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GREAT OAKS CHARTER SCHOOL - WILMINGTON
[A COMPONENT UNIT OF THE STATE OF DELAWARE]

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2021
[With Comparative Totals for 2020]

GREAT OAKS CHARTER SCHOOL - WILMINGTON
[A Component Unit of the State of Delaware]

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GREAT OAKS CHARTER SCHOOL - WILMINGTON
[A Component Unit of the State of Delaware]

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Independent Auditor's Report

To the Board of Directors
Great Oaks Charter School – Wilmington

We have audited the accompanying financial statements of the governmental activities and the major fund of the Great Oaks Charter School - Wilmington, a component unit of the State of Delaware (School), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Great Oaks Charter School - Wilmington's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

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

To the Board of Directors
Great Oaks Charter School – Wilmington

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Great Oaks Charter School - Wilmington, as of June 30, 2021, 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.

Prior Year Auditor's Report

The financial statements of Great Oaks Charter School as of and for year ended June 30, 2020, were audited by other auditors whose report dated October 14, 2020 expressed an unmodified opinion.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis (pages 5-13), budgetary comparison information (pages 45-46), schedules of Great Oaks Charter School - Wilmington's proportionate share of net pension liability and school contributions (pages 47-48), and schedules of net other post-employment benefits liability and school contributions (page 49) 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.

To the Board of Directors
Great Oaks Charter School – Wilmington

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Great Oaks Charter School - Wilmington's basic financial statements. The schedule of expenditures of federal awards are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of federal awards is 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 September 30, 2021 on our consideration of Great Oaks Charter School - Wilmington'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 Great Oaks Charter School - Wilmington's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Great Oaks Charter School - Wilmington's internal control over financial reporting and compliance.

Restriction on Use

Our report is intended solely for the information and use of management, the Finance Committee, the School Board, others within the School, Delaware Department of Education, Office of the Governor, Office of the Controller General, Office of the Attorney General, Office of Management and Budget, Secretary of Finance, Office of Auditor of Accounts, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a public record, and its distribution is not limited.

Whisman Giordano & Associates, LLC

Newark, Delaware
September 30, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

GREAT OAKS CHARTER SCHOOL - WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

The Board of Directors of Great Oaks Charter School - Wilmington (School) is pleased to present to readers of the financial statements of the School this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2021.

FINANCIAL HIGHLIGHTS

Governmental Activities - As of June 30, 2021, the School's net position reflects a deficit balance of \$6,780,551. Program revenues accounted for \$515,553, or 6.81%, of total revenue, and general revenues accounted for \$7,049,531, or 93.19%, of total revenue.

As of June 30, 2020, the School's net position, reflected a deficit balance of \$5,481,581. Program revenues accounted for \$1,008,250, or 11.2%, of total revenue, and general revenues accounted for \$7,991,790, or 88.8%, of total revenue.

Fund Level - For the year ended June 30, 2021, the Governmental Fund reported a positive change in fund balance in the amount of \$249,542.

For the year ended June 30, 2020, the Governmental Fund reported a negative change in fund balance in the amount of \$126,345.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the School's basic financial statements. The School's financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The Statement of Net Position (page 15) presents information on all the School's assets, liabilities, and deferred inflow of resources, with the difference between the two reported as net position. Over time, the increases or decreases in net position may serve as useful indicators as to whether the financial position of the School is improving or deteriorating.

GREAT OAKS CHARTER SCHOOL - WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED

Government-Wide Financial Statements - Continued

The Statement of Activities (page 16) presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow in future fiscal periods.

Fund Financial Statements - The fund financial statements begin on page 18 and provide detailed information about the General Fund. A "fund" is a fiscal and accounting entity with a self-balancing set of accounts that the School uses to keep track of specific sources of funding and spending for a particular purpose. The General Fund falls into the governmental category.

Governmental Funds - The School's basic services are reported in a Governmental Fund, which focuses on how cash flows into and out of the fund and the balances left at year-end that are available for future spending. The Governmental Fund financial statements provide a detailed, short-term view of the School's operations and the services it provides. Governmental Fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the long-term focus of the government-wide statements, reconciliations are provided (page 19) to explain the differences between the Governmental Fund Balance Sheet and the Statement of Net Position and between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities (page 20). These funds are reported using the modified accrual basis of accounting, which primarily measures cash and other financial assets available to satisfy current liabilities.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 23 of this report.

Required Supplementary Information - In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the School's actual revenues and expenses compared to its budget, as well as the School's proportionate share of the net pension liability. The required supplementary information can be found on pages 45 through 49.

GREAT OAKS CHARTER SCHOOL - WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

FINANCIAL ANALYSIS

Required Supplementary Information - Continued

As noted earlier, net position may serve over time as a useful indicator of the School's overall financial position. In the case of the School, liabilities and deferred inflows exceeded assets and deferred outflows by \$6,780,551 at the close of fiscal year 2021, and \$5,481,581 at the close of fiscal year 2020, resulting in a negative net position in both years.

The School's net position analysis of fiscal years 2021 and 2020 follows:

GOVERNMENTAL ACTIVITIES

	<u>2021</u>	<u>2020</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets	\$ 1,496,501	\$ 809,377
Noncurrent Assets	226,686	312,200
Deferred Outflows of Resources	<u>7,944,671</u>	<u>6,539,399</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 9,667,858</u>	<u>\$ 7,660,976</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Current Liabilities	\$ 475,315	\$ 599,161
Noncurrent Liabilities	14,370,914	10,591,898
Deferred Inflows of Resources	<u>1,602,180</u>	<u>1,951,498</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>16,448,409</u>	<u>13,142,557</u>
NET POSITION		
Invested in Capital Assets	226,686	312,200
Unrestricted	<u>(7,007,237)</u>	<u>(5,793,781)</u>
TOTAL NET POSITION	<u>(6,780,551)</u>	<u>(5,481,581)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,667,858</u>	<u>\$ 7,660,976</u>

GREAT OAKS CHARTER SCHOOL - WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

FINANCIAL ANALYSIS

Required Supplementary Information - Continued

The Statement of Activities below reflects the cost of program services and the net cost of those services after taking into account the program revenue for governmental activities.

	<u>2021</u>	<u>2020</u>
REVENUES		
Charges to School Districts	\$ 2,005,444	\$ 2,500,661
State Aid	3,587,251	3,554,540
Contributed Services - Tutor Salaries	197,273	758,701
Tranporation	316,311	480,811
Federal Aid	1,246,252	1,177,888
Contributions	199,242	473,712
School Programs	-	53,727
Earnings on Cash and Investments	13,311	-
Total revenues	<u>7,565,084</u>	<u>9,000,040</u>
EXPENDITURES		
Current:		
Instructional services	7,550,377	8,211,861
Supporting services:		
Operation and maintenance of facilities	975,252	1,734,951
Transportation	338,425	630,793
Total expenditures	<u>8,864,054</u>	<u>10,577,605</u>
CHANGE IN NET POSITION	<u>(1,298,970)</u>	<u>(1,577,565)</u>
FUND BALANCES		
Beginning of year	<u>(5,481,581)</u>	<u>(3,904,016)</u>
End of year	<u>\$ (6,780,551)</u>	<u>\$ (5,481,581)</u>

GREAT OAKS CHARTER SCHOOL - WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

THE SCHOOL'S FUND

The School's Governmental Fund reported a surplus in the amount of \$249,542 for the year ended June 30, 2021 as compared to a deficit of \$126,345 for the year ended June 30, 2020.

Governmental Fund - The Statement of Revenues, Expenditures, and Changes in Fund Balance that follows assist in illustrating the financial activities of the General Fund.

