WHISMAN GIORDANO
CERTIFIED PUBLIC ACCOUNTANTS

Building Extraordinary Relationships

Single Audit Report

THOMAS A. EDISON CHARTER SCHOOL
[A Component Unit of the State of Delaware]
Wilmington, Delaware

Years Ended June 30, 2023 and 2022

WHISMAN GIORDANO
CERTIFIED PUBLIC ACCOUNTANTS

Building Extraordinary Relationships

Report of Independent Auditor

Members of the School Board
Thomas A. Edison Charter School
Wilmington, Delaware

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Thomas A. Edison Charter School [the School], Wilmington, Delaware [a component unit of the State of Delaware] as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise Thomas A. Edison Charter School'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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Thomas A. Edison Charter School, as of June 30, 2023 and 2022, and the respective changes in 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 audits 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 (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 Thomas A. Edison Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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 Thomas A. Edison Charter School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Members of the School Board
Thomas A. Edison Charter School

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require a schedule of budgetary comparison information, schedules of proportionate share of net pension and OPEB liabilities, and schedules of pension and OPEB contributions, reflected on pages 29 to 34, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The School has omitted the management's discussion and analysis section that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Thomas A. Edison Charter School's basic financial statements. The supplementary information reflected on pages 35 and 36 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information reflected on pages 35 and 36 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2023 on our consideration of Thomas A. Edison Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering Thomas A. Edison Charter School's internal control over financial reporting and compliance.

Restriction on Use

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

Whisman Giordano & Associates, LLC

Newark, Delaware
September 18, 2023

Basic Financial Statements Section

THOMAS A. EDISON CHARTER SCHOOL
STATEMENTS OF NET POSITION
As of June 30, 2023 AND 2022

	2023		2022	
	Primary Government	Component Unit	Primary Government	Component Unit
	Governmental Activities	Foundation	Governmental Activities	Foundation
ASSETS				
Current assets:				
Cash and equivalents	$ 5,036,946	944,074	$ 4,575,138	$ 951,211
Receivables-other	1,000	-	450	-
Due from other governments	37,761	-	72,114	-
Prepayments and other assets	-	-	10,030	-
Replacement reserve:				
Cash and equivalents	-	21,584	-	21,567
Due from component unit/primary government	3,758	-	7,313	24,410
Total current assets	5,079,465	965,658	4,665,045	997,188
Noncurrent assets:				
Net pension asset	-	-	2,292,180	-
Capital assets, net of accumulated depreciation	1,142,459	3,322,430	895,567	3,551,919
Total noncurrent assets	1,142,459	3,322,430	3,187,747	3,551,919
TOTAL ASSETS	6,221,924	4,288,088	7,852,792	4,549,107
DEFERRED OUTFLOWS OF RESOURCES				
Deferred contributions and changes in proportion related to pension activity	1,847,299	-	1,129,455	-
Deferred contributions related to other postemployment benefits	7,450,285	-	5,949,996	-
Total deferred outflows of resources	9,297,584	-	7,079,451	-
LIABILITIES				
Current liabilities:				
Accounts payable	101,664	100,000	130,455	75,000
Accrued salaries and related costs	294,355	-	439,755	-
Compensated absences liability	-	-	-	-
Due to component unit/primary government	-	3,758	24,410	7,313
Total current liabilities	396,019	103,758	594,620	82,313
Noncurrent liabilities:				
Compensated absences liability, net of current	189,668	-	236,647	-
Net pension liability	2,620,330	-	-	-
Net other postemployment benefits liability	15,733,535	-	18,323,910	-
Total noncurrent liabilities	18,543,533	-	18,560,557	-
TOTAL LIABILITIES	18,939,552	103,758	19,155,177	82,313
DEFERRED INFLOWS OF RESOURCES				
Deferred investment earnings related to pension activity	3,036,363	-	4,006,269	-
Deferred postemployment benefits	7,486,849	-	3,735,100	-
Total deferred inflows of resources	10,523,212	-	7,741,369	-
NET POSITION (LIABILITY)				
Net investment in capital assets	1,142,459	3,322,430	895,567	3,551,919
Restricted for specific programs	859,659	-	762,737	-
Unrestricted	3,634,119	861,900	5,363,221	914,875
Pension and postemployment commitment	(19,579,493)	-	(18,985,828)	-
TOTAL NET POSITION (LIABILITY)	$ (13,943,256)	$ 4,184,330	$ (11,964,303)	$ 4,466,794

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

THOMAS A. EDISON CHARTER SCHOOL
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position — Governmental Activities	
Functions	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
GOVERNMENTAL ACTIVITIES						
Instructional services	$ 10,216,803	$ 4,360	$ 2,977,916	$ -	$ (7,234,527)	$ -
Supporting services:						
Operations and maintenance of facilities	1,647,952	-	-	-	(1,647,952)	-
Transportation	709,676	-	449,600	-	(260,076)	-
Food services	8,641	-	-	-	(8,641)	-
Depreciation-unallocated	112,944	-	-	-	(112,944)	-
TOTAL PRIMARY GOVERNMENT	12,696,016	4,360	3,427,516	-	(9,264,140)	-
DISCRETELY PRESENTED COMPONENT UNIT						
Foundation	576,200	292,922	265	-	-	(283,013)
TOTAL PRIMARY GOVERNMENT AND COMPONENT UNIT	$ 13,272,216	$ 297,282	$ 3,427,781	$ -	(9,264,140)	(283,013)
GENERAL REVENUES AND TRANSFERS						
Charges to school districts					2,913,696	-
State funding not restricted to specific purposes					3,905,337	-
Earnings on cash and equivalents					42,154	549
Miscellaneous revenues					354,053	-
Christina School District settlement					69,947	-
Total general revenues and transfers					7,285,187	549
CHANGE IN NET POSITION					(1,978,953)	(282,464)
NET POSITION (LIABILITY)						
Beginning of year					(11,964,303)	4,466,794
End of year					$ (13,943,256)	$ 4,184,330

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

THOMAS A. EDISON CHARTER SCHOOL
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position – Governmental Activities: Primary Government	Net (Expenses) Revenues and Changes in Net Position – Governmental Activities: Component Unit
GOVERNMENTAL ACTIVITIES						
Instructional services	$ 5,633,954	$ -	$ 2,933,247	$ -	$ (2,700,707)	$ -
Supporting services:						
Operations and maintenance of facilities	1,299,839	-	-	-	(1,299,839)	-
Transportation	716,052	-	508,287	-	(207,765)	-
Food services	5,558	-	-	-	(5,558)	-
Depreciation-unallocated	80,613	-	-	-	(80,613)	-
TOTAL PRIMARY GOVERNMENT	7,736,016	-	3,441,534	-	(4,294,482)	-
DISCRETELY PRESENTED COMPONENT UNIT						
Foundation	484,405	292,922	5,136	-	-	(186,347)
TOTAL PRIMARY GOVERNMENT AND COMPONENT UNIT	$ 8,220,421	$ 292,922	$ 3,446,670	$ -	(4,294,482)	(186,347)
GENERAL REVENUES AND TRANSFERS						
Charges to school districts					2,926,947	-
State funding not restricted to specific purposes					4,215,152	-
Earnings on cash and equivalents					-	110
Miscellaneous revenues					192,819	-
Christina School District settlement					78,283	-
Total general revenues and transfers					7,413,201	110
CHANGE IN NET POSITION					3,118,719	(186,237)
NET POSITION (LIABILITY)						
Beginning of year					(15,083,022)	4,653,031
End of year					$ (11,964,303)	$ 4,466,794

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

THOMAS A. EDISON CHARTER SCHOOL
BALANCE SHEETS-GOVERNMENTAL FUNDS
As of June 30, 2023 and 2022

	Governmental Funds	
	2023	2022
ASSETS		
Cash and equivalents	$ 5,036,946	$ 4,575,138
Receivables-other	1,000	450
Due from other governments	37,761	72,114
Prepayments and other assets	-	10,030
Due from component unit	3,758	7,313
TOTAL ASSETS	$ 5,079,465	$ 4,665,045
LIABILITIES		
Accounts payable	$ 101,664	$ 130,455
Accrued salaries and related costs	294,355	439,755
Due to component unit	-	24,410
Total liabilities	396,019	594,620
FUND BALANCES		
Restricted-specific programs	859,659	762,737
Committed-encumbered	13,850	32,761
Unassigned	3,809,937	3,274,927
Total fund balances	4,683,446	4,070,425
TOTAL LIABILITIES AND FUND BALANCES	$ 5,079,465	$ 4,665,045

