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CERTIFIED PUBLIC ACCOUNTANTS

Building Extraordinary Relationships

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

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2022  
[WITH COMPARATIVE TOALS FOR 2021]

**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**

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities and the major fund of the Great Oaks Charter School - Wilmington, as of and for the years ended June 30, 2022 and 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. In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund information of the Great Oaks Charter School - Wilmington, as of June 30, 2022 and 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Great Oaks Charter School - Wilmington, as of June 30, 2022 and 2021, and the respective changes financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Great Oaks Charter School - Wilmington and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Emphasis of Matter – Implementation of New Lease Accounting Standard**

In 2022 the Authority implemented GASB 87, Leases. The new stand requires the School to recognize a right-of-use and a lease liability on the statement of net position. As a result of the implementation of GASB 87, Leases, the School recognized a right-of-use of \$3,791,662 and a related lease liability of \$3,887,462 in the statement of net position for the year ended June 30, 2021.

**Emphasis of Matter – Going Concern**

As discussed in Note 14 to the financial statements, Great Oak Charter School has been placed on formal review by the Secretary of Education due to possible violation of its charter terms as it relates to the number of enrolled students. According to 14 Del. C. §506 (c)(1), charter schools are required to have a minimum enrollment of at least 80% of its authorized number of students. Currently, Great Oaks Charter School - Wilmington enrollment is 236 students, which is 73 percent of its authorized enrollment of 325 students.

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Great Oaks Charter School - Wilmington's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

***Auditor’s Responsibilities for the Audit of the Financial Statements (Continued)***

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Great Oaks Charter School - Wilmington's internal control. Accordingly, no such opinion is expressed. evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Great Oaks Charter School - Wilmington's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

**Other Matters**

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis (pages 7-14), budgetary comparison information (pages 46-47), schedules of Great Oaks Charter School - Wilmington’s proportionate share of net pension liability and school contributions (pages 48-49), and schedules of net other post-employment benefits liability and school contributions (page 50) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Great Oaks Charter School - Wilmington's basic financial statements. The schedule of expenditures of federal awards are presented for purposes of additional analysis and are 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 October 31, 2022 on our consideration of the 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 the 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.

To the Board of Directors  
**Great Oaks Charter School – Wilmington**

**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

October 31, 2022



## **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, 2022

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, 2022.

## FINANCIAL HIGHLIGHTS

**Governmental Activities** - As of June 30, 2022, the School's net position reflects a deficit balance of \$8,949,547. Program revenues accounted for \$298,726, or 4.51%, of total revenue, and general revenues accounted for \$6,317,304, or 95.49%, of total revenue.

As of June 30, 2021, the School's net position, reflected a deficit balance of \$6,876,351. 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.

Fund Level - For the year ended June 30, 2022, the Governmental Fund reported a negative change in fund balance in the amount of \$906,455.

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

## 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, 2022

**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 19 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 20) 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 22). 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 24 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 46 through 50.

GREAT OAKS CHARTER SCHOOL - WILMINGTON  
(A COMPONENT UNIT OF THE STATE OF DELAWARE)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022

**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 \$8,949,547 at the close of fiscal year 2022, and \$6,876,351 at the close of fiscal year 2021, resulting in a negative net position in both years.

The School's net position analysis of fiscal years 2022 and 2021 follows:

**GOVERNMENTAL ACTIVITIES**

	<u>2022</u>	<u>2021 *</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
Current Assets	\$ 737,085	\$ 1,490,242
Noncurrent Assets	4,248,432	4,024,607
Deferred Outflows of Resources	<u>6,832,001</u>	<u>7,944,671</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 11,817,518</u>	<u>\$ 13,459,520</u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>		
Current Liabilities	\$ 1,915,842	\$ 1,660,004
Noncurrent Liabilities	13,511,680	17,073,687
Deferred Inflows of Resources	<u>5,339,543</u>	<u>1,602,180</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<u>20,767,065</u>	<u>20,335,871</u>
<b>NET POSITION</b>		
Invested in Capital Assets	106,197	226,686
Unrestricted	<u>(9,055,744)</u>	<u>(7,103,037)</u>
<b>TOTAL NET POSITION</b>	<u>(8,949,547)</u>	<u>(6,876,351)</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 11,817,518</u>	<u>\$ 13,459,520</u>

\* Restated for comparative purposes.

GREAT OAKS CHARTER SCHOOL - WILMINGTON  
(A COMPONENT UNIT OF THE STATE OF DELAWARE)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022

**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.

	2022	2021 *
<b>REVENUES</b>		
Charges to School Districts	1,686,722	\$ 2,005,444
State Aid	2,733,416	3,587,251
Contributed Services - Tutor Salaries	-	197,273
Tranporation	274,534	316,311
Federal Aid	1,897,166	1,246,252
Contributions	23,578	199,242
Food Service	614	-
Earnings on Cash and Investments	-	13,311
<b>Total revenues</b>	<u>6,616,030</u>	<u>7,565,084</u>
<b>EXPENDITURES</b>		
Current:		
Instructional services	6,752,973	7,550,377
Supporting services:		
Operation and maintenance of facilities	1,125,852	851,724
Transportation	649,921	338,425
Interest from leasing	160,480	219,328
Food service	-	-
<b>Total expenditures</b>	<u>8,689,226</u>	<u>8,959,854</u>
<b>CHANGE IN NET POSITION</b>	<u>(2,073,196)</u>	<u>(1,394,770)</u>
<b>FUND BALANCES</b>		
Beginning of year	<u>(6,876,351)</u>	<u>(5,481,581)</u>
End of year	<u>\$ (8,949,547)</u>	<u>\$ (6,876,351)</u>

\* Restated for comparative purposes.

