



ODYSSEY CHARTER SCHOOL, INC.
(A Component Unit of the State of Delaware)
WILMINGTON, DELAWARE

FINANCIAL STATEMENTS

JUNE 30, 2023

ODYSSEY CHARTER SCHOOL, INC.
(A Component Unit of the State of Delaware)

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(A Component Unit of the State of Delaware)

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INDEPENDENT AUDITOR'S REPORT

September 22, 2023

Board of Directors
Odyssey Charter School, Inc.
Wilmington, Delaware

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of Odyssey Charter School, Inc., Wilmington, Delaware, a component unit of the State of Delaware, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Odyssey Charter School, Inc., Wilmington, Delaware, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Board of Directors
Odyssey Charter School, Inc.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Board of Directors
Odyssey Charter School, Inc.

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

Emphasis of a Matter

As discussed in Notes 1 and 13 to the financial statements, Odyssey Charter School, Inc. has adopted the requirements of GASB Statement No. 96, "Subscription-Based Information Technology Arrangements." The statement provides additional guidance regarding the identification of subscription-based information technology for accounting and financial reporting purposes and how the subscriptions should be reported. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited Odyssey Charter School, Inc.'s 2022 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities and each major fund in our report dated September 28, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 11 and the budgetary comparison schedule - general fund, schedule of the School's proportionate share of the net pension liability, schedule of School pension contributions, schedule of the School's proportionate share of the net OPEB liability, and schedule of School OPEB contributions on pages 40 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The combining balance sheet - general fund, combining statement of revenues, expenditures, and changes in fund balances - general fund, schedule of expenditures by natural classification - governmental funds, and schedule of expenditures of federal awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200,

Board of Directors
Odyssey Charter School, Inc.

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining balance sheet - general fund, combining statement of revenues, expenditures, and changes in fund balances - general fund, schedule of expenditures by natural classification - governmental funds, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining balance sheet - general fund, combining statement of revenues, expenditures, and changes in fund balances - general fund, schedule of expenditures by natural classification - governmental funds, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report September 22, 2023, on our consideration of Odyssey Charter School, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Odyssey Charter School, Inc.'s internal control over financial reporting and compliance.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

**ODYSSEY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
YEAR ENDED JUNE 30, 2023**

Our discussion and analysis of Odyssey Charter School, Inc.'s ("the School") financial performance provides an overview of the financial activities for the year ended June 30, 2023. Please read it in conjunction with the independent auditor's report on pages 1 through 4 and the School's financial statements, which begin on page 12.

FINANCIAL HIGHLIGHTS

The net position of the School decreased by \$265,022, or 0.72%. Program revenues accounted for \$4,286,684, or 12.13%, of total revenues; and the general revenues accounted for \$31,050,735, or 87.87%, of total revenues. Also, the general fund reported a positive fund balance of \$6,468,725.

USING THE ANNUAL FINANCIAL REPORT

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

REPORTING THE SCHOOL AS A WHOLE

The Statement of Net Position and Statement of Activities

One of the most important questions asked about School finances is, "Is the School better or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the School as a whole and about its activities in a manner that helps to answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting which is similar to the accounting used by private sector corporations. All of the year's revenues and expenses are taken into consideration regardless of when the cash is received or paid. These two statements report the School's net position and changes thereof. 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 student enrollment and facility conditions in arriving at their conclusion regarding the overall health of the School.

REPORTING THE SCHOOL'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Our analysis of the School's major funds and fund financial statements begins on page 14. These statements provide detailed information about the most significant funds and not the School as a whole. Certain funds are required to be established by State statute, while many other funds may be established by the School to help manage money for particular purposes and compliance with various grant provisions.

ODYSSEY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
YEAR ENDED JUNE 30, 2023

Governmental Funds

All of the School's activities are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The statement of the governmental funds provides a detailed short-term view of the School's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or less financial resources available to spend in the near future to finance the School's programs. The difference between governmental activities (reported in the statement of net position and the statement of activities) and the governmental funds is reconciled in the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$37,134,225 at the close of the fiscal year. The School's total assets are comprised of cash and pooled cash (13.84%), investments (7.07%), accounts receivable (2.71%), prepaid expenses (0.03%), and capital assets net of depreciation (76.35%). The School uses capital assets to provide services; consequently, capital assets are not available for future spending. Although the School's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay such debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the debt obligations.

A summarized comparative analysis for the fiscal year 2023 to 2022 follows:

TABLE 1
NET POSITION
June 30, 2023 and 2022

	2023	2022
Current and Other Assets		
Current assets	\$ 11,150,871	\$ 11,146,744
Capital assets, net of depreciation	35,836,883	35,695,975
Right-to-use lease, net of depreciation/amortization	137,520	171,900
Right-to-use software, net of depreciation/amortization	16,917	4,053
Net pension asset	-	6,720,407
Total Assets	<u>47,142,191</u>	<u>53,739,079</u>
Deferred Outflows of Resources	22,458,365	27,170,947
Total Assets and Deferred Outflows of Resources	<u>69,600,556</u>	<u>80,910,026</u>
Liabilities		
Current liabilities	2,979,306	5,330,684
Long-term liabilities	87,667,335	89,152,051
Total Liabilities	<u>90,646,641</u>	<u>94,482,735</u>

ODYSSEY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
YEAR ENDED JUNE 30, 2023

TABLE 1
NET POSITION
June 30, 2023 and 2022

	2023	2022
(cont'd)		
Deferred Inflows of Resources	16,088,140	23,296,494
Total Liabilities and Deferred Inflows of Resources	<u>106,734,781</u>	<u>117,779,229</u>
Net Position (Deficit)		
Net investment in capital assets	1,850,070	978,775
Restricted	3,334,596	9,894,699
Unrestricted (deficit)	(42,318,891)	(47,742,677)
Total Net Deficit	<u>\$(37,134,225)</u>	<u>\$(36,869,203)</u>

Table 2, which follows, reflects the School's revenues received by funding source and how the funding received was expended by function.

TABLE 2
CHANGE IN NET POSITION
Fiscal Years Ended June 30, 2023 and 2022

	2023	2022
General Revenues		
Charges to school districts	\$ 10,402,014	\$ 9,151,178
State aid not restricted to specific purposes	20,185,575	17,079,058
Other revenues	463,146	216,154
Total General Revenues	<u>31,050,735</u>	<u>26,446,390</u>
Program Revenues		
Charges for services	1,637,663	2,432,942
Operating grants and contributions	2,648,201	3,184,128
Capital grants and contributions	820	48,370
Total Revenues	<u>35,337,419</u>	<u>32,111,830</u>
Expenses		
Instructional services	22,154,636	21,592,908
Support services:		
Operation and maintenance of facilities	8,179,108	6,950,343
Transportation	1,677,357	1,363,189
School food services	1,357,544	1,409,941
Interest on long-term debt	2,223,796	2,287,660
Total Expenses	<u>35,602,441</u>	<u>33,604,041</u>
Change in Net Position	<u>\$ (265,022)</u>	<u>\$ (1,492,211)</u>

ODYSSEY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
YEAR ENDED JUNE 30, 2023

Government Activities

The net position of the School's governmental activities decreased by \$265,022, and unrestricted net position reflects a deficit balance of \$42,318,891. The decrease in net position is attributable to OPEB expense recognized in the current year.

The statement of activities shows the cost of program services and the charges for services, and grants and contributions offsetting those services. The table below reflects the cost of program services and the net cost of those services after taking into account the program revenues for the governmental activities. General revenues which include charges to school districts, state aid not restricted for specific purposes, cash and investment earnings, and other local revenues must support the net cost of the programs.

	SERVICES			
	2023		2022	
	Total Cost	Net Cost (Revenue)	Total Cost	Net Cost (Revenue)
Governmental Activities				
Instructional services	\$22,154,636	\$20,017,920	\$21,592,908	\$19,413,751
Support services:				
Operation and maintenance of facilities	8,179,108	7,714,159	6,950,343	5,600,551
Transportation	1,677,357	1,241,802	1,363,189	1,130,720
School food services	1,357,544	108,080	1,409,941	(494,081)
Interest on long-term debt	2,223,796	2,223,796	2,287,660	2,287,660
Total Expenses	\$35,602,441	\$31,315,757	\$33,604,041	\$27,938,601

The reliance on general revenues to support the governmental activities is reflected by the net cost services' columns, which basically indicate the need for general support to fund School operations.

THE SCHOOL'S FUNDS

The governmental funds (as presented on the balance sheet on page 14) reported a fund balance of \$9,803,321, which is an increase from the prior year's amount by \$2,145,064. The schedule below indicates the fund balance and the total changes in fund balance from June 30, 2022 to June 30, 2023.