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

THOMAS A. EDISON CHARTER SCHOOL
RECONCILIATION OF THE BALANCE SHEETS OF GOVERNMENTAL FUNDS
TO THE STATEMENTS OF NET POSITION
As of June 30, 2023 and 2022

	Governmental Funds	
	2023	2022
Amounts reported for governmental activities in the statements of net position are different because:		
Fund balances-Total governmental funds	$ 4,683,446	$ 4,070,425
Capital assets used in governmental activities are not financial resources and, are therefore not reported in the fund financial statements. As of June 30, 2023 and 2022, the total cost of capital assets is $3,143,528 and $2,644,487 and the related accumulated depreciation is $1,861,864 and $1,748,920, respectively.	1,142,459	895,567
Compensated absences are not due and payable for the periods reported, and are therefore not reported in the fund financial statements.	(189,668)	(236,647)
Some liabilities, including net pension and net OPEB obligations, are not due and payable in the periods reported, and are therefore not reported in the fund financial statements:		
Net pension (liability)/asset	(2,620,330)	2,292,180
Net other postemployment benefits [OPEB] (liability)/asset	(15,733,535)	(18,323,910)
Deferred outflows and deferred inflows of resources related to pension and OPEB activities are applicable to future periods, and are therefore not reported in the fund financial statements:		
Deferred outflows of resources related to pension activity of $1,847,299 and $1,129,455 consist of $1,382,566 and $579,453 of deferred outflows of resources pension expense (benefit) and $464,733 and $550,002 of deferred outflows of the 2023 and 2022 employer contributions related to the pension activity, respectively.	1,847,299	1,129,455
Deferred inflows of resources related to pension activity.	(3,036,363)	(4,006,269)
Deferred outflows of resources related to the OPEB activity consisting of $7,450,285 and $5,949,996 consists of $6,825,960 and $5,442,816 of deferred outflows of resources OPEB expense and $624,325 and $507,180 of deferred outflows for the 2023 and 2022 employer contributions related to the OPEB activity, respectively.	7,450,285	5,949,996
Deferred inflows of resources related to OPEB activity.	(7,486,849)	(3,735,100)
Net position (liability)-Governmental activities	$ (13,943,256)	$ (11,964,303)

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

THOMAS A. EDISON CHARTER SCHOOL
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES-GOVERNMENTAL FUNDS
Years Ended June 30, 2023 and 2022

	Governmental Funds	
	2023	2022
REVENUES		
Charges to school districts	$ 2,913,696	$ 2,926,947
State funding-allocation	4,354,937	4,723,439
State funding-other	1,011,265	790,429
Federal funding	1,966,651	2,142,818
Earnings on cash and equivalents	42,154	-
Program services fees	4,360	-
Miscellaneous revenues	354,053	192,819
Total revenues	10,647,116	10,776,452
EXPENDITURES		
Current:		
Instructional services	7,599,472	7,975,135
Supporting services:		
Operation and maintenance of facilities	1,647,952	1,299,839
Transportation	709,676	716,052
Food services	8,641	5,558
Capital outlay	138,301	589,019
Total expenditures	10,104,042	10,585,603
EXCESS (DEFICIT) REVENUES OVER EXPENDITURES	543,074	190,849
OTHER FINANCING SOURCES (USES)		
Christina School District settlement	69,947	78,283
Total other financing sources (uses)	69,947	78,283
NET CHANGE IN FUND BALANCES	613,021	269,132
FUND BALANCES		
Beginning of year	4,070,425	3,801,293
End of year	$ 4,683,446	$ 4,070,425

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

	Governmental Funds	
	2023	2022
Amounts reported for governmental activities in the statements of activities are different because:		
Net change in fund balances-Total governmental funds	$ 613,021	$ 269,132
In the financial statements of the governmental funds, capital outlay is reported as an expenditure. However, in the government-wide statement of activities, assets with an initial, individual cost of $5,000 or more are capitalized and the cost is allocated over the estimated useful lives of the capital assets and reported as depreciation expense. The following table reflects the amount by which depreciation expense either exceeds or is less than capital outlay capitalized as capital assets for the periods presented.		

Description	2023	2022		
Capital assets additions	$ 359,836	$ 400,450		
Depreciation expense	(112,944)	(80,613)	246,892	319,837

In the government-wide statement of activities, certain operating expenses such as compensated absences [vacation] are measured by the amounts earned during the period. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used [essentially, amounts actually paid]. Compensated absences liability decreased/(increased) for the periods presented.	46,979	(20,406)
The governmental funds report pension and OPEB contributions as expenditures. However, in the statement of activities, the cost of pension and OPEB benefits earned net of contributions is reported as an expense.		

Description	2023	2022		
School contributions	$ 1,089,057	$ 1,057,182		
Cost of benefits earned net of contributions (expense)	(3,974,902)	1,492,974	(2,885,845)	2,550,156
Change in net position-Governmental activities			$ (1,978,953)	$ 3,118,719

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

	Student Activities Fund	
	2023	2022
ASSETS		
Cash and equivalents	$ 1,565	7,736
LIABILITIES		
Due to student and other groups	$ 1,565	$ 7,736

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

NOTE 1 - NATURE OF THE GOVERNMENT

Thomas A. Edison Charter School, located within the limits of the City of Wilmington, Delaware, is organized under Title 14, Chapter 5 of the State of Delaware Code. 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 academic performance. A charter school operates as an independent public school governed by the School Board of Directors. In Delaware, charter schools have the same basic standing as a school district with some exceptions - most notably, they cannot levy taxes. To encourage innovation, charter schools operate free from many State laws and regulations. Charter schools are funded similarly to other public schools in that state and local funds are allocated for each enrolled student. State funds are not provided for charter school facilities. Charter schools may charge for selected additional services consistent with those permitted by the school districts. Because charter schools receive local, state, and federal funding, they may not charge tuition.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Thomas A. Edison Charter School [the School] have been prepared in conformity with U.S. 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 significant accounting policies of the School are as follows:

Reporting Entity

The School is the primary government and is considered a component unit of the State of Delaware. A component unit, although a legally separate entity, is, in substance, part of the operations of the State of Delaware. The School has one component unit which it has included in the reporting entity because of the significance of its operational and financial relationship to the school.

Discretely Presented Component Unit

On November 12, 1997, Thomas A. Edison Charter School of Wilmington, Inc. [the Foundation] was incorporated as a 501(c)(3) nonprofit corporation for the purpose of constructing a school from grades K through 8 by substantially improving an existing facility, which was placed in service July 1, 2000. The primary role of the Foundation is to assist the school in carrying out its mission. The Foundation is a discretely presented component unit because of the significance of its financial relationship to the school.

Government-Wide and Fund Financial Statements

The government-wide financial statements [statement of net position and statement of activities] report financial information on all of the nonfiduciary activities of the School. For the most part, the effects of interfund activity have been removed from the financial statements.

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 charges to students or other third parties who purchase or directly benefit from the goods and services provided, and grants and contributions that are restricted to meeting the operating or capital requirements of a function.

Separate financial statements are provided for both governmental funds and the fiduciary fund, even though the fiduciary fund is excluded from the government-wide financial statements. Major governmental funds are reported as separate columns in fund financial statements.

Measurement Focus, Accounting Basis, and Financial Statement Presentation

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the financial statements of the fiduciary fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Charges to 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 of the eligibility requirements imposed by the provider are met.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

Measurement Focus, Accounting Basis, and Financial Statement Presentation [continued]

The **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 year or soon enough thereafter to pay liabilities of the current year. For this purpose, the School generally considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, and postemployment healthcare benefits, are recorded only when payment is due.

Charges to school districts, grants, contributions, and interest earned associated with the fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the fiscal year. Generally, 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:

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

Additionally, the School reports the following fund type:

- The ***student activities agency fund*** [a fiduciary fund] accounts for assets held on behalf of student groups and other organizations. Since the agency fund is custodial in nature, the fund does not present results of operations.