	<u>2021</u>	<u>2020</u>
REVENUES		
Charges to School Districts	\$ 2,005,444	\$ 2,500,661
State Aid	3,587,251	3,554,540
Contributed Services - Tutor Salaries	197,273	758,701
Transportation	316,311	480,811
Federal Aid	1,246,252	1,177,888
Contributions	199,242	473,712
School Programs	-	53,727
Earnings on Cash and Investments	13,311	-
Total revenues	<u>7,565,084</u>	<u>9,000,040</u>
EXPENDITURES		
Current:		
Instructional services	5,996,655	6,723,201
Supporting services:		
Operation and maintenance of facilities	975,252	1,734,951
Transportation	338,425	630,793
Capital outlay		
Furniture and Equipment	5,210	37,440
Total expenditures	<u>7,315,542</u>	<u>9,126,385</u>
NET CHANGE IN FUND BALANCES	<u>\$ 249,542</u>	<u>\$ (126,345)</u>

The majority of the School's total revenue (74% in fiscal year 2021 and 67% in fiscal year 2020) comes from state sources and local school district contributions. State revenue is contingent upon the School's total enrollment population and the students' residential districts. The School received an in-kind contribution from the Great Oaks Foundation related to tutor salaries, which represents 3% and 8% of total revenue in fiscal years 2021 and 2020, respectively. The socioeconomic diversity and special needs of the School's population dictate entitlement to federal funding, which accounted for 16% and 13% of total revenue in fiscal years 2021 and 2020. The reliance on this revenue is to support programs and facility expenditures that are not allotted for in federal, state, and local funds.

GREAT OAKS CHARTER SCHOOL - WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

THE SCHOOL'S FUND - CONTINUED

General Fund Budget Information - The School budget is prepared in accordance with the cash 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.

The School adopted a preliminary fiscal year 2021 budget at the onset of the fiscal year. A final budget was adopted after the student enrollment count was certified by the Delaware Department of Education. The final budget contained revenues of \$8,357,502 including a carryover balance of \$1,098,907 and expenditures of \$7,324,654. The budget is prepared on a cash basis; the annual financial statements are prepared on a modified accrual basis. Variances of budget to actuals are outlined as follows:

Revenues

Charges to School Districts- The unfavorable variance of \$105,647 was due to reduction in enrollment numbers.

Contributed Services – Tutor Salaries - The favorable variance of \$197,273 is because the School does not include contributed services(tutors) in their annual budget.

Federal Aid - The favorable variance of \$319,154 is due to timing differences on when the federal funds are expended. In addition, the School received an increase in federal funding due to COVID-19.

Contributions and School Programs- The unfavorable variance of \$130,351 is attributed in receiving less contributions and cancelling of school programs due to COVID-19.

GREAT OAKS CHARTER SCHOOL - WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

THE SCHOOL'S FUND - CONTINUED

Expenditures

Salaries - The favorable variance of \$164,909 is due to the budget being prepared on a cash basis, while the annual financial statements are prepared on a modified accrual basis. The annual financial statements contain accruals of payroll.

Employment Costs - The unfavorable variance of \$34,193 is due to the budget being prepared on a cash basis, while the annual financial statements are prepared on a modified accrual basis.

Contractual Services - The favorable variance of \$200,039 is mainly attributed to the COVID-19 lockdown.

Transportation-Buses - The favorable variance of \$75,575 is mainly due to the decreased use of bus for students due to COVID.

Supplies and Materials - The favorable variance of \$38,626 is due to the COVID-19 lockdown. After schools closed, teachers did not need as many supplies for the classroom and students.

Contingency Reserve- The favorable variance of \$121,414 was not needed during the year as revenues exceeded expenditures.

The School adopted a preliminary fiscal year 2020 budget at the onset of fiscal year 2020. A final budget was adopted after the student enrollment count was certified by the Delaware Department of Education. The final budget contained revenues of \$9,163,826 including a carryover balance and expenditures of \$8,303,528. The budget is prepared on a cash basis, the annual financial statements are prepared on a modified accrual basis. Variances of budget to actuals are outlined as follows:

GREAT OAKS CHARTER SCHOOL - WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

THE SCHOOL'S FUND - CONTINUED

Revenues

State Aid (Including Transportation) - The favorable variance of \$37,787 is due to credentialing of staff generating additional income.

Federal Aid - The unfavorable variance of \$1,166,449 is due to timing differences and to the budget including \$1,284,500 of prior-year appropriated federal funds that carried over into fiscal year 2020. Taking the carry-over into account, results in a favorable variance of \$118,051.

Contributions - The favorable variance of \$322,912 is due to the receipt a large foundation donation and the in kind donation of two management positions.

School Programs - The unfavorable variance of \$136,074 is primarily due to two factors: apartment rent and activity funds. FY20 was the first year that fellows/tutors were budgeted to pay a portion of their own apartment rent. The revenue from this stream was below budget because some tutors resigned and some payments were never made (there were numerous problems associated with the apartments in FY20, so management agreed to this). For FY20, there was an ambitious revenue budget established for school activities (e.g., revenue from tickets for a school musical). Due to staff turnover and COVID, most program were canceled and virtually no revenue was secured.

Expenditures

Salaries - The unfavorable variance of \$27,881 is due to the budget being prepared on a cash basis, while the annual financial statements are prepared on a modified accrual basis. The annual financial statements contain accruals of payroll. There were also two severance packages during the year and several mid-year salary increases.

Employment Costs - The favorable variance of \$87,927 is due to the budget being prepared on a cash basis, while the annual financial statements are prepared on a modified accrual basis. There were also two severance packages during the year and several mid-year salary increases.

Contractual Services - The favorable variance of \$46,313 may be attributed to decrease services due to COVID-19 lockdown. After schools were closed on March 13, 2020. Great Oaks received less contracted services.

Communications - The unfavorable variance of \$25,218 is due to communications not being included in the budget.

GREAT OAKS CHARTER SCHOOL - WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

THE SCHOOL'S FUND - CONTINUED

Facility Costs - The unfavorable variance of \$94,078 is due to increased rents and associated costs relating to the move of tutors to a new location.

Transportation – Buses – The unfavorable variance of \$25,182 is partly due to the increased use of bus passes for students.

Supplies and Materials - The favorable variance of \$14,347 is due to the COVID-19 lockdown. After schools closed, teachers did not need as many supplies for the classroom and students,

FACTORS EXPECTED TO HAVE AN EFFECT ON FUTURE OPERATIONS

The School opened in August 2015 enrolling sixth grade. The seventh, eighth, ninth, tenth, and eleventh grades were added in August 2016, 2017, 2018, 2019, and 2020, respectively. In the 2020-21 academic year, the Delaware Department of Education approved a major modification for Great Oaks Charter School - Wilmington to become a high school (without grades 6-8) over the course of a few years. With fewer grades, the number of administrator and support positions will decrease over time. By 2023-24, only grades 9-12 will be offered at the school. This will allow the school community to focus on the key elements of successful, robust high schools: college and career access, world-class social-emotional programming, and age-relevant proponents for social determinants of health. The school intends to cost effectively increase adult presence in the building through AmeriCorps service members, part-time employees, and volunteers. Great Oaks also plans to manage costs through new CEB partnerships with new tenants (e.g., High Roads, UD).

The school is strategically spending Federal dollars associated with COVID relief to build a strong foundation of academic excellence that includes a lens of the whole child. This will help ensure that the school continues to offer best-in-class supports for all scholars and their families.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the School's finances to its various stakeholders and other users of such data. Requests for additional copies of this report, questions concerning any of the information in this report, and requests for additional financial information should be addressed to the Executive Director, 302 660-4790.

