial statement amounts. 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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
BARBACANE, THORNTON & COMPANY LLP



INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE

October 3, 2022

Board of Directors  
Academia Antonia Alonso Charter School  
Newark, Delaware

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

We have audited the Academia Antonia Alonso Charter School's ("the School") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the School's major federal program for the year ended June 30, 2022. The School's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and recommendations.

In our opinion, the School compiled, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); 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"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

Board of Directors  
Academia Antonia Alonso Charter School

We are required to be independent of Academia Antonia Alonso Charter School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for its major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

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 the School's compliance.

#### Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School's federal programs.

#### Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of its major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the School's internal control over compliance. Accordingly, no such opinion is expressed.

Board of Directors  
Academia Antonia Alonso Charter School

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

#### Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

  
BARBACANE, THORNTON & COMPANY LLP

**ACADEMIA ANTONIA ALONSO CHARTER SCHOOL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL CFDA NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED REVENUE 06/30/21	REVENUE RECOGNIZED	CURRENT YEAR EXPENDITURES	ACCRUED REVENUE 06/30/22	PASSED THROUGH TO SUBRECIPIENTS
<u>U.S. Department of Agriculture</u>										
Passed through the Delaware Department of Education										
Fresh Fruit and Vegetable Program	I	10.552	07/01/21-06/30/22	N/A	\$ 43,798	\$ -	\$ 43,798	\$ 43,798	\$ -	\$ -
Summer Food Service Program	I	10.559	07/01/21-06/30/22	N/A	8,845	-	8,845	8,845	-	-
School Food Program	I	10.555	07/01/21-06/30/22	N/A	610,747	1,277	634,608	634,608	25,138	-
Total Child Nutrition Cluster					<u>619,592</u>	<u>1,277</u>	<u>643,453</u>	<u>643,453</u>	<u>25,138</u>	<u>-</u>
Total U.S. Department of Agriculture					<u>663,390</u>	<u>1,277</u>	<u>687,251</u>	<u>687,251</u>	<u>25,138</u>	<u>-</u>
<u>U.S. Department of Education</u>										
Passed through the Delaware Department of Education										
Title I - Grants to Local Education Agencies	I	84.010	07/01/20-11/30/22	367,531	72,569	72,569	-	-	-	-
Title I - Grants to Local Education Agencies	I	84.010	07/01/22-11/30/23	345,570	273,471	-	334,598	334,598	61,127	-
Total CFDA 84.010					<u>346,040</u>	<u>72,569</u>	<u>334,598</u>	<u>334,598</u>	<u>61,127</u>	<u>-</u>
Special Education (IDEA, Part B)	I	84.027	07/01/20-11/30/22	119,697	49,528	16,638	32,890	32,890	-	-
Special Education (IDEA, Part B)	I	84.027	07/01/22-11/30/23	117,371	45,145	-	62,880	62,880	17,735	-
Total CFDA 84.027					<u>94,673</u>	<u>16,638</u>	<u>95,770</u>	<u>95,770</u>	<u>17,735</u>	<u>-</u>
Title III - English Language Acquisition	I	84.365	07/01/20-11/30/22	25,029	5,900	5,900	-	-	-	-
Title III - English Language Acquisition	I	84.365	07/01/20-11/30/22	28,664	8,855	399	8,456	8,456	-	-
Title III - English Language Acquisition	I	84.365	07/01/22-11/30/23	32,283	26,078	-	26,078	26,078	-	-
Total CFDA 84.365					<u>40,833</u>	<u>6,299</u>	<u>34,534</u>	<u>34,534</u>	<u>-</u>	<u>-</u>
Title II - Improving Teacher Quality State Grants	I	84.367	07/01/20-11/30/22	59,665	59,665	-	59,665	59,665	-	-
Title II - Improving Teacher Quality State Grants	I	84.367	07/01/22-11/30/23	55,924	16,548	-	16,548	16,548	-	-
Total CFDA 84.367					<u>76,213</u>	<u>-</u>	<u>76,213</u>	<u>76,213</u>	<u>-</u>	<u>-</u>
Title IV - Student Support and Academic Enrichment	I	84.424	07/01/19-11/30/21	40,312	8,153	-	8,153	8,153	-	-
Title IV - Student Support and Academic Enrichment	I	84.424	07/01/22-11/30/23	41,595	24,862	-	24,862	24,862	-	-
Total CFDA 84.424					<u>33,015</u>	<u>-</u>	<u>33,015</u>	<u>33,015</u>	<u>-</u>	<u>-</u>