GREAT OAKS CHARTER SCHOOL - WILMINGTON  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022

**THE SCHOOL'S FUND**

The School's Governmental Fund reported a deficit in the amount of \$906,455 for the year ended June 30, 2022 as compared to a surplus in the amount of \$249,542 for the year ended June 30, 2021.

**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>2022</u>	<u>2021 *</u>
<b>REVENUES</b>		
Charges to School Districts	\$ 1,686,722	\$ 2,005,444
State Aid	2,733,416	3,587,251
Contributed Services - Tutor Salaries	-	197,273
Transporation	274,534	316,311
Federal Aid	1,897,166	1,246,252
Contributions	23,578	199,242
Food Service	614	-
Earnings on Cash and Investments	-	13,311
<b>Total revenues</b>	<u>6,616,030</u>	<u>7,565,084</u>
<b>EXPENDITURES</b>		
Current:		
Instructional services	5,674,698	5,996,655
Supporting services:		
Operation and maintenance of facilities	1,197,866	975,252
Transportation	649,921	338,425
Capital outlay		
Building	-	4,934,624
Furniture and Equipment	-	5,210
<b>Total expenditures</b>	<u>7,522,485</u>	<u>12,250,166</u>
<b>EXCESS (DEFICIENCY) OVER (UNDER) REVENUES</b>	<u>(906,455)</u>	<u>(4,685,082)</u>
<b>OTHER FINANCING SOURCES</b>		
Right to use asset - GASB 87	-	4,934,624
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>4,934,624</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (906,455)</u>	<u>\$ 249,542</u>

## **THE SCHOOL'S FUND - CONTINUED**

The majority of the School's total revenue (71% in fiscal year 2022 and 81% in fiscal year 2021) 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 0% and 3% of total revenue in fiscal years 2022 and 2021, respectively. The socioeconomic diversity and special needs of the School's population dictate entitlement to federal funding, which accounted for 29% and 16% of total revenue in fiscal years 2022 and 2021. The reliance on this revenue is to support programs and facility expenditures that are not allotted for in federal, state, and local funds.

*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 2022 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 \$6,927,072 and expenditures of \$7,964,929. 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 favorable variance \$8,335 is due to greater than anticipated CSD Settlement funds.

State Aid - The unfavorable variance of \$9,952 is attributed to decreased funding for school operations resulting from decrease in staff education levels.

Federal Aid - The unfavorable variance of \$197,939 is due to a timing difference of anticipated CARES Act Funding expenditures.

Contributed Services – Tutor Salaries - The unfavorable variance of \$112,100 is due to elimination of Great Oaks Foundation grant support for Americorps Tutors.

GREAT OAKS CHARTER SCHOOL - WILMINGTON  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022

**THE SCHOOL'S FUND - CONTINUED**

**Expenditures**

Salaries and Employment Costs - The favorable variance of \$421,420 is attributed to staff changes during the year replaced with staff with decreased education and years of experience.

Travel - The unfavorable variance of \$3,495 is due to greater than anticipated staff travel expenses.

Contractual Services - The favorable variance of \$10,084 is due to less than anticipated legal expenses.

Communications - The unfavorable variance of \$2,225 is due to increased cell phone costs.

Insurance - The favorable variance of \$1,619 is due to budgeted inflationary increase less than actual.

Utilities - The unfavorable variance of \$4,628 is due to unpredictable variations the cost and consumption of utilities.

Transportation - The favorable variance of \$96,365 is a result of less than anticipated transportation costs associated after school programing.

Facility Cost - The favorable variance of \$4,394 is due to a termination of a sublease.

Supplies and Materials - The unfavorable variance of \$81,090 is due to purchase of additional computers and instructional supplies to support learning not anticipated at the beginning of the school year.



GREAT OAKS CHARTER SCHOOL - WILMINGTON  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022

**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)**  
**STATEMENTS OF NET POSITION**  
**Years Ended June 30, 2022**  
**[With Comparative Totals for 2021]**