	2023	2022	Increase (Decrease)
Governmental Fund Balance			
Restricted - debt service	\$ 2,889,188	\$ 2,784,040	\$ 105,148
Restricted - repairs and maintenance of School facility	445,408	390,252	55,156
Unassigned - general fund	6,468,725	4,483,965	1,984,760
Total Fund Balance	\$ 9,803,321	\$ 7,658,257	\$ 2,145,064

ODYSSEY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
YEAR ENDED JUNE 30, 2023

General Fund

The increase in the School's fund balance of the general fund is due mainly to the increase in state aid and federal grant revenue received during the year.

The tables that follow will assist the reader in evaluating the financial activities as compared to the prior year.

	Amounts		Percentage (%) Change
	2023	2022	
Revenues			
Charges to school districts	\$10,402,014	\$ 9,151,178	13.67%
State sources	20,185,575	17,079,058	18.19%
Federal sources	2,301,232	2,893,676	-20.47%
Charges for services	1,084,948	2,067,557	-47.53%
Interest income	83,536	-	100.00%
Miscellaneous revenue	1,172,428	919,228	23.96%
Total Revenues	\$35,229,733	\$32,110,697	9.61%

The largest portions of general fund expenditures are for personnel costs, which include salaries and related employment costs. The School is a service-oriented organization and, as such, is very labor intensive.

	Amounts		Percentage (%) Change
	2023	2022	
Expenditures by Object			
Instructional services	\$18,535,525	\$17,833,492	3.94%
Support services:			
Operation and maintenance of facilities	7,430,942	5,967,514	24.52%
Transportation	1,569,086	1,201,906	30.55%
School food services	1,357,544	1,409,941	-3.72%
Capital outlay	1,315,815	682,230	92.87%
Debt services	559,112	618,905	-1.77%
Total Expenditures by Object	\$30,768,024	\$27,713,988	10.98%

Debt Service Fund

The debt service fund had a fund balance of \$2,889,188 at June 30, 2023. This was a \$105,148 increase from the prior year. The debt service fund is funded by transfers from the general fund and is maintained to accumulate resources for the payment of interest and principal on the long-term general obligation debt.

ODYSSEY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
YEAR ENDED JUNE 30, 2023

Repair and Replacement Fund

The repair and replacement fund had a fund balance of \$445,408 at June 30, 2023. This was a \$55,156 increase from the prior year. The repair and replacement fund is maintained to accumulate resources for the payment of repairs and maintenance of the school facilities.

GENERAL FUND BUDGET INFORMATION

The School's general fund budget is prepared in accordance with the modified accrual basis of accounting. The School may amend its revenue and expenditure estimates periodically due to changing conditions. The budget is presented as amended. The more significant variances between budget versus actual revenues and expenditures includes a favorable variance of \$733,482 in federal aid due to additional aid received as a result of COVID-19 funding, an unfavorable variance of \$465,372 in food service revenue due to fewer lunches sold than expected and less federal reimbursement for food service than expected, a favorable variance of \$452,014 in charges to school districts largely due to an increase in enrollment due to the School performing more in-house transportation and reducing the usage of third-party vendors, an unfavorable variance of \$203,507 in contractual services largely due to increased contracted services to supplement substitute teachers during the year, and favorable variance of \$1,463,162 in salaries largely due to staff turnover and increased contractual services as noted above.

CAPITAL ASSETS

The School has \$35,991,320 invested in capital assets, net of accumulated depreciation and amortization. During the current year, the School purchased furniture, computer equipment, vehicles, and added building improvements as well as incurring construction costs associated with renovations. The total of all additions was \$1,244,448, and the School incurred depreciation and amortization of \$1,125,056 during the year.

DEBT ADMINISTRATION

As of June 30, 2023, the School had total outstanding debt of \$34,141,250 in the form of loans, leases, subscriptions payable, and bonds payable. Detailed information regarding long-term debt activity is included in Notes 4, 7, and 16 to the financial statements.

Other obligations include the net OPEB liability, net pension liability accrued vacation pay, and sick leave for School employees. More detailed information about long-term liabilities is included in Notes 4, 5 and 6 to the financial statements.

FACTORS EXPECTED TO HAVE AN EFFECT ON FUTURE OPERATIONS

The School is primarily funded by the State of Delaware and, thus, is affected by the economic outlook for the State. The State continues to support the funding of education.

**ODYSSEY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
YEAR ENDED JUNE 30, 2023**

The financial model the School has developed is based on the funding formula currently in effect under the Delaware Charter School Law. If the funding formula for charter schools changes, adjustments to the underlying assumptions of the model will have to be made.

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 funding received. If you have questions about this report or need additional financial information, contact the School's Finance Office at (302) 516-8000 or by writing to Building #22, Barley Mill Plaza, 4319 Lancaster Pike, Wilmington, DE 19805.

BASIC FINANCIAL STATEMENTS

ODYSSEY CHARTER SCHOOL, INC.
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

	Governmental Activities	
	2023	2022
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash and pooled cash	\$ 6,526,400	\$ 7,133,099
Investments	3,334,596	3,174,292
Accounts receivable	1,276,929	839,353
Prepaid subscription expenses	12,946	-
Total Current Assets	<u>11,150,871</u>	<u>11,146,744</u>
NONCURRENT ASSETS:		
Land	11,704,800	11,704,800
Construction-in-progress	229,128	229,128
Depreciable capital assets, net	23,902,955	23,762,047
Right-to-use lease asset, net	137,520	171,900
Right-to-use subscription asset, net	16,917	4,053
Net pension asset	-	6,720,407
Total Noncurrent Assets	<u>35,991,320</u>	<u>42,592,335</u>
TOTAL ASSETS	<u>47,142,191</u>	<u>53,739,079</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - pension	5,543,653	5,093,787
Deferred outflows - OPEB	16,914,712	22,077,160
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>22,458,365</u>	<u>27,170,947</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 69,600,556</u>	<u>\$ 80,910,026</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)		
CURRENT LIABILITIES:		
Accounts payable	\$ 306,016	\$ 242,330
Accrued salaries and related costs	1,019,863	3,237,432
Accrued interest payable	735,642	749,586
Security deposit liability	8,725	8,725
Subscription payable	8,277	337
Leases payable	123,503	81,298
Loans payable	187,280	455,976
Bonds payable	590,000	555,000
Total Current Liabilities	<u>2,979,306</u>	<u>5,330,684</u>
NONCURRENT LIABILITIES:		
Compensated absences	1,234,495	1,627,904
Subscription payable	8,948	3,942
Leases payable	366,597	169,349
Loans payable	1,666,645	1,847,251
Bonds payable	31,190,000	31,780,000
Net pension liability	7,595,299	-
Net OPEB liability	45,605,351	53,723,605
Total Noncurrent Liabilities	<u>87,667,335</u>	<u>89,152,051</u>
TOTAL LIABILITIES	<u>90,646,641</u>	<u>94,482,735</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows - pension	-	13,499,414
Deferred inflows - OPEB	16,088,140	9,797,080
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>16,088,140</u>	<u>23,296,494</u>
NET POSITION (DEFICIT):		
Net investment in capital assets	1,850,070	978,775
Restricted for:		
Repayment of debt	2,889,188	2,784,040
Repairs and maintenance of School facilities	445,408	390,252
Net pension asset	-	6,720,407
Unrestricted (Deficit)	<u>(42,318,891)</u>	<u>(47,742,677)</u>
TOTAL NET POSITION (DEFICIT)	<u>(37,134,225)</u>	<u>(36,869,203)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)	<u>\$ 69,600,556</u>	<u>\$ 80,910,026</u>

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

ODYSSEY CHARTER SCHOOL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023
(With Summarized Comparative Data for the Year Ended June 30, 2022)

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Deficit	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Totals	
					2023	2022
GOVERNMENTAL ACTIVITIES						
Instructional services	\$ (22,154,636)	\$ 410,055	\$ 1,726,661	\$ -	\$ (20,017,920)	\$ (19,413,751)
Support services:						
Operation and maintenance of facilities	(8,179,108)	117,160	346,969	820	(7,714,159)	(5,600,551)
Transportation	(1,677,357)	435,555	-	-	(1,241,802)	(1,130,720)
Food service	(1,357,544)	674,893	574,571	-	(108,080)	494,081
Interest expense and other charges	(2,233,796)	-	-	-	(2,233,796)	(2,287,660)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ (35,602,441)</u>	<u>\$ 1,637,663</u>	<u>\$ 2,648,201</u>	<u>\$ 820</u>	<u>(31,315,757)</u>	<u>(27,938,601)</u>
GENERAL REVENUES						
					10,402,014	9,151,178
Charges to school districts					20,185,575	17,079,058
State aid not restricted to specific purposes					191,222	1,133
Interest income					271,924	215,021
Other local revenues					<u>31,050,735</u>	<u>26,446,390</u>
TOTAL GENERAL REVENUES						
CHANGE IN NET DEFICIT					(265,022)	(1,492,211)
NET DEFICIT, BEGINNING OF YEAR, RESTATED					<u>(36,869,203)</u>	<u>(35,376,992)</u>
NET DEFICIT, END OF YEAR					<u><u>\$ (37,134,225)</u></u>	<u><u>\$ (36,869,203)</u></u>

