

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

FINANCIAL STATEMENTS

Year Ended June 30, 2019



Certified Public Accountants and Business Consultants

INTRODUCTORY SECTION

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2019

	Page
Introductory Section	
Table of Contents	1
Financial Section	
Independent Auditors' Report	3
Management's Discussion and Analysis (Unaudited)	6
Basic Financial Statements	
<i>Government-Wide Financial Statements</i>	
Statement of Net Position	12
Statement of Activities	13
<i>Fund Financial Statements</i>	
<i>Governmental Fund</i>	
Balance Sheet	14
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities	15
Statement of Revenues, Expenditures and Changes in Fund Balance	16
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	17
Notes to the Basic Financial Statements	18

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2019

	Page
Required Supplementary Information	
Budgetary Comparison Schedule	38
Notes to Budgetary Comparison Schedule	39
Schedule of the School's Proportionate Share of the Net Pension Liability	40
Schedule of School's Contributions - Pension	41
Schedule of the School's Proportionate Share of the Net OPEB Liability	42
Schedule of School's Contributions - OPEB	43
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	44
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance With Uniform Guidance	46
Supplementary Information - Major Federal Award Programs Audit	
Schedule of Expenditures of Federal Awards	48
Notes to the Schedule of Expenditures of Federal Awards	49
Schedule of Findings and Questioned Costs	50
Schedule of Prior Audit Findings	51

FINANCIAL SECTION

Independent Auditors' Report

To the Board of Directors
Academia Antonia Alonso
Wilmington, Delaware

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Academia Antonia Alonso (a component unit of the State of Delaware) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Academia Antonia Alonso's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

To the Board of Directors
Academia Antonia Alonso
Wilmington, Delaware

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Academia Antonia Alonso as of June 30, 2019, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 6 through 11, budgetary comparison information on pages 38 and 39, and the schedules of the school's proportionate share of the net pension liability on page 40, and the schedules of school's contributions - pension on page 41, and the schedules of the school's proportionate share of the Net OPEB Liability on page 42 and the schedules of school's contributions - OPEB on page 43 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 (RSI) 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 evidence sufficient to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Academia Antonia Alonso's basic financial statements. The supplementary information listed in the table of contents including the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

To the Board of Directors
Academia Antonia Alonso
Wilmington, Delaware

The supplementary information and the schedule of expenditures of federal awards 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2019 on our consideration of Academia Antonia Alonso'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Academia Antonia Alonso's internal control over financial reporting and compliance.

Maillie LLP

West Chester, Pennsylvania
September 27, 2019

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2019

The discussion and analysis of the financial performance of Academia Antonia Alonso (the "School") provides an overview of the School's financial activities for the fiscal year ended June 30, 2019.

FINANCIAL HIGHLIGHTS

The School's net position of the School at the close of the fiscal year is \$(4,554,221). Program revenues accounted for \$1,223,426 or 14% of total revenue, and general revenues accounted for \$7,390,657 or 86%.

The School's Governmental Fund (the General Fund) reported balance in the amount of \$413,588.

USING THIS ANNUAL FINANCIAL REPORT

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

REPORTING ACADEMIA ANTONIA ALONSO AS A WHOLE

Fiscal year 2019 is the School's fifth year of operations. One of the most important questions asked about School finances is, "Is the School better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the School as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenue and expenses are taken into consideration regardless of when cash is received or paid.

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

REPORTING THE SCHOOL'S MOST SIGNIFICANT FUND

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

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2019

ENTITY-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the government's financial position. In the case of the School, liabilities exceed assets by \$4,554,221 at the close of the fiscal year. The deficit position is the result of recent changes in accounting principles that required The School to presents its allocable share of the State of Delaware's Pension and Other Post-Employment Benefits (OPEB) liabilities on the face of its financial statements. Although accounting principles determine the presentation of the liabilities in the School's financial statements, it is not likely that liability would need to be satisfied by The School in the future. The School's unrestricted net position was a deficit of \$5,944,378. The remaining \$1,390,157 was invested in capital assets net of related debt.

The net position analysis is as follows.

Statement of Net Position
(Amounts Expressed in Thousands)

	Governmental Activities	
	2019	2018
ASSETS		
Current assets	\$ 1,275	\$ 896
Noncurrent assets	1,755	1,713
TOTAL ASSETS	3,030	2,609
 DEFERRED OUTFLOWS OF RESOURCES	 3,373	 1,534
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 6,403	\$ 4,143
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
LIABILITIES		
Current liabilities	\$ 957	\$ 632
Noncurrent liabilities	9,028	6,340
TOTAL LIABILITIES	9,985	6,972
 DEFERRED INFLOWS OF RESOURCES	 972	 629
 NET POSITION		
Invested in capital assets, net of related debt	1,390	1,425
Unrestricted	(5,944)	(4,883)
TOTAL NET POSITION	(4,554)	(3,458)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 6,403	\$ 4,143

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2019

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

Statement of Activities
(Amounts Expressed in Thousands)

	Governmental Activities	
	2019	2018
REVENUES		
General revenues		
Charges to school districts	\$ 2,542	\$ 2,044
State aid not restricted	4,808	3,578
Other local sources	41	9
Program revenues		
Charges for services	38	27
Operating grants and contributions	1,110	859
Capital grants and contributions	75	-
TOTAL REVENUES	8,614	6,517
EXPENSES		
Instructional services	7,119	4,397
Support services		
Operation and maintenance of facilities	1,368	1,091
Transportation	686	519
School lunch services	508	353
Interest on long-term debt	29	19
TOTAL EXPENSES	9,710	6,379
 CHANGE IN NET POSITION	 \$ (1,096)	 \$ 138

THE SCHOOL'S FUNDS

The School's Governmental Fund reported a fund balance of \$413,588, which is an increase from the prior year, as a result of increased revenue.