	2022	2021 *
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and Equivalents	\$ 633,652	\$ 1,376,726
Prepaid Expenses	4,198	4,198
Other Receivables	99,235	109,318
<b>Total current assets</b>	<b>737,085</b>	<b>1,490,242</b>
<b>Noncurrent assets:</b>		
Net Pension Asset	1,509,665	-
Capital Assets, Net of Accumulated Depreciation	141,125	226,686
Right to use assets, Net of Amortization	2,589,852	3,791,662
Security Deposits	7,790	6,259
<b>Total noncurrent assets</b>	<b>4,248,432</b>	<b>4,024,607</b>
<b>TOTAL ASSETS</b>	<b>4,985,517</b>	<b>5,514,849</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Amounts on Pensions	1,191,078	1,239,181
Deferred Amounts on Other Post-Employment Benefits	5,640,923	6,705,490
<b>Total deferred outflows of resources</b>	<b>6,832,001</b>	<b>7,944,671</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 11,817,518</b>	<b>\$ 13,459,520</b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts Payable	148,459	\$ 77,838
Accrued Salaries And Related Costs	472,953	388,745
Lease liability, Current Portion	1,294,430	1,184,689
Deferred Lease Incentive, Current Portion	-	8,732
<b>Total current liabilities</b>	<b>1,915,842</b>	<b>1,660,004</b>
<b>Noncurrent liabilities:</b>		
Net Pension Liability	-	1,742,994
Net Other Postemployment Benefits Liability	12,068,409	12,601,724
Lease liability, Non-Current Portion	1,408,343	2,702,773
Deferred Lease Incentive, Non-Current Portion	34,928	26,196
<b>Total noncurrent liabilities</b>	<b>13,511,680</b>	<b>17,073,687</b>
<b>TOTAL LIABILITIES</b>	<b>15,427,522</b>	<b>18,733,691</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Amounts on Pensions	3,033,698	5,236
Deferred Amounts on Other Post-Employment Benefits	2,305,845	1,596,944
<b>Total deferred inflows of resources</b>	<b>5,339,543</b>	<b>1,602,180</b>
<b>NET POSITION (LIABILITY)</b>		
Net investment in capital assets	106,197	226,686
Unrestricted	(9,055,744)	(7,103,037)
<b>TOTAL NET POSITION (LIABILITY)</b>	<b>(8,949,547)</b>	<b>(6,876,351)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 11,817,518</b>	<b>\$ 13,459,520</b>

\* Restated for comparative purposes.

The accompanying notes are an integral part of the basic financial statements.

**GREAT OAKS CHARTER SCHOOL – WILMINGTON**  
(A COMPONENT UNIT OF THE STATE OF DELAWARE)  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2022  
[With Comparative Totals for 2021]

Functions	Expenses	Charges for	Program Revenues		Net (Expense) Revenue & Changes in Net Position
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
					2022
<b>GOVERNMENTAL ACTIVITIES</b>					
Instructional services	\$ 6,752,973	\$ -	23,578	\$ -	\$ (6,729,395)
Supporting services:					
Operation and maintenance of facilities	1,125,852	-	-	-	(1,125,852)
Transportation	649,921	-	274,534	-	(375,387)
Interest from leasing	160,480	-	-	-	(160,480)
Food service	-	-	614	-	614
<b>TOTAL GOVERNMENT ACTIVITIES</b>	<b>8,528,746</b>	<b>-</b>	<b>298,726</b>	<b>-</b>	<b>(8,390,500)</b>
<b>GENERAL REVENUES AND TRANSFERS</b>					
Charges To School Districts					1,686,722
Contributed Services- Tutor Salaries					-
State Aid					2,733,416
Federal Aid					1,897,166
Earnings On Cash And Equivalents					-
<b>Total general revenues and transfers</b>					<b>6,317,304</b>
<b>CHANGES IN NET POSITION</b>					
					(2,073,196)
<b>NET POSITION (LIABILITY)</b>					
Beginning of year					(6,876,351)
End of year					\$ (8,949,547)

The accompanying notes are an integral part of the basic financial statements.

**GREAT OAKS CHARTER SCHOOL – WILMINGTON**  
(A COMPONENT UNIT OF THE STATE OF DELAWARE)  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2021

Functions	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
					2021
<b>GOVERNMENTAL ACTIVITIES</b>					
Instructional services	\$ 7,550,377	\$ -	\$ 199,242	\$ -	\$ (7,351,135)
Supporting services:					
Operation and maintenance of facilities	851,724	-	-	-	(851,724)
Transportation	338,425	-	316,311	-	(22,114)
Interest from leasing	219,328	-	-	-	(219,328)
Food service	-	-	-	-	-
<b>TOTAL GOVERNMENT ACTIVITIES</b>	<b>8,959,854</b>	<b>-</b>	<b>515,553</b>	<b>-</b>	<b>(8,444,301)</b>
<b>GENERAL REVENUES AND TRANSFERS</b>					
Charges To School Districts					2,005,444
Contributed Services- Tutor Salaries					197,273
State Aid					3,587,251
Federal Aid					1,246,252
Earnings On Cash And Equivalents					13,311
<b>Total general revenues and transfers</b>					<b>7,049,531</b>
<b>CHANGES IN NET POSITION</b>					<b>(1,394,770)</b>
<b>NET POSITION (LIABILITY)</b>					
Beginning of year					<u>(5,481,581)</u>
End of year					<u>\$ (6,876,351)</u>

The accompanying notes are an integral part of the basic financial statements.

**FUND FINANCIAL STATEMENTS**

**GREAT OAKS CHARTER SCHOOL – WILMINGTON**  
**(A COMPONENT UNIT OF THE STATE OF DELAWARE)**  
**BALANCE SHEETS–GOVERNMENTAL FUNDS**  
**Years Ended June 30, 2022**  
**[With Comparative Totals for 2021]**

	General Fund	Total Governmental Funds	
		2022	2021
<b>ASSETS</b>			
Cash and Equivalents	\$ 633,652	\$ 633,652	\$ 1,376,726
Security Deposits	7,790	7,790	6,259
Prepaid Expenses	4,198	4,198	4,198
Other Receivables	99,235	99,235	109,318
<b>TOTAL ASSETS</b>	<b>\$ 744,875</b>	<b>\$ 744,875</b>	<b>\$ 1,496,501</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 148,459	\$ 148,459	\$ 77,838
Accrued Salaries And Related Costs	472,953	472,953	388,745
Deferred Lease Incentive	34,928	34,928	34,928
<b>TOTAL LIABILITIES</b>	<b>656,340</b>	<b>656,340</b>	<b>501,511</b>
<b>FUND BALANCES</b>			
Unassigned	88,535	88,535	994,990
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 744,875</b>	<b>\$ 744,875</b>	<b>\$ 1,496,501</b>

The accompanying notes are an integral part of the basic financial statements.