GOVERNMENT- WIDE FINANCIAL STATEMENTS

GREAT OAKS CHARTER SCHOOL – WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
STATEMENT OF NET POSITION
Years Ended June 30, 2021
(With Comparative Totals for 2020)

	2021	2020
ASSETS		
Current assets:		
Cash and Equivalents	\$ 1,376,726	\$ 600,782
Deposits	6,259	6,259
Prepaid Expenses	4,198	4,198
Other Receivables	109,318	198,138
Total current assets	1,496,501	809,377
Noncurrent assets:		
Capital Assets, Net of Accumulated Depreciation	226,686	312,200
Total noncurrent assets	226,686	312,200
TOTAL ASSETS	1,723,187	1,121,577
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amounts on Pensions	1,239,181	1,299,362
Deferred Amounts on Other Post-Employment Benefits	6,705,490	5,240,037
Total deferred outflows of resources	7,944,671	6,539,399
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 9,667,858	\$ 7,660,976
LIABILITIES		
Current liabilities:		
Accounts Payable	\$ 77,838	\$ 123,820
Accrued Salaries And Related Costs	388,745	466,609
Deferred Lease Incentive, Current Portion	8,732	8,732
Total current liabilities	475,315	599,161
Noncurrent liabilities:		
Net Pension Liability	1,742,994	1,766,164
Net Other Postemployment Benefits Liability	12,601,724	8,799,538
Deferred Lease Incentive, Non-Current Portion	26,196	26,196
Total noncurrent liabilities	14,370,914	10,591,898
TOTAL LIABILITIES	14,846,229	11,191,059
DEFERRED INFLOWS OF RESOURCES		
Deferred Amounts on Pensions	5,236	12,964
Deferred Amounts on Other Post-Employment Benefits	1,596,944	1,938,534
Total deferred inflows of resources	1,602,180	1,951,498
NET POSITION (LIABILITY)		
Net investment in capital assets	226,686	312,200
Unrestricted	(7,007,237)	(5,793,781)
TOTAL NET POSITION (LIABILITY)	(6,780,551)	(5,481,581)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 9,667,858	\$ 7,660,976

GREAT OAKS CHARTER SCHOOL – WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021
(With Comparative Totals for 2020)

Functions	Expenses	Charges for	Program Revenues		Net (Expense) Revenue & Changes in Net Position	
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
					2021	2020
GOVERNMENTAL ACTIVITIES						
Instructional services	\$ 7,550,377	\$ -	\$ 199,242	\$ -	\$ (7,351,135)	\$ (7,684,422)
Supporting services:						
Operation and maintenance of facilities	975,252	-	-	-	(975,252)	(1,734,951)
Transportation	338,425	-	316,311	-	(22,114)	(149,982)
TOTAL GOVERNMENT ACTIVITIES	8,864,054	-	515,553	-	(8,348,501)	(9,569,355)
GENERAL REVENUES AND TRANSFERS						
Charges To School Districts					2,005,444	2,500,661
Contributed Services- Tutor Salaries					197,273	758,701
State Aid					3,587,251	3,554,540
Federal Aid					1,246,252	1,177,888
Earnings On Cash And Equivalents					13,311	-
Total general revenues and transfers					7,049,531	7,991,790
CHANGES IN NET POSITION					(1,298,970)	(1,577,565)
NET POSITION (LIABILITY)						
Beginning of year					(5,481,581)	(3,904,016)
End of year					\$ (6,780,551)	\$ (5,481,581)

FUND FINANCIAL STATEMENTS

GREAT OAKS CHARTER SCHOOL – WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
BALANCE SHEETS–GOVERNMENTAL FUNDS
Years Ended June 30, 2021
(With Comparative Totals for 2020)

	General Fund	Total Governmental Funds	
		2021	2020
ASSETS			
Cash and Equivalents	\$ 1,376,726	\$ 1,376,726	\$ 600,782
Deposits	6,259	6,259	6,259
Prepaid Expenses	4,198	4,198	4,198
Other Receivables	109,318	109,318	198,138
TOTAL ASSETS	\$ 1,496,501	\$ 1,496,501	\$ 809,377
LIABILITIES			
Accounts Payable	\$ 77,838	\$ 77,838	\$ 123,820
Accrued Salaries And Related Costs	388,745	388,745	466,609
Deferred Lease Incentive	34,928	34,928	34,928
TOTAL LIABILITIES	501,511	501,511	625,357
FUND BALANCES			
Unassigned	994,990	994,990	184,020
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,496,501	\$ 1,496,501	\$ 809,377

GREAT OAKS CHARTER SCHOOL – WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO THE STATEMENTS OF NET POSITION
Years Ended June 30, 2021
(With Comparative Totals for 2020)

	<u>Governmental Funds</u>	
	<u>2021</u>	<u>2020</u>
Amounts reported for governmental activities in the statements of net position are different because:		
Fund Balances-Total Governmental Funds	\$ 994,990	\$ 184,020
Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the Governmental Funds. Capital assets net of accumulated depreciation, as detailed in the footnotes, are included in the Government-Wide statement of net position.	226,686	312,200
Some liabilities, including net pension and net OPEB obligations, are not due and payable in the current period and, are therefore not reported in the fund financial statements:		
Deferred Inflows on Pensions	(5,236)	(12,964)
Deferred Outflows on Pensions	1,239,181	1,299,362
Deferred Inflows on Other Post-Employment Benefits	(1,596,944)	(1,938,534)
Deferred Outflows on Other Post-Employment Benefits	6,705,490	5,240,037
Long-term liabilities applicable to the governmental activities are not reported as fund liabilities		
Net Pension Liability	(1,742,994)	(1,766,164)
Net Other Post-Employment benefits Liability	(12,601,724)	(8,799,538)
Net position (liability)-Governmental activities	<u>\$ (6,780,551)</u>	<u>\$ (5,481,581)</u>

GREAT OAKS CHARTER SCHOOL – WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-GOVERNMENTAL FUND
Years Ended June 30, 2021
(With Comparative Totals for 2020)

	General Fund	Total Governmental Funds	
		2021	2020
REVENUES			
Charges to School Districts	\$ 2,005,444	\$ 2,005,444	\$ 2,500,661
State Aid	3,587,251	3,587,251	3,554,540
Contributed Services - Tutor Salaries	197,273	197,273	758,701
Tranporation	316,311	316,311	480,811
Federal Aid	1,246,252	1,246,252	1,177,888
Contributions	199,242	199,242	473,712
School Programs	-	-	53,727
Earnings on Cash and Investments	13,311	13,311	-
Total revenues	7,565,084	7,565,084	9,000,040
EXPENDITURES			
Current:			
Instructional services	5,996,655	5,996,655	6,723,201
Supporting services:			
Operation and maintenance of facilities	975,252	975,252	1,734,951
Transportation	338,425	338,425	630,793
Capital outlay		-	
Furniture and Equipment	5,210	5,210	37,440
Total expenditures	7,315,542	7,315,542	9,126,385
NET CHANGE IN FUND BALANCES	249,542	249,542	(126,345)
FUND BALANCES			
Beginning of year	184,020	184,020	310,365
End of year	\$ 433,562	\$ 433,562	\$ 184,020

GREAT OAKS CHARTER SCHOOL – WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
Years Ended June 30, 2021 and 2020
(With Comparative Totals for 2020)

	<u>Governmental Funds</u>	
	<u>2021</u>	<u>2020</u>
Amounts reported for governmental activities in the statements of net position are different because:		
Fund Balances-Total Governmental Funds	\$ 249,542	\$ (126,345)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$2,500 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	5,210	37,440
Depreciation Expense	<u>(90,724)</u>	<u>(108,617)</u>
	(85,514)	(71,177)
Pension and OPEB expenses in the statement of activities differ from the amounts reported in the Governmental Funds because pension and OPEB expenses are recognized on the statement of activities based on the School's proportionate share of the expenses of the cost-sharing pension and OPEB plans, whereas pension expenditures are recognized in the Governmental Funds when a requirement to remit contributions to the plan exists.		
Pension	(29,281)	(352,372)
OPEB	<u>(1,995,145)</u>	<u>(1,027,671)</u>
Net position (liability)-Governmental activities	<u>\$ (1,298,970)</u>	<u>\$ (1,577,565)</u>

NOTES TO FINANCIAL STATEMENTS

GREAT OAKS CHARTER SCHOOL – WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Charter School - Great Oaks Charter School - Wilmington 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. Great Oaks Charter School - Wilmington's initial charter was granted for a four-year period, renewable every five years thereafter. Great Oaks Charter School - Wilmington's first full year of school started August 2015. The School's initial charter expired on June 30, 2019 and was renewed through June 30, 2024.

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 Great Oaks Charter School - Wilmington have been prepared in conformity with generally accepted accounting principles 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 Great Oaks Charter School – Wilmington (School) are described below.

Reporting Entity - The School 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.