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

Use of Estimates

Preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and reported amounts of revenues and expenses or expenditures during the reporting period. Accordingly, the actual results may differ from those estimates.

Cash and Equivalents

The School considers cash and equivalents as cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Interfund Balances

Activities between funds that are representative of lending arrangements outstanding at the end of the fiscal year are referred to as either "interfund balances" [current portion] or "interfund advances" [noncurrent]. The School has no such activities for the years presented.

Advances between the funds reported in the fund financial statements, when present, are offset by assigned fund balances in the governmental funds to indicate that the advances are not available for appropriation and are not expendable available financial resources.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

Prepayments and Other Assets

Payments made to vendors for goods and services that will benefit periods beyond the current period are recorded as prepayments and other assets using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the period in which the goods and services are consumed.

Capital Assets

Primary Government-Capital assets, which include leasehold improvements, and furniture and equipment, are reported in the government-wide financial statements. The School defines a capital asset as an asset with an initial, individual cost of $5,000 or more 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 as of the date of donation. The cost of normal maintenance and repairs that do not add to the value or materially extend the life of the capital asset is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed; however, the interest cost incurred during construction is not capitalized.

Leasehold improvements, and furniture and equipment are depreciated using the straight-line method over their estimated useful lives ranging between 5 to 10 years.

Component Unit-Capital assets are stated at cost and consist mostly of leasehold improvements to the school facility. The cost of maintenance and repairs are charged to expense as incurred; the costs of renewals and betterments are capitalized. When capital assets are sold or otherwise disposed of, the cost and the related accumulated depreciation are removed from the accounts, and any gain or loss is included in the statement of activities. The component unit defines a capital asset as an asset with an initial, individual cost of $5,000 or more and an estimated useful life in excess of one year.

The leasehold improvements are depreciated using the straight-line method based on the estimated useful lives of the improvements ranging from 15 to 39 years.

Impairment of Long-Lived Assets

In accordance with the Financial Accounting Standards Board statement on *Accounting for the Impairment or Disposal of Long-Lived Assets*, the entities review their capital assets for impairment whenever events or changes in circumstances indicate that the carrying value of a capital asset may not be recoverable. If the fair value is less than the carrying amount of the capital asset, an impairment loss is recognized for the difference. No impairment loss is recognized for both entities for the years presented.

Compensated Absences Liability Policy

Vacation pay, plus related payroll taxes, is accrued when incurred in the government-wide financial statements. However, in the governmental funds, a liability is reported when the amount has matured, for example, an employee resignation or retirement.

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

Sick Leave-Sick leave is earned as follows: 10 days for ten-month employees, 11 days for eleven-month employees, and 12 days for twelve-month employees. Unused sick days shall be accumulated to the employee’s credit without limit. The compensation for accumulated sick days is paid when an employee [a] qualifies and applies for State pension is paid at a rate of 50% of the per diem rate of pay not to exceed 90 days or [b] in the case of death, payment is made to the employee’s estate at a rate of one day’s pay for each day of unused sick leave not to exceed 90 days.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources [expense/expenditure] until that period. The School has two items that qualify for reporting in this category. The first item is deferred contributions and changes in proportion related to the School’s pension activity, and the second item refers to its OPEB activity. The amounts are reported in the statement of net position and deferred and amortized over periods of five to six years.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources [revenue] until that time. The School has two items that qualify for reporting in this category: the first item is the deferred investment earnings related to pension activity and the second item relates to OPEB activity. These items are reported only in the statement of net position and, are deferred and recognized as an inflow from resources in the periods that the amounts become available.

Net Position and Fund Equity

The net position, in the government-wide financial statements, is reported in three categories: net position invested in capital assets, net of related debt; restricted net position; and unrestricted net position. Net position invested in capital assets represents capital assets less accumulated depreciation less outstanding principal of the related debt. Net position invested in capital assets does not include any unspent proceeds of capital debt. The restricted net position represents net assets restricted by parties outside of the school [such as creditors, grantors, contributors, laws, and regulations of other governments] and includes unspent awards not considered refundable advances. All other net position is considered unrestricted.

The school follows the requirements of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for its governmental funds. Under the GASB Statement, fund balances are required to be reported according to the following classifications:

- **Non-spendable fund balance-**Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification generally includes prepaid amounts, inventories, assets held for sale, and long-term receivables.

- **Restricted fund balance-**Constraints placed on the use of these amounts are either externally imposed by creditors [such as debt covenants], grantors, contributors, or other governments; or imposed by law through constitutional provisions or enabling legislation.

- **Committed fund balance-**Amounts that can only be used for specific purposes because of a formal action [resolution] by the school’s highest level of decision-making authority: The School Board.

- **Assigned fund balance-**Amounts that are constrained by the school’s intent to be used for specific purposes, but do not meet the criteria to be classified as restricted or committed. The intent can be stipulated by the School Board, or by an official to whom that authority has been given. With the exception of the general fund, this is the residual fund balance classification for all governmental funds with positive balances.

- **Unassigned fund balance-**This is the residual classification of the general fund. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When both restricted and unrestricted resources are available for use, it is the policy of the school to use restricted resources first, then unrestricted resources as needed.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

Encumbrance Accounting

Encumbrance accounting is employed by the governmental funds of the School. Encumbrances [e.g., purchase orders and contracts] outstanding at the year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments are re-appropriated and honored during the subsequent year. At June 30, 2023 and 2022, encumbrances outstanding are $13,850 and $32,761, respectively.

Accounting System

In accordance with the State of Delaware Charter Law, the School is required to maintain its accounting system with the Delaware Division of Accounting and as such the School uses the State codes and code structure identified in the State's *Budget and Accounting Policy Manual*.

Income Tax Status

The **school** qualifies as a tax-exempt organization under Section 170 of the Internal Revenue Code and is not liable for federal or state income taxes.

The **component unit** is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Service [IRS] Code. However, income from certain activities not directly related to the component unit's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the component unit qualifies for the charitable contribution deduction under IRS Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation.

The Financial Accounting Standards Board on statements pertaining to the *Accounting for Uncertainty in Income Taxes* recognized in the financial statements prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return. The federal returns of the component unit for the prior three fiscal years are subject to examination by the IRS, generally for three years after the returns are filed. The tax positions taken for these years are based on clear and unambiguous tax law; management has a high level of confidence in the technical merits of the positions taken.

NOTE 3 – CASH AND EQUIVALENTS

The School's deposits [cash and equivalents] consist of the following:

Deposits Held by the State of Delaware

At June 30, 2023 and 2022, the School has cash and equivalents of $5,038,511 and $4,582,874, respectively consisting of balances from the general fund of $5,036,946 and $4,575,138 and agency fund of $1,565 and $7,736, respectively. These deposits are part of the State investment pool controlled and administered by the State Treasurer's Office in Dover, Delaware, and all investment decisions are made by the same State office. The deposits are considered highly liquid and available for immediate use and, thus, are reflected as cash equivalents in the financial statements. Deposits held by the State's investment pool, an internal investment pool, are specifically identified for the school; however, the credit risk cannot be categorized for these deposits. Credit risk for such deposits depends on the financial stability of the State of Delaware. The State reports that its investment securities are stated at quoted market prices, except that investment securities with remaining maturity at the time of purchase [one year or less] are stated at cost or amortized cost.

Deposits Held by Financial Institutions

At June 30, 2023 and 2022, the reported amount of deposits maintained by the **component unit** outside of the State Treasurer's Office is $965,658 [book values of $944,074 and $21,584] and $972,778 [book values of $951,211 and $21,567], respectively. The deposits held by the one financial institution totaling $965,658 and $972,838 were in excess of the Federal Deposit Insurance Corporation [FDIC] limits in the amount of $715,658 and $722,838 respectively, and therefore, any excess [or non-coverage] of FDIC is exposed to custodial credit risk. Custodial credit risk is the risk that in the event of a financial institution failure, the deposits may not be returned to the Component Unit.