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

ODYSSEY CHARTER SCHOOL, INC.
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023
(With Summarized Comparative Data for June 30, 2022)

	General Fund	Debt Service Fund	Repair and Replacement Fund	Total Governmental Funds	
				2023	2022
ASSETS:					
Cash and pooled cash	\$ 6,526,400	\$ -	\$ -	\$ 6,526,400	\$ 7,133,099
Investments	-	2,889,188	445,408	3,334,596	3,174,292
Accounts receivable	1,276,929	-	-	1,276,929	839,353
TOTAL ASSETS	\$ 7,803,329	\$ 2,889,188	\$ 445,408	\$ 11,137,925	\$ 11,146,744
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ 306,016	\$ -	\$ -	\$ 306,016	\$ 242,330
Accrued salaries and related costs	1,019,863	-	-	1,019,863	3,237,432
Security deposit liability	8,725	-	-	8,725	8,725
TOTAL LIABILITIES	1,334,604	-	-	1,334,604	3,488,487
FUND BALANCES:					
Restricted	-	2,889,188	445,408	3,334,596	3,174,292
Unassigned	6,468,725	-	-	6,468,725	4,483,965
TOTAL FUND BALANCES	6,468,725	2,889,188	445,408	9,803,321	7,658,257
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,803,329	\$ 2,889,188	\$ 445,408	\$ 11,137,925	\$ 11,146,744

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

ODYSSEY CHARTER SCHOOL, INC.
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
JUNE 30, 2023

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$	9,803,321
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in the governmental activities are not financial resources and, therefore, are not reported in the funds. Capital assets net of accumulated depreciation and amortization as detailed in the footnotes are included in the statement of net position.		35,991,320
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Long-term assets and liabilities applicable to the governmental activities are not due, receivable and or payable in the current period and, therefore, are not reported as fund liabilities. Those assets and liabilities consist of:

Prepaid subscription expenses	\$ 12,946		
Accrued interest payable	(735,642)		
Compensated absences	(1,234,495)		
Subscription payable	(17,225)		
Lease payable	(490,100)		
Loans payable	(1,853,925)		
Bonds payable	(31,780,000)		
Net pension liability	(7,595,299)		
Net OPEB liability	<u>(45,605,351)</u>		(89,299,091)

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

Deferred outflows - pension	<u>5,543,653</u>		5,543,653
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Deferred inflows of resources and deferred outflows of resources related to the School's net OPEB liability are based on the differences between actuarially determined actual and expected investment returns, differences in actual and expected experience, changes in assumptions, changes in the actuarially determined proportion of the School's amount of the total OPEB liability, and OPEB contributions made after the measurement date of the net OPEB liability. These amounts will be amortized over the estimated remaining average service life of the employees.

Deferred outflows - OPEB	16,914,712		
Deferred inflows - OPEB	<u>(16,088,140)</u>		<u>826,572</u>

TOTAL NET DEFICIT - GOVERNMENTAL ACTIVITIES		<u><u>\$ (37,134,225)</u></u>
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The accompanying notes are an integral part of these financial statements.

ODYSSEY CHARTER SCHOOL, INC.
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(With Summarized Comparative Data for the Year Ended June 30, 2022)

	General Fund	Debt Service Fund	Repair and Replacement Fund	Total Governmental Funds	
				2023	2022
REVENUES					
Charges to school districts	\$ 10,402,014	\$ -	\$ -	\$ 10,402,014	\$ 9,151,178
State aid	20,185,575	-	-	20,185,575	17,079,058
Federal aid	2,301,232	-	-	2,301,232	2,893,676
Interest income	83,536	107,686	-	191,222	1,133
Food service revenue	674,893	-	-	674,893	737,652
Facilities rental	-	-	-	-	973,854
After care	410,055	-	-	410,055	356,051
Donations	335,465	-	-	335,465	231,683
Transportation	435,555	-	-	435,555	232,469
Other local revenues	401,408	-	-	401,408	455,076
TOTAL REVENUES	<u>35,229,733</u>	<u>107,686</u>	<u>-</u>	<u>35,337,419</u>	<u>32,111,830</u>
EXPENDITURES					
Current:					
Instruction	18,535,525	-	-	18,535,525	17,833,492
Operation and maintenance of facilities	7,430,942	-	-	7,430,942	5,967,514
Transportation	1,569,086	-	-	1,569,086	1,201,906
Food services	1,357,544	-	-	1,357,544	1,409,941
Capital outlay	1,315,815	-	-	1,315,815	682,230
Debt service:					
Principal	556,365	555,000	-	1,111,365	1,065,736
Interest and other charges	2,747	2,195,808	-	2,198,555	2,314,963
TOTAL EXPENDITURES	<u>30,768,024</u>	<u>2,750,808</u>	<u>-</u>	<u>33,518,832</u>	<u>30,475,782</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,461,709</u>	<u>(2,643,122)</u>	<u>-</u>	<u>1,818,587</u>	<u>1,636,048</u>
OTHER FINANCING SOURCES (USES):					
Lease and subscription proceeds	359,462	-	-	359,462	171,900
Refund of prior year revenue	(32,985)	-	-	(32,985)	-
Transfers in	-	2,803,426	55,156	2,858,582	2,866,106
Transfers out	<u>(2,803,426)</u>	<u>(55,156)</u>	<u>-</u>	<u>(2,858,582)</u>	<u>(2,866,106)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,476,949)</u>	<u>2,748,270</u>	<u>55,156</u>	<u>326,477</u>	<u>171,900</u>
NET CHANGE IN FUND BALANCES	1,984,760	105,148	55,156	2,145,064	1,807,948
FUND BALANCES, BEGINNING OF YEAR	<u>4,483,965</u>	<u>2,784,040</u>	<u>390,252</u>	<u>7,658,257</u>	<u>5,850,309</u>
FUND BALANCES, END OF YEAR	<u>\$ 6,468,725</u>	<u>\$ 2,889,188</u>	<u>\$ 445,408</u>	<u>\$ 9,803,321</u>	<u>\$ 7,658,257</u>

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

ODYSSEY CHARTER SCHOOL, INC.
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 2,145,064

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

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

Capital outlays	\$ 1,244,448	
Depreciation and amortization expense	<u>(1,125,056)</u>	119,392

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

Lease and subscription proceeds	(359,462)	
Principal repayments on leases, loans, subscriptions, and bonds	<u>1,112,249</u>	752,787

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 funds:

Accrued interest	13,944	
Compensated absences	<u>393,409</u>	407,353

Pension expenses in the statement of activities differ from the amount reported in the governmental funds because pension expenses are recognized on the statement of activities based on the School's proportionate share of the expenses of the cost-sharing pension plan, whereas pension expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists. (353,480)

OPEB expenses in the statement of activities differ from the amount reported in the governmental funds because OPEB expenses are recognized on the statement of activities based on the School's proportionate share of the expenses of the cost-sharing pension plan, whereas OPEB expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists. (3,335,254)

CHANGE IN NET DEFICIT - GOVERNMENTAL ACTIVITIES	<u><u>\$ (264,138)</u></u>
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The accompanying notes are an integral part of these financial statements.

ODYSSEY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Charter School

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

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 a charter school receives local, state, and federal funds, they may not charge tuition.

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

Reporting Entity

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

Entity-wide and Fund Financial Statements

The entity-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the School. For the most part, the effect of interfund activity has been removed from these financial statements.

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

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

ODYSSEY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

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

contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include charges to school districts.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Entity-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Charges to the School are recognized as revenues in the year for which they are billed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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, debt service expenditures, as well as 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.

Separate financial statements are provided for governmental funds. The major individual governmental funds are reported as separate columns in the fund financial statements.

The School reports the following major governmental funds:

- **General Fund** – The general fund is the School's primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.
- **Debt Service Fund** – These funds are maintained to accumulate resources for the payment of interest and principal on long-term general obligation debt.
- **Repair and Replacement Fund** – These funds are maintained to accumulate resources for the payment of repairs and maintenance of school facilities.

ODYSSEY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

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

Investments

Investments are recorded at fair value.

In establishing the fair value of investments, the School uses the following hierarchy. The lowest level of valuation available is used for all investments.