Government-Wide and Fund Financial Statements - The government-wide financial statements (statement of net position and 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 sole major individual governmental fund is reported as a separate column in the fund financial statements.

GREAT OAKS CHARTER SCHOOL – WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

Measurement Focus, Basis of Accounting, and Financial Statements Presentation - Government-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 districts 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 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.

Budgetary Data - General Fund budgets are presented on the modified accrual basis of accounting. Annual appropriations lapse at fiscal-year-end with the exception of those indicated as a fund balance reserve.

Cash and Cash Equivalents - Cash and cash equivalents are considered to be cash on hand and demand deposits.

GREAT OAKS CHARTER SCHOOL – WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

Capital Assets - Capital assets are reported in the entity-wide financial statements. The School defines capital assets as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated cost if purchased or constructed. 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 costs incurred during construction are capitalized.

Capital assets 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	5-10 years
Furniture	5-10 years
Equipment	3 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. The School does not permit for carryover of vacation or sick leave. As a result, the School does not recognize a liability for compensated absences.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods that will be recognized as an outflow of resources (expense/expenditure) in the future periods. The School reports deferred outflows related to pension and other post-employment benefits activity in the government-wide statement of net position.

The School's deferred outflows are \$1,239,181 for pensions and \$6,705,490 for other post-employment benefits, as of June 30, 2021.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) that will be recognized as an inflow of resources (revenue) in the future periods. The School reports deferred inflows related to pension and other post-employment benefits in the government wide statement of net position.

The School's deferred inflows are \$5,236 for pensions and \$1,596,944 for other post-employment benefits as of June 30, 2021.

GREAT OAKS CHARTER SCHOOL – WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

Fund Balance - In the fund financial statements, the Governmental Fund reports classifications of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. Designations of fund balance represent tentative plans for future use of financial resources that are subject to change.

The classifications used in the Governmental Fund financial statements are as follows:

- **Nonspendable** - This classification includes amounts that cannot be spent because they are either (1) not in spendable form or (2) are legally or contractually required to be maintained intact. The School did not have any nonspendable resources as of June 30, 2021.
- **Restricted** - This classification includes amounts for which constraints have been placed on the use of the resources either (1) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation. The School classifies unspent grant monies as being restricted because their use is restricted by donors. The School did not have any restricted resources as of June 30, 2021.
- **Committed** - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal vote of the Board of Directors (the highest level of decision-making authority of the School). These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (formal vote of the Board of Directors) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School did not have any committed resources as of June 30, 2021.
- **Assigned** - This classification includes amounts that are constrained by the School's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to the Executive Director. The School did not have any assigned resources as of June 30, 2021.
- **Unassigned** - This classification includes the residual fund balance for the General Fund. The unassigned classification would also include negative residual fund balances of any other Governmental Fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When both restricted and nonrestricted resources are available for use, it is the School's policy to use restricted resources first and then unrestricted resources as they are needed.

GREAT OAKS CHARTER SCHOOL – WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

Income Taxes - The School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in the School's financial statements. In addition, 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)(2). The School believes it has appropriate support for any tax positions taken and, thus, does not have any uncertain tax positions that are material to the financial statements. The School's federal Returns of Organization Exempt from Income Tax (Form 990) for tax years 2018, 2019, and 2020 are subject to examination by authorities, generally for three years after they were filed.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative Date – Comparative total data for the prior year is presented in the basic financial statements to provide an understanding of changes in the School's financial position and operations. That comparative data is not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America and, therefore, should be read in conjunction with the School's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

NOTE 2 – CASH AND CASH EQUIVALENTS

As of June 30, 2021, the School had a cash and cash equivalent balance of \$1,376,726, the entirety of which was part of an investment pool controlled by the State of Delaware Treasurer's Office in Dover, Delaware. All investment decisions are made by the State of Delaware Treasurer's Office. These funds are considered to be highly liquid and available for immediate use and, thus, are recorded as cash and 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.

GREAT OAKS CHARTER SCHOOL – WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
NOTES TO FINANCIAL STATEMENTS

NOTE 3: FAIR VALUE MEASUREMENTS

The School follows the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 establishes a fair value hierarchy per inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

- **Level 1** - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the School has the ability to access. Since valuations are based on quoted market prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.
- **Level 2** - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- **Level 3** - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The School participates, with other state organizations, in a cash and investment pool controlled by the State of Delaware Treasurer's Office (Note 2). The pool is invested in a combination of cash and fixed income instruments with maturities of up to five years. The State reports that investments are stated at their quoted market prices, except investment securities with a remaining maturity of one year or less at the time of purchase which are stated at cost or amortized cost. These investments would normally be considered level 1 and level 2 inputs on the fair value hierarchy; however, the existence of pooled allocations in determining the School's share of the pool is considered to be a level 2 input. The fair value for pooled cash and investments categorized as level 2 as of June 30, 2021 was \$1,376,726.

GREAT OAKS CHARTER SCHOOL – WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
NOTES TO FINANCIAL STATEMENTS

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 is as follows:

Description	As of and Year Ended June 30, 2021			Ending Balances
	Beginning Balances	Increases	Decreases	
Governmental activities:				
Capital assets, being depreciated:				
Computer Equipment	\$ 241,110	\$ 5,210	\$ -	\$ 246,320
Furniture and Equipment	481,691	-	-	481,691
Leasehold Improvements	37,980	-	-	37,980
Totals	<u>760,781</u>	<u>5,210</u>	<u>-</u>	<u>765,991</u>
Less accumulated depreciation:				
Computer Equipment	203,574	19,379	-	222,953
Furniture and Equipment	240,805	68,813	-	309,618
Leasehold Improvements	4,202	2,532	-	6,734
Totals	<u>448,581</u>	<u>90,724</u>	<u>-</u>	<u>539,305</u>
Governmental activities capital assets, net	<u>\$ 312,200</u>	<u>\$ (85,514)</u>	<u>\$ -</u>	<u>\$ 226,686</u>

Depreciation expense was \$90,724 for the year ended June 30, 2021, which is included in instructional services on the statement of activities.

GREAT OAKS CHARTER SCHOOL – WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
NOTES TO FINANCIAL STATEMENTS

NOTE 5: PENSION PLAN

Summary of Significant Accounting Policies

The School's employees are considered state employees and are covered under the State of Delaware Public Employees' Retirement System - State Employees' Pension Plan (DPERS). Tutors working in the School's programs are employees of the Great Oaks Foundation and are not included in the Plan.

Pensions - For purposes of measuring the School's allocation of net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the DPERS, and additions to/deductions from its fiduciary net position have been determined on the same basis as they are reported by DPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 (Board).

The following are brief descriptions of the Plan in effect as of June 30, 2020. 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, Delaware 19904; by calling 1-800-722-7300; or by visiting the DPERS website at www.delawarepensions.com.

General Information About the Pension Plan

Plan Description - DPERS is a cost-sharing multiple employer defined benefit pension plan that provides retirement benefits to virtually all full-time or regular part-time employees of the State of Delaware, including employees of other affiliated entities. There are two tiers within the plan: (1) employees hired prior to January 1, 2012 (pre-2012), and (2) employees hired on or after January 1, 2012 (post-2011).

Service Benefits - Service benefits are calculated by taking the final average monthly compensation (employees hired on or after January 1, 2012 may not include overtime in pension compensation) multiplied by 2.0% and multiplied by years of credited service prior to January 1, 1997, plus final average monthly compensation multiplied by 1.85% 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 3 periods of 12 consecutive months of compensation.

GREAT OAKS CHARTER SCHOOL – WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
NOTES TO FINANCIAL STATEMENTS

NOTE 5: PENSION PLAN [continued]

Vesting and Benefits Provided - DPERS provides retirement, disability and death benefits. Pre-2012 members vest after 5 years of credited service. Post-2011 members vest after 10 years of credited service. Pre-2012 members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 5 years of credited service; (b) age 60 with 15 years of credited service; or (c) 30 or more years of service regardless of age. Post-2011 members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 10 years of credited service; (b) age 60 with 20 years of credited service; or (c) 30 or more years of service regardless of age.