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Amounts due from other governments represent receivables for revenues earned by the School. At June 30, the intergovernmental receivables are:

Description	2023	2022
Passed through the State of Delaware:		
Local school districts	$ -	$ -
Federal government-Department of Agriculture	-	-
Federal government-Department of Education	37,761	72,114
Total amount due from other governments	$ 37,761	$ 72,114
Component unit:		
Delaware Division of Social Services	$ -	$ -

NOTE 5 - CAPITAL ASSETS

The following tables summarize the annual changes to the capital assets:

Description	As of and Year Ended June 30, 2023 Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets, being depreciated:				
Leasehold improvements	$ 1,247,338	$ 346,771	$ -	$ 1,594,109
Furniture and equipment	1,397,149	13,065	-	1,410,214
Totals	2,644,487	359,836	-	3,004,323
Less accumulated depreciation:				
Leasehold improvements	565,870	57,565	-	623,435
Furniture and equipment	1,183,050	55,379	-	1,238,429
Totals	1,748,920	112,944	-	1,861,864
Governmental activities capital assets, net	$ 895,567	$ 246,892	$ -	$ 1,142,459
Component unit:				
Capital assets, being depreciated:				
Leasehold improvements	$ 7,940,940	$ -	$ -	$ 7,940,940
Less accumulated depreciation:				
Leasehold improvements	4,389,021	229,489	-	4,618,510
Component unit capital assets, net	$ 3,551,919	$ (229,489)	$ -	$ 3,322,430

Description	As of and Year Ended June 30, 2022 Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets, being depreciated:				
Leasehold improvements	$ 1,031,933	$ 215,405	$ -	$ 1,247,338
Furniture and equipment	1,212,104	185,045	-	1,397,149
Totals	2,244,037	400,450	-	2,644,487
Less accumulated depreciation:				
Leasehold improvements	514,111	51,759	-	565,870
Furniture and equipment	1,154,196	28,854	-	1,183,050
Totals	1,668,307	80,613	-	1,748,920
Governmental activities capital assets, net	$ 575,730	$ 319,837	$ -	$ 895,567
Component unit:				
Capital assets, being depreciated:				
Leasehold improvements	$ 7,933,627	$ 7,313	$ -	$ 7,940,940
Less accumulated depreciation:				
Leasehold improvements	4,160,735	228,286	-	4,389,021
Component unit capital assets, net	$ 3,772,892	$ (220,973)	$ -	$ 3,551,919

NOTE 6 - RISK MANAGEMENT

The school purchases commercial insurance policies in response to risks of loss related to torts; theft, damage, or destruction of assets; errors or omissions; injuries to employees; or acts of nature. The premium payments for the insurance policies are recorded as expenditures/expenses of the school; and the insurance settlements did not exceed insurance coverage for the years presented.

NOTE 7 - LONG-TERM DEBT OBLIGATIONS

The following table summarizes the annual changes to long-term obligations:

	As of and Year Ended June 30, 2023				
	Long-Term Obligations				Due
	Beginning			Ending	Within
Description	Balance	Additions	Deletions	Balance	One Year
Governmental activity:					
Other long-term debt:					
Compensated absences	$ 236,647	$ -	$ 46,979	$ 189,668	$ -

The compensated absences liability for governmental activities is generally liquidated with general fund resources.

NOTE 8 - PENSION PLAN

The School's pension plan is part of the State Employees' Pension Plan [the Plan] which is a cost-sharing multiple-employer defined benefit pension plan established in the Delaware Code. The General Assembly of the State of Delaware is responsible for setting benefits and contributions and amending the plan provisions; administrative rules and regulations are adopted and maintained by the Board of Pension Trustees [the Board]. The management of the Plan is the responsibility of the Board, which is comprised of five members appointed by the Governor and confirmed by the State Senate, plus two exofacial members. The daily operation is the responsibility of the Delaware Office of Pensions.

Although most of the assets of the Plan are commingled with other plans for investment purposes, the Plan's assets may be used only for the payment of benefits to the members of the Plan in accordance with the terms of the Plan. The following is a brief description of the Plan in effect at June 30, 2022 and 2021. For a complete description, refer to the Delaware Public Employee's Retirement System [DPERS] Annual Comprehensive Financial Report [CAFR].

Separately issued financial statements for DPERS are available from the State of Delaware Office of Pensions: McArdle Building, Suite 1; 860 Silver Lake Blvd; Dover, Delaware 19904.

NOTE 8 - PENSION PLAN [continued]

General Information About the Plan

Plan Description and Eligibility: The State Employees' Pension Plan covers virtually all full-time or regular part-time employees of the State, including employees of other affiliated entities such as the School.

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: Final average monthly compensation [employee hired post-2011 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 the Plan, final average monthly compensation is the monthly average of the highest three periods of 12 consecutive months of compensation.

Vesting: Pre-2012 date of hire: 5 years of credited service. Post-2011 date of hire: 10 years of credited service.

Retirement: Pre-2012 date of hire: Age 62 with 5 years of credited service; age 60 with 15 years of credited service; or after 30 years of credited service at any age. Post-2011 date of hire: age 65 with at least 10 years of credited service; age 60 with 20 years of credited service; and 30 years of credited service at any age.

Disability Benefits: Pre-2012 date of hire: Same as Service Benefits. Employees must have 5 years of credited service. In lieu of disability pension benefits, over 90% of the plan members opted into a Disability Insurance Program offered by the State effective January 1, 2006. Post-2011 date of hire; in the Disability Insurance Program.

Survivor Benefits: If the employee is receiving a pension, the eligible survivor receives 50% of pension [or 67.70% with 2% reduction, 75% with 3% reduction, or 100% with 6% reduction of benefit]; if the employee is active with at least 5 years of credited service, eligible survivor receives 75% of the pension the employee would have received at age 62.

Burial Benefit: $7,000 per member.

Contributions:
- Employer: Determined by the Board of Pension Trustees, actuarially determined.
- Pre-2012 date of hire Member: 3% of earnings in excess of $6,000.
- Post-2011 date of hire Member: 5% of earnings in excess of $6,000.

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

At June 30, 2023 and 2022, the School reported pension liability/(asset) of $2,620,330 and $(2,292,180), respectively, for its proportionate share of the net pension liability/(asset). The net pension liability/(asset) was measured as of June 30, 2022 and 2021, respectively, and the total pension liability/(asset) used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of those dates. The School’s proportion of the net pension liability/(asset) was based on a projection of the School’s long-term share of contributions to the pension plan relative to the total projected contributions of the State and all participating schools, actuarially determined. At June 30, 2022 and 2021, the School’s proportion was 0.1916 and 0.1881 percent, which was an increase of 0.0035 and a increase of 0.0003 percent from its proportion measured as of June 30, 2021 and 2020, respectively.

NOTE 8 - PENSION PLAN [continued]

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

As a result of its requirement to contribute to DPERS, the school recognized pension expense/(benefit) of $3,689,493 and $(1,462,300) for the years ended June 30, 2023 and 2022, respectively. At June 30, 2023 and 2022, the school reported deferred outflows of resources and deferred inflows of resources from the following sources as a result of its requirement to contribute to DPERS:

	Deferred Resources			
	2023		2022	
Description	Outflows	Inflows	Outflows	Inflows
Difference between expected and actual experience	$ 560,088	$ (14,064)	$ 449,853	$ (23,263)
Changes of assumptions	387,246	-	206,565	-
Net difference between projected and actual earnings on pension plan investments	408,942	2,970,464	(75,108)	3,967,773
Contributions subsequent to the measurement date	464,733	-	550,002	-
Change in proportion and differences between School contributions and proportionate share of contributions	26,290	79,963	(1,857)	61,759
Totals	$ 1,847,299	$ 3,036,363	$ 1,129,455	$ 4,006,269

$550,002 and $506,866 reported as deferred outflows of resources related to the pension resulting from school contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the years ended June 30, 2023 and 2022, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense as follows:

Years Ending June 30	Amount
2024	$ (691,251)
2025	(722,379)
2026	(711,924)
2027	296,424
2028	175,333
Total	$ (1,653,797)

Actuarial Assumptions: The total pension liability/(asset) in the June 30, 2022 and 2021 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Percentages	
Description	2022	2021
Inflation	2.50%	2.50%
Projected salary increases	2.50% plus merit	2.50% plus merit
Investment return/discount rate	7.00%, net of pension investment expense	7.00%, net of pension investment expense
Cost-of-living adjustments	0.00%	0.00%

NOTE 8 - PENSION PLAN [continued]

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

The total pension liabilities/(assets) 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.

