



SUSSEX ACADEMY
(A Component Unit of the State of Delaware)
GEORGETOWN, DELAWARE

FINANCIAL STATEMENTS

JUNE 30, 2022

SUSSEX ACADEMY
(A Component Unit of the State of Delaware)

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INDEPENDENT AUDITOR'S REPORT

September 28, 2022

Board of Directors
Sussex Academy
Georgetown, Delaware

Report on the Audit of the Financial Statements

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Sussex Academy ("the School"), Georgetown, Delaware, a component unit of the State of Delaware, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Sussex Academy, Georgetown, Delaware, as of June 30, 2022, 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 the School 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.

Responsibilities of Management for the Financial Statements

The School's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles general accepted in the United States of America,

and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for one year after the date that the financial statements are issued or when applicable, one year after the date that the financial statements are available to be issued.

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 the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

Emphasis of a Matter

As discussed in Notes 1 and 12 to the financial statements, Sussex Academy has adopted the requirements of GASB Statement No. 87, "Lease Accounting." The purpose of this statement is to increase the usefulness of governmental financial statements by requiring recognition of certain lease assets and liabilities for all leases, including those that previously were classified as operating lease. As a result, the School has restated its governmental activities net position as of July 1, 2021. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited Sussex Academy's 2021 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the major fund, and the aggregate remaining fund information in our report dated September 23, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 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 39 through 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information 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 - governmental fund; combining statement of revenues, expenditures, changes in fund balances - governmental fund; schedule of expenditures by natural classification - governmental fund; and the schedule of federal awards ("the supplementary information") as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining balance sheet - governmental fund; combining statement of revenues, expenditures, and changes in fund balances - governmental fund; schedule of expenditures by natural classification - governmental fund, 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 - governmental fund; combining statement of revenues, expenditures, and changes in fund balances - governmental fund; schedule of expenditures by natural classification - governmental fund, 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 Information

Management is responsible for the other information. The other information comprises the budgetary comparison schedule - governmental fund - cash basis but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2022, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the School's internal control over financial reporting and compliance.


BARBACANE, THORNTON & COMPANY LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

**SUSSEX ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
YEAR ENDED JUNE 30, 2022**

Our discussion and analysis of Sussex Academy's ("the School") financial performance provides an overview of the financial activities for the year ended June 30, 2022. Please read it in conjunction with the Independent Auditor's Report on pages 1 - 4, and the School's financial statements, which begin on page 12.

FINANCIAL HIGHLIGHTS

The net position of the School decreased by \$2,073,540, or 11.73 percent. Program revenues accounted for \$1,490,091, or 10.78 percent of total revenues, and the general revenues accounted for \$12,336,581, or 89.22 percent of total revenues. Also, the general fund reported a positive fund balance of \$355,892.

The school implemented GASB 87 which under this statement a leasee is required to recognize a lease liability and an intangible right to use lease asset, thereby enhancing the relevance and consistency of information about the school's leasing activities.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

This 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 and liabilities using the accrual basis of accounting which is similar to the accounting used by private sector corporations. In addition, these statements include deferred outflows and inflows of resources, which are expected to be applicable to future reporting periods. 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 fund 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

**SUSSEX ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
YEAR ENDED JUNE 30, 2022**

established by the School to help manage money for particular purposes and compliance with various grant provisions. The School's two types of funds, governmental and fiduciary, use different accounting approaches as further described in the notes to the financial statements.

Governmental Fund

Most of the School's activities are reported in the governmental fund, which focuses on how money flows into and out of this fund and the balance left at year-end available for spending in future periods. This fund is reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The statements of the governmental fund provide 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 fund is reconciled in the basic financial statements.

Fiduciary Fund

The School's fiduciary fund accounts for its student activities and, due to the fiduciary nature of the arrangement, assets held in this fund may be only used for student activities. All of the School's fiduciary activities are reported in a separate statement of fiduciary net position and statement of changes in fiduciary net position on pages 18 and 19. These activities are excluded from the School's other financial statements since these assets may not be utilized by the School to finance its operations.