**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, 2022**  
**[With Comparative Totals for 2021]**

	Governmental Funds	
	2022	2021
Amounts reported for governmental activities in the statements of net position are different because:		
<b>Fund Balances-Total Governmental Funds</b>	\$ 88,535	\$ 994,990
Capital assets and right to use assets used in Governmental Activities are not financial resources and, therefore, are not reported in the Governmental Funds. Capital assets and right to use assets net of accumulated depreciation, as detailed in the footnotes, are included in the Government-Wide statement of net position.		
Capital assets	141,125	226,686
Right to use assets	2,589,852	3,791,662
Some long-term assets, including net pension and net OPEB assets, are not due and payable in the current period and, are therefore not reported in the fund financial statements:		
Deferred Outflows on Pensions	1,191,078	1,239,181
Deferred Outflows on Other Post-Employment Benefits	5,640,923	6,705,490
Net Pension Asset	1,509,665	
Some liabilities, including lease liability, 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:		
Lease Liability	(2,702,773)	(3,887,462)
Net Pension Liability	-	(1,742,994)
Net Other Post-Employment benefits Liability	(12,068,409)	(12,601,724)
Deferred Inflows on Pensions	(3,033,698)	(5,236)
Deferred Inflows on Other Post-Employment Benefits	(2,305,845)	(1,596,944)
<b>Net position (liability)-Governmental activities</b>	<b>\$ (8,949,547)</b>	<b>\$ (6,876,351)</b>

The accompanying notes are an integral part of the basic financial statements.



**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, 2022**  
**[With Comparative Totals for 2021]**

	General Fund	Total Governmental Funds	
		2022	2021*
<b>REVENUES</b>			
Charges to School Districts	\$ 1,686,722	\$ 1,686,722	\$ 2,005,444
State Aid	2,733,416	2,733,416	3,587,251
Contributed Services - Tutor Salaries	-	-	197,273
Tranporation	274,534	274,534	316,311
Federal Aid	1,897,166	1,897,166	1,246,252
Contributions	23,578	23,578	199,242
Food Service Revenue	614	614	-
Earnings on Cash and Investments	-	-	13,311
<b>Total revenues</b>	<b>6,616,030</b>	<b>6,616,030</b>	<b>7,565,084</b>
<b>EXPENDITURES</b>			
Current:			
Instructional services	5,674,698	5,674,698	5,996,655
Supporting services:			
Operation and maintenance of facilities	1,197,866	1,197,866	975,252
Transportation	649,921	649,921	338,425
Capital outlay			
Building	-	-	4,934,624
Furniture and Equipment	-	-	5,210
<b>Total expenditures</b>	<b>7,522,485</b>	<b>7,522,485</b>	<b>12,250,166</b>
<b>EXCESS (DEFICIENCY) OVER (UNDER) REVENUES</b>	<b>(906,455)</b>	<b>(906,455)</b>	<b>(4,685,082)</b>
<b>OTHER FINANCING SOURCES</b>			
Right to use asset - GASB 87	-	-	4,934,624
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>-</b>	<b>-</b>	<b>4,934,624</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(906,455)</b>	<b>(906,455)</b>	<b>249,542</b>
<b>FUND BALANCES</b>			
Beginning of year	994,990	994,990	745,448
End of year	\$ 88,535	\$ 88,535	\$ 994,990

The accompanying notes are an integral part of the basic financial statements.

**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, 2022**  
**[With Comparative Totals for 2021]**

	Governmental Funds	
	2022	2021 *
Amounts reported for governmental activities in the statements of net position are different because:		
<b>Fund Balances-Total Governmental Funds</b>	\$ (906,455)	\$ 249,542
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
Depreciation Expense	(85,561)	(90,724)
Lease amortization	(17,121)	(95,800)
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	176,095	(29,281)
OPEB	(1,240,154)	(1,433,717)
<b>Net position (liability)-Governmental activities</b>	\$ (2,073,196)	\$ (1,394,770)

The accompanying notes are an integral part of the basic financial statements.

## **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.

As of June 30, 2022 and 2021, the School's deferred outflows are \$1,191,078 and \$1,239,181 for pensions and \$5,640,923 and \$6,705,490 for other post-employment benefits, respectively.

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.

As of June 30, 2022 and 2021, the School's deferred inflows are \$3,033,698 and \$5,236 for pensions and \$2,305,845 and \$1,596,944 for other post-employment benefits as of June 30, 2022 and 2021, respectively.

**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, 2022 and 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, 2022 and 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, 2022 and 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, 2022 and 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 2019, 2020, and 2021 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, 2021, from which the summarized information was derived.

**Reclassification** - Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

As of June 30, 2022 and 2021, the School had a cash and cash equivalent balance of \$633,652 and \$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, 2022 and 2021 was \$633,652 and \$1,376,726 respectively.