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return [expected returns, net of investment expense and inflation] are developed for each major 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 Plan's current and expected asset allocation are summarized in the following table:

	Long-Term Expected Real Rate of Return		Asset Allocation	
Asset Class	2022	2021	2022	2021
Domestic equity	5.70%	5.70%	31.80%	32.30%
International equity	5.70%	5.70%	15.00%	18.10%
Fixed income	2.00%	2.00%	23.60%	20.60%
Alternative investments	7.80%	7.80%	21.50%	24.20%
Cash and equivalents	0.00%	0.00%	8.10%	4.80%

Discount Rate: The discount rate used to measure the total pension liability/(asset) was 7.00% for both periods presented. 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's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 8 - PENSION PLAN [continued]

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

Sensitivity of the School's Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate: The following presents the proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.00%, as well as what the School's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Plan	1% Decrease [6.00%]	Discount Rate [7.00%]	1% Increase [8.00%]
Proportionate share of net pension liability/ (asset) of Thomas A. Edison Charter School:			
Fiscal year 2022	$ 5,471,643	$ 2,620,330	$ 428,469
Fiscal year 2021	$ 280,154	$ (2,292,180)	$ (4,451,146)

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS [OPEB]

Plan Description: The School's OPEB Plan is part of the State of Delaware's Other Postemployment Benefit [OPEB] Fund Trust [the Plan] which is a cost-sharing multiple-employer defined-benefit plan established in the Delaware Code. The Plan is administered by the Delaware Public Employees' Retirement System [DPERS]. The State of Delaware [the State] is responsible for the policy and management of the OPEB benefits provided to retirees. The Plan's assets may be used only for the payment of benefits to the members of the Plan in accordance with the terms of the Plan.

Additional financial and actuarial information with respect to the Plan may be found in the *State of Delaware Other Postemployment Benefits [OPEB] Fund Trust Financial Statements* available online at https://open.omb.delaware.gov/Financials.shtml.

Benefits: The Plan provides medical coverage to pensioners and their eligible dependents. The participant's cost of Plan benefits varies based on years of service within those pension plan categories defined by the Plan. Pensioners retiring after July 1, 2012 and who become eligible for Medicare will pay an additional 5% of the Medicare Supplement offered by the State. Surviving spouses are eligible for coverage after a retiree's death.

Contributions: Participating employers, such as the School, fund the Plan for current retirees on a pay-as-you-go basis along with funding for future benefits at a rate that is approved in the annual budget, but not actuarially determined. By State Statute Chapter 52, Title 29 of the Delaware Code, contribution requirements of plan members and the government are established and may not be amended by the State Legislature. Funds are recorded in the Plan 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 Plan. The funds available are invested under the management of the DPERS Board of Pension Trustees, which acts as the Board of Trustees for the Plan and is responsible for the financial management of the Plan. The School's contractually required contribution rate for the years ended June 30, 2022 and 2021, was 18.56% and 18.17% of covered-employee payroll, respectively. Total contributions for the years ended June 30, 2022 and 2021 were $507,180 and $485,183, respectively.

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS [OPEB] [continued]

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023 and 2022, the school reported a liability of $15,733,535 and $18,323,910, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022 and 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of those dates. The School's proportion of the net OPEB liability was based on a projection of the School's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities and affiliates, actuarially determined. At June 30, 2022 and 2021, the School's proportion was 0.1856 and 0.1817 percent, which was an increase of 0.0039 and a decrease of 0.0016 percent from its proportion measured as of June 30, 2021 and 2020, respectively.

For the years ended June 30, 2023 and 2022, the school recognized OPEB expense/(benefit) of $285,409 and $(30,674), respectively. At June 30, 2023 and 2022, the School reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Resources			
	2023		2022	
Description	Outflows	Inflows	Outflows	Inflows
Difference between expected and actual experience	$ 901,604	$ 3,445,779	$ 735,578	$ 2,533,495
Changes of assumptions	5,537,809	3,107,776	4,604,752	356,925
Net difference between projected and actual earnings on pension plan investments	30,616	141,250	-	179,194
Contributions subsequent to the measurement date	624,324	-	507,180	-
Change in proportion and differences between School contributions and proportionate share of contributions	355,932	792,044	102,486	665,486
Totals	$ 7,450,285	$ 7,486,849	$ 5,949,996	$ 3,735,100

$624,324 and $507,180 was reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the years ended June 30, 2023 and 2022, respectively. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30	Amount
2024	$ (54,904)
2025	154,473
2026	154,473
2027	(466,988)
2028	(447,942)
Total	$ (660,888)

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS [OPEB] [continued]

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

Actuarial Assumptions: The total OPEB liability in the June 30, 2022 and 2021 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Description	Percentages 2022	2021
Discount rate	3.54%	2.16%
Salary increases	3.25% plus merit	3.25% plus merit
Investment return/discount rate	n/a	n/a
Healthcare cost trend rate	5.17%	5.50%

Mortality rates are based on the sex-distinct employee healthy annuitant, and disabled annuitant mortality tables derived from the Pub-2010 General Benefits Weighted Annuity Mortality Table, including adjustment factors. Future mortality improvements are reflected by applying a custom projection scale on a generational basis to adjusted base tables from the base year.

The total OPEB liabilities are measured based on assumptions pertaining to the interest rates, inflation rates, health costs, and employee demographic behavior in future years. The assumptions used were based on the results on an actuarial experience study performed in 2022 and covering the period of July 1, 2016 through June 30, 2021. 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.

Discount Rate: The discount rate used to measure the total OPEB liability was 2.16% at the beginning of the current measurement period and 3.54% 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, 2022 and 2021 measurement dates 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 School's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate: The following presents the School's proportionate share of the net OPEB liability, as well as what the School's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Plan	1% Decrease	Discount Rate	1% Increase
Proportionate share of net OPEB liability			
of Thomas A. Edison Charter School:			
Fiscal Year 2022 [Discount Rate at 3.54%]	$ 18,550,362	$ 15,733,535	$ 13,491,072
Fiscal Year 2021 [Discount Rate at 2.16%]	$ 21,893,507	$ 18,323,910	$ 15,503,385

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS [OPEB] [continued]

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

Sensitivity of the School's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the School's proportionate share of the net OPEB liability as well as what the School's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Plan	1% Decrease	Healthcare Trend	1% Increase
Proportionate share of healtcare trend liability of Thomas A. Edison Charter School:			
Fiscal Year 2022 [Healthcare Rate at 5.17%]	$ 13,512,714	$ 15,733,535	$ 18,373,893
Fiscal Year 2021 [Healthcare Rate at 5.50%]	$ 14,987,547	$ 18,323,910	$ 22,717,355

NOTE 10 - COMMITMENTS AND CONTINGENCIES

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

Government Awards

The School participates in certain state and local awards not subject to the audit requirements under the Uniform Guidance. These awards may be subjected to oversight audits by the grantors and/or their representatives. No audits of these awards have been conducted as of June 30, 2023. Accordingly, the School's compliance with applicable award requirements will be established at some future date. The amount of costs which may be disallowed by these agencies cannot be determined at this time although the School expects such amounts, if any, not to be significant to the financial statements.

Government Awards Subject to the Uniform Guidance

The School participates in certain federal grant awards subject to the audit requirements under the Uniform Guidance. A compliance audit of the federal grant awards was conducted under the Uniform Guidance as of and for the year ended June 30, 2023. The compliance audit did not identify any questioned costs; however, questioned costs may exist which have not been identified. The amount of costs not identified which could be disallowed by federal agencies at some future date cannot be determined at this time although the school expects such amounts, if any, not to be significant to the financial statements.

Leasing Arrangements

The School has leasing arrangements for certain office equipment. These arrangements are usually for a period of three years and are generally not significant to the basic financial statements.