Level 1 – Valuations based on quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2 – Valuations based on quoted prices of similar products in active markets or identical products in markets that are not active or for which all significant inputs are observable, directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., current portion) or "advances from/to other funds" (i.e., the noncurrent portion). At June 30, 2023, the School had no such activity.

Advances between funds, when present in the financial statements, are offset by fund balance reserves in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. At June 30, 2023, the School had no such activity.

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

Capital Assets

Capital assets, which include land, buildings, building improvements, furniture and equipment, books, right to use assets, and vehicles 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. When the historical cost cannot be determined, the value shall be fixed by estimation based on those assets which are currently in existence. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend

ODYSSEY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

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

lives of the assets are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings and building improvements, right-to-use assets, and furniture and equipment of the School are depreciated and amortized using the straight-line method over the estimated useful lives of the related assets. The School generally uses the following estimated useful lives:

Buildings and building improvements	40 years
Furniture and equipment	5 years
Books	3 years
Vehicles	5 - 10 years
Right-to-use asset	life of lease
Right-to-use subscription	life of subscription

Compensated Absences

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

Fund Equity

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

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

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

Committed – amounts that can be used only for specific purposes determined by formal action of the Board of Directors. The Board is the highest level of decision-making authority for the School. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Directors.

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

Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the School considers restricted funds to have been spent first. When an

ODYSSEY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

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

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.

Net Position

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The School reports deferred pension and OPEB contributions resulting from pension and OPEB contributions subsequent to the measurement date of the net pension liability and net OPEB liability and certain other items which represent differences related to changes in the net pension liability and net OPEB liability which will be amortized over future periods. In addition to assets and liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element represents a source of net position that applies to future periods. The School reports certain items which represent differences related to changes in the net pension liability and net OPEB liability which will be amortized over future periods.

Use of Estimates in the Preparation of Financial Statements

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

Implementation of GASB Statement

During the year ended June 30, 2023, the School implemented Governmental Accounting Standards Board ("GASB") Statement No. 96, "Subscription-Based Information Technology

ODYSSEY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

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

Arrangements." The purpose of this statement is to increase the usefulness of governmental financial statements by requiring recognition of certain subscription assets and liabilities for all information technology subscriptions.

Comparative Data

Comparative total data for the prior year is presented in the basic financial statements to provide an understanding of changes in the School's financial position and operations. That comparative data is not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America and has been restated and reclassified, as needed, from the presentation in the School's June 30, 2022 basic financial statements to be comparative with the current year presentation.

NOTE 2 CASH, POOLED CASH, AND INVESTMENTS

Deposits

At June 30, 2023, the School had a cash and pooled cash balance of \$6,526,400. Of that amount, \$6,491,168, was part of an investment pool controlled by the personnel of the State Treasurer's Office in Dover, Delaware, and all investment decisions are made by the State Treasurer's Office. These funds are considered to be highly liquid and available for immediate use and, thus, are recorded as pooled cash in these financial statements.

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

At June 30, 2023, the reported amount of the School's deposits outside of the State Treasurer's Office was \$35,232. The bank balance at June 30, 2023 was \$54,214, all of which was covered by federal depository insurance.

Investments

State statutes authorize the School to invest in U.S. government securities, government agency securities, certificates of deposit, time deposits and bankers acceptances, corporate debt instruments, money market funds, and other similar instruments that are insured by the Federal Deposit Insurance Corporation ("FDIC") or are backed by the full faith and credit of the United States of America or any of its agencies or instrumentalities.

ODYSSEY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 CASH, POOLED CASH, AND INVESTMENTS (cont'd)

The School categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The School has the following recurring fair value measurements as of June 30, 2023:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money Market Mutual Fund	<u>\$3,334,596</u>	<u>\$3,334,596</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL	<u>\$3,334,596</u>	<u>\$3,334,596</u>	<u>\$ -</u>	<u>\$ -</u>

Investments in external investment pools, such as those in mutual funds, are disclosed but not subject to interest rate, custodial credit, or concentration risks because they are not evidenced by securities that exist in physical or book entry form.

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<i>Governmental Activities:</i>				
General capital assets not being depreciated/amortized:				
Land	\$11,704,800	\$ -	\$ -	\$11,704,800
Construction-in-progress	229,128	-	-	229,128
Total general capital assets not being depreciated/amortized	<u>11,933,928</u>	<u>-</u>	<u>-</u>	<u>11,933,928</u>
General capital assets being depreciated/amortized:				
Buildings/building improvements	27,376,529	259,412	-	27,635,941
Furniture and equipment	1,840,756	548,572	-	2,389,328
Right-to-use - equipment	171,900	-	-	171,900
Right-to-use - software	14,966	23,912	-	38,878
Books	567,632	-	-	567,632
Vehicles	1,259,962	412,552	-	1,672,514
Total general capital assets being depreciated/amortized	<u>31,231,745</u>	<u>1,244,448</u>	<u>-</u>	<u>32,476,193</u>
Accumulated depreciation	(7,282,832)	(1,079,628)	-	(8,362,461)
Accumulated amortization - software	(10,913)	(11,048)	-	(21,961)
Accumulated amortization - equipment	-	(34,380)	-	(34,380)
Total Accumulated depreciation/amortization	<u>(7,293,745)</u>	<u>(1,125,056)</u>	<u>-</u>	<u>(8,418,802)</u>
Total general capital assets being depreciated/amortized, net	<u>23,938,000</u>	<u>119,392</u>	<u>-</u>	<u>24,057,392</u>
Governmental Activities, Net	<u>\$35,871,928</u>	<u>\$ 119,392</u>	<u>\$ -</u>	<u>\$35,991,320</u>

ODYSSEY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 CAPITAL ASSETS (cont'd)

Depreciation and amortization expense was charged to the following governmental activities:

Instructional services	\$ 301,767
Operation and maintenance of facilities	677,511
Transportation	<u>145,778</u>
	<u>\$ 1,125,056</u>

NOTE 4 LONG-TERM DEBT

Revenue Bonds

General Obligation Bonds Series 2015 A and B – On February 18, 2015, the School issued \$34,650,000 in revenue bonds. The bonds were issued to finance the purchase and redevelopment of approximately 36 acres of land, improved with eight buildings at Barley Mill, and pay the costs and expenses of issuing and insuring the bond. Interest is payable on a semi-annual basis. The bonds bear interest at rates ranging from 6.25% to 7.00% and mature annually beginning in March 2017 through September 2045. The 2015 B Bonds were paid in full in 2019.

\$ 31,780,000

Loans

Term loan with a bank, interest at prime plus 0.5% per annum (3.75% at June 30, 2021), paid in monthly installments of \$2,796, with the remaining balance due March 2029; the loan is unsecured.

262,808

Term loan with a bank, interest at prime plus 0.5% per annum (3.75% at June 30, 2021), paid in monthly installments of \$14,639 with the remaining balance due March 2029, secured by the building.

1,456,734

Term loan with a bank, interest at 5.35% per annum, paid in monthly installments of \$9,393, with the remaining balance due August 2023. The loan is secured by buses purchased.

18,936

Term loan with a bank, interest at 5.70% per annum, paid in monthly installments of \$3,556, with the remaining balance due November 2023. The loan is secured by buses purchased.

17,573

Term loan, interest at 2.5% per annum, paid in monthly installments of \$2,928, with the remaining balance due January 2026. The loan is unsecured.

85,315

ODYSSEY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 4 LONG-TERM DEBT (cont'd)

Term loan, interest at 2.44% per annum, paid in monthly installments of \$12,559 with the remaining balance due July 2023. The loan is secured by equipment.

	<u>12,559</u>
TOTAL LOANS OUTSTANDING	<u>1,853,925</u>
TOTAL BONDS AND LOANS OUTSTANDING	<u>\$ 33,633,925</u>

The total principal and interest maturities are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 777,280	\$ 2,310,484	\$ 3,087,764
2025	775,904	2,226,552	3,002,456
2026	806,789	2,178,932	2,985,721
2027	841,242	2,126,430	2,967,672
2028 - 2032	5,662,710	9,519,758	15,182,468
2033 - 2037	6,200,000	7,620,900	13,820,900
2038 - 2042	8,865,000	5,034,575	13,899,575
2043 - 2046	<u>9,705,000</u>	<u>1,417,675</u>	<u>11,122,675</u>
Total	<u>\$ 33,633,925</u>	<u>\$ 32,435,306</u>	<u>\$ 66,069,231</u>

Interest expense and other charges were \$2,233,796 for the year ended June 30, 2023.