**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, 2022 is as follows:

Description	As of and Year Ended June 30, 2022			Ending Balances
	Beginning Balances	Increases	Decreases	
<b>Governmental activities:</b>				
Capital assets, being depreciated:				
Computer Equipment	\$ 246,320	\$ -	\$ -	\$ 246,320
Furniture and Equipment	481,691	-	-	481,691
Leasehold Improvements	37,980	-	-	37,980
Totals	<u>765,991</u>	<u>-</u>	<u>-</u>	<u>765,991</u>
Less accumulated depreciation:				
Computer Equipment	222,953	14,216	-	237,169
Furniture and Equipment	309,618	68,813	-	378,431
Leasehold Improvements	6,734	2,532	-	9,266
Totals	<u>539,305</u>	<u>85,561</u>	<u>-</u>	<u>624,866</u>
Governmental activities capital assets, net	<u>\$ 226,686</u>	<u>\$ (85,561)</u>	<u>\$ -</u>	<u>\$ 141,125</u>

Depreciation expense was \$85,561 for the year ended June 30, 2022, which is included in instructional services on the statement of activities.

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	
<b>Governmental activities:</b>				
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, 2021. 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](http://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**  
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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 11.58% and 12.58% of covered payroll for fiscal years ended June 30, 2022 and 2021, respectively. Contributions to the Plan from the School were \$338,355 and \$333,830 during the year ended June 30, 2022 and 2021.

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

As of June 30, 2022 and 2021, the School reported an asset of \$1,509,665 and a liability of \$1,742,984, respectively, for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022 and 2021, 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, 2021 to June 30, 2022 and June 30, 2019 to June 30, 2020, respectively. 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, 2022 and 2021, the School's proportion was .1161% and .1240%, respectively.

**GREAT OAKS CHARTER SCHOOL – WILMINGTON**  
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**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, 2022 and 2021, the School recognized pension expense of \$140,609 and \$672,988, respectively. As of June 30, 2022 and 2021, the School reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

Description	Deferred Resources		Deferred Resources	
	2022		2021	
	Outflows	Inflows	Outflows	Inflows
Net Difference Between Projected and Actual Earnings on Plan Investments	\$ -	\$ 3,032,495	\$ -	\$ -
Changes of Assumptions	272,759	-	122,100	-
Changes in Proportion	351,138	1,203	556,027	-
Differences Between Expected and Actual Experience in the Measurement of the Total Pension Liability	228,826	-	227,224	5,236
Contributions Made After the Measurement Date	338,355	-	333,830	-
Totals	<u>\$ 1,191,078</u>	<u>\$ 3,033,698</u>	<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	
2023	\$ (436,195)
2024	(436,195)
2025	(436,195)
2026	(436,195)
2027	(436,195)
Totals	<u>\$ (2,180,975)</u>

**GREAT OAKS CHARTER SCHOOL – WILMINGTON**  
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**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, 2021 and 2020, was determined by an actuarial valuation as of June 30, 2020 and 2019 with update procedures used to roll forward the total pension liability to June 30, 2021 and 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	2021		2020	
	Long-term expected real rate of return	Asset allocation	Long-term expected real rate of return	Asset allocation
Domestic Equity	5.7%	32.3%	5.7%	28.5%
International Equity	5.7%	18.1%	5.7%	15.0%
Fixed Income	2.0%	20.6%	2.0%	29.0%
Alternative Investments	7.8%	24.2%	7.8%	23.0%
Cash and Equivalents	0.0%	4.8%	0.0%	4.5%

**GREAT OAKS CHARTER SCHOOL – WILMINGTON**  
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 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	2021		
	1% Decrease	Discount Rate	1% Increase
School's Proportionate Share of the Net Pension Liability	\$ 172,918	\$ (1,414,791)	\$ (2,747,359)
Plan	2020		
	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.

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NOTES TO FINANCIAL STATEMENTS

**NOTE 6: OTHER POST-EMPLOYMENT BENEFITS** [continued]

*Summary of Significant Accounting Policies* [continued]

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.

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, 2021. 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.



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NOTES TO FINANCIAL STATEMENTS

**NOTE 6: OTHER POST-EMPLOYMENT BENEFITS [continued]**

***General Information about the Plan [continued]***

*Benefits Provided* - During the fiscal year ended June 30, 2022 and 2021, the State provided health insurance options through several providers.

*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 2022 and 2021, the School's contribution was 10.68% and 14.53% of covered payroll and totaled \$312,012 and \$333,830, respectively.

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

As of June 30, 2022 and 2021, the School reported a liability of \$12,068,409 and \$12,601,724 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021 and 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, 2020 to June 30, 2021 and 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, 2022 and 2021, the School's proportion was 0.1160% and 0.1210%.