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2019

Governmental Fund

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

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund
(Amounts Expressed in Thousands)

	<u>2019</u>	<u>2018</u>
REVENUES		
Charges to school districts	\$ 2,542	\$ 2,044
State aid	4,808	3,578
Federal aid	618	506
Food service revenue	472	348
Contributions	95	5
School programs	38	27
Other local sources	41	9
TOTAL REVENUES	<u>8,614</u>	<u>6,517</u>
EXPENDITURES		
Current		
Instructional services	5,872	4,130
Support services		
Operation and maintenance of facilities	983	787
Transportation	579	452
School lunch services	508	353
Debt service		
Principal payment	86	54
Interest and other charges	29	19
Capital outlay	641	922
TOTAL EXPENDITURES	<u>8,698</u>	<u>6,717</u>
OTHER FINANCING SOURCES		
Proceeds from long-term debt	<u>163</u>	<u>343</u>
NET CHANGE IN FUND BALANCES	<u>\$ 79</u>	<u>\$ 143</u>

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2019

The majority of the School's total revenue (86%) comes from state sources and local school districts. State and local revenue is contingent upon the School's total enrollment population and the students' residential districts. The socioeconomic diversity and special needs of the School's population dictate entitlement to federal funding which accounts for (7%) of total revenue. Contributions, other local sources including earnings on cash and pooled investments, food service and program revenue accounts for (7%) of total revenue. The reliance on this revenue is to support programs and facility expenditures that are not allotted for in federal, state and local funds.

General Fund Budget Information

Academia Antonia Alonso's budget is prepared in accordance with the modified accrual basis of accounting.

Appropriate adjustments are made to the budget based on unanticipated revenue increases or shortfalls due to federal, state and Delaware Department of Education requirements and/or legislation, lack of contributions, etc. Some appropriations required changes in functional categories due to spending patterns.

REVENUES

State Aid - The favorable variance of \$36,038 in state aid is due to reconciliation of funding that occurred subsequent to the final budget.

Contributions - The unfavorable variance of \$29,583 is due to an over budgeting of potential donations.

School Programs - The favorable variance of \$20,530 is due to an increase in student activities.

Miscellaneous - The favorable variance of \$40,967 is due to not budgeting for revenue from miscellaneous sources.

EXPENDITURES

Salaries - The favorable variance of \$85,689 is due to salary contingency not spent.

Employment Costs - The favorable variance of \$13,230 is due to salary contingency not spent.

Food Service - The unfavorable variance of \$18,485 is due to an increase of food program costs.

Transportation - Buses - The favorable variance of \$154,711 is due to reclassification of principal and interest payments to debt service.

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2019

Debt Service - The unfavorable variance of \$115,513 is due to the payment for school buses that were budgeted in Transportation.

Capital Outlays - The unfavorable variance of \$91,444 is due to carpet replacement and a/c unit installation.

FACTORS EXPECTED TO HAVE AN EFFECT ON FUTURE OPERATIONS

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

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our fellow citizens, customers, investors and creditors with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School's office at 302-660-4760.

FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash and pooled investments	\$ 1,188,294
Receivables	84,963
Prepaid expenses	2,000
Total Current Assets	<u>1,275,257</u>
NONCURRENT ASSETS	
Depreciable capital assets	3,219,530
Accumulated depreciation	(1,464,600)
Total Noncurrent Assets	<u>1,754,930</u>
 TOTAL ASSETS	 <u>3,030,187</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources, other postemployment benefits	2,430,404
Deferred outflows of resources, pension activity	942,640
Total Deferred Outflows of Resources	<u>3,373,044</u>
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 <u>\$ 6,403,231</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	\$ 78,943
Accrued salaries and related costs	782,726
Long-term debt, current portion	95,556
Total Current Liabilities	<u>957,225</u>
NONCURRENT LIABILITIES	
Compensated absences	67,020
Long-term debt	269,217
Net OPEB liability	7,483,831
Net pension liability	1,207,816
Total Noncurrent Liabilities	<u>9,027,884</u>
 TOTAL LIABILITIES	 <u>9,985,109</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources, other postemployment benefits	827,529
Deferred inflows of resources, pension activity	144,814
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>972,343</u>
 NET POSITION	
Net investment in capital assets, net of related debt	1,390,157
Unrestricted	(5,944,378)
TOTAL NET POSITION	<u>(4,554,221)</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	 <u>\$ 6,403,231</u>

See accompanying notes to the basic financial statements.

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

STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total
GOVERNMENTAL ACTIVITIES					
Instructional services	\$ 7,118,852	\$ 38,530	\$ 638,150	\$ -	\$ (6,442,172)
Supporting services					
Operation and maintenance of facilities	1,368,287	-	-	31,500	(1,336,787)
Transportation	686,287	-	-	43,500	(642,787)
Food service	508,048	-	471,746	-	(36,302)
Interest on long-term debt	29,053	-	-	-	(29,053)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 9,710,527	\$ 38,530	\$ 1,109,896	\$ 75,000	(8,487,101)
GENERAL REVENUES					
Charges to school districts					2,542,049
Payments from primary government					4,807,641
Other local sources					40,967
TOTAL GENERAL REVENUES					7,390,657
CHANGE IN NET POSITION					(1,096,444)
NET POSITION AT BEGINNING OF YEAR					(3,457,777)
NET POSITION AT END OF YEAR					\$ (4,554,221)

- 13 -

See accompanying notes to the basic financial statements.