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 \$19,753,907 at the close of the fiscal year. The largest portion of the School's total assets is capital assets net of depreciation (77.48 percent) and cash and pooled cash (9.07 percent). The School uses capital assets to provide services; consequently, capital assets are not available for future spending.

A summarized comparative analysis for the fiscal year 2022 to 2021 follows:

Table 1 Net Position		
	Governmental Activities	
	2022	2021
Assets		
Current assets	\$ 2,339,860	\$ 2,932,591
Noncurrent assets	23,389,746	20,432,649
Total assets	25,759,606	23,365,240

SUSSEX ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
YEAR ENDED JUNE 30, 2022

Table 1
Net Position

	Governmental Activities	
	2022	2021
(cont'd)		
Deferred Outflows of Resources		
Deferred OPEB	13,793,049	8,773,483
Deferred pension	3,087,566	1,861,163
Total Deferred Outflows of Resources	<u>16,880,615</u>	<u>10,634,646</u>
Liabilities		
Current liabilities	2,683,009	2,398,738
Noncurrent liabilities	47,717,742	45,932,981
Total Liabilities	<u>50,400,751</u>	<u>48,331,719</u>
Deferred Inflows of Resources		
Deferred OPEB	5,024,301	2,806,973
Deferred pension	6,939,076	541,561
Total Deferred Inflows of Resources	<u>11,963,377</u>	<u>3,348,534</u>
Net Position (Deficit)		
Net investment in capital assets	(628,379)	(809,668)
Unrestricted	<u>(19,125,528)</u>	<u>(16,870,699)</u>
Total Net Position (Deficit)	<u>\$ (19,753,907)</u>	<u>\$ (17,680,367)</u>

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.

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

Table 2
Changes in Net Position

	Governmental Activities	
	2022	2021
Revenues:		
Charges to school districts	\$ 2,706,749	\$ 2,689,331
State aid not restricted to specific purposes	9,449,745	9,400,345
Earnings on cash and equivalents	87	39,855
Miscellaneous revenue	180,000	74,119
Total general revenues	<u>12,336,581</u>	<u>12,203,650</u>
Program revenues:		
Operating grants and contributions	921,490	709,362
Capital grants and contributions	-	144,750
Charges for services	568,601	345,175
Total revenues	<u>13,826,672</u>	<u>13,402,937</u>

SUSSEX ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
YEAR ENDED JUNE 30, 2022

Table 2
Changes in Net Position

(cont'd)	Governmental Activities	
	2022	2021
Expenses:		
Instructional services	\$ 13,877,683	\$ 12,952,960
Non-instructional programs	847,442	499,193
Support services:		
Operation and maintenance of facilities	457,687	972,548
Transportation	605,509	762,736
School food service	110,790	23,178
Interest on capital lease	1,101	2,606
Total expenses	15,900,212	15,213,221
Changes in Net Deficit	\$ (2,073,540)	\$ (1,810,284)

Governmental Activities

The net position of the School's governmental activities decreased by \$2,073,540, and the unrestricted net position reflects a deficit balance of \$19,125,528. This decrease in net position is higher than the prior year decrease primarily as a result of an increase in wages and related benefit costs due to hiring additional personnel and costs related to the implementation of GASB 87.

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			
	2022		2021	
	Total Cost	Net Cost (Revenues)	Total Cost	Net Cost (Revenues)
Governmental Activities				
Instructional services	\$ 13,877,683	\$ 12,960,277	\$ 12,952,960	\$ 12,183,760
Non-instructional programs	847,442	387,436	499,193	175,325
Support services:				
Operation and maintenance of facilities	457,687	432,169	972,548	880,228
Transportation	605,509	605,509	762,736	762,736
School food services	110,790	23,629	23,178	7,279
Interest on capital lease	1,101	1,101	2,606	2,606
Total expenses	\$ 15,900,212	\$ 14,410,121	\$ 15,213,221	\$ 14,013,934

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.

**SUSSEX ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
YEAR ENDED JUNE 30, 2022**

THE SCHOOL'S FUNDS

The governmental fund (as presented on the balance sheet on page 14 reported a fund balance of \$355,892, which is a decrease from the prior year's amount of \$1,226,084. The schedule below indicates the fund balance as of June 30, 2022 and the total change in fund balance for the year ended.