A schedule of changes in debt is as follows:

	<u>Amounts Outstanding 7/1/2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Amounts Outstanding 6/30/2023</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable	\$ 32,335,000	\$ -	\$ (555,000)	\$31,780,000	\$ 590,000
Loans payable	2,303,227	-	(449,302)	1,853,925	187,280
Leases payable	250,647	335,550	(96,097)	490,100	123,503
Subscription payable	4,279	23,912	(10,966)	17,225	8,277
	<u>34,893,153</u>	<u>359,462</u>	<u>(1,111,365)</u>	<u>34,141,250</u>	<u>909,060</u>
Compensated absences	1,627,904	-	(393,409)	1,234,495	-
Net OPEB liability	53,723,605	-	(8,118,254)	45,605,351	-
Net pension liability	-	7,595,299	-	7,595,299	-
Total Governmental Activities	<u>\$ 90,244,662</u>	<u>\$7,954,761</u>	<u>\$ (9,623,028)</u>	<u>\$88,576,395</u>	<u>\$ 909,060</u>

Payments of bonds and loans payable are expected to be funded by the general and debt service funds, and all other liabilities are expected to be funded by the general fund.

ODYSSEY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 5 PENSION PLAN

Plan Description

School employees are considered state employees and are covered under the State of Delaware Employees' Pension Plan ("the Plan"), which is a cost-sharing, multiple-employer defined benefit pension plan ("the State PERS") established in the Delaware Code. The plan is administered by the Delaware Public Employee's Retirement System ("DPERS").

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

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

Plan Description and Eligibility

The State Employees' Pension Plan is a cost-sharing multiple-employer defined benefit plan that covers virtually all full-time or regular part-time employees of the State, including employees of other affiliated entities.

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

Benefits Provided

Service Benefits

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

Vesting

Pre-2012 date of hire: 5 years of credited service. Post-2011 date of hire: 10 years of credited service (5 of which must be consecutive).

ODYSSEY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 5 PENSION PLAN (cont'd)

Retirement

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

Disability Benefits

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

Survivor and Burial Benefits

If employee is receiving a pension, the eligible survivor receives 50% of pension (or 67.7% with 2% reduction of benefit, 75% with 3% reduction of benefit, or 100% with 6% reduction of benefit); if employee is active with at least 5 years of credited service, eligible survivor receives 75% of pension the employee would have received at age 62.

Amount payable to a surviving spouse under age 50 at the time the survivor's pension begins, shall be reduced for each month under age 50 in accordance with actuarial tables approved by the Board. Any actuarial reduction for such a spouse shall, however, not apply for the period during which the spouse has in his or her care an unmarried child or children.

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

Contributions

Member Contributions

Pre-2012 date of hire employees contribute 3% of earnings in excess of \$6,000. Post-2011 date of hire employees contribute 5% of earnings in excess of \$6,000.

Employer Contributions

Employer contributions are determined by the Board of Pension Trustees. For the year ended June 30, 2023, the rate of the employer contribution was 11.15% of covered payroll. The School's contribution to PERS for the year ended June 30, 2023 was \$1,676,074.

ODYSSEY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 5 PENSION PLAN (cont'd)

PRI Contribution

All reporting units participating in the State PERS make contributions to a PRI fund which accumulates resources to fund ad hoc postretirement increases granted by the General Assembly. The increases are funded over a five-year period from the PRI fund. The allocation of the contribution from the PRI fund to the pension trust is a reduction of the net pension liability of each participating employer.

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

At June 30, 2023, the School reported a liability of \$7,595,299 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward the Plan's total pension asset as of June 30, 2021 to June 30, 2022. The School's proportion of the net pension liability was calculated based on the actual contributions made during the measurement period in proportion to the total of all employer contributions made during the measurement period. At June 30, 2022, the School's proportion was 0.5552%, which was an increase of 0.0037% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School recognized pension expense in the amount of \$2,092,554. At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 1,457,561	\$ -
Difference between actual and expected experience	784,323	-
Changes in assumptions	821,259	-
Changes in proportions	804,436	-
Contributions subsequent to the date of measurement	1,676,074	-
	<u>\$ 5,543,653</u>	<u>\$ -</u>

An amount of \$1,676,074 is reported as deferred outflows of resources resulting from the School's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources related to pensions, and will be recognized in pension expense as follows:

ODYSSEY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 5 PENSION PLAN (cont'd)

Year Ending June 30,

2024	\$ 260,942
2025	(22,649)
2026	157,350
2027	3,297,538
2028	174,398
	<u>\$ 3,867,579</u>

Actuarial Assumptions

The total pension liability as of the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, and update procedures were used to roll forward the total pension liability to June 30, 2022. These actuarial valuations used the following actuarial assumptions, applied to all periods:

- Investment return – 7.0%, including inflation of 2.5%
- Salary increases – 2.5% plus merit, including inflation of 2.5%
- Cost-of-living adjustments – 0.0%

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

Mortality rates were based on the Pub-2010 Mortality Tables with Gender Adjustments for Employees, Healthy Annuitants, and Disabled Retirees as well as an adjusted version on MP-2020 Mortality Improvement Scale on a fully generational basis.

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

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

ODYSSEY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 5 PENSION PLAN (cont'd)

expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Plan are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Target Asset Allocation</u>
Domestic equity	5.7%	31.8%
International equity	5.7%	15.0%
Fixed income	2.0%	23.6%
Alternative investments	7.8%	21.5%
Cash and equivalents	0.0%	8.1%

Discount Rate

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

Sensitivity of the School's Proportionate Share of the Net Pension Liability 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.

	<u>1% Decrease 6.0%</u>	<u>Current Discount Rate 7.0%</u>	<u>1% Increase 8.0%</u>
School's proportionate share of the net pension liability	\$ 15,860,133	\$ 7,595,299	\$ 1,297,486

Pension Plan Fiduciary Net Position

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

ODYSSEY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description

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

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

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

Plan Description and Eligibility

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

Benefits Provided

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

Contributions

Employer Contributions

Participating employers fund the Plan for current retirees on a pay-as-you-go basis along with funding for future benefits at a rate that is approved in the annual budget, but not actuarially determined. For the year ended June 30, 2023, the rate of the employer contribution was 14.98% of covered payroll. The School's contribution to the Plan for the year ended June 30, 2023 was \$2,251,642.

ODYSSEY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

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

At June 30, 2023, the School reported a liability of \$45,605,351 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the Plan's total OPEB liability as of June 30, 2021 to June 30, 2022. The School's proportion of the net OPEB liability was calculated based on the actual contributions made during the measurement period in proportion to the total of all employer contributions made during the measurement period. At June 30, 2022, the School's proportion was 0.5380%, which was an increase of 0.0053% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School recognized OPEB expense of \$5,586,896. At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ 106,488	\$ -
Net difference between projected and actual experience	1,153,451	5,587,835
Changes in proportions	6,363,267	18,162
Changes in assumptions	7,039,864	10,482,143
Contributions subsequent to the date of measurement	<u>2,251,642</u>	<u>-</u>
	<u>\$ 16,914,712</u>	<u>\$ 16,088,140</u>

An amount of \$2,251,642 is reported as deferred outflows of resources resulting from the School's contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources related to OPEB and will be recognized in OPEB expense as follows:

Year Ending June 30,

2024	\$ 39,177
2025	400,029
2026	956,864
2027	(778,860)
2028	(386,634)
Thereafter	<u>(1,655,646)</u>
	<u>\$ (1,425,070)</u>

ODYSSEY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Actuarial Assumptions

The total OPEB liability as of the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, and update procedures were used to roll forward the total OPEB liability to June 30, 2022. These actuarial valuations used the following actuarial assumptions, applied to all periods:

- Investment return – 3.54%
- Salary increases – 3.25% plus merit
- Healthcare cost trend rates – 5.17%

Mortality rates were based on the Sex-distinct Employee, Healthy Annuitant, and Disabled Annuitant Mortality Tables derived from the Pub-2010 General Benefits Weighted Annuitant 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 the assumptions pertaining to interest rates, inflation rates, and employee demographic behavior in future years. The assumptions used were based on the results of an actuarial experience study conducted in 2021 and covering the period July 1, 2015 through June 30, 2020. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.16% at the beginning of the current measurement period and 3.54% at the end, based on the Bond Buyer GO 20-Bond Municipal Bond Index, 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 rates used at the June 30, 2022 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 net OPEB liability, calculated using the discount rate of 3.54%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current rate.

ODYSSEY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

	1% Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
School's proportionate share of the net OPEB liability	\$ 53,770,271	\$ 45,605,351	\$ 39,105,361

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

The following presents the net OPEB liability, calculated using the healthcare cost trend rate of 5.17%, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (4.17%) or one percentage point higher (6.17%) than the current rate.