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**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, 2022 and 2021, the School recognized OPEB expense of \$1,871,715 and \$1,995,145, respectively. As of June 30, 2022 and 2021, the School reported deferred outflows of resources and deferred inflows of resources related to the OPEB as follows:

Description	Deferred Resources		Deferred Resources	
	2022		2021	
	Outflows	Inflows	Outflows	Inflows
Net Difference Between Projected and Actual Earnings on Plan Investments	\$ 289,413	\$ 1,660,772	\$ -	\$ 13,999
Changes of Assumptions	2,090,660	395,523	2,130,988	716,710
Changes in Proportion	2,948,838	110,140	4,208,603	-
Differences Between Expected and Actual Experience in the Measurement of the Total Pension Liability	-	139,410	-	866,235
Contributions Made After the Measurement Date	312,012	-	365,899	-
Totals	<u>\$ 5,640,923</u>	<u>\$ 2,305,845</u>	<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	
2023	\$ 604,613
2024	604,613
2025	604,613
2026	604,613
2027	604,613
Total	<u>\$ 3,023,065</u>

**GREAT OAKS CHARTER SCHOOL – WILMINGTON**  
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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, 2021 and 2020 measurement date was determined by an actuarial valuation as of June 30, 2020 and 2019, with update procedures used to roll forward the total OPEB liability to June 30, 2021 and 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**  
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**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, 2021 and 2020 are summarized in the following table.

Asset Class	2021		2020	
	Long-term expected real rate of return	Asset allocation	Long-term expected real rate of return	Asset allocation
Domestic Equity	5.7%	32.3%	5.7%	28.5%
International Equity	5.7%	18.1%	5.7%	15.0%
Fixed Income	2.0%	20.6%	2.0%	29.0%
Cash and Equivalents	0.0%	4.8%	0.0%	4.5%

*Discount Rate* - The discount rate used to measure the total OPEB liability was 2.21 percent at the beginning of the current measurement period and 2.16 percent at the end, based on the Bond Buyer GO 20-Bond Municipal Bond Index. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that employer contributions to the Plan will continue to follow the pay-as-you-go contribution policy. Based on the assumptions of a pay-as-you-go plan, the discount rate used at the June 30, 2021 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 (1.16 percent) and 1 percentage-point higher (3.16 percent) than the current discount rate:

2021			2020		
1% Decrease	Discount Rate	1% Increase	1% Decrease	Discount Rate	1% Increase
-1.16%	-2.16%	-3.16%	5.50%	6.50%	7.50%
<u>\$ 13,977,972</u>	<u>\$ 11,698,953</u>	<u>\$ 9,898,180</u>	<u>\$ 15,102,119</u>	<u>\$ 12,598,567</u>	<u>\$ 10,642,504</u>

**GREAT OAKS CHARTER SCHOOL – WILMINGTON**  
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**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 (5.5 percent decreasing to 4.5 percent) and 1 percentage-point higher (5.5 increasing to 6.5 percent) than the current healthcare trend rates:

2021			2020		
1% Decrease	Healthcare Trend	1% Increase	1% Decrease	Healthcare Trend	1% Increase
\$ 9,568,842	\$ 11,698,953	\$ 14,503,960	\$ 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**

There were no contributed services for the year ended June 30, 2022; however, the School recognized contribution revenue for the year ended June 30, 2021 for contributed tutoring services. Tutors were provided to the School by the Great Oaks Foundation 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**  
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 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.

Great Oaks Charter School – Wilmington adopted GASB 87 effective July 1, 2021 adjustments for lease assets and liabilities did not result in a change to the net position. As of June 30, 2022 there were no impaired lease assets.

When a contract contains a lease or a lease contains a non-cancellable term in excess of 12 months (including any options to extend or terminate the lease when exercise is reasonably certain), Great Oaks Charter School – Wilmington records a right-to-use lease asset and a lease liability which is calculated based on the value of discounted future lease payments over the term of the lease. Whenever the interest note implicit in the lease is not explicit, Great Oaks Charter School – Wilmington may apply the guidance for imputation of interest as a means of determining the interest rate.

As of June 30, 2022 Great Oaks Charter School – Wilmington is the lessee for a non-cancellable leases of certain real estate. As a result, a right-to-use lease asset \$2,589,852 and a lease liability of \$2,702,773 has been reflected in the statement of net position.

Below is a summary of the leases outstanding at June 30, 2022:

	Principal Payment	Interest Payment	Total Payment
Year Ending 2023	\$ 1,294,430	\$ 99,235	\$ 1,393,665
Year Ending 2024	1,408,343	35,494	1,443,837
	<u>\$ 4,934,624</u>	<u>\$ 514,537</u>	<u>\$ 5,449,161</u>

**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.

**GREAT OAKS CHARTER SCHOOL – WILMINGTON**  
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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 10: COMMITMENTS AND CONTINGENCIES (CONTINUED)**

*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 was schedule for mediation in October 2021. A settlement in the amount of \$92,500 was reached and payment was made during the fiscal year ended June 30, 2022.

**NOTE 11: ECONOMIC DEPENDENCY**

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

	<u>2022</u>	<u>2021</u>
State Subsidy	45%	44%
Charges to School Districts	25%	25%
Federal Aid	29%	15%

**NOTE 12: EXCESS EXPENDITURES OVER APPROPRIATIONS**

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

	<u>2021</u>
Employment costs	\$ 3,485
Communications	2,225
Utilities	4,628
Supplies and maintenance	81,090

**GREAT OAKS CHARTER SCHOOL – WILMINGTON**  
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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 13: OTHER RISKS**

The outbreak of a novel strain of coronavirus (COVID-19) spread throughout the United States beginning in March of 2020 and continued into 2022. Multiple jurisdictions in the U.S. declared various levels of States of Emergency. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the School is not able to estimate any adverse effects the COVID-19 outbreak may have on its results of operations, financial condition, or liquidity periods ending after June 30, 2022.