	2022	2021	Decrease
General Fund	\$ 355,892	\$ 1,226,084	\$ (870,192)

General Fund

The decrease in the School's fund balance of the general fund is primarily due to increase in salaries and wages and related benefit costs as a result of hiring additional staff.

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

	Amounts		Percent
	2022	2021	(%) Change
Revenues			
Charges to school districts	\$ 2,706,749	\$ 2,689,331	0.65%
State sources	9,449,745	9,400,345	0.53%
Federal sources	885,357	662,900	33.56%
Earnings on cash and equivalents	87	39,855	-99.78%
School food service fees	87,161	13,899	527.10%
Facilities rental	25,518	7,570	237.09%
Contributions	25,449	186,950	-86.39%
Athletic revenue	4,084	162	2420.99%
Swimming pool revenue	455,922	323,706	40.84%
Scholarship revenue	6,600	4,100	60.98%
Miscellaneous revenue	180,000	74,119	142.85%
Total Revenues	\$ 13,826,672	\$ 13,402,937	3.16%

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		Percent
	2022	2021	(%) Change
Expenditures by object			
Current:			
Instructional services	\$ 11,672,698	\$ 10,769,650	8.39%
Non-instructional programs	794,570	490,026	62.15%

**SUSSEX ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
YEAR ENDED JUNE 30, 2022**

(cont'd)	Amounts		Percent (%) Change
	2022	2021	
Support services:			
Operation and maintenance of facilities	499,303	1,197,689	-58.31%
Transportation	575,951	748,730	-23.08%
School food service	110,790	23,178	378.00%
Capital outlay	363,782	300,192	21.18%
Debt service	731,190	39,464	1752.80%
Total Expenditures by Object	\$ 14,748,284	\$ 13,568,929	8.69%

GENERAL FUND BUDGET INFORMATION

The School's budget is prepared on the modified accrual basis of accounting. The most significant budgeted fund is the general fund. The School may amend its revenue and expenditure estimates periodically due to changing conditions.

For the fiscal year ended June 30, 2022, actual revenues came in lower than anticipated amounts by \$74,933, and actual expenditures came in over budget by \$846,679. The deficiency in revenues under expenditures was funded through the use of the School's existing fund balance.

CAPITAL ASSETS

The School has \$19,935,269 invested in capital assets, net of depreciation. During the current year, the School made capital acquisitions of \$448,494 and incurred depreciation expense of \$945,874.

Major capital asset events during the fiscal year included the following:

- Purchase of computer equipment totaling \$292,978

Detailed information regarding capital assets is reflected in Note 3 of the financial statements.

DEBT OBLIGATIONS

The School implemented GASB 87 and has a total of \$20,563,648 in lease payable arrangements described in Note 4 to the financial statements.

FACTORS EXPECTED TO HAVE AN EFFECT ON FUTURE OPERATIONS

The School's student population and revenue has grown in recent years. Interest for enrollment was at an all-time high during the most recent application period, with over 1,200 applications for the 2021-2022 school year. For the first time, the high school (grades 9-12) was at full capacity during school year 2020-2021. Since the School has no direct taxing authority, it is reliant upon federal and state revenues that are passed through to the School by the State, as well as local support. In order to

**SUSSEX ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
YEAR ENDED JUNE 30, 2022**

maintain a school that thrives on innovation and quality, the School continues to seek other sources of revenue. This will continue to be the case as the student population will be expected to plateau, limiting state and local revenue in the future.