NOTE 11 - LEASING ARRANGEMENTS

The **component unit** leases the land and building shell from an unrelated third party under the terms of an operating leasing arrangement dated August 25, 1999. The arrangement has a term of 45 years, commencing September 1, 2000 [original commitment date was September 1, 1999] and ending August 31, 2044. Thereafter, the lessee shall have the right and option to extend the term of this lease for five consecutive extended terms of ten years each [the "extended terms"] unless and until this lease shall be sooner terminated. The annual lease payment is due and payable the first day of each lease year as follows:

Periods	Amount
First 5 years	$1 per annum
6th through 10th year	Not to exceed $10,000
11th through 15th year	$15,000 per annum
16th through 20th year	$20,000 per annum
21st through 25th year	$25,000 per annum
26th through 45th year	To be negotiated

At June 30, 2023, the minimum future rental payments required under the leasing arrangement having remaining terms in excess of one year for the remaining years in the aggregate are:

Years Ending June 30	Amount
2024	$ 25,000
Minimum future lease payments required	$ 25,000

The **Component Unit** in turn subleases the property to the school on a month-to-month arrangement. Total rental revenue under the leasing arrangement amounted to $292,922 and $292,922 for years ended June 30, 2023 and 2022, respectively.

NOTE 12 - GASB STATEMENT IMPLEMENTATION

In June of 2017, GASB issued Statement No. 87, *Leases.* Implementation was originally required for periods beginning after December 15, 2019, with earlier application encouraged. GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponed the effective date of required implementation by eighteen months to periods beginning after June 15, 2021. The objective of the Statement is to better meet the information needs of the financial statement users by improving the accounting and financial reporting for leases by governments. The Statement establishes a single model for lease accounting based on the principle that leases are financing of the right to use an underlying asset. Implementation of the Statement had no significant impact on the financial statements.

In May of 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. Implementation was originally required for periods beginning after December 15, 2020, with earlier application encouraged. GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponed the effective date of required implementation by one year to periods beginning after December 15, 2021. The primary objectives of the Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practices associated with [1] commitments extended by issuers, [2] arrangements associated with conduit debt obligations, and [3] related note disclosures. The Statement achieves the objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Implementation of the Statement had no significant impact on the financial statements.

NOTE 12 - GASB STATEMENT IMPLEMENTATION [continued]

In January of 2020, GASB issued Statement No. 92, *Omnibus 2020*. Implementation for requirements related to Statement No. 87 was originally effective for fiscal years beginning after December 15, 2019. Implementation for requirements related to Statements No. 73, 74, and 84 was originally effective for fiscal years beginning after June 15, 2020. GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponed the effective date of required implementation by one year. The primary objective of the Statement is to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. Implementation of the Statement had no significant impact on the financial statements.

In June of 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.* Implementation is required for periods ending after June 15, 2021, with earlier application encouraged. The primary objectives of the Statement are to [1] increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; [2] mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit [OPEB] plans, and employee benefit plans other than pension plans or OPEB plans [other employee benefit plans] as fiduciary component units in fiduciary fund financial statements; and [3] enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code [IRC] Section 457 deferred compensation plans [Section 457 plans] that meet the definition of a pension plan and for benefits provided through those plans. Implementation of the Statement had no significant impact on the financial statements.

NOTE 13 – PENDING GASB STATEMENTS

The school has not completed the various analyses required to estimate the future impact of the following new pronouncements on its financial statements. Generally, the School does not early implement GASB statements and pronouncements.

In March of 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Implementation was originally required for periods ending after December 31, 2021, with earlier application encouraged. GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance,* postponed the effective date of required implementation by one year to periods ending after December 31, 2022. The primary objective of the Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR.

In March of 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Implementation was originally required for periods ending after June 15, 2022, with earlier application encouraged. GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponed the effective date of required implementation by one year to periods ending after June 15, 2023. The primary objective of the Statement is to better meet the informational needs of financial statement users by improving comparability of financial statements among governments that enter into PPPs and APAs and by enhancing the understandability, reliability, relevance, and consistency of information about PPPs and APAs.

In March of 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements.* Implementation is required for periods ending after June 15, 2022, with earlier application encouraged. The primary objective of the Statement is to better meet the information needs of financial statement users by [1] establishing uniform accounting and financial reporting requirements for SBITAS; [2] improving the comparability of financial statements among governments that have entered into SBITAs; and [3] enhancing understandability, reliability, relevance, and consistency of information about SBITAs.

NOTE 13 – PENDING GASB STATEMENTS [continued]

In October of 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. Implementation is required for periods ending after December 31, 2021, with earlier application encouraged. The primary objective of the Statement is to replace the term comprehensive annual financial report with annual comprehensive financial report (ACFR).

In June of 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. Implementation is required for periods ending after June 15, 2024, earlier application encouraged. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

In June of 2022, GASB issued Statement No. 101, *Compensated Absences*. Implementation is required for periods ending after December 15, 2024, earlier application encouraged. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

NOTE 14 – RECLASSIFICATIONS

Certain amounts in the basic financial statements, related disclosures, and supplementary information have been reclassified for comparative purposes to conform with the current year financial statement presentation.

NOTE 15 - EVALUATION OF SUBSEQUENT EVENTS

Beginning July 1, 2023, the School entered into a new lease agreement with its component unit, the Foundation, requiring the School to make monthly rental payments in the amount of $10,000 to the Foundation. Additionally, the School is responsible for building utilities and other operating expenses.

Management has evaluated all subsequent events through the date of the auditor’s report, the date on which the financial statements were available to be issued.

Required Supplementary Information [RSI] Section

THOMAS A. EDISON CHARTER SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND
Year Ended June 30, 2023

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)	
REVENUES					
Charges to school districts	$ 2,848,317	$ 2,848,317	$ 2,913,696	$ 65,379	
State funding-allocation	4,497,686	4,497,686	4,354,937	(142,749)	
State funding-other	825,761	825,761	1,011,265	185,504	1
Federal funding	4,558,585	4,558,585	1,966,651	(2,591,934)	2
Earnings on cash and equivalents	-	-	42,154	42,154	
Program service fees	-	-	4,360		
Miscellaneous revenues	-	-	354,053	354,053	3
Total revenues	12,730,349	12,730,349	10,647,116	(2,087,593)	
EXPENDITURES					
Current:					
Salaries	4,825,899	4,825,899	4,212,864	613,035	4
Employment costs	2,216,049	2,216,049	2,060,990	155,059	
Travel	25,500	25,500	43,930	(18,430)	
Contracted services	682,420	682,420	489,040	193,380	5
Communications	16,800	16,800	31,384	(14,584)	
Public utility services	155,000	155,000	125,092	29,908	
Insurance	60,000	60,000	52,845	7,155	
Transportation	790,988	790,988	709,676	81,312	6
Land/Building/Facilities	1,011,074	1,011,074	924,054	87,020	
Repairs and maintenance	435,000	435,000	545,961	(110,961)	7
Other contracted services	135,000	135,000	349,762	(214,762)	8
Supplies and materials	410,000	410,000	345,547	64,453	
Operating supplies	70,000	70,000	65,955	4,045	
Food service	18,000	18,000	8,641	9,359	
Contingency	139,000	139,000	-	139,000	9
Capital outlay	1,791,745	1,791,745	138,301	1,653,444	10
Total expenditures	12,782,475	12,782,475	10,104,042	2,678,433	
EXCESS (DEFICIT) REVENUES OVER EXPENDITURES	(52,126)	(52,126)	543,074	590,840	
OTHER FINANCING SOURCES (USES)					
Christina School District settlement	69,947	69,947	69,947	-	
Total other financing sources (uses)	69,947	69,947	69,947	-	
NET CHANGE IN FUND BALANCES	17,821	17,821	613,021	590,840	
FUND BALANCES					
Beginning of year	-	-	4,070,425	4,070,425	
End of year	$ 17,821	$ 17,821	$ 4,683,446	$ 4,665,625	

Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The school annually adopts a budget for the general fund. The budget is 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 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.

<u>Significant Variances Compared to Budget of 10%</u>

1. One-time salary supplement from the State of Delaware, accounted as a 27th pay period.
2. ESSER funds not spend for purchase of modular units. The units will be purchased in the 2024 fiscal year.
3. The Foundation donated $250,000 for staffing bonuses and an additional contribution of $26,839 for chess team nationals that were not attended in previous years dye to COVID.
4. Less salaried positions filled due to staffing shortages.
5. The School overbudgeted computer maintenance and maintenance contracts for what was necessary in the year.
6. Transportation costs decreased due to two less buses used during the school year.
7. Building and Ground repairs increased due to costs of outside vendors.
8. Audit, Security, Medical, Telephone, and Other Professional Services increased over budgeted numbers.
9. The School’s budget includes contingency costs only to give the school cushion against losses.
10. Proposed purchases of modular units did not occur in the current year.