Pre-2012 participants are eligible for disability benefits after 5 years of credited service. In lieu of disability pension benefits, over 90% of the members in this Plan opted into a Disability Insurance Program offered by the State effective January 1, 2006. Post-2011 participants are not offered disability pension benefits and are in the Disability Insurance Program.

Death benefits are payable upon the death of an active member who has reached age 62 with at least 5 years of credited service. Such benefits are paid at 75% of the benefit the employee would have received at age 62. If an employee is currently receiving a pension, the eligible survivor receives 50% of the pension benefit (or 67.7% with 2% reduction of benefit, 75% with a 3% reduction of benefit, or 100% with a 6% reduction of benefit). Burial benefits of \$7,000 per member are also provided.

Contributions

Members' Contributions - Pre-2012 members contribute at 3% of earnings in excess of \$6,000. Post-2011 members contribute at 5% of earnings in excess of \$6,000.

Employer Contributions - Employer contributions are determined by the State of Delaware General Assembly. Employer contributions were set by the Board at 14.53% and 10.92% of covered payroll for fiscal years ended June 30, 2021 and 2020, respectively. Contributions to the Plan from the School were \$333,830 during the year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2021, the School reported a liability of \$1,742,994 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by rolling forward DPERS' total pension liability as of June 30, 2019 to June 30, 2020. The School's proportion of the net pension liability was calculated utilizing the employer's contribution as it relates to the total reported contributions. As of June 30, 2021, the School's proportion was .1240%.

GREAT OAKS CHARTER SCHOOL – WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
NOTES TO FINANCIAL STATEMENTS

NOTE 5: PENSION PLAN [continued]

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions [continued]

For the year ended June 30, 2021, the School recognized pension expense of \$672,988. As of June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

Description	Deferred Resources	
	Outflows	Inflows
Net Difference Between Projected and Actual Earnings on Plan Investments	\$ -	\$ -
Changes of Assumptions	122,100	-
Changes in Proportion	556,027	-
Differences Between Expected and Actual Experience in the Measurement of the Total Pension Liability	227,224	5,236
Contributions Made After the Measurement Date	333,830	-
Totals	<u>\$ 1,239,181</u>	<u>\$ 5,236</u>

The School's share of net deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30	
2022	\$ 180,024
2023	180,044
2024	180,066
2025	180,003
2026	179,978
Totals	<u>\$ 900,115</u>

GREAT OAKS CHARTER SCHOOL – WILMINGTON
 (A COMPONENT UNIT OF THE STATE OF DELAWARE)
 NOTES TO FINANCIAL STATEMENTS

NOTE 5: PENSION PLAN [continued]

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions [continued]

Actuarial Assumptions - The measurement of the collective DPERS total pension liability as of June 30, 2020, was determined by an actuarial valuation as of June 30, 2019 with update procedures used to roll forward the total pension liability to June 30, 2020, using the following actuarial assumptions:

- Investment Rate of Return/Discount Rate - 7.0%, including inflation at 2.50%.
- Projected Salary Increases - 2.50% plus merit with no COLA's, including inflation.

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.

The total pension liabilities are measured based on assumptions pertaining to the 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 experience deviates, the larger the impact on future financial statements.

The long-term expected rate of return on 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 plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing 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 DPERS' current and expected asset allocation is summarized in the following table:

Asset Class	Long-term expected real rate of return	Asset allocation
Domestic Equity	5.7%	28.5%
International Equity	5.7%	15.0%
Fixed Income	2.0%	29.0%
Alternative Investments	7.8%	23.0%
Cash and Equivalents	0.0%	4.5%

GREAT OAKS CHARTER SCHOOL – WILMINGTON
 (A COMPONENT UNIT OF THE STATE OF DELAWARE)
 NOTES TO FINANCIAL STATEMENTS

NOTE 5: PENSION PLAN [continued]

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions [continued]

Discount Rate - The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at rates determined by the Board of Pension Trustees, actuarially determined. Based on those assumptions, the pension plan 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 to Changes in the Discount Rate – The following presents the net pension liability, calculated using the discount rate of 7.0%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate:

Plan	1% Decrease	Discount Rate	1% Increase
School’s Proportionate Share of the Net Pension Liability	\$ 3,346,839	\$ 1,743,125	\$ 391,707

NOTE 6: OTHER POST-EMPLOYMENT BENEFITS

Summary of Significant Accounting Policies

The School’s employees are considered state employees and are covered under the State of Delaware Other Postemployment Benefits Plan (OPEB). Tutors working in the School’s programs are employees of the Great Oaks Foundation and are not included in the Plan.

For purposes of measuring the School’s allocation of net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from its fiduciary net position have been determined on the same basis as they are reported by the State of Delaware. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GREAT OAKS CHARTER SCHOOL – WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
NOTES TO FINANCIAL STATEMENTS

NOTE 6: OTHER POST-EMPLOYMENT BENEFITS

Summary of Significant Accounting Policies [continued]

On July 1, 2007, the Delaware OPEB Fund Trust (OPEB Trust) was established pursuant to Section 115 of the Internal Revenue Code and separate from the DPERS. The OPEB Trust is administered by the DPERS Board of Directors. Policy for and management of the OPEB benefits provided to retirees are the responsibility of the State. The following is a brief description of the Plan in effect as of June 30, 2020. For a more complete description, please refer to the State of Delaware's OPEB Trust Audited Financial Statements available online at <https://auditor.delaware.gov>.

General Information about the Plan

Plan Description - The OPEB Trust is a cost-sharing multiple-employer defined benefit plan established by Delaware Code. The OPEB Trust provides retirement medical coverage to pensioners and their eligible dependents in the State Employees', Judiciary, New State Police, and Closed State Police pension plans. This includes the employees of the State as well as employees of the State's component units and affiliated agencies which are part of the State Employees' Pension Plan. Those employers are Delaware State University, Delaware State Housing Authority, Delaware Charter Schools, University of Delaware, and Delaware Solid Waste Authority.

Service Benefits - Substantially all state employees become eligible for post-retirement benefits if they reach retirement age while working for the State. The costs of providing these benefits are shared between the State and the retired employee.

Vesting Provisions

- Early Retirement: Age 55 with 15 years of service or any age with 25 years of service;
- Normal Retirement (hired before January 1, 2012): Age 62 with 5 years of service, or age 60 with 15 years of service, or any age with 30 years of service;
- Normal Retirement (hired on or after January 1, 2012): Age 65 with 10 years of service, or age 60 with 20 years of service, or any age with 30 years of service;
- Spouse and Survivor Coverage: Both are available under any of the plan options with similar retiree contributions. Surviving spouses are eligible for coverage after the retiree's death.

Benefits Provided - During the fiscal year ended June 30, 2021, the State provided health insurance options through several providers.

GREAT OAKS CHARTER SCHOOL – WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
NOTES TO FINANCIAL STATEMENTS

NOTE 6: OTHER POST-EMPLOYMENT BENEFITS

General Information about the Plan [continued]

Retiree Contributions - The cost of the healthcare benefits for retirees and beneficiaries is shared between the Plan and the retirees. Retiree contribution rates are affected by the retiree date of hire, with eligible retirees hired after June 30, 1991 paying a proportionately higher rate if their years of service total less than 20.

Funding Policy - The State of Delaware funds the OPEB 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, typically from the General Fund. Additional funding has also been provided on an ad hoc basis. By State Statute Chapter 52, Title 29 of the Delaware Code, contribution requirements of plan members and the government are established and may be amended by the State Legislature. Funds are recorded in the OPEB Trust for the payment of retiree healthcare claims, administrative, and investment expenses. Administrative costs are financed through investment earnings. State appropriations, other employer contributions, and retiree contributions for healthcare are recorded in the OPEB Trust.

The funds available are invested under the management of the DPERS Board of Pension Trustees, which acts as the Board of Trustees for the OPEB Trust and is responsible for the financial management of the OPEB Trust.