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

BALANCE SHEET
 GOVERNMENTAL FUND
 JUNE 30, 2019

	<u>General Fund</u>
ASSETS	
Cash and pooled investments	\$ 1,188,294
Receivable	84,963
Prepaid expenses	<u>2,000</u>
TOTAL ASSETS	\$ <u>1,275,257</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable and accrued expenses	\$ 78,943
Accrued salaries and related costs	<u>782,726</u>
TOTAL LIABILITIES	<u>861,669</u>
FUND BALANCES	
Unassigned	411,588
Non-spendable	<u>2,000</u>
TOTAL FUND BALANCES	<u>413,588</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>1,275,257</u>

See accompanying notes to the basic financial statements.

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2019

TOTAL GOVERNMENTAL FUND BALANCES	\$ <u>413,588</u>
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Fund. These assets consist of:</p>	
Depreciable capital assets	3,219,530
Accumulated depreciation	<u>(1,464,600)</u>
	<u>1,754,930</u>
<p>Other long-term assets are not available to pay for current period expenditures and, therefore are not report in the fund. These assets consist of:</p>	
Deferred outflows of resources, other postemployment benefits	2,430,404
Deferred outflows of resources, pension activity	<u>942,640</u>
	<u>3,373,044</u>
<p>Some liabilities are not due and payable in the current period and therefore are not reported in the Governmental Fund. Those liabilities consisted of:</p>	
Current portion of long-term debt payable	(95,556)
Compensated absences	(67,020)
Long-term debt payable	(269,217)
Net OPEB liability	(7,483,831)
Net pension liability	(1,207,816)
Deferred inflows of resources, other postemployment benefits	(827,529)
Deferred inflows of resources, pension activities	<u>(144,814)</u>
	<u>(10,095,783)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u><u>(4,554,221)</u></u>

See accompanying notes to the basic financial statements.

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2019

	<u>General Fund</u>
REVENUES	
Charges to school districts	\$ 2,542,049
State aid	4,807,641
Federal aid	617,733
Food service revenue	471,746
Contributions	95,417
School programs	38,530
Other local resources	40,967
TOTAL REVENUES	<u>8,614,083</u>
EXPENDITURES	
Current	
Instruction	5,871,989
Operation and maintenance of facilities	982,429
Transportation	578,514
Food service	508,048
Debt service	
Principal	86,460
Interest and other charges	29,053
Capital Outlays	
Instructional equipment	38,504
Lease improvements	439,900
School buses	163,040
TOTAL EXPENDITURES	<u>8,697,937</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(83,854)
OTHER FINANCING SOURCES	
Proceeds from long-term debt	<u>163,040</u>
NET CHANGE IN FUND BALANCES	79,186
FUND BALANCES AT BEGINNING OF YEAR	<u>334,402</u>
FUND BALANCES AT END OF YEAR	<u>\$ 413,588</u>

See accompanying notes to the basic financial statements.

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

RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUND	\$	79,186
<p>Capital outlays are reported in the Governmental Fund as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation in the current period.</p>		
Capital outlays		641,444
Depreciation and amortization		(600,165)
<p>The Government Fund reports pension contributions as expenditures. However, in the statement of activities, these contributions reduce the net pension liability.</p>		
		(292,384)
<p>The Government Fund reports OPEB contributions as expenditures. However, in the statement of activities, these contributions reduce the net OPEB liability.</p>		
		(807,676)
<p>Proceeds from long-term debt is a revenue item in the Governmental Fund, but this amount increases long-term liabilities in the statement of net position.</p>		
		(163,040)
<p>Repayment of debt is an expenditure in the Governmental Fund, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		86,460
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the Governmental Fund.</p>		
Compensated absences		<u>(40,269)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>(1,096,444)</u></u>

See accompanying notes to the basic financial statements.

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Charter School

Academia Antonia Alonso (the "School") is organized under Delaware Code, Title 14, Chapter 5 of the State of Delaware. The Charter School Law grants authority for independent public schools to be created for the purpose of increasing choices for parents of public school students and increasing academic performance. A charter school is an independent public school governed by independent board of directors. In Delaware, charter schools have the same basic standing as a school district with some exceptions – most notably, they may not levy taxes. To encourage innovation, charter schools operate free from a number of state laws and regulations. Academia Antonia Alonso's initial charter was granted for a four- year period, renewable every five years thereafter. Academia Antonia Alonso's first full year of school started August 2014. The charter expires on June 30, 2022.

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

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

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Separate financial statements are provided for governmental funds. Any major individual governmental funds are reported as separate columns in the fund financial statements. The School has only one major fund, the General Fund.

Measurement Focus, Basis of Accounting and Financial Statement Preparation

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 when present. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Charges to the School districts are recognized as revenues in the year for which they are billed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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 period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

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

The School reports the General Fund as the only major governmental fund. It accounts for all financial resources of the School.

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Amounts reported as program revenues include 1) charges to students for special fees, materials, 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.