THOMAS A. EDISON CHARTER SCHOOL
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
As of and Years Ended June 30,2023

	2023	2022	2021	2020	2019
School's proportion of net pension liability/(asset)	0.1916%	0.1881%	0.1878%	0.1879%	0.1960%
School's proportionate share of net pension liability/(asset)	$ 2,620,330	$ (2,292,180)	$ 2,639,436	$ 2,965,834	$ 2,531,620
School's covered-employee payroll	$ 4,627,836	$ 4,183,982	$ 4,137,872	$ 4,039,646	$ 4,029,520
School's proportionate share of net pension liability/(asset) as a percentage of its covered-employee payroll	56.62%	-54.78%	63.79%	73.42%	62.83%
Plan's fiduciary net position as percentage of total pension liability	88.76%	110.48%	87.27%	85.41%	87.49%

	2018	2017	2016	2015
School's proportion of net pension liability/(asset)	0.1929%	0.1910%	0.1987%	0.1968%
School's proportionate share of net pension liability/(asset)	$ 2,828,473	$ 2,877,704	$ 1,321,860	$ 724,534
School's covered-employee payroll	$ 3,931,516	$ 3,852,415	$ 3,932,693	$ 3,794,866
School's proportionate share of net pension liability/(asset) as a percentage of its covered-employee payroll	71.94%	74.70%	33.61%	19.09%
Plan's fiduciary net position as percentage of total pension liability	85.31%	84.11%	92.67%	95.80%

Note to Schedule:

The amounts presented above are determined as of June 30th of each preceding year.

See Report of Independent Auditor

THOMAS A. EDISON CHARTER SCHOOL
SCHEDULES OF PENSION CONTRIBUTIONS
Years Ended June 30, 2023

	2023	2022	2021	2020	2019
Contractually required contribution	$ 464,733	$ 550,002	$ 506,866	$ 484,118	$ 467,629
Contributions in relation to contractually required contribution	464,733	550,002	506,866	484,118	467,629
Annual contribution (deficiency) excess	$ -	$ -	$ -	$ -	$ -
School's covered-employee payroll	$ 4,322,097	$ 4,627,836	$ 4,183,982	$ 4,137,872	$ 4,039,646
Contributions as percentage of covered-employee payroll	10.75%	11.88%	12.11%	11.70%	11.58%

	2018	2017	2016	2015
Contractually required contribution	$ 405,547	$ 360,069	$ 348,903	$ 354,261
Contributions in relation to contractually required contribution	405,547	360,069	348,903	354,261
Annual contribution (deficiency) excess	$ -	$ -	$ -	$ -
School's covered-employee payroll	$ 4,029,520	$ 3,931,516	$ 3,852,415	$ 3,932,693
Contributions as percentage of covered-employee payroll	10.06%	9.16%	9.06%	9.01%

See Report of Independent Auditor

THOMAS A. EDISON CHARTER SCHOOL
SCHEDULES OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
Years Ended June 30, 2023

	2023	2022	2021	2020	2019
School's proportion of net OPEB liability/(asset)	0.1856%	0.1817%	0.1833%	0.1911%	0.1885%
School's proportionate share of net OPEB liability/(asset)	$ 15,733,535	$ 18,323,910	$ 19,082,936	$ 14,776,634	$ 15,686,338
School's covered-employee payroll	$ 4,627,836	$ 4,183,982	$ 4,137,872	$ 4,039,646	$ 4,029,520
School's proportionate share of net OPEB liability/(asset) as a percentage of its covered-employee payroll	339.98%	437.95%	461.18%	365.79%	389.29%
Plan's fiduciary net position as percentage of total OPEB liability	0.07%	0.06%	0.04%	0.05%	0.05%

	2018	2017
School's proportion of net OPEB liability/(asset)	0.1851%	0.1851%
School's proportionate share of net OPEB liability/(asset)	$ 15,563,982	$ 16,810,307
School's covered-employee payroll	$ 3,931,516	$ 3,852,415
School's proportionate share of net OPEB liability/(asset) as a percentage of its covered-employee payroll	395.88%	436.36%
Plan's fiduciary net position as percentage of total OPEB liability	0.04%	0.03%

Note to Schedule:

The amounts presented above are determined as of June 30th of each preceding year.

See Report of Independent Auditor

THOMAS A. EDISON CHARTER SCHOOL
SCHEDULES OF OPEB CONTRIBUTIONS
Years Ended June 30, 2023

	2023	2022	2021	2020	2019
Contractually required contribution	$ 624,324	$ 507,180	$ 485,183	$ 506,463	$ 465,993
Contributions in relation to contractually required contribution	624,324	507,180	485,183	506,463	465,993
Annual contribution (deficiency) excess	$ -	$ -	$ -	$ -	$ -
School's covered-employee payroll	$ 4,322,097	$ 4,627,836	$ 4,183,982	$ 4,137,872	$ 4,039,646
Contributions as percentage of covered-employee payroll	14.44%	10.96%	11.60%	12.24%	11.54%

	2018	2017
Contractually required contribution	$ 429,169	$ 447,223
Contributions in relation to contractually required contribution	429,169	447,223
Annual contribution (deficiency) excess	$ -	$ -
School's covered-employee payroll	$ 4,029,520	$ 3,931,516
Contributions as percentage of covered-employee payroll	10.65%	11.38%

See Report of Independent Auditor

Supplementary Information Section

THOMAS A. EDISON CHARTER SCHOOL
BALANCE SHEETS-GENERAL FUND
As of June 30, 2023 and 2022

	2023				2022			
	State Fund	Local Fund	Federal Fund	Total General Fund	State Fund	Local Fund	Federal Fund	Total General Fund
ASSETS								
Cash and equivalents:								
Unrestricted	$ 147,584	$ 4,029,703	$ -	$ 4,177,287	$ 116,078	$ 3,696,323	$ -	$ 3,812,401
Restricted	$ 677,404	$ 182,255	$ -	$ 859,659	$ 388,853	$ 373,884	$ -	$ 762,737
Receivables-other	$ -	$ 1,000	$ -	$ 1,000	$ -	$ 450	$ -	$ 450
Due from other governments	$ -	$ -	$ 37,761	$ 37,761	$ -	$ -	$ 72,114	$ 72,114
Prepayments and other assets	$ -	$ -	$ -	$ -	$ 10,030	$ -	$ -	$ 10,030
Due from component unit	$ -	$ 3,758	$ -	$ 3,758	$ 7,313	$ -	$ -	$ 7,313
TOTAL ASSETS	$ 824,988	$ 4,216,716	$ 37,761	$ 5,079,465	$ 522,274	$ 4,070,657	$ 72,114	$ 4,665,045
LIABILITIES								
Accounts payable	$ 55,866	$ 8,037	$ 37,761	$ 101,664	$ 54,331	$ 4,010	$ 72,114	$ 130,455
Accrued salaries and related costs	$ 294,355	$ -	$ -	$ 294,355	$ 439,755	$ -	$ -	$ 439,755
Due to component unit	$ -	$ -	$ -	$ -	$ 24,410	$ -	$ -	$ 24,410
Total liabilities	$ 350,221	$ 8,037	$ 37,761	$ 396,019	$ 518,496	$ 4,010	$ 72,114	$ 594,620
FUND BALANCES								
Restricted-specific programs	$ 677,404	$ 182,255	$ -	$ 859,659	$ 388,853	$ 373,884	$ -	$ 762,737
Committed-encumbered	$ -	$ 13,850	$ -	$ 13,850	$ -	$ 32,761	$ -	$ 32,761
Unassigned	$ (202,637)	$ 4,012,574	$ -	$ 3,809,937	$ (385,075)	$ 3,660,002	$ -	$ 3,274,927
Total fund balances	$ 474,767	$ 4,208,679	$ -	$ 4,683,446	$ 3,778	$ 4,066,647	$ -	$ 4,070,425
TOTAL LIABILITIES AND FUND BALANCES	$ 824,988	$ 4,216,716	$ 37,761	$ 5,079,465	$ 522,274	$ 4,070,657	$ 72,114	$ 4,665,045