The School moved into an existing school building in June 2013 when the Executive and Foundation Boards brokered a building swap with a private school that did not enroll enough students to complete all of the interior construction of the building. Since that time, annual construction projects have resulted in a building that can accommodate all of the grade levels and instructional programs in our middle and high school configurations. The majority of the renovations and construction has been funded by (and accounted for) the Sussex Academy Foundation through low interest loans provided by U.S. Department of Agriculture Rural Development. Since both the square footage of the School and the types and quality of the athletic facilities has been increasing annually as we have grown, the related utilities and maintenance expenses have also increased. As the high school enrollment stabilizes at the anticipated levels, we will gain a firmer grasp on the annual revenue needs and get better at projecting expenses. Additionally, the Department of Education approved a major charter modification request in FY 2020 to increase the approved enrollment from 840 to 1,100 students and to add elementary grades (K-5) to Sussex Academy beginning in the fall of 2020. Sussex Academy will now enroll 240 elementary students annually who will attend school at a separate campus which is owned by the Sussex Academy Foundation. Federal, state, and local funds associated with the elementary enrollment will be used to cover the operating budget for Sussex Academy Elementary. The School will also share some resources between the two campuses to maximize funding provided to the School.

The overall annual budget process will be greatly enhanced once the School and its facilities have maintained their final state enrollment at full capacity, and there is a several-year pattern of revenues and expenses to use for budget projections.

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) 856-3636.

BASIC FINANCIAL STATEMENTS

SUSSEX ACADEMY
STATEMENTS OF NET POSITION
JUNE 30, 2022 AND 2021

	Governmental Activities	
	2022	2021
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash and pooled cash	\$ 2,333,365	\$ 2,930,371
Accounts receivable	6,495	2,220
Total Current Assets	<u>2,339,860</u>	<u>2,932,591</u>
NONCURRENT ASSETS:		
Construction-in-progress	35,579	-
Depreciable capital assets, net	19,899,690	20,432,649
Net pension asset	3,454,477	-
Total Noncurrent Assets	<u>23,389,746</u>	<u>20,432,649</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - pension	3,087,566	1,861,163
Deferred outflows - OPEB	13,793,049	8,773,483
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>16,880,615</u>	<u>10,634,646</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 42,610,221</u></u>	<u><u>\$ 33,999,886</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)		
CURRENT LIABILITIES:		
Accounts payable	\$ 222,765	\$ 68,156
Accrued salaries	1,761,203	1,638,351
Leases payable	699,041	692,231
Total Current Liabilities	<u>2,683,009</u>	<u>2,398,738</u>
NONCURRENT LIABILITIES:		
Leases payable	19,864,607	20,550,086
Compensated absences	237,711	168,970
Net pension liability	-	3,063,687
Net OPEB Liability	27,615,424	22,150,238
Total Noncurrent Liabilities	<u>47,717,742</u>	<u>45,932,981</u>
TOTAL LIABILITIES	<u>50,400,751</u>	<u>48,331,719</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pension	6,939,076	541,561
Deferred inflows - OPEB	5,024,301	2,806,973
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>11,963,377</u>	<u>3,348,534</u>
NET POSITION (DEFICIT)		
Net investment in capital assets	(628,379)	(809,668)
Unrestricted (deficit)	(19,125,528)	(16,870,699)
TOTAL NET POSITION (DEFICIT)	<u>(19,753,907)</u>	<u>(17,680,367)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET DEFICIT	<u><u>\$ 42,610,221</u></u>	<u><u>\$ 33,999,886</u></u>

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

SUSSEX ACADEMY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
(With Summarized Comparative Data for the Year Ended June 30, 2021)

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Deficit	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Totals
				2022	2021
GOVERNMENTAL ACTIVITIES					
Instructional services	\$ (13,877,683)	\$ -	\$ 917,406	\$ -	\$ (12,960,277)
Non-instructional programs	(847,442)	455,922	4,084		(387,436)
Support services:					
Operation and maintenance of facilities	(457,687)	25,518	-	-	(432,169)
Transportation	(605,509)	-	-	-	(605,509)
School food services	(110,790)	87,161	-	-	(23,629)
Interest on leases	(1,101)	-	-	-	(1,101)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ (15,900,212)</u>	<u>\$ 568,601</u>	<u>\$ 921,490</u>	<u>\$ -</u>	<u>(14,410,121)</u>
GENERAL REVENUES					
				2,706,749	2,689,331
Charges to school districts				9,449,745	9,400,345
Payments from primary government				87	39,855
Earnings on cash pooled cash				180,000	74,119
Other local sources				<u>12,336,581</u>	<u>12,203,650</u>
TOTAL GENERAL REVENUES					
CHANGE IN NET DEFICIT				(2,073,540)	(1,810,284)
NET DEFICIT BEGINNING OF YEAR (RESTATED)				<u>(17,680,367)</u>	<u>(15,870,083)</u>
NET DEFICIT, END OF YEAR				<u>\$ (19,753,907)</u>	<u>\$ (17,680,367)</u>