	1% Decrease 4.17%	Current Healthcare Trend Rate 5.17%	1% Increase 6.17%
School's proportionate share of the net OPEB liability	\$ 39,168,091	\$ 45,605,351	\$ 53,258,754

Plan Fiduciary Net Position

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

NOTE 7 LEASING ARRANGEMENTS

Lease Purchase Obligations

The School has entered into a lease agreement as a lessee for three school buses. This lease agreement qualifies as a GASB Statement No. 87 lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

The assets acquired through the capital leases are as follows:

Copiers	\$ 171,900
Less: accumulated amortization	<u>(34,380)</u>
TOTAL	<u>\$ 137,520</u>

ODYSSEY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 7 LEASING ARRANGEMENTS (cont'd)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 123,503	\$ 20,122	\$ 143,625
2025	98,718	15,360	114,078
2026	103,443	10,635	114,078
2027	108,416	5,668	114,084
2028	56,020	1,219	57,239
Total	<u>\$ 490,100</u>	<u>\$ 53,004</u>	<u>\$ 543,104</u>

NOTE 8 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. Insurance settlements have not exceeded insurance coverage in any of the past two years. There were no significant reductions in coverage compared to the prior year.

NOTE 9 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.

Capital Improvement Commitments

As of June 30, 2023, the School had \$229,128 in costs related to the large gym renovation in construction-in-progress. The School is currently in the process of raising the necessary capital needed to complete the project and then will need to select a contractor to complete the project.

NOTE 10 FUND BALANCES

As of June 30, 2023, fund balances are composed of the following:

ODYSSEY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 10 FUND BALANCES (cont'd)

	General Fund	Debt Service Fund	Repair and Replacement Fund	Total Governmental Funds
Restricted:				
Debt service	\$ -	\$ 2,889,188	\$ -	\$ 2,889,188
School facilities	-	-	445,408	445,408
Unassigned	<u>6,468,725</u>	<u>-</u>	<u>-</u>	<u>6,468,725</u>
Total Fund Balances	<u>\$ 6,468,725</u>	<u>\$ 2,889,188</u>	<u>\$ 445,408</u>	<u>\$ 9,803,321</u>

NOTE 11 EXCESS EXPENDITURES OVER APPROPRIATIONS

The School overspent budgetary appropriations in the following categories:

Contractual services	\$ 203,507
Communication	\$ 13,074
Professional development	\$ 9,304
Public utilities service	\$ 25,490
Insurance	\$ 3,387
Supplies and materials	\$ 143,404
Student activities	\$ 167,249
Interest	\$ 3,631

The excess expenditures were covered by other expenditure categories that were less than their budgeted appropriation.

NOTE 12 INTERNAL TRANSFERS

Interfund transfers for the year ended June 30, 2023 are as follows:

Fund	Transfer In	Transfer Out	Net Transfer In (Out)
General	\$ -	\$ 2,803,426	\$(2,803,426)
Debt service	2,803,426	55,156	2,748,270
Repair and replacement	<u>55,156</u>	<u>-</u>	<u>55,156</u>
	<u>\$ 2,858,582</u>	<u>\$ 2,858,582</u>	<u>\$ -</u>

Transfers from the general fund to the debt service fund were to cover the current year debt service payments. Transfers from the debt service fund to the repair and replacement reserve were to fund the repair and replacement reserve as required by the bond agreement.

ODYSSEY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 13 CHANGE IN ACCOUNTING PRINCIPLE

In accordance with the adoption of GASB Statement No. 96, as discussed in Note 1, the School has decreased its July 1, 2022 net position by \$226 in its governmental activities to record the right-to-use subscription assets and subscription liabilities associated with the School's leasing arrangements at June 30, 2022.

NOTE 14 DEFICIT NET POSITION

For governmental activities, the unrestricted net deficit amount of \$42,318,891 includes the effect of deferring the recognition of pension and OPEB contributions made subsequent to the measurement date of the net pension liability and OPEB liability, and the deferred outflows related to the pension and OPEB plans. This is offset by the School's actuarially determined net pension liability and OPEB liability, and the deferred inflows related to the net pension and OPEB plans.

NOTE 15 UNCERTAINTIES

Grants

The School receives significant 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 16 SUBSCRIPTION-BASED TECHNOLOGY ARRANGEMENTS

The School has entered into a software agreement as a subscriber for financing the acquisition of instructional software. This agreement qualifies as a GASB Statement No. 96 agreement for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

The assets acquired through the capital leases are as follows:

Subscriptions	\$ 38,878
Less: accumulated amortization	<u>(21,961)</u>
TOTAL	<u><u>\$ 16,917</u></u>

ODYSSEY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 16 SUBSCRIPTION-BASED TECHNOLOGY ARRANGEMENTS (cont'd)

The future minimum lease obligations and the net present value of these minimum subscription payments as of June 30, 2023 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 8,277	\$ 500	\$ 8,777
2025	8,245	195	8,440
2026	<u>703</u>	<u>-</u>	<u>703</u>
Total	<u>\$ 17,225</u>	<u>\$ 695</u>	<u>\$ 17,920</u>

NOTE 17 SUBSEQUENT EVENTS

The School has evaluated all subsequent events through September 22, 2023, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

ODYSSEY CHARTER SCHOOL, INC.
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Charges to school districts	\$ 9,324,423	\$ 9,950,000	\$ 10,402,014	\$ 452,014
State aid	19,608,150	20,071,360	20,185,575	114,215
Federal aid	868,844	1,567,750	2,301,232	733,482
Interest income	-	-	83,536	83,536
Food service revenue	1,275,734	1,140,265	674,893	(465,372)
Facilities rental	252,000	180,000	-	(180,000)
After care	434,127	440,000	410,055	(29,945)
Donations	230,000	160,000	335,465	175,465
Transportation	481,000	780,000	435,555	(344,445)
Other local revenues	261,052	197,500	401,408	203,908
TOTAL REVENUES	<u>32,735,330</u>	<u>34,486,875</u>	<u>35,229,733</u>	<u>742,858</u>
EXPENDITURES				
Current:				
Salaries	16,938,075	16,882,167	15,419,005	1,463,162
Employment costs	6,988,573	7,693,601	7,286,029	407,572
Travel	14,100	10,800	8,648	2,152
Contractual services	2,540,579	2,543,113	2,746,620	(203,507)
Communication	41,346	36,362	49,436	(13,074)
Professional development	81,800	59,500	68,804	(9,304)
Public utilities service	450,600	506,570	532,060	(25,490)
Insurance	224,002	234,609	237,996	(3,387)
Related services	186,600	494,800	447,883	46,917
Supplies and materials	1,343,007	1,726,463	1,869,867	(143,404)
Student activities	150,000	133,500	226,749	(93,249)
Capital outlay	1,313,549	1,873,647	1,315,815	557,832
Debt service:				
Principal	144,618	167,080	556,365	(389,285)
Interest	-	-	2,747	(2,747)
TOTAL EXPENDITURES	<u>30,416,849</u>	<u>32,362,212</u>	<u>30,768,024</u>	<u>1,594,188</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,318,481	2,124,663	4,461,709	2,337,046
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	-	-	359,462	359,462
Refund of prior year revenue	-	-	(32,985)	(32,985)
Transfer out	(2,803,426)	(2,803,426)	(2,803,426)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,803,426)</u>	<u>(2,803,426)</u>	<u>(2,476,949)</u>	<u>326,477</u>
NET CHANGE IN FUND BALANCE	(484,945)	(678,763)	1,984,760	2,663,523
FUND BALANCE, BEGINNING OF YEAR	<u>4,483,965</u>	<u>4,483,965</u>	<u>4,483,965</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 3,999,020</u>	<u>\$ 3,805,202</u>	<u>\$ 6,468,725</u>	<u>\$ 2,663,523</u>

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

33,220,275

ODYSSEY CHARTER SCHOOL, INC.
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
STATE OF DELAWARE EMPLOYEES' PENSION PLAN

PROPORTIONATE SHARE OF NET PENSION LIABILITY	MEASUREMENT DATE								
	JUNE 30, 2022	JUNE 30, 2021	JUNE 30, 2020	JUNE 30, 2019	JUNE 30, 2018	JUNE 30, 2017	JUNE 30, 2016	JUNE 30, 2015	JUNE 30, 2014
School's proportion of the net pension liability (asset)	0.5552%	0.5515%	0.5460%	0.5008%	0.4175%	0.3311%	0.2759%	0.2610%	0.2047%
School's proportion of the net pension liability (asset) - dollar value	\$ 7,595,299	\$ (6,720,407)	\$ 7,675,516	\$ 7,798,847	\$ 5,392,007	\$ 4,854,293	\$ 4,158,223	\$ 1,736,595	\$ 753,849
School's covered employee payroll	\$ 12,805,124	\$ 12,052,506	\$ 11,771,087	\$ 10,394,413	\$ 8,289,453	\$ 6,450,522	\$ 5,273,609	\$ 4,868,305	\$ 3,774,749
School's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	59.31%	-55.76%	65.21%	75.03%	65.05%	75.25%	78.85%	35.67%	19.97%
Plan fiduciary net position as a percentage of the total pension liability (asset)	88.76%	110.48%	87.27%	87.27%	85.41%	87.49%	85.31%	84.11%	92.67%