Contributions - The contribution rates for the employer and retiree are established annually by the budgeting process of the State. Those rates include an employer contribution based on projected pay-as-you go financing requirements as a percent of covered payroll, with an additional amount to prefund benefits, which is not actuarially determined. For fiscal year 2021, the School's contribution was 14.53% of covered payroll and totaled \$333,830.

Net OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

As of June 30, 2021, the School reported a liability of \$12,601,724 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the total OPEB liability as of June 30, 2019 to June 30, 2020. The School's proportion of the net OPEB liability was calculated utilizing the employer's contribution as it relates to the total reported contributions. As of June 30, 2021, the School's proportion was 0.1210%.

GREAT OAKS CHARTER SCHOOL – WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
NOTES TO FINANCIAL STATEMENTS

NOTE 6: OTHER POST-EMPLOYMENT BENEFITS [continued]

Net OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB [continued]

For the year ended June 30, 2021, the School recognized OPEB expense of \$1,995,145. As of June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to the OPEB as follows:

Description	Deferred Resources	
	2021	
	Outflows	Inflows
Net Difference Between Projected and Actual Earnings on Plan Investments	\$ -	\$ 13,999
Changes of Assumptions	2,130,988	716,710
Changes in Proportion	4,208,603	-
Differences Between Expected and Actual Experience in the Measurement of the Total Pension Liability	-	866,235
Contributions Made After the	365,899	-
Totals	<u>\$ 6,705,490</u>	<u>\$ 1,596,944</u>

The School’s share of net deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30	
2022	\$ 778,075
2023	620,629
2024	1,018,788
2025	1,099,953
2026	<u>1,225,202</u>
Total	<u>\$ 4,742,647</u>

GREAT OAKS CHARTER SCHOOL – WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
NOTES TO FINANCIAL STATEMENTS

NOTE 6: OTHER POST-EMPLOYMENT BENEFITS [continued]

Net OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB [continued]

Actuarial Assumptions - The collective total OPEB liability as of June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total OPEB liability to June 30, 2020. The actuarial assumptions used the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal.
- Investment Rate of Return - 3.75%, net of OPEB Plan investment expense, including inflation.
- Discount Rate - Increased from 3.87% at the beginning of the year to 2.21% at the end based on the Bond Buyer GO 20-year Bond Municipal Bond Index.
- Projected Salary Increases - 3.25% plus merit.
- Healthcare Cost Trend Rate - 5.60%, decreasing 0.2% per year to 4% in 2032. The healthcare cost trend rate decreased from 6.80% in 2021 to 5.60% in 2020.

Mortality rates were based on the sex-distinct RP-2014 Total Dataset Health Annuitant Mortality Table, including adjustments factors.

The total OPEB liabilities are measured based on assumptions pertaining to the 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 experience deviates, the larger the impact on future financial statements.

The long-term expected rate of return on 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 plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing 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.

GREAT OAKS CHARTER SCHOOL – WILMINGTON
 (A COMPONENT UNIT OF THE STATE OF DELAWARE)
 NOTES TO FINANCIAL STATEMENTS

NOTE 6: OTHER POST-EMPLOYMENT BENEFITS [continued]

Net OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB [continued]

Actuarial Assumptions – Continued

Best Estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2020 are summarized in the following table.

Asset Class	Long-term expected real rate of return	Asset allocation
Domestic Equity	5.7%	28.5%
International Equity	5.7%	15.0%
Fixed Income	2.0%	29.0%
Cash and Equivalents	0.0%	4.5%

Discount Rate - The discount rate used to measure the total OPEB liability was 3.58 percent at the beginning of the current measurement period and 3.87 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-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. 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 measurement date is 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 Net OPEB Liability to Changes in the Discount Rate - The following presents the net OPEB liability of the OPEB Trust, as well as what the OPEB Trust’s net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.21 percent) and 1 percentage-point higher (3.21 percent) than the current discount rate:

1% Decrease	Discount Rate	1% Increase
\$ 15,102,119	\$ 12,598,567	\$ 10,642,504

GREAT OAKS CHARTER SCHOOL – WILMINGTON
 (A COMPONENT UNIT OF THE STATE OF DELAWARE)
 NOTES TO FINANCIAL STATEMENTS

NOTE 6: OTHER POST-EMPLOYMENT BENEFITS [continued]

Net OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB [continued]

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability of the OPEB Trust, as well as what the OPEB Trust's net OPEB liabilities would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower (5.6 percent decreasing to 4.6 percent) and 1 percentage-point higher (5.6 increasing to 6.6 percent) than the current healthcare trend rates:

1% Decrease	Healthcare Trend	1% Increase
\$ 11,821,930	\$ 12,598,567	\$ 13,783,125

NOTE 7: RISK MANAGEMENT

The School has purchased commercial insurance policies for various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. Payments of premiums for these policies are recorded as expenses of the School.

NOTE 8: CONTRIBUTED SERVICES

The School recognized contribution revenue for the year ended June 30, 2021 for contributed tutoring services. Tutors were provided to the School by the GOF without cost to the School. The tutors are AmeriCorps participants and are paid a stipend amount by the Foundation. Contribution revenue was measured based on the stipend amount which approximates the fair value of those services. The amount recognized for the year ended June 30, 2021 was \$197,273.

GREAT OAKS CHARTER SCHOOL – WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
NOTES TO FINANCIAL STATEMENTS

NOTE 9: LEASING ARRANGEMENT AS LESSEE

The School leases its facility from the Community Education Building (CEB) located at 1200 North French Street. Total annual lease payment is \$934,567. As of June 30, 2021, the minimum future rental payments are as follows:

<u>Years Ending June 30</u>	<u>Lease Payments</u>
2022	\$ 1,345,169
2023	1,393,665
2024	<u>1,393,665</u>
	<u>\$ 4,132,499</u>

In addition, the School leases 24 residential apartment units located in Wilmington, for use and occupancy by teachers employed by the School. The lease term for all units is one year.

The School leases its copier equipment under operating leasing arrangements. Total rental expense for the year ended June 30, 2021 was \$56,638. As of June 30, 2021, the minimum future rental payments under noncancelable leasing arrangements having remaining terms in excess of one year for the remaining years and in the aggregate are:

<u>Years Ending June 30</u>	<u>Lease Payments</u>
2022	\$ 64,740
2023	64,740
2024	<u>64,740</u>
	<u>\$ 194,220</u>

GREAT OAKS CHARTER SCHOOL – WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
NOTES TO FINANCIAL STATEMENTS

NOTE 10: COMMITMENTS AND CONTINGENCIES

In the normal course of business, there are various outstanding commitments and contingent liabilities in addition to the normal encumbrances for the purchase of goods and services. The School does not anticipate losses from these transactions.

Grants - The School receives financial assistance from federal, state, and private 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 is subject to audit by the State Office of Auditor of Accounts and the respective local private agency. Any disallowed claims resulting from such audits could become a liability of the General Fund. The School's administration believes such disallowance, if any, would be immaterial.

Lease Agreement - In July 2019, the School agreed to rent a minimum of twenty apartments and a maximum of thirty apartments from Delaware College of Arts and Design for a period of three years beginning August 1, 2019. A dispute arose immediately regarding the suitability of the apartments for occupancy. In October 2019, after occupying thirty units, the School moved its tutors to alternative space. The School does not believe the three-year lease was valid. This dispute is scheduled for mediation in October 2021. The potential outcome cannot be determined as of the date of the report, therefore no additional liability, if any, is reflected in these financial statements.

GREAT OAKS CHARTER SCHOOL – WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
NOTES TO FINANCIAL STATEMENTS

NOTE 11: ECONOMIC DEPENDENCY

School revenues that constitute an excess of 10% of total revenues are comprised of the following:

	<u>2021</u>
State Subsidy	44%
Charges to School Districts	25%
Federal Aid	15%

NOTE 12: EXCESS EXPENDITURES OVER APPROPRIATIONS

The School in fiscal year 2021 overspent budgetary appropriations in the following functions:

Employment costs	\$ 34,193
Communications	26,767

NOTE 13: COVID-19 IMPACT

The outbreak of a novel strain of coronavirus (COVID-19) has spread throughout the United States as of the date of the auditor's report. Multiple jurisdictions in the U.S. have declared various levels of States of Emergency. In March 2020, the entity was ordered by the governor of the State of Delaware to suspend in-person classes until further notice. The potential impact cannot be reasonably predicted as of the date of the auditor's report.