Cash and Pooled Investments

Cash and pooled investments of the School are controlled by the State Treasurer's office in Dover, Delaware.

Receivable

At June 30, 2019, the receivable are reflected net of the estimated uncollectable allowance of \$0. The allowance is based on historical data established according to experience and other factors which in the judgement of management deserves recognition in estimating possible future losses.

Capital Assets

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

Such assets are recorded at historical cost or estimated cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend lives of the assets are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest cost incurred during construction is capitalized.

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

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

Unearned Revenue

Unearned revenues represent funds received in advanced, which will be recognized in future years when the revenue recognition criteria are met. There was no unearned revenue as of June 30, 2019.

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Vacation - Employees are paid for unused vacation upon resignation or termination, unless otherwise stated in the employee contract. Twelve-month salaried employees are entitled up to 10 days of vacation each year.

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report 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; deferred outflows related to pension activities and deferred outflows related to OPEB activities. These amounts are reported in the statement of net position and are deferred and recognized as an outflow of resources in the period to which the expense applies.

In addition to liabilities, the statement of financial 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; deferred inflows related to pension activities and deferred inflows related to OPEB activities. These items are reported only in the statement of net position. These amounts are deferred and recognized as an inflow from resources in the period that the amounts become available.

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance

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

- *Non-Spendable:*

Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

- *Restricted:*

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

- *Committed:*

Amounts that can be used only for specific purposes determined by formal action of the Board of Directors. The Board is the highest level of decision making authority for Academia Antonia Alonso. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Directors.

- *Assigned:*

Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The School Director may assign amounts for specific purposes.

- *Unassigned - All other Spendable Amounts:*

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

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

The net position, in the government-wide financial statements, represents the difference between the assets and deferred outflows of resources and the liabilities and deferred inflows of resources. Net position invested in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Any remaining portions of net position are reflected as unrestricted. When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first and then unrestricted resources as they are needed.

Use of Estimates

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

Income Tax Status

The School is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Service (IRS) Code. However, income from certain activities not directly related to the School's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the School qualifies for the charitable contribution deduction under IRS Section 170(b)(1)(A) and as such 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 School for the three prior 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; and management has a high level of confidence in the technical merits of the positions taken.

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE B - CASH AND POOLED INVESTMENTS

At June 30, 2019, the School had a cash and pooled investment balance of \$1,188,294, the entirety of which was part of an investment pool controlled by the personnel of the State Treasurer's Office in Dover, Delaware and all investment decisions are made by the State Treasurer's Office. These funds are considered available for immediate use and, thus, are recorded as short-term in these financial statements.

The funds held by the state investment pool, an internal investment pool, are specifically identified for the School, but the credit risk cannot be categorized for these funds. Credit risk for such investments depends on the financial stability of the State. The State reports that its investment securities are stated at quoted market prices, except that investment securities with a remaining maturity at time of purchase of one year or less are stated at cost or amortized cost.

NOTE C - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 is as follows:

Depreciation expense of \$106,534 was charged to instructional services, \$107,773 to transportation, and \$385,858 to facilities as part of Governmental Activities.

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets being depreciated				
Furniture and fixtures	\$ 283,608	\$ -	\$ -	\$ 283,608
Computers and equipment	204,306	38,504	-	242,810
Vehicles (school buses)	403,000	163,040	-	566,040
Leasehold improvements	1,687,172	439,900	-	2,127,072
TOTAL CAPITAL ASSETS BEING DEPRECIATED	2,578,086	641,444	-	3,219,530
Accumulated depreciation				
Furniture and fixtures	(127,556)	(56,722)	-	(184,278)
Computers and equipment	(136,093)	(49,812)	-	(185,905)
Leasehold improvements	(533,619)	(385,858)	-	(919,477)
Vehicles (school buses)	(67,167)	(107,773)	-	(174,940)
TOTAL ACCUMULATED DEPRECIATION	(864,435)	(600,165)	-	(1,464,600)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	1,713,651	41,279	-	1,754,930
 GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	 \$ 1,713,651	 \$ 41,279	 \$ -	 \$ 1,754,930

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE D - LINE OF CREDIT

The School has a \$ 200,000 bank line of credit. The line of credit accrues interest at 2% plus the LIBOR rate on any outstanding balances and is payable monthly. As of June 30, 2019, the School did not have any outstanding balance on the line of credit. The line of credit is payable on demand and secured by an assignment of accounts and equipment.

NOTE E - LONG-TERM DEBT

Long-term debt obligations as of June 30, 2019, are as follows:

Bus loan, payable in fixed monthly installments of \$3,971 including interest charged at 6.5 %, maturing in August 2022, secured by vehicles.	\$ 136,063
Bus loan, payable in fixed monthly installments of \$3,346, including interest charged at 6.5%, maturing in August 2021, secured by vehicles.	80,942
Bus loan, payable in fixed monthly installments of \$2,496, including interest charged at 7.4%, maturing in August 2025, secured by vehicles.	<u>147,768</u>
	364,773
Current portion	<u>(95,556)</u>
	<u>\$ 269,217</u>

Future maturities of long-term debt are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Total</u>
2020	\$ 95,556
2021	102,152
2022	74,918
2023	32,385
2024	26,393
Thereafter	<u>33,369</u>
	<u>\$ 364,773</u>

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE E - LONG-TERM DEBT (Continued)