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

**ODYSSEY CHARTER SCHOOL, INC.
SCHEDULE OF SCHOOL PENSION CONTRIBUTIONS
STATE OF DELAWARE EMPLOYEES' PENSION PLAN**

<u>CONTRIBUTIONS</u>	<u>JUNE 30, 2023</u>	<u>JUNE 30, 2022</u>	<u>JUNE 30, 2021</u>	<u>JUNE 30, 2020</u>	<u>JUNE 30, 2019</u>	<u>JUNE 30, 2018</u>	<u>JUNE 30, 2017</u>	<u>JUNE 30, 2016</u>	<u>JUNE 30, 2015</u>
Contractually required contribution	\$ 1,676,074	\$ 1,594,238	\$ 1,486,074	\$ 1,407,822	\$ 1,229,659	\$ 863,761	\$ 617,960	\$ 504,157	\$ 465,410
Contributions in relation to the contractually required contribution	<u>1,676,074</u>	<u>1,594,238</u>	<u>1,486,074</u>	<u>1,407,822</u>	<u>1,229,659</u>	<u>863,761</u>	<u>617,960</u>	<u>504,157</u>	<u>465,410</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered employee payroll	\$ 15,032,054	\$ 12,805,124	\$ 12,052,506	\$ 11,771,087	\$ 10,394,413	\$ 8,289,453	\$ 6,450,522	\$ 5,273,609	\$ 4,868,305
Contributions as a percentage of covered employee payroll	11.15%	12.45%	12.33%	11.96%	11.83%	10.42%	9.58%	9.56%	9.56%

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

ODYSSEY CHARTER SCHOOL, INC.
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

PROPORTIONATE SHARE OF NET OPEB LIABILITY	MEASUREMENT DATE					
	JUNE 30, 2022	JUNE 30, 2021	JUNE 30, 2020	JUNE 30, 2019	JUNE 30, 2018	JUNE 30, 2017
School's proportion of the net OPEB liability	0.5380%	0.5327%	0.5330%	0.4876%	0.4069%	0.3236%
School's proportion of the net OPEB liability - dollar value	\$ 45,605,351	\$ 53,723,605	\$ 55,493,437	\$ 38,856,092	\$ 33,409,781	\$ 26,711,281
School's covered employee payroll	\$ 12,805,124	\$ 12,052,506	\$ 11,771,087	\$ 10,394,413	\$ 8,289,453	\$ 6,450,522
School's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	356.15%	445.75%	471.44%	373.82%	403.04%	414.09%
Plan fiduciary net position as a percentage of the total OPEB liability	6.43%	6.06%	4.27%	4.89%	4.44%	4.13%

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

**ODYSSEY CHARTER SCHOOL, INC.
SCHEDULE OF SCHOOL OPEB CONTRIBUTIONS**

<u>CONTRIBUTIONS</u>	<u>JUNE 30, 2023</u>	<u>JUNE 30, 2022</u>	<u>JUNE 30, 2021</u>	<u>JUNE 30, 2020</u>	<u>JUNE 30, 2019</u>	<u>JUNE 30, 2018</u>
Contractually required contribution	\$ 2,251,642	\$ 1,470,166	\$ 1,422,501	\$ 1,472,800	\$ 1,225,359	\$ 914,072
Contributions in relation to the contractually required contribution	<u>2,251,642</u>	<u>1,470,166</u>	<u>1,422,501</u>	<u>1,472,800</u>	<u>1,225,359</u>	<u>914,072</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered employee payroll	\$ 15,032,054	\$ 12,805,124	\$ 12,052,506	\$ 11,771,087	\$ 10,394,413	\$ 8,289,453
Contributions as a percentage of covered employee payroll	14.98%	11.48%	11.80%	12.51%	11.79%	11.03%

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

SUPPLEMENTARY INFORMATION

ODYSSEY CHARTER SCHOOL, INC.
COMBINING BALANCE SHEET - GENERAL FUND
JUNE 30, 2023

	State Allocation	Local Funding	Federal Funding	Elimination	Total
ASSETS					
Cash and pooled cash	\$ 721,127	\$ 5,805,273	\$ -	\$ -	\$ 6,526,400
Investments					
Due from other funding source	-	109,160	-	(109,160)	-
Accounts receivable	-	1,161,182	115,747	-	1,276,929
TOTAL ASSETS	<u>\$ 721,127</u>	<u>\$ 7,075,615</u>	<u>\$ 115,747</u>	<u>\$ (109,160)</u>	<u>\$ 7,803,329</u>
 LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ 156,778	\$ 142,651	\$ 6,587	\$ -	\$ 306,016
Due to other funding source	-	-	109,160	(109,160)	-
Accrued salaries and related costs	-	1,019,863	-	-	1,019,863
Security deposit liability	-	8,725	-	-	8,725
TOTAL LIABILITIES	<u>156,778</u>	<u>1,171,239</u>	<u>115,747</u>	<u>(109,160)</u>	<u>1,334,604</u>
 FUND BALANCES:					
Unassigned	564,349	5,904,376	-	-	6,468,725
TOTAL FUND BALANCES	<u>564,349</u>	<u>5,904,376</u>	<u>-</u>	<u>-</u>	<u>6,468,725</u>
 TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 721,127</u>	<u>\$ 7,075,615</u>	<u>\$ 115,747</u>	<u>\$ (109,160)</u>	<u>\$ 7,803,329</u>

ODYSSEY CHARTER SCHOOL, INC.
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	State Allocation	Local Funding	Federal Funding	Total
REVENUES				
Charges to school districts	\$ -	\$ 10,402,014	\$ -	\$ 10,402,014
State aid	20,185,575	-	-	20,185,575
Federal aid	-	-	1,750,561	1,750,561
Interest income	-	83,536	-	83,536
Food service revenue	-	674,893	550,671	1,225,564
After care	-	410,055	-	410,055
Donations	-	335,465	-	335,465
Transportation	-	435,555	-	435,555
Other local revenues	-	401,408	-	401,408
TOTAL REVENUES	<u>20,185,575</u>	<u>12,742,926</u>	<u>2,301,232</u>	<u>35,229,733</u>
EXPENDITURES				
Current:				
Instruction	13,566,344	3,726,159	1,243,022	18,535,525
Operation and maintenance of facilities	4,330,287	2,866,048	234,607	7,430,942
Transportation	1,369,148	199,938	-	1,569,086
Food services	7,541	797,610	552,393	1,357,544
Capital outlay	408,265	636,340	271,210	1,315,815
Debt service:				
Principal	305,327	251,038	-	556,365
Interest and other charges	718	2,029	-	2,747
TOTAL EXPENDITURES	<u>19,987,630</u>	<u>8,479,162</u>	<u>2,301,232</u>	<u>30,768,024</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>197,945</u>	<u>4,263,764</u>	<u>-</u>	<u>4,461,709</u>
OTHER FINANCING SOURCES (USES):				
Capital lease proceeds	-	359,462	-	359,462
Refund of prior year revenue	(32,985)	-	-	(32,985)
Transfer out	(324,096)	(2,479,330)	-	(2,803,426)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(357,081)</u>	<u>(2,119,868)</u>	<u>-</u>	<u>(2,476,949)</u>
NET CHANGE IN FUND BALANCES	(159,136)	2,143,896	-	1,984,760
FUND BALANCES, BEGINNING OF YEAR	<u>723,485</u>	<u>3,760,480</u>	<u>-</u>	<u>4,483,965</u>
FUND BALANCES, END OF YEAR	<u>\$ 564,349</u>	<u>\$ 5,904,376</u>	<u>\$ -</u>	<u>\$ 6,468,725</u>

ODYSSEY CHARTER SCHOOL, INC.
SCHEDULE OF EXPENDITURES BY NATURAL CLASSIFICATION -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

EXPENDITURES

Current:

Salaries	\$ 15,419,005
Employment costs	7,286,029
Travel	8,648
Contractual services	2,746,620
Communication	49,436
Professional development	68,804
Public utilities service	532,060
Insurance	237,996
Repairs and maintenance	447,883
Supplies and materials	1,869,867
Student activities	226,749
Capital outlay	1,315,815
Debt service:	
Principal	1,111,365
Interest	2,198,555

TOTAL EXPENDITURES

\$ 33,518,832

SINGLE AUDIT SUPPLEMENT



INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

September 22, 2023

Board of Directors
Odyssey Charter School, Inc.
Wilmington, Delaware

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Odyssey Charter School, Inc. ("the School"), Wilmington, Delaware, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 22, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting ("internal control") as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

Board of Directors
Odyssey Charter School, Inc.