NOTE 14: SUBSEQUENT EVENTS

Management has reviewed and evaluated all other subsequent events through September 30, 2021 which is the date of financial statements were available to be issued, and has been determined that there are no events subsequent to June 30, 2021 that have occurred that require adjustment to or disclosure in financial statements.

Required Supplementary Information [RSI] Section

GREAT OAKS CHARTER SCHOOL – WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
BUDGETARY COMPARISON SCHEDULE – GOVERNMENTAL FUND
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Charges to School Districts	\$ 2,055,866	\$ 2,111,091	\$ 2,005,444	(105,647)
Contributed Services- Tutor Salaries	-	-	197,273	197,273
State Aid	3,127,596	3,574,502	3,587,251	12,749
Federal Aid	921,402	927,098	1,246,252	319,154
Transportation	316,311	316,311	316,311	-
Contributions and School Programs	343,043	329,593	199,242	(130,351)
Earnings On Cash And Equivalents	-	-	13,311	13,311
Total revenues	6,764,218	7,258,595	7,565,084	306,489
EXPENDITURES				
Current:				
Salaries	2,655,907	2,818,227	2,653,318	164,909
Employment costs	1,279,176	1,333,269	1,367,462	(34,193)
Travel	5,000	4,200	-	4,200
Contracted services	1,257,377	1,285,113	1,085,074	200,039
Communications	13,560	15,615	42,382	(26,767)
Insurance	57,995	58,218	40,016	18,202
Transportation	414,000	414,000	338,425	75,575
Land/Building/Facilities	948,981	948,981	935,236	13,745
Supplies and materials	329,218	325,617	286,991	38,626
Contingency Reserve	106,311	121,414	-	121,414
Capital outlay	-	-	5,210	(5,210)
Total expenditures	7,067,525	7,324,654	6,754,114	570,540
OTHER FINANCING SOURCES				
Appropriated Reserves	(1,098,907)	(1,098,907)	-	(1,098,907)
Total Other Financing Sources	(1,098,907)	(1,098,907)	-	(1,098,907)
NET CHANGE IN FUND BALANCES	(1,402,214)	(1,164,966)	810,970	(1,975,936)
FUND BALANCES				
Beginning of year	184,020	184,020	184,020	-
End of year	\$ (1,218,194)	\$ (980,946)	\$ 994,990	\$ 1,975,936

GREAT OAKS CHARTER SCHOOL – WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
BUDGETARY COMPARISON SCHEDULE – GOVERNMENTAL FUND (CONTINUED)
Year Ended June 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The School annually adopts a budget for the general fund. The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compares the expenditures with the amended budgets. Budgets for the governmental funds are presented on the modified accrual basis of accounting. Accordingly, the accompanying budgetary comparison schedule for the general fund presents actual expenditures in accordance with the accounting principles generally accepted in the United States of America on a basis consistent with the legally adopted budgets as amended. Generally, unexpended appropriations on annual budgets lapse at the end of each fiscal year. See Management's Discussion and Analysis on pages 10 and 11 for explanations of significant variances compared to budget.

GREAT OAKS CHARTER SCHOOL – WILMINGTON
SCHEDULES OF PROPORTIONATE SHARE OF NET POSITION LIABILITY
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Measurement period ending June 30	2020	2019	2018	2017	2016
School's proportion of net pension liability (asset)	<u>0.1240%</u>	<u>0.1134%</u>	<u>0.0864%</u>	<u>0.0611%</u>	<u>4.0500%</u>
School's proportionate share of net pension liability (asset)	<u>\$ 1,742,994</u>	<u>\$ 1,766,164</u>	<u>\$ 1,115,914</u>	<u>\$ 895,752</u>	<u>\$ 610,904</u>
School's covered-employee payroll	<u>2,653,318</u>	<u>\$ 2,928,563</u>	<u>\$ 2,388,420</u>	<u>\$ 1,700,028</u>	<u>\$ 893,283</u>
School's proportionate share of net pension liability (asset) as a percentage of its covered-employee payroll	<u>65.69%</u>	<u>60.3%</u>	<u>46.7%</u>	<u>52.7%</u>	<u>68.4%</u>
Plan's fiduciary net position as percentage of total pension liability	<u>85.41%</u>	<u>87.5%</u>	<u>87.5%</u>	<u>85.0%</u>	<u>84.1%</u>

Source: Delaware Public Employees' Retirement System, State Employees' Pension Plan as of June 30, 2020 June 30, 2019, June 30, 2018, June 30, 2017, and June 30, 2016. Prior years' information is not available.

GREAT OAKS CHARTER SCHOOL – WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
SCHEDULES OF PENSIONS CONTRIBUTIONS
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Measurement period ending June 30	2020	2019	2018	2017	2016
Contractually required contribution	<u>\$ 333,830</u>	<u>\$ 319,695</u>	<u>\$ 278,474</u>	<u>\$ 195,843</u>	<u>\$ 127,269</u>
Contribution (Excess) Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School covered-employee payroll	<u>\$ 2,653,318</u>	<u>\$ 2,928,563</u>	<u>\$ 2,388,420</u>	<u>\$ 1,700,028</u>	<u>\$ 893,283</u>
Contributions as percentage of covered-employee payroll	<u>12.6%</u>	<u>10.9%</u>	<u>11.7%</u>	<u>11.5%</u>	<u>14.2%</u>

Source: Delaware Public Employees' Retirement System, State Employees' Pension Plan as of June 30, 2020 June 30, 2019, June 30, 2018, June 30, 2017, and June 30, 2016. Prior years' information is not available.

GREAT OAKS CHARTER SCHOOL – WILMINGTON
(A COMPONENT UNIT OF THE STATE OF DELAWARE)
SCHEDULES OF NET OTHER POST-EMPLOYMENT BENEFIT PLAN LIABILITY
AND SCHOOL CONTRIBUTIONS
Year Ended June 30, 2021

In accordance with GASB No. 75, the following required supplementary information is provided with respect to the School's Net OPEB Liability.

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<u>Schedule of Net OPEB Liability</u>		
Measurement Date	June 30, 2021	June 30, 2020
Percentage Proportion	0.1210%	0.1104%
Net OPEB Liability Share	\$ 12,601,724	\$ 8,799,538
Employer- Covered Payroll	2,297,897	2,928,563
OPEB Liability as a Percentage of Covered Payroll	548.40%	300.47%
Plane's Fiduciary Net Position as a Percentage of Total OPEB Liability	-4.27%	-4.89%
<u>Schedule of Contribution</u>		
Required Contribution	\$ 333,830	\$ 334,450
Actual Contribution	<u>319,549</u>	<u>319,695</u>
Contribution Deficiency/ (Excess)	<u>\$ (14,281)</u>	<u>\$ (14,755)</u>
Employer- Covered Payroll	\$ 2,297,897	\$ 2,928,563
Actual Contribution as a Percentage of Covered Payroll	14.53%	11.42%
<u>Notes to Required Supplementary Information</u>		
Actuarial Valuation Date	June 30, 2019	June 30, 2018
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Discount Rate	2.21%	3.50%
Healthcare Trend Rate	5.60%	6.60%
Mortality Rate	RP- 2014 Total Dataset Employee Mortality Table	RP- 2014 Total Dataset Employee Mortality Table
<u>Investment Allocation</u>		
Domestic Equity	28.50%	38.70%
International Equity	15.20%	19.00%
Fixed Income	28.80%	39.30%
Cash and Equivalents	4.50%	3.00%
<u>Investment Rate of Return</u>		
Domestic Equity	5.70%	3.75%
International Equity	5.70%	3.75%
Fixed Income	2.00%	3.75%
Cash and Equivalents	0.00%	0.00%

**Reports Required by
the Uniform Guidance**



WHISMAN GIORDANO
CERTIFIED PUBLIC ACCOUNTANTS

Building Extraordinary Relationships

**Report of Independent Auditor
on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of the Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Board of Directors
Great Oaks Charter School – Wilmington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Great Oaks Charter School [a component unit of the State of Delaware], as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Great Oaks Charter School's basic financial statements and have issued our report thereon dated September 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Great Oaks Charter School's internal control over financial reporting [internal control] to determine the auditing 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 Great Oaks Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Great Oaks Charter 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.