Changes in long-term debt for the year ended June 30, 2019 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Long-term debt	\$ 288,193	\$ 163,040	\$ (86,460)	\$ 364,773	\$ 95,556
Net other postemployment benefits liability	5,158,501	2,325,330	-	7,483,831	-
Net pension liability	937,464	270,352	-	1,207,816	-
Compensated absences	26,751	40,269	-	67,020	-
	<u>\$ 6,410,909</u>	<u>\$ 2,798,991</u>	<u>\$ (86,460)</u>	<u>\$ 9,123,440</u>	<u>\$ 95,556</u>

NOTE F - PENSION PLAN

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

General Information About the Pension Plan

Plan Description - DPERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to virtually all full-time or regular part-time employees of the State of Delaware, including employees of other affiliated entities. There are two tiers within the plan: 1) Employees hired prior to January 1, 2012 (Pre-2012), and 2) Employees hired on or after January 1, 2012 (Post-2011). DPERS issues a publicly available financial report that can be obtained from the pension office at McArdle Building, Suite 1; 860 Silver Lake Blvd.; Dover, DE 19904.

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE F - PENSION PLAN (Continued)

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

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

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

Contributions

Members Contributions

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

Employer Contributions

Employer contributions are determined by the Board of Pension Trustees. Employer contributions were 10.42% of earnings for the Fiscal Year 2019. Contributions to the plan from the School were \$350,968 for the year ended June 30, 2019.

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

At June 30, 2019, the School reported a liability of \$1,207,816 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2017 to June 30, 2018. The School's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2018, the School's proportion was 0.0935%, which was an increase of 0.0296% from its proportion measured as of June 30, 2017.

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE F - PENSION PLAN (Continued)

For the year ended June 30, 2019, the School recognized pension expense of \$292,384. At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 49,853	\$ 10,679
Changes in assumptions	151,159	-
Net difference between projected and actual investment earnings	-	134,135
Changes in proportions	390,661	-
Contributions subsequent to the measurement date	<u>350,967</u>	<u>-</u>
	<u>\$ 942,640</u>	<u>\$ 144,814</u>

\$350,967 reported as deferred outflows of resources related to pensions resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2020	\$ 122,733
2021	125,515
2022	90,857
2023	107,755
2024	<u>-</u>
	<u>\$ 446,860</u>

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE F - PENSION PLAN (Continued)

Actuarial Assumptions - The total pension liability as of June 30, 2019, was determined by rolling forward the System's total pension liability as of the June 30, 2018 actuarial valuation to June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement

- **Investment Return** - 7.0%, includes inflation at 2.5%
- **Salary Increases** - 2.5% + Merit, includes inflation at 2.5%
- Mortality rates were based on the RP-2014 tables with gender adjustments for healthy annuitants and disabled retirees and an adjusted version on MP-2015 mortality improvement scale on a fully generational basis.

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

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by an asset allocation percentage, which is based on the nature and mix of current and expected plan investments, and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's current and expected asset allocation is summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	30.7%	5.7%
International equity	13.9%	5.7%
Fixed income	23.3%	2.0%
Alternative investments	24.4%	7.8%
Cash and equivalents	7.7%	0.0%
	<u>100.0%</u>	

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE F - PENSION PLAN (Continued)

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

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability, calculated using the discount rate of 7.0%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate:

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Charter School's proportionate share of the net pension liability	\$ <u>2,343,324</u>	\$ <u>1,207,816</u>	\$ <u>253,840</u>

Pension Plan Fiduciary Net Position - Detailed information about DPERS's fiduciary net position is available in the DPERS Comprehensive Annual Financial Report which can be obtained from the pension office at McArdle Building, Suite 1; 860 Silver Lake Blvd.; Dover, DE 19904.

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE G - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

Plan Description

The State of Delaware's Other Postemployment Benefit (OPEB) Fund Trust (the Plan) 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 Provided

The Plan provides medical coverage to pensioners and their eligible dependents covered under the following pension plans: State Employees', New State Police, Judiciary and Closed State Police Pension Plans. This includes the employees of the State as well as employees of the State's component units and affiliated agencies which are part of the State Employees' Pension Plan. Those employers include Delaware Charter Schools. The participant's cost of Plan benefits is variable based on years of service within those pension plan categories. Pensioners who retire 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.

Funding Policy

Participating employers fund the Plan for current retirees on a pay-as-you-go basis along with funding for future benefits at a rate that is approved in the annual budget, but not actuarially determined. 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.

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE G - 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, 2019, the School reported a liability of \$7,483,831 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2017 with update procedures used to roll forward the total OPEB liability to June 30, 2018. The School's proportion of the net OPEB liability was based on a projection of the School's long-term share of contributions of all participating employers, actuarially determined. At June 30, 2018, the School's proportion was 0.0912%.

For the year ended June 30, 2019, the School recognized OPEB expense of \$807,676. At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion	\$ 2,080,663	\$ -
Changes in assumptions	-	813,427
Difference between projected and actual investment earnings	-	14,102
Contributions subsequent to the measurement date	<u>349,741</u>	<u>-</u>
	<u>\$ 2,430,404</u>	<u>\$ 827,529</u>

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE G - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

\$349,741 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 year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending</u> <u>June 30,</u>	
2020	\$ 312,108
2021	312,108
2022	312,109
2023	316,809
2024	<u>-</u>
	<u>\$ 1,253,134</u>

Actuarial Assumptions

The total OPEB liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, with update procedures used to roll forward the total OPEB liability to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

- Discount Rate – 3.87%
- Projected salary increases – 3.25% + Merit
- Healthcare cost trend rates – 6.80%

Mortality rates are based on the sex-distinct employee, healthy annuitant, and disabled annuitant mortality tables derived from the RP-2014 Total Dataset Employee 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 of an actuarial experience study conducted in 2016. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates the larger the impact on future financial statements.