**ACADEMIA ANTONIA ALONSO CHARTER SCHOOL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL CFDA NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED REVENUE 06/30/21	REVENUE RECOGNIZED	CURRENT YEAR EXPENDITURES	ACCRUED REVENUE 06/30/22	PASSED THROUGH TO SUBRECIPIENTS
Elementary and Secondary School Emergency Relief Fund	I	84.425D	07/01/19-11/30/22	296,647	1,304	-	1,304	1,304	-	
Elementary and Secondary School Emergency Relief Fund	I	84.425D	07/01/20-11/30/23	1,199,771	588,499	67,513	604,584	604,584	83,598	
Total CFDA 84.425D					<u>589,803</u>	<u>67,513</u>	<u>605,888</u>	<u>605,888</u>	<u>83,598</u>	-
Total U.S. Department of Education					<u>1,180,577</u>	<u>163,019</u>	<u>1,180,018</u>	<u>1,180,018</u>	<u>162,460</u>	-
ARP COVID School Emergency Relief	I	84.425	07/01/19-11/30/22	2,699,428	1,115,471	-	1,131,894	1,131,894	16,423	
Governor's Emergency Education Relief	I	84.425	07/01/19-11/30/22	58,250	17,564	-	18,356	18,356	792	-
Total CFDA 84.425					<u>1,133,035</u>	<u>-</u>	<u>1,150,250</u>	<u>1,150,250</u>	<u>17,215</u>	-
Total U.S. Department of Education					<u>1,133,035</u>	<u>-</u>	<u>1,150,250</u>	<u>1,150,250</u>	<u>17,215</u>	-
<b>TOTAL FEDERAL AWARDS</b>					<u><u>\$ 2,977,002</u></u>	<u><u>\$ 164,296</u></u>	<u><u>\$ 3,017,519</u></u>	<u><u>\$ 3,017,519</u></u>	<u><u>\$ 204,813</u></u>	<u><u>\$ -</u></u>

Source Code:

I - Indirect Funding

ACADEMIA ANTONIA ALONSO CHARTER SCHOOL

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A BASIS OF ACCOUNTING

The School uses the modified accrual method of recording transactions. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

NOTE B FEDERAL EXPENDITURES

The schedule of expenditures of federal awards reflects federal expenditures for all individual grants which were active during the fiscal year.

NOTE C INDIRECT COST RATE

The School has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance. For the year ended June 30, 2022, there were no indirect costs included in the schedule of expenditures of federal awards.

## **SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

ACADEMIA ANTONIA ALONSO CHARTER SCHOOL

SCHEDULE OF FINDINGS AND RECOMMENDATIONS (cont'd)

**PART A - SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

Type of auditor's report issued [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported
- Noncompliance material to financial statements noted?  Yes  No

*Federal Awards*

Internal control over major program:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Type of auditor's report issued on compliance for major program [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Any audit findings disclosed that are required to be reported in accordance under the Uniform Guidance?

Yes  No

Identification of major program:

CFDA Number

Name of Federal Program or Cluster

84.425 and 84.425D

Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

Yes  No

ACADEMIA ANTONIA ALONSO CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (cont'd)

**PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS**

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

**PART C - FINDINGS RELATED TO FEDERAL AWARDS**

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.