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.

To the Board of Directors
Great Oaks Charter School – Wilmington

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Great Oaks Charter School’s financial statements are free of 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 result of that testing, and not to provide an opinion on the effectiveness of Great Oaks Charter 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 Great Oaks Charter School’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Whisman Giordano & Associates, LLC

Newark, Delaware
September 30, 2021



WHISMAN GIORDANO
CERTIFIED PUBLIC ACCOUNTANTS

Building Extraordinary Relationships

**Report of Independent Auditor
on Compliance for Each Major Program
and on Internal Control Over Compliance
and Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

To the Board of Directors
Great Oaks Charter School - Wilmington

Report on Compliance for Each Major Federal Program

We have audited Great Oaks Charter School's [a component unit of the State of Delaware] compliance with types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Great Oaks Charter School's major federal programs for the year ended June 30, 2021. Great Oaks Charter School's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Great Oaks Charter School's compliance.

To the Board of Directors
Great Oaks Charter School – Wilmington

Opinion on Each Major Federal Program

In our opinion, Great Oaks Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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

To the Board of Directors
Great Oaks Charter School – Wilmington

Report of Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Great Oaks Charter School, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Great Oaks Charter School’s basic financial statements. We issued our report thereon dated Date to be Determined, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Whisman Giordano & Associates, LLC

Newark, Delaware
September 30, 2021

GREAT OAKS CHARTER SCHOOL - WILMINGTON
STATEMENTS OF EXPENDITURES OF FEDERAL AWARDS AND RELATED DISCLOSURES
Year Ended June 30, 2021

Federal Grantor/ Pass-Through Grantor Project Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through State of Delaware, Department of Education [DOE]:			
Special Education Grants to States	84.027	IDEA-B FSF-40564	\$ 115,010
Title I Grants to Local Educational Agencies	84.010	Title I FSF-40554	272,288
Career and Technical Education	84.048	Grant 2020	21,401
21st Century Community Learning Centers	84.287	21st Century FSF-40240	555,348
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grant)	84.367	TITLE II FSF-40114	24,104
Student Support and Academic Enrichment Program	84.424	TITLE IV-A FSF-40532	22,831
COVID-19 - Cluster	84.425	Grant 2020	<u>235,270</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>\$ 1,246,252</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,246,252</u>

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards [the “Schedule”] includes the federal award activity of Great Oaks Charter School under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* [Uniform Guidance]. Because the Schedule represents only a selected portion of the operation of Great Oaks Charter School, it is not intended to and does not present the financial position, change in net assets, or cash flows of Great Oaks Charter School.

To the Board of Directors
Great Oaks Charter School – Wilmington

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on this Schedule are reflected on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Great Oaks Charter School has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

SECTION I – SUMMARY OF AUDITOR’S RESULTS

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued [*unmodified, modified, adverse, or disclaimer*].

unmodified

Internal control over financial reporting:

- Material weakness(es) identified?

_____ yes x no

- Significant deficiency(ies) identified?

_____ yes x none reported

Noncompliance material to financial statements noted?

_____ yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?

_____ yes x no

- Significant deficiency(ies) identified?

_____ yes x none reported

Type of auditor's report issued on compliance for major programs [*unmodified, modified, adverse, or disclaimer*].

unmodified

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

_____ yes x no

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
<u>84.287</u>	<u>Twenty-First Century Community Learning Centers</u>
<u>84.425</u>	<u>COVID-19 - Cluster</u>

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

\$750,000

Auditee qualified as low-risk auditee?

 x yes _____ no

To the Board of Directors
Great Oaks Charter School – Wilmington

SECTION II – FINDINGS-FINANCIAL STATEMENTS AUDIT

None reported.

SECTION III – FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAM AUDIT

None reported.

SECTION II - FINDINGS-FINANCIAL STATEMENTS AUDIT

None reported or outstanding.

SECTION III - FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAM AUDIT

None reported or outstanding.

CURRENT FINDINGS STATUS OF PRIOR YEAR

II. FINANCIAL STATEMENT FINDING

Reference Number: 2020-001, 2019-001

Department of Finance - Financial Reporting Close Process

Condition: During the prior year audit work, the School's general ledger required several adjusting journal entries to make it complete. Some of these adjustments should have been made during the year-end financial close process.

Criteria: Strong internal control requires adequate review and adjustment of the year-end accounting data and financial information used to prepare the School's financial statements in accordance with generally accepted accounting principles (GAAP), in a timely manner.

Cause: While the School's financial team accumulated most of the entries necessary to prepare the financial statements, the current procedures did not capture all year-end accruals and adjustments, nor did the current procedures take into account the documents required to the conduct of the annual audit. The turnover of staff in key positions during the year and the COVID-19 pandemic contributed to the condition.

Effect: A number of audit adjustments were required for the fair presentation of the financial statements.

Recommendation: It was recommended that the School enhance its financial closing procedures to capture all the closing adjustments and supporting documents. As part of the process, the School should evaluate all fiscal year 2020 post-closing and audit adjustments to ensure that procedures and controls are in place to properly identify and record similar entries in the future, on a timely basis. It was also recommended that the School review the sufficiency of resources dedicated to the financial reporting close process to ensure that the financial statements are prepared accurately and timely.

II. FINANCIAL STATEMENT FINDING (CONTINUED)

Views of Responsible Officials and Planned Corrective Actions:

- Great Oaks will enhance its financial closing procedures to capture closing adjustments and supporting documents from FY20.
- Great Oaks will ensure that fiscal procedures and controls are in place to properly identify and record all entries on a timely basis.
- Great Oaks will increase the allocation of resources to the financial reporting close process, with the intent of preparing financial statements in an accurate and timely manner.

Status: The finding has been resolved.

III. FEDERAL AWARD FINDING

United States Department of Education

Reference Number: 2020-002

Program: 84.287 Twenty-First Century Community Learning Centers

Compliance Requirement: Allowable Cost - Payroll Amounts Not Adequately Documented

Condition: During the prior year audit work, it was noted that the School could not provide employee offer letters documenting approved salary for three employees, of thirty-one sampled, that were compensated with Twenty-First Century Community Learning Centers funds. The School was unable to provide evidence of the approval of the December 20, 2019 stipends that were paid. The School was unable to provide timesheets that agreed to the hours paid to one hourly employee for the February 29, 2020 payroll. The School was also unable to provide evidence as to why one employee was paid \$682 less in salary than the agreed upon salary in the employee's offer letter.

Criteria: Federal Compliance Requirements (2 CFR 200) and Department of Education regulations require the School to maintain adequate documentation relating to approval of expenditures of federal funds.

Questioned Costs: None

Cause: The turnover of staff in key positions contributed to the condition. The School's operations were also impacted by COVID 19.

Effect: Contemporaneous documentation of pay rate approvals, stipend approvals, and time sheets were not being created and stored in a manner that allowed for them to be located and reviewed.

To the Board of Directors
Great Oaks Charter School – Wilmington

III. FEDERAL AWARD FINDING (CONTINUED)

Recommendation: It was recommended that the School enhance its recordkeeping and documentation controls and processes to ensure compliance with Federal rules and regulations and its own policies and procedures.

Views of Responsible Officials and Planned Corrective Actions:

- Great Oaks will improve its recordkeeping and document control to ensure compliance with all internal/external regulations, policies, and procedures.
- Great Oaks will train all new staff and Board members on fiscal policies and appropriate procedures.
- Great Oaks will conduct two internal financial audits in FY21 to drive compliance.
- Great Oaks will request Board approval on all mid-year salary increases.

Status: The finding has been resolved.