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

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



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

September 22, 2023

Board of Directors
Odyssey Charter School, Inc.
Wilmington, Delaware

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Odyssey Charter School, Inc.'s ("the School") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the School's major federal programs for the year ended June 30, 2023. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and recommendations.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Odyssey Charter School, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that

the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

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

**ODYSSEY CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	ASSISTANCE LISTING NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED (DEFERRED) REVENUE 06/30/22	REVENUE RECOGNIZED	CURRENT YEAR EXPENDITURES	ACCRUED (DEFERRED) REVENUE 06/30/23	PASSED THROUGH TO SUB- RECIPIENTS
U.S. Department of Agriculture										
Passed through Delaware Department of Education										
National School Lunch Program	I	10.555	07/01/22-06/30/23	N/A	\$ 358,242	\$ -	\$ 467,402	\$ 467,402	\$ 109,160	\$ -
Total ALN #10.555					358,242	-	467,402	467,402	109,160	-
Fresh Fruit and Vegetable Program	I	10.582	07/01/22-06/30/23	N/A	83,269	-	83,269	83,269	-	-
Total ALN #10.582					83,269	-	83,269	83,269	-	-
Equipment Grant	I	10.579	12/21/21-08/31/23	\$ 31,000	23,900	-	23,900	23,900	-	-
Total ALN #10.582					23,900	-	23,900	23,900	-	-
Total U.S. Department of Agriculture					465,411	-	574,571	574,571	109,160	-
U.S. Department of Education										
Passed through Delaware Department of Education										
Title I - Grants to Local Education Agencies	I	84.010	07/01/21-11/30/23	268,668	102,127	-	102,127	102,127	-	-
Title I - Grants to Local Education Agencies	I	84.010	07/01/22-11/30/24	305,364	149,339	-	149,339	149,339	-	-
Total ALN #84.10					251,466	-	251,466	251,466	-	-
Title IV - Student Support and Academic Enrichment Program (SSAE)	I	84.424	07/01/20-11/30/22	29,188	3,306	-	3,306	3,306	-	-
Total ALN #84.424					3,306	-	3,306	3,306	-	-
IDEA, Part B	I	84.027	07/01/21-11/30/23	320,870	106,962	-	106,962	106,962	-	-
IDEA, Part B	I	84.027	07/01/22-11/30/24	365,476	297,931	-	297,931	297,931	-	-
ARPA IDEA 611	I	84.027	07/01/21-11/30/23	98,340	42,885	-	42,885	42,885	-	-
Total ALN #84.027					447,778	-	447,778	447,778	-	-
IDEA Preschool	I	84.173	07/01/20-11/30/22	5,604	3,168	-	3,168	3,168	-	-
IDEA Preschool	I	84.173	07/01/21-11/30/23	5,628	1,932	-	1,932	1,932	-	-
Total ALN 84.173					5,100	-	5,100	5,100	-	-
Total Special Education Cluster (IDEA)					452,878	-	452,878	452,878	-	-
Career and Technical Education - Basic Grants to States	I	84.048	07/01/20-11/30/22	25,857	395	-	395	395	-	-
Career and Technical Education - Basic Grants to States	I	84.048	07/01/20-11/30/23	45,917	11,815	-	11,815	11,815	-	-
Career and Technical Education - Basic Grants to States	I	84.048	07/01/21-11/30/23	27,449	8,561	-	8,561	8,561	-	-
Total ALN #84.048					20,771	-	20,771	20,771	-	-
Title II - Improving Teacher Quality State Grants	I	84.367	07/01/21-11/30/23	67,338	7,857	-	7,857	7,857	-	-
Title II - Improving Teacher Quality State Grants	I	84.367	07/01/22-11/30/24	78,805	56,265	-	56,265	56,265	-	-
Total ALN #84.367					64,122	-	64,122	64,122	-	-
Title III - English Language Acquisition	I	84.365	07/01/20-11/30/22	539	539	-	539	539	-	-
Title III - English Language Acquisition	I	84.365	07/01/21-11/30/23	10,914	8,945	-	8,945	8,945	-	-
Title III - English Language Acquisition	I	84.365	07/01/12-11/30/24	17,561	628	-	628	628	-	-
Total ALN #84.365					10,112	-	10,112	10,112	-	-

**ODYSSEY CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	ASSISTANCE LISTING NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED (DEFERRED) REVENUE 06/30/22	REVENUE RECOGNIZED	CURRENT YEAR EXPENDITURES	ACCRUED (DEFERRED) REVENUE 06/30/23	PASSED THROUGH TO SUB- RECIPIENTS
Elementary and Secondary School Emergency Relief Fund Total ALN #84.425D	I	84.425D	07/01/20-11/30/23	907,596	93,778 <u>93,778</u>	20,844 <u>20,844</u>	77,954 <u>77,954</u>	77,954 <u>77,954</u>	5,020 <u>5,020</u>	- <u>-</u>
American Rescue Plan Elementary and Secondary School Emergency Relief Fund Total ALN #84.425U	I	84.425U	07/01/20-11/30/24	1,998,430	717,158 <u>717,158</u>	- <u>-</u>	717,158 <u>717,158</u>	717,158 <u>717,158</u>	- <u>-</u>	- <u>-</u>
HEERF Supplemental Suport under American Rescuse Plan	I	84.425-HEERF	07/01/20-12/31/24	20,091	17,605 <u>17,605</u>	- <u>-</u>	17,605 <u>17,605</u>	17,605 <u>17,605</u>	- <u>-</u>	- <u>-</u>
Total Education Stabilization Fund Under the Cornoavirus Aid, Relief, and Economic Security Act					828,541 <u>828,541</u>	20,844 <u>20,844</u>	812,717 <u>812,717</u>	812,717 <u>812,717</u>	5,020 <u>5,020</u>	- <u>-</u>
Charter School Program Expansion Grant	I	84.282	10/1/22-11/30/23	750,000	109,722 <u>109,722</u>	- <u>-</u>	111,289 <u>111,289</u>	111,289 <u>111,289</u>	1,567 <u>1,567</u>	- <u>-</u>
Total U.S. Department of Education					1,740,918 <u>1,740,918</u>	20,844 <u>20,844</u>	1,726,661 <u>1,726,661</u>	1,726,661 <u>1,726,661</u>	6,587 <u>6,587</u>	- <u>-</u>
TOTAL FEDERAL AWARDS					\$ 2,206,329 <u>\$ 2,206,329</u>	\$ 20,844 <u>\$ 20,844</u>	\$ 2,301,232 <u>\$ 2,301,232</u>	\$ 2,301,232 <u>\$ 2,301,232</u>	\$ 115,747 <u>\$ 115,747</u>	\$ - <u>\$ -</u>

SOURCE CODE:

I = Indirect funding

ODYSSEY CHARTER SCHOOL, INC.
WILMINGTON, DELAWARE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A BASIS OF ACCOUNTING

All expenditures included in the schedule of expenditures of federal awards are presented on the basis that expenditures are reported to the respective federal grantor agencies. Accordingly, expenditures are recorded when the federal obligation is determined.

NOTE B INDIRECT COST RATE

The School has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance. For the year ended June 30, 2023, there were no indirect costs included in the schedule of expenditures of federal awards.

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

ODYSSEY CHARTER SCHOOL, INC.
WILMINGTON, DELAWARE

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

PART A - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

- | | | |
|---|-------------------|----------------------------|
| • Material weakness(es) identified? | <u> </u> Yes | <u> X </u> No |
| • Significant deficiency(ies) identified? | <u> </u> Yes | <u> X </u> None reported |
| • Noncompliance material to financial statements noted? | <u> </u> Yes | <u> X </u> No |

Federal Awards

Internal control over major program:

- | | | |
|---|-------------------|----------------------------|
| • Material weakness(es) identified? | <u> </u> Yes | <u> X </u> No |
| • Significant deficiency(ies) identified? | <u> </u> Yes | <u> X </u> None reported |

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

Unmodified

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

 Yes X No

Assistance Listing Numbers

Name of Federal Program or Cluster

84.425D, 84.425U, 84.425-HEERF

Education Stabilization Fund Under the
Coronavirus Aid, Relief, and Economic
Security Act

84.024, 84.173

Special Education Cluster (IDEA)

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

\$ 750,000

Auditee qualified as low-risk auditee?

 X Yes No

ODYSSEY CHARTER SCHOOL, INC.
WILMINGTON, DELAWARE

SCHEDULE OF FINDINGS AND RECOMMENDATIONS (cont'd)

PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

PART C - FINDINGS RELATED TO FEDERAL AWARDS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.