The Organization is dependent on program service fees and contributions, as well as other revenue sources. Social distancing and shelter-in-place directives have a direct impact on the Organization's ability to maintain its operations.

The full impact of the pandemic continues to evolve as of the auditor's report date. It is uncertain as to the full magnitude that it will have on the Organization's financial condition, liquidity and fair value of investments, and future results of operations. Given the daily evolution of the pandemic, and the global and United States responses to curb its spread, the Organization is unable to estimate the ultimate impact on its future financial condition and results of operations.

**NOTE 14: GOING CONCERN**

Great Oak Charter School has been placed on formal review by the Delaware Secretary of Education due to possible violation of its charter terms as it relates to the number of enrolled students. According to 14 Del. C. §506 (c)(1), charter schools are required to have a minimum enrollment of at least 80% of its authorized number of students. Currently, Great Oaks Charter School - Wilmington enrollment is 236 students, which is 73 percent of its authorized enrollment of 325 students.

**NOTE 15: SUBSEQUENT EVENTS**

On September 27, 2022 the Great Oak Charter School received a notice from the Delaware Department of Education stating that Great Oak Charter School has been placed on formal review, effective immediately, to determine whether the School has violated the terms of its charter by only having 236 students, which does not meet the minimum requirement of having a minimum 80% of its authorized enrollment of 325 students.

Management has reviewed and evaluated all other subsequent events through October 31, 2022 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, 2022 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, 2022**

	Final	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>REVENUES</b>			
Charges to School Districts	\$ 1,678,387	\$ 1,686,722	\$ 8,335
State Aid	3,017,902	3,007,950	(9,952)
Federal Aid	2,095,105	1,897,166	(197,939)
Food Service Revenue	-	614	614
Contributions and School Programs	135,678	23,578	(112,100)
<b>Total revenues</b>	<b>6,927,072</b>	<b>6,616,030</b>	<b>(311,042)</b>
<b>EXPENDITURES</b>			
Current:			
Salaries	3,198,124	2,921,636	276,488
Employment costs	1,410,510	1,265,578	144,932
Travel	12,500	15,995	(3,495)
Contracted services	1,302,909	1,292,825	10,084
Communications	8,758	10,983	(2,225)
Insurance	43,000	41,381	1,619
Utilities	9,840	14,468	(4,628)
Transportation	746,286	649,921	96,365
Repairs and Maintenance	6,326	6,326	-
Land/Building/Facilities	1,121,036	1,116,642	4,394
Supplies and materials	105,640	186,730	(81,090)
Capital outlay	-	-	-
<b>Total expenditures</b>	<b>7,964,929</b>	<b>7,522,485</b>	<b>442,444</b>
<b>OTHER FINANCING SOURCES</b>			
Appropriated Reserves	-	-	-
<b>Total Other Financing Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,037,857)</b>	<b>(906,455)</b>	<b>131,402</b>
<b>FUND BALANCES</b>			
Beginning of year	994,990	994,990	-
End of year	<b>\$ (42,867)</b>	<b>\$ 88,535</b>	<b>\$ 131,402</b>

**GREAT OAKS CHARTER SCHOOL – WILMINGTON**  
**(A COMPONENT UNIT OF THE STATE OF DELAWARE)**  
**BUDGETARY COMPARISON SCHEDULE – GOVERNMENTAL FUND (CONTINUED)**  
Year Ended June 30, 2022

**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 12 and 13 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, 2022

	2022	2021	2020
Measurement period ending June 30	2021	2020	2019
School's proportion of net pension (asset)/liability	0.1161%	0.1240%	0.1134%
School's proportionate share of net pension (asset)/liability	\$ (1,509,665)	\$ 1,742,994	\$ 1,766,164
School's covered-employee payroll	2,921,636	2,653,318	\$ 2,928,563
School's proportionate share of net pension (asset)/liability as a percentage of its covered-employee payroll	-51.67%	65.69%	60.3%
Plan's fiduciary net position as percentage of total pension (asset)/liability	110.48%	85.41%	87.5%
	2019	2018	2017
Measurement period ending June 30	2018	2017	2016
School's proportion of net pension (asset)/liability	0.0864%	0.0611%	4.0500%
School's proportionate share of net pension (asset)/liability	\$ 1,115,914	\$ 895,752	\$ 610,904
School's covered-employee payroll	\$ 2,388,420	\$ 1,700,028	\$ 893,283
School's proportionate share of net pension (asset)/liability as a percentage of its covered-employee payroll	46.7%	52.7%	68.4%
Plan's fiduciary net position as percentage of total pension (asset)/liability	87.5%	85.0%	84.1%

Source: Delaware Public Employees' Retirement System, State Employees' Pension Plan as of June 30, 2021, 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, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Measurement period ending June 30	2021	2020	2019
Contractually required contribution	<u>\$ 338,355</u>	<u>\$ 333,830</u>	<u>\$ 319,695</u>
Contribution (Excess) Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School covered-employee payroll	<u>\$ 2,921,636</u>	<u>\$ 2,653,318</u>	<u>\$ 2,928,563</u>
Contributions as percentage of covered-employee payroll	<u>11.581%</u>	<u>12.582%</u>	<u>10.916%</u>
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Measurement period ending June 30	2018	2017	2016
Contractually required contribution	<u>\$ 278,474</u>	<u>\$ 195,843</u>	<u>\$ 127,269</u>
Contribution (Excess) Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School covered-employee payroll	<u>\$ 2,388,420</u>	<u>\$ 1,700,028</u>	<u>\$ 893,283</u>
Contributions as percentage of covered-employee payroll	<u>11.659%</u>	<u>11.520%</u>	<u>14.247%</u>