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE G - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Investments

Investment Policy - The State Board of Pension Trustees is responsible for the management and investment of funds in the OPEB Trust. The Board authorized its investment committee to select the investment managers of the OPEB Trust following the established investment guidelines for DPERS until a separate investment policy is adopted for the OPEB Trust. The guidelines follow the prudent person standard, which requires fiduciaries to discharge their duties solely in the interests of participants and their beneficiaries with such care, skill, prudence, and diligence as a person acting in like circumstances would exercise in the conduct of an enterprise with similar character and similar aims. The OPEB Trust investment objectives and policies currently include indexed exposure to approximate the DPERS' policy benchmark. The Investment Committee regularly reviews the OPEB investment performance and considers investment vehicles which strike a balance between risk and return while being mindful of the government's time horizon for the OPEB investments. Plan assets are managed on a total return basis.

Rate of Return - For the year ended June 30, 2018, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 6.80%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on the OPEB Trust 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2018 (see the discussion of the OPEB Trust's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equities	38.70%	5.70%
International equities	19.00%	5.70%
Fixed income	39.30%	2.00%
Cash and cash equivalents	3.00%	0.00%
	<u>100.00%</u>	

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE G - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 3.58% at the beginning of the current measurement period and 3.87% at the end, based on the Bond Buyer GO 20-Bond Municipal Bond Index, an index satisfying the GASB requirement of an index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The 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, 2018 measurement date is equal to the applicable rate of the 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of the 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 (2.87%) or 1-percentage point higher (4.87%) than the current discount rate:

	1% Decrease <u>2.87%</u>	Discount Rate <u>3.87%</u>	1% Increase <u>4.87%</u>
Net OPEB liability (asset)	\$ <u>8,910,121</u>	\$ <u>7,483,831</u>	\$ <u>6,369,185</u>

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 (5.80%) or 1-percentage point higher (7.80%) than the current healthcare cost trend rates:

	1% Decrease <u>5.8%</u>	Healthcare Cost Trend <u>6.8%</u>	1% Increase <u>7.8%</u>
Net OPEB liability (asset)	\$ <u>6,375,296</u>	\$ <u>7,483,831</u>	\$ <u>8,842,245</u>

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE G - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position can be found in the separately issued State of Delaware Comprehensive Annual Financial Report available online at <https://accounting.delaware.gov/>.

NOTE H - LEASING AGREEMENTS

Effective August 1, 2016, the school moved into a new facility located at 4401 Lancaster Pike in Wilmington which was leased for an initial five-year term. Rental expense for fiscal year 2019 amounted to \$ 618,135. The following schedule shows the future minimum rental under the lease:

<u>Year Ending June 30,</u>	
2020	\$ 627,407
2021	<u>636,618</u>
	<u>\$ 1,264,025</u>

The School leases its copier equipment under operating lease agreement. The lease calls for monthly payments of \$2,042 and expires in April 2022.

The School leases parking spaces for school buses. The lease terms expires on August 2019 and the monthly payment is \$1,650. Contract has not been renewed, and the School is in the process of negotiating a contract with a new company.

Total lease expense for the year ended June 30, 2019 was \$40,972.

The future minimum lease obligation under the operating lease agreement is as follows:

<u>Year Ending June 30,</u>	
2020	\$ 27,798
2021	24,498
2022	<u>6,388</u>
	<u>\$ 58,684</u>

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE I - RISK MANAGEMENT

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

NOTE J - COMMITMENTS AND CONTINGENCIES

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

The School receives some financial assistance from federal agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the State Office of Auditor of Accounts. Any disallowed claims resulting from such audits could become a liability of the general fund. The School's administration believes such disallowance, if any, would be immaterial.

NOTE K - ECONOMIC DEPENDENCY

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

State Aid	56%
Local sources (primarily charges to school districts)	30%
Federal aid	13%

NOTE L - RELATED PARTY TRANSACTIONS

The executive director is a sister of board president of school. The school hired an independent consultant who is a sister of the executive director and a board of president.