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

SUSSEX ACADEMY
BALANCE SHEETS - GOVERNMENTAL FUND
JUNE 30, 2022 AND 2021

	General Fund	
	2022	2021
ASSETS		
Cash and pooled cash	\$ 2,333,365	\$ 2,930,371
Accounts receivable	6,495	2,220
TOTAL ASSETS	<u>\$ 2,339,860</u>	<u>\$ 2,932,591</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable	\$ 222,765	\$ 68,156
Accrued salaries	1,761,203	1,638,351
TOTAL LIABILITIES	<u>1,983,968</u>	<u>1,706,507</u>
FUND BALANCE:		
Unassigned	355,892	1,226,084
TOTAL FUND BALANCE	<u>355,892</u>	<u>1,226,084</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,339,860</u>	<u>\$ 2,932,591</u>

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

SUSSEX ACADEMY
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUND
TO STATEMENT OF NET POSITION
JUNE 30, 2022

TOTAL FUND BALANCE - GOVERNMENTAL FUND	\$	355,892
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The total net deficit reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund. Capital assets net of accumulated depreciation and amortization as detailed in the footnotes are included in the statements of net position.		19,935,269
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Long-term assets applicable to governmental activities are not due and receivable in the current period and, therefore, are not reported as fund assets.

Net pension asset		3,454,477
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Long-term liabilities applicable to the governmental activities are not due and payable in the current year and, accordingly, are not reported as fund liabilities.

Compensated absences	\$ (237,711)	
Leases payable	(20,563,648)	
Net OPEB liability	<u>(27,615,424)</u>	(48,416,783)

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

Deferred outflows - pension	3,087,566	
Deferred inflows - pension	<u>(6,939,076)</u>	(3,851,510)

Deferred inflows and outflows related to the School's net OPEB liability are based on the differences between actual and projected investment returns, differences between actual and expected experience, changes in actuarial assumptions, changes in the actuarially determined proportion of the School's share the total liability, contributions, and investment returns, 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	13,793,049	
Deferred inflows - OPEB	<u>(5,024,301)</u>	<u>8,768,748</u>

TOTAL NET DEFICIT OF GOVERNMENTAL ACTIVITIES		<u><u>\$ (19,753,907)</u></u>
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The accompanying notes are an integral part of these financial statements.

SUSSEX ACADEMY
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	General Fund	
	2022	2021
REVENUES		
Charges to school districts	\$ 2,706,749	\$2,689,331
State sources	9,449,745	9,400,345
Federal sources	885,357	662,900
Earnings on cash and pooled cash	87	39,855
Food service revenue	87,161	13,899
Facilities rental	25,518	7,570
Contributions	25,449	186,950
Athletic revenue	4,084	162
Swimming pool revenue	455,922	323,706
Scholarship revenue	6,600	4,100
Miscellaneous revenue	180,000	74,119
TOTAL REVENUES	<u>13,826,672</u>	<u>13,402,937</u>
EXPENDITURES		
Current:		
Instructional services	11,672,698	10,769,650
Non-instructional programs	794,570	490,026
Operation and maintenance of facilities	499,303	1,197,689
Transportation	575,951	748,730
Food services	110,790	23,178
Capital outlays	363,782	300,192
Debt service:		
Principal	730,089	36,858
Interest	1,101	2,606
TOTAL EXPENDITURES	<u>14,748,284</u>	<u>13,568,929</u>
DEFICIENCY (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(921,612)</u>	<u>(165,992)</u>
OTHER FINANCING SOURCES (USES)		
Proceeds from lease	51,420	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>51,420</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(870,192)	(165,992)
FUND BALANCE, BEGINNING OF YEAR	<u>1,226,084</u>	<u>1,392,076</u>
FUND BALANCE, END OF YEAR	<u>\$ 355,892</u>	<u>\$ 1,226,084</u>

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

SUSSEX ACADEMY
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND \$ (870,192)

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

The governmental fund reports capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized, and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlays	\$448,494	
Depreciation/Amortization expense	<u>(945,874)</u>	(497,380)

Some expenses reported in the statement of activities do not require the use of current resources and, therefore, are not reported as expenditures in the governmental fund.