Source: Delaware Public Employees' Retirement System, State Employees' Pension Plan as of June 30, 2021, 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, 2022

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, 2022</u>	<u>June 30, 2021</u>
<b><u>Schedule of Net OPEB Liability</u></b>		
Measurement Date	June 30, 2022	June 30, 2021
Percentage Proportion	0.1160%	0.1210%
Net OPEB Liability Share	12,068,409	12,601,724
Employer- Covered Payroll	2,921,636	2,653,318
OPEB Liability as a Percentage of Covered Payroll	413.07%	474.94%
Plane's Fiduciary Net Position as a Percentage of Total OPEB Liability	-6.00%	-4.27%
<b><u>Schedule of Contribution</u></b>		
Required Contribution	\$ 338,355	\$ 333,830
Actual Contribution	<u>312,012</u>	<u>319,549</u>
Contribution Deficiency/ (Excess)	<u>\$ (26,343)</u>	<u>\$ (14,281)</u>
Employer- Covered Payroll	\$ 2,921,636	\$ 2,653,318
Actual Contribution as a Percentage of Covered Payroll	11.58%	12.58%
<b><u>Notes to Required Supplementary Information</u></b>		
Actuarial Valuation Date	June 30, 2021	June 30, 2020
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Discount Rate	2.16%	2.21%
Healthcare Trend Rate	5.50%	5.60%
Mortality Rate	RP- 2014 Total Dataset Employee Mortality Table	RP- 2014 Total Dataset Employee Mortality Table
<b><u>Investment Allocation</u></b>		
Domestic Equity	32.30%	28.50%
International Equity	18.10%	15.20%
Fixed Income	20.60%	28.80%
Cash and Equivalents	4.80%	4.50%
<b><u>Investment Rate of Return</u></b>		
Domestic Equity	5.70%	5.70%
International Equity	5.70%	5.70%
Fixed Income	2.00%	2.00%
Cash and Equivalents	0.00%	0.00%

**Reports Required by  
the Uniform Guidance**



**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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, 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, 2022, and the related notes to the financial statements, which collectively comprise the Great Oaks Charter School's basic financial statements, and have issued our report thereon dated October 31, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Great Oaks Charter School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Great Oaks Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



### **Report on Internal Control Over Financial Reporting [continued]**

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 or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Great Oaks Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

*Whisman Giordano & Associates, LLC*

Newark, Delaware  
October 31, 2022



**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**

***Opinion on Each Major Federal Program***

We have audited Great Oaks Charter School - Wilmington's compliance with types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on Great Oaks Charter School - Wilmington's major federal program for the year ended June 30, 2022. Great Oaks Charter School - Wilmington's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Great Oaks Charter School - Wilmington's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Great Oaks Charter School - Wilmington's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Great Oaks Charter School - Wilmington's internal control over compliance. Accordingly, no such opinion is expressed.

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

***Report on Internal Control Over Compliance***

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

Our consideration of internal control over compliance was for the limited purpose described in the 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.

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

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

**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, 2022, 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 October 31, 2022, 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.

To the Board of Directors  
**Great Oaks Charter School – Wilmington**

**Report of Schedule of Expenditures of Federal Awards Required by the Uniform Guidance  
(Continued)**

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  
October 31, 2022

**GREAT OAKS CHARTER SCHOOL - WILMINGTON**  
**STATEMENTS OF EXPENDITURES OF FEDERAL AWARDS AND RELATED DISCLOSURES**  
Year Ended June 30, 2022

Federal Grantor/ Pass-Through Grantor Project Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed through State of Delaware, Department of Education [DOE]:			
Title I Grants to Local Educational Agencies	<b>84.010</b>	Title I FSF-40554	247,019
Special Education Grants to States	<b>84.027</b>	IDEA-B FSF-40564	86,390
Career and Technical Education	<b>84.048</b>	Perkins FSF-41015	13,362
21st Century Community Learning Centers	<b>84.287</b>	21st Century FSF-40240	292,144
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grant)	<b>84.367</b>	TITLE II FSF-40114	49,213
Student Support and Academic Enrichment Program	<b>84.424</b>	TITLE IV-A FSF-40532	39,305
Elementary and Secondary School Emergency Relief (ESSER) Fund	<b>84.425D</b>	ESSER FSF-40730 FSF-40820	<u>1,169,733</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u><u>\$ 1,897,166</u></u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 1,897,166</u></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, 2022. 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.

**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
84.425D	Emergency and Secondary School Emergency Relief (ESSER) Fund

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

\$750,000

Auditee qualified as low-risk auditee?

           yes        x   no



**SECTION II – CURRENT YEAR FINDINGS-FINANCIAL STATEMENTS AUDIT**

None reported or outstanding.

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

None reported or outstanding.

**SECTION II – PRIOR YEAR FINDINGS-FINANCIAL STATEMENTS AUDIT**

None reported or outstanding.

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

None reported or outstanding.