REQUIRED SUPPLEMENTARY INFORMATION

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

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
Charges to school districts	\$ 2,479,551	\$ 2,531,524	\$ 2,542,049	\$ 10,525
State aid	4,635,161	4,771,603	4,807,641	36,038
Federal aid	590,547	616,903	617,733	830
Food service revenue	500,009	475,000	471,746	(3,254)
Contribution	125,000	125,000	95,417	(29,583)
School program	10,000	18,000	38,530	20,530
Miscellaneous	-	-	40,967	40,967
TOTAL REVENUES	<u>8,340,268</u>	<u>8,538,030</u>	<u>8,614,083</u>	<u>76,053</u>
EXPENDITURES				
Current:				
Salaries	3,093,400	3,251,825	3,166,136	85,689
Employment costs	1,489,874	1,584,029	1,570,799	13,230
Travel	5,000	5,000	2,738	2,262
Contractual services	712,000	945,894	947,403	(1,509)
Food service	521,781	430,000	448,485	(18,485)
Public utilities service	120,000	120,000	106,721	13,279
Insurance	30,000	20,916	20,916	-
Facility costs	618,135	619,835	618,135	1,700
Transportation - buses	733,225	733,225	578,514	154,711
Repairs and maintenance	75,000	115,000	101,519	13,481
Supplies and materials	274,000	378,960	379,614	(654)
Debt service:				
Principal	-	-	86,460	(86,460)
Interest	-	-	29,053	(29,053)
Capital outlays:	509,533	550,000	641,444	(91,444)
TOTAL EXPENDITURES	<u>8,181,948</u>	<u>8,754,684</u>	<u>8,697,937</u>	<u>56,747</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>158,320</u>	<u>(216,654)</u>	<u>(83,854)</u>	<u>132,800</u>
OTHER FINANCING SOURCES				
Proceeds from long-term debt issued	-	-	163,040	163,040
NET CHANGE IN FUND BALANCE	<u>\$ 158,320</u>	<u>\$ (216,654)</u>	79,186	295,840
FUND BALANCE AT BEGINNING OF YEAR			<u>334,402</u>	<u>334,402</u>
FUND BALANCE AT END OF YEAR			<u>\$ 413,588</u>	<u>\$ 630,242</u>

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
NOTES TO BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2019

NOTE A - BASIS OF ACCOUNTING

The accompanying budgetary comparison schedule is prepared on the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

NOTE B - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

These excess expenditures were funded by various functions that were under budget in the General Fund and fund balance carried forward from the prior year. In addition, the School obtained the new loan of \$163,040, to purchase two school buses.

Contractual services	\$	1,509
Food service		18,485
Supplies and materials		654
Debt service-principal		86,460
Debt service-interest		29,053
Capital outlay		<u>91,444</u>
	\$	<u><u>227,605</u></u>

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

SCHEDULE OF THE SCHOOL'S PROPORTIONATE
 SHARE OF NET PENSION LIABILITY
 LAST FIVE FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School's proportion of the net pension liability	<u>0.0935%</u>	<u>0.0639%</u>	<u>0.0578%</u>	<u>0.0399%</u>	<u>0.0044%</u>
School's proportionate share of the net pension liability	<u>\$ 1,207,816</u>	<u>\$ 937,764</u>	<u>\$ 870,430</u>	<u>\$ 265,332</u>	<u>\$ 16,293</u>
School's covered-employee payroll	<u>\$ 2,019,656</u>	<u>\$ 1,245,731</u>	<u>\$ 1,101,608</u>	<u>\$ 743,818</u>	<u>\$ 81,453</u>
School's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>59.80%</u>	<u>75.28%</u>	<u>79.01%</u>	<u>35.67%</u>	<u>20.00%</u>
The plan's fiduciary net position as a percentage of the total pension liability	<u>87.49%</u>	<u>85.31%</u>	<u>84.11%</u>	<u>92.67%</u>	<u>95.80%</u>

NOTE TO THE SCHEDULE

This schedule is meant to provide information for ten years. Currently, only available information is displayed.

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
 SCHEDULE OF SCHOOL'S CONTRIBUTIONS - PENSION
 LAST FIVE FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 350,968	\$ 193,483	\$ 119,341	\$ 105,534	\$ 71,109
Contributions in relation to the contractually required contribution	<u>350,968</u>	<u>193,483</u>	<u>119,341</u>	<u>105,534</u>	<u>71,109</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered-employee payroll	<u>\$ 3,368,215</u>	<u>\$ 2,019,656</u>	<u>\$ 1,245,731</u>	<u>\$ 1,101,608</u>	<u>\$ 743,818</u>
Contributions as a percentage of covered-employee payroll	<u>10.42%</u>	<u>9.58%</u>	<u>9.58%</u>	<u>9.58%</u>	<u>9.56%</u>

NOTE TO THE SCHEDULE

This schedule is meant to provide information for ten years. Currently, only available information is displayed.

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

SCHEDULE OF THE SCHOOL'S PROPORTIONATE
 SHARE OF THE NET OPEB LIABILITY
 LAST THREE FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
School's proportion of the net OPEB liability	<u>0.1392%</u>	<u>0.0912%</u>	<u>0.0625%</u>
School's proportionate share of the net OPEB liability	<u>\$ 7,483,831</u>	<u>\$ 5,158,501</u>	<u>\$ 5,084,678</u>
School's covered payroll	<u>\$ 2,019,656</u>	<u>\$ 1,245,731</u>	<u>\$ 1,101,608</u>
School's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	<u>370.55%</u>	<u>414.09%</u>	<u>461.57%</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>4.44%</u>	<u>4.13%</u>	<u>3.30%</u>

NOTE TO THE SCHEDULE

This schedule is meant to provide information for ten years. Currently, only available information is displayed.

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
 SCHEDULE OF SCHOOL'S CONTRIBUTIONS - OPEB
 LAST THREE FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 349,741	\$ 204,753	\$ 148,227
Contributions in relation to the contractually required contribution	<u>349,741</u>	<u>204,753</u>	<u>148,227</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 3,368,215</u>	<u>\$ 2,019,656</u>	<u>\$ 1,245,731</u>
Contributions as a percentage of covered-employee payroll	<u>10.38%</u>	<u>10.14%</u>	<u>11.90%</u>

-43-

NOTE TO THE SCHEDULE

This schedule is meant to provide information for ten years. Currently, only available information is displayed.