See Report of Independent Auditor

THOMAS A. EDISON CHARTER SCHOOL
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES-GENERAL FUND
Years Ended June 30, 2023 and 2022

	2023				2022			
	State Fund	Local Fund	Federal Fund	Total General Fund	State Fund	Local Fund	Federal Fund	Total General Fund
REVENUES								
Charges to school districts	$ -	$ 2,913,696	$ -	$ 2,913,696	$ -	$ 2,926,947	$ -	$ 2,926,947
State funding-allocation	4,354,937	-	-	4,354,937	4,723,439	-	-	4,723,439
Funding-other	900,692	110,573	-	1,011,265	678,182	112,247	-	790,429
Federal funding	-	-	1,966,651	1,966,651	-	-	2,142,818	2,142,818
Earnings on cash and equivalents	-	42,154	-	42,154	-	-	-	-
Program services fees	-	4,360	-	4,360	-	-	-	-
Miscellaneous revenues	-	354,053	-	354,053	-	192,819	-	192,819
Total revenues	5,255,629	3,424,836	1,966,651	10,647,116	5,401,621	3,232,013	2,142,818	10,776,452
EXPENDITURES								
Current:								
Salaries	1,695,989	1,719,971	796,904	4,212,864	2,121,146	1,749,634	755,759	4,626,539
Employment costs	910,508	808,029	342,453	2,060,990	1,065,413	822,093	326,631	2,214,137
Travel	1,385	28,820	13,725	43,930	-	1,263	23,603	24,866
Contracted services	220,318	33,977	234,745	489,040	158,954	46,707	393,005	598,666
Communications	3,088	28,296	-	31,384	799	9,766	0	10,565
Public utility services	125,092	-	-	125,092	99,471	6,965	-	106,436
Insurance	33,297	19,548	-	52,845	49,423	(66)	-	49,357
Transportation	449,600	127,689	132,387	709,676	472,018	182,555	61,479	716,052
Land/Building/Facilities	825,870	47,855	50,329	924,054	877,273	10,927	45,875	934,075
Repairs and maintenance	163,723	320,906	61,332	545,961	125,393	63,112	21,466	209,971
Other contracted services	13,791	82,909	253,062	349,762	33,955	18,793	34,485	87,233
Supplies and materials	230,638	62,381	52,528	345,547	161,780	65,997	107,256	335,033
Operating supplies	2,500	40,592	22,863	65,955	14,882	33,742	29,472	78,096
Food services	-	8,641	-	8,641	-	5,558	-	5,558
Capital outlay	108,841	23,137	6,323	138,301	238,984	6,248	343,787	589,019
Total expenditures	4,784,640	3,352,751	1,966,651	10,104,042	5,419,491	3,023,294	2,142,818	10,585,603
EXCESS (DEFICIT) REVENUES OVER EXPENDITURES	470,989	72,085	-	543,074	(17,870)	208,719	-	190,849
OTHER FINANCING SOURCES (USES)								
Christina School District settlement	-	69,947	-	69,947	-	78,283	-	78,283
Total other financing sources	-	69,947	-	69,947	-	78,283	-	78,283
NET CHANGE IN FUND BALANCES	470,989	142,032	-	613,021	(17,870)	287,002	-	269,132
FUND BALANCES								
Beginning of year	3,778	4,066,647	-	4,070,425	21,648	3,779,645	-	3,801,293
End of year	$ 474,767	$ 4,208,679	$ -	$ 4,683,446	$ 3,778	$ 4,066,647	$ -	$ 4,070,425

See Report of Independent Auditor

Reports Required by

the Uniform Guidance

WHISMAN GIORDANO
CERTIFIED PUBLIC ACCOUNTANTS

Building Extraordinary Relationships

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

Members of the School Board
Thomas A. Edison Charter School
Wilmington, Delaware

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Thomas A. Edison Charter School [a component unit of the State of Delaware], as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Thomas A. Edison Charter School's basic financial statements, and have issued our report thereon dated September 18, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Thomas A. Edison Charter School's internal control over financial reporting [internal control] to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Thomas A. Edison Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Thomas A. Edison Charter School's internal control.

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

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

Compliance and Other Matters

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

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To Members of the School Board
Thomas A. Edison Charter School

Purpose of This Report

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

Whisman Giordano & Associates, LLC

Newark, Delaware
September 18, 2023

WHISMAN GIORDANO
CERTIFIED PUBLIC ACCOUNTANTS

Building Extraordinary Relationships

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

Members of the School Board
Thomas A. Edison Charter School
Wilmington, Delaware

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Thomas A. Edison Charter School's compliance with types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Thomas A. Edison Charter School's major federal program for the year ended June 30, 2023. Thomas A. Edison Charter School's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Thomas A. Edison Charter School 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, 2023.

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 Thomas A. Edison Charter School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for its major federal program. Our audit does not provide a legal determination of Thomas A. Edison Charter School'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 Thomas A. Edison Charter School's federal programs.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Thomas A. Edison Charter School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Thomas A. Edison Charter School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Thomas A. Edison Charter School'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.

Members of the School Board
Thomas A. Edison Charter School

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 Thomas A. Edison Charter School, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Thomas A. Edison Charter School's basic financial statements. We issued our report thereon dated September 18, 2023 to, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Whisman Giordano & Associates, LLC

Newark, Delaware
September 18, 2023

Federal Grantor/ Pass-Through Grantor Project Title		Assistance Listing Number (ALN)	Pass-Through Entity Identifying Number	Federal Expenditures	
U.S. DEPARTMENT OF EDUCATION					
Passed through State of Delaware,					
Department of Education [DOE]:			Title I		
Title I Grants to Local Educational Agencies		**84.010**	FSF-40554	$ 574,681	
			IDEA		
Special Education Grants to States		**84.027A**	FSF-40564	228,989	
			IDEA		
Individuals with Disabilities Education Act/American Rescue Plan Act of 2021 (ARP)		**84.027X**	FSF-40921	14,902	
			21st Century		
21st Century Community Learning Centers		**84.287**	FSF-40240	25,159	
			TITLE II		
Supporting Effective Instruction State Grants		**84.367**	FSF-40114	82,674	
			TITLE IV		
Student Support and Academic Enrichment Program		**84.424**	FSF-40532	140,544	
			GEER		
Governor's Emergency Education Relief (GEER) Fund	[1]	**84.425C**	FSF-40768	26,319	*
Elementary and Secondary School			ESSER		
Emergency Relief (ARP ESSER) Fund	[1]	**84.425D**	FSF-40730	668,407	*
American Rescue Plan - Elementary and Secondary Schools			ESSER		
Emergency Relief Fund (ARP-ESSER)		**84.425U**	FSF-40820	194,566	*
American Rescue Plan Elementary and Secondary Schools			ESSER		
Emergency Relief Fund - Homeless Children and Youth (ARP-HCY)		**84.425W**	FSF-40715	10,410	*
TOTAL U.S. DEPARTMENT OF EDUCATION				$ 1,966,651	
TOTAL EXPENDITURES OF FEDERAL AWARDS				$ 1,966,651	
*** TOTAL CLUSTER 84.425**				$ 899,702	*

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards [the Schedule] includes the federal award activity of Thomas A. Edison Charter School under programs of the federal government for the year ended June 30, 2023. 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 Thomas A. Edison Charter School, it is not intended to and does not present the financial position, change in net assets, or cash flows of Thomas A. Edison 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. Thomas A. Edison 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

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

ALN	Name of Federal Program or Cluster
84.425C	Governor's Emergency Education Relief (GEER) Fund
84.425D	Elementary and Secondary School Emergency Relief (ARP ESSER) Fund
84.425U	American Rescue Plan - Elementary and Secondary Schools Emergency Relief Fund (ARP-ESSER)
84.425W	American Rescue Plan Elementary and Secondary Schools Emergency Relief Fund - Homeless Children and Youth (ARP-HCY)

Dollar threshold used to distinguish between type A and type B programs:	**$750,000**	
Auditee qualified as low-risk auditee?	**x** yes	____ no

SECTION II – FINDINGS-FINANCIAL STATEMENT AUDIT

None reported.

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

None reported.

SECTION II - FINDINGS-FINANCIAL STATEMENT AUDIT

None reported or outstanding.

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

None reported or outstanding.