Leases payable		678,669
Compensated absences		<u>(68,741)</u>

Pension expenses in the statement of activities differ from the amount reported in the governmental fund 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 fund when a requirement to remit contributions to the plan exists.

1,347,052

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

(2,662,948)

CHANGE IN NET DEFICIT - GOVERNMENTAL ACTIVITIES \$ (2,073,540)

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

SUSSEX ACADEMY
STATEMENTS OF FIDUCIARY NET POSITION - CUSTODIAL FUND
JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Student activity cash	\$ 77,657	\$ 17,773
Student club cash	99,952	82,736
School store cash	<u>6,256</u>	<u>2,475</u>
 TOTAL ASSETS	 <u>\$ 183,865</u>	 <u>\$ 102,984</u>
 NET POSITION		
Restricted for student and club activities	<u>\$ 183,865</u>	<u>\$ 102,984</u>
 TOTAL NET POSITION	 <u>\$ 183,865</u>	 <u>\$ 102,984</u>

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

SUSSEX ACADEMY
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUND
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ADDITIONS		
Student activity receipts	\$ 227,756	\$ 180,197
Student club receipts	165,850	91,180
School store receipts	<u>11,508</u>	<u>4,729</u>
TOTAL ADDITIONS	<u>405,114</u>	<u>276,106</u>
DEDUCTIONS		
Student activity expenses	167,872	278,170
Student club expenses	148,634	79,272
School store expenses	<u>7,727</u>	<u>2,254</u>
TOTAL DEDUCTIONS	<u>324,233</u>	<u>359,696</u>
CHANGE IN NET ASSETS	80,881	(83,590)
NET POSITION, BEGINNING OF YEAR	<u>102,984</u>	<u>186,574</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 183,865</u></u>	<u><u>\$ 102,984</u></u>

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

SUSSEX ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Charter School

The Sussex Academy of Arts & Sciences is organized under Delaware Code, Title 14, Chapter 5 of the State of Delaware and is doing business as Sussex Academy. 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. An initial charter is granted for a three-year period, renewable every ten 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 Sussex Academy 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 Sussex Academy ("the School") are described below.

Reporting Entity

The School is a special purpose 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.

SUSSEX ACADEMY

NOTES TO FINANCIAL STATEMENTS

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

Separate financial statements are provided for the governmental fund and fiduciary fund, even though the latter is excluded from the entity-wide financial statements.

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.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, 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.

The School reports the following major governmental fund:

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

Additionally, the School reports the following fund type:

- **Student Activities Custodial Fund** (a fiduciary fund) – The student activities custodial fund accounts for assets held on behalf of student groups.

SUSSEX ACADEMY

NOTES TO FINANCIAL STATEMENTS

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

Encumbrance Accounting

Encumbrance accounting is employed by the School's governmental fund. Encumbrances (i.e. purchase orders and contracts) outstanding at year end are reported as assigned fund balance and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Receivables

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 leasehold improvements and furniture and equipment, are reported in the entity-wide financial statements. The School defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend lives of the assets are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest cost incurred during construction is not capitalized.

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

Leasehold improvements	5 - 10 years
Furniture and equipment	3 - 10 years
Right to use asset	life of the lease

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 and OPEB liabilities, and certain other items which represent differences related to changes in the net pension and OPEB liabilities which will be amortized over future periods. In addition to 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

SUSSEX ACADEMY

NOTES TO FINANCIAL STATEMENTS

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

which represent differences related to changes in the net pension and OPEB liabilities which will be amortized over future periods.