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Directors
Academia Antonia Alonso
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 and the major fund of the Academia Antonia Alonso as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Academia Antonia Alonso's basic financial statements, and have issued our report thereon dated September 27, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Academia Antonia Alonso's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academia Antonia Alonso's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academia Antonia Alonso's internal control.

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

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

To the Board of Directors
Academia Antonia Alonso
Wilmington, Delaware

Compliance and Other Matters

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

Purpose of this Report

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

Maille LLP

West Chester, Pennsylvania
September 27, 2019

***Independent Auditors' Report on Compliance for Each Major Federal Program
and Report on Internal Control Over Compliance in Accordance with Uniform Guidance***

To the Board of Directors
Academia Antonia Alonso
Wilmington, Delaware

Report on Compliance for Each Major Federal Program

We have audited Academia Antonia Alonso, Wilmington, Delaware (a component unit of the State of Delaware)'s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Academia Antonia Alonso Charter School's major federal programs for the year ended June 30, 2019. Academia Antonia Alonso Charter School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

To the Board of Directors
Academia Antonia Alonso Charter School
Wilmington, Delaware

Opinion on Each Major Federal Program

In our opinion, Academia Antonia Alonso Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditors' results section for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

Maillie LLP

West Chester, Pennsylvania
September 27, 2019

**SUPPLEMENTARY INFORMATION –
MAJOR FEDERAL AWARD PROGRAMS AUDIT**

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

Federal Grantor/Project Title	Federal CFDA Number	Pass- Through Grantor's Number	Federal Expenditures	Amounts Passed Through to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE				
Passed through State of Delaware Department of Education (DOE)				
Child Nutrition Cluster				
National School Lunch Program (NSLP)	10.555	FSF-91100	\$ 288,007	\$ -
School Breakfast Program (SBP)	10.553	FSF-91100	153,129	-
Total Child Nutrition Cluster			<u>441,136</u>	<u>-</u>
Fresh Fruit and Vegetable Program	10.582		<u>30,610</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>471,746</u>	<u>-</u>
U.S. DEPARTMENT OF EDUCATION				
Passed through State of Delaware Department of Education (DOE)				
Title I Grants to Local Educational Agencies*	84.010A	FSF-40554	<u>461,274</u>	<u>-</u>
Twenty-First Century Community Learning Grants	84.287	FSF-40240	<u>-</u>	<u>-</u>
Supporting Effective Instruction State Grant	84.367A	FSF-40114	<u>28,031</u>	<u>-</u>
English Language Acquisition Grants	84.365A	FSF-40560	<u>10,428</u>	<u>-</u>
Student Support and Academic Enrichment Grants	84.424A	FSF-40532	<u>4,174</u>	<u>-</u>
Hurricane Education Recovery	84.938C	FSF-40530	<u>13,500</u>	<u>-</u>
Special Education Cluster (IDEA)				
Special Education				
- Grants to States (IDEA, Part B)	84.027A	FSF-40564	96,805	-
Special Education				
- Preschool (IDEA Preschool)	84.173A	FSF-40565	<u>3,521</u>	<u>-</u>
Total Special Education Cluster (IDEA)			<u>100,326</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>617,733</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,089,479</u>	<u>\$ -</u>
* In 2019, the following grants were transferred to Title I:				
Supporting Effective Instruction State Grant	84.367A	FSF-40114	\$ 59,714	
Student Support and Academic Enrichment Grants	84.424A	FSF-40532	<u>40,438</u>	
Total transferred to Title I			<u>\$ 100,152</u>	

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
NOTES TO THE SCHEDULE OF EXPENDITURE OF
FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Academia Antonia Alonso under programs of the federal government for the year ended June 30, 2019. 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 presents only a selected portion of the operation of Academia Antonia Alonso, it is not intended to and does not present the financial position, change in net assets, or cash flows of Academia Antonia Alonso.

NOTE B - 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.

Academia Antonia Alonso Charter School has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2019

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Academia Antonia Alonso Charter School.
2. No material weaknesses or significant deficiencies relating to the audit of the financial statements reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Governmental Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Academia Antonia Alonso Charter School were disclosed during the audit.
4. No material weaknesses or significant deficiencies related to the audit of the major federal award programs are reported in Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards in Accordance With the Uniform Guidance.
5. The auditors' report on compliance expresses an unmodified opinion.
6. There are no audit findings that are required to be reported in accordance with requirements under the Uniform Guidance.
7. The programs tested as major programs included:

Program	CFDA
Title I Grants to Local Education Agencies	84.010

8. The threshold for distinguishing Types A and B programs was \$750,000, as those terms are defined in the Uniform Guidance.
9. Academia Antonia Alonso Charter School does not qualify as a low-risk auditee, as that term is defined in the Uniform Guidance.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

ACADEMIA ANTONIA ALONSO
(A Component Unit of the State of Delaware)
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2019

FINDINGS - FINANCIAL STATEMENTS AUDIT

2017-01 Data Collection Form

Condition: The School did not certify and submit its prior year Data Collection Form to the Federal Audit Clearinghouse in a timely manner.

Criteria: An entity subject to a Single Audit are required to certify and submit its audit package and Data Collection Form within nine months of its fiscal year-end.

Effect: The School is not in compliance with Federal Audit requirements.

Cause: The Data Collection Form and Single Audit Reporting Package were not submitted in a timely manner.

Recommendation: We recommend that the School institute policies and procedures that allow for the Data Collection Form to be submitted by the required deadline.

Management's Response: The School will implement procedures to ensure compliance.

Current Status: Corrected.