Compensated Absences

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

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

Sick Leave – Sick leave allowances are as follows: teachers shall be allowed 10 days of sick leave per year, and annual employees earn one day of sick leave for each month worked. Any unused sick days shall be accumulated to the employee's credit. Compensation for accumulated sick days is received when employees (a) qualify and apply for state pension and are paid at a rate of 50 percent of the *per diem* rate of pay not to exceed 90 days; or (b) in the case of death, when payment is made to the employee's estate at a rate of one day's pay for each day of unused sick leave not to exceed 90 days.

Earned unused sick leave may be transferred to another state agency if the employee remains a state employee or is later rehired as a state employee. Sick time does not accrue while an employee is on leave of absence, unless otherwise required by law.

The School's compensated absences liability was \$237,711 at June 30, 2022.

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

SUSSEX ACADEMY

NOTES TO FINANCIAL STATEMENTS

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

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 Head of School may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the School considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board or Head of School have 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 investment in capital assets consists of capital assets, net of accumulated depreciation, and outstanding debt. 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.

Income Tax Status

The School is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. The School qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1). The School did not engage in any unrelated business activities during the fiscal year. Management believes it is more likely than not that its tax-exempt status and tax positions will be sustained if examined by authorities.

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.

SUSSEX ACADEMY

NOTES TO FINANCIAL STATEMENTS

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

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 generally accepted accounting principles and, therefore, should be read in conjunction with the School's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Implementation of GASB Statement

During the year ended June 30, 2022, the School implemented Governmental Accounting Standards Board ("GASB") Statement No. 87, "Lease Accounting." The purpose of this statement is to increase the usefulness of governmental financial statements by requiring recognition of certain lease assets and liabilities for all leases, including those that previously were classified as operating leases.

NOTE 2 CASH AND CASH EQUIVALENTS

At June 30, 2022, the School has a cash equivalent balance of \$2,517,230. Of that amount, \$2,136,086 is 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 cash equivalents in these financial statements.

The funds held by the State of Delaware investment pool, an internal investment pool, are specifically identified for the School, but the credit risk cannot be categorized for these funds. Credit risk for such investments depends on the financial stability of the State of Delaware. 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, 2022, the reported amount of the School's deposits not held with the State Treasurer's Office was \$381,144, and the bank balance was \$390,580. Of the bank balance, \$250,000 was covered by federal depository insurance, while \$140,580 was exposed to custodial credit risk because it was not insured nor covered by collateral held by the financial institution.

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 is as follows:

SUSSEX ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 3 CAPITAL ASSETS (cont'd)

	Balances 6/30/21	Increases	Decreases	Balances 6/30/22
General capital assets not being depreciated/amortized:				
Construction-in-progress	\$ -	\$ 35,579	\$ -	\$ 35,579
Total general capital assets not being depreciated/amortized	-	35,579	-	35,579
Capital assets being depreciated/amortized:				
Leasehold improvements	693,802	58,000	-	751,802
Right to use assets - buildings	24,618,747	-	-	24,618,747
Right to use assets - equipment	366,469	51,420	-	417,889
Furniture and equipment	1,748,465	303,495	-	2,051,960
Total capital assets being depreciated/amortized	27,428,483	412,915	-	27,841,398
Accumulated depreciation/amortization	(6,995,834)	(945,874)	-	(7,941,708)
Total capital assets being depreciated/amortized, net	20,432,649	(532,959)	-	19,899,690
Governmental Activities, Net	<u>\$20,432,649</u>	<u>\$ (497,380)</u>	<u>\$ -</u>	<u>\$19,935,269</u>

Depreciation and amortization expense was charged to the following activities:

Governmental Activities:

Instructional services	\$ 777,827
Non-instructional programs	52,872
Operation and maintenance of facilities	76,750
Transportation	38,425
	<u>\$ 945,874</u>

NOTE 4 LONG-TERM DEBT

A schedule of changes in long-term liabilities is as follows:

	Outstanding 6/30/20	Additions	Retirements	Outstanding 6/30/21	Amounts Due within One Year
Governmental Activities:					
Compensated absences	\$ 168,970	\$ 68,741	\$ -	\$ 237,711	\$ -
Leases payable	21,242,317	51,420	730,089	20,563,648	699,041
Net pension liability	3,063,687	-	3,063,687	-	-
Net OPEB liability	22,150,238	5,465,186	-	27,615,424	-
Total Governmental Activities	<u>\$46,625,212</u>	<u>\$5,533,927</u>	<u>\$3,742,356</u>	<u>\$ 48,416,783</u>	<u>\$ 699,041</u>

Leases

The School entered into long-term lease agreements for 653 Chromebooks in July 2019, which is set to expire in fiscal year 2023.

SUSSEX ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 4 LONG-TERM DEBT (cont'd)

The School entered into a leasing arrangement for real property with the Sussex Preparatory Academy Foundation, Inc. (a related 501(c)(3) nonprofit corporation) for a term of 40 years. The lease commenced on June 11, 2013 and expires in June 2053. The lease was amended in August 2016 and was extended to June 2057. The lease calls for monthly rental payments of an amount equal to the Sussex Preparatory Academy Foundation, Inc.'s debt obligation for the property.

The School has several leases for certain copier equipment. The leases are for a term of five years, expiring at various dates in fiscal years 2022, 2025, and 2026.

In March 2014, the School entered into a lease for solar panel equipment. The lease is for a term of 20 years, expiring February 2034. The lease calls for monthly payments of \$324, increasing approximately three percent each year. As of June 30, 2022, the monthly payment was \$398. In March 2017, the School entered into a lease for solar panel equipment to power the pool building. The lease is for a term of 20 years, expiring February 2037. The lease calls for monthly payments of \$155, increasing approximately three percent each year. As of June 30, 2022, the monthly payment was \$174.

The assets acquired through the leases are as follows:

ASSET	
Right to use - buildings	\$ 24,618,747
Right to use - equipment	417,889
Less: accumulated amortization	<u>(6,318,736)</u>
Total	<u>\$ 18,717,900</u>

Presented below is a summary of minimum lease payments to maturity by years for all leases:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 699,041	\$ 1,049	\$ 700,090
2024	692,661	1,039	693,700
2025	680,777	1,021	681,798
2026	673,757	1,011	674,768
2027	663,711	996	664,707
2028 - 2032	3,277,398	4,916	3,282,314
2033 - 2037	3,071,823	4,608	3,076,431
2038 - 2042	3,052,560	4,579	3,057,139
2043 - 2047	3,052,560	4,579	3,057,139
2048 - 2052	3,052,560	4,579	3,057,139
2053 - 2057	<u>1,646,800</u>	<u>2,470</u>	<u>1,649,270</u>
Total	<u>\$ 20,563,648</u>	<u>\$ 30,847</u>	<u>\$ 20,594,495</u>

SUSSEX ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 5 FUND BALANCE

As of June 30, 2022, fund balance is composed of the following:

	<u>General Fund</u>
Unassigned	<u>\$ 355,892</u>
Total Fund Balance	<u>\$ 355,892</u>

NOTE 6 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 Employees Retirement System (DPSERS).

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 Comprehensive Annual Financial Report. Separately issued financial statements for the Plan may be obtained by writing to the State of Delaware Public Employee Retirement System, McArdle Building, Suite 1, 860 Silver Lake Boulevard, Dover, 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 percent and multiplied by years of credited service

SUSSEX ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 6 PENSION PLAN (cont'd)

prior to January 1, 1997, plus final average monthly compensation multiplied by 1.85 percent 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

Employees hired Pre-2011 vest in the plan after five years of credited service. Employees hired Post-2012 vest in the plan after 10 years of credited service.

Retirement

Employees hired Pre-2011 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. Employees hired Post-2012 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

Disability benefits for those employees hired Pre-2011 are offered using the same calculations as the Service Benefits described above. Employees in this program must have five years of credited service. In lieu of disability pension benefits, over 90 percent of the members of this plan opted into a Disability Insurance Program offered by the State effective January 1, 2006. Employees hired Post-2012 are also included in the Disability Insurance Program.

Survivor and Burial Benefits

In the event of the death of a member of the Plan, the eligible survivor receives 50 percent of the benefits received under the pension (or 67.7 percent with two percent reduction of the benefit, or 75 percent with a three percent reduction of the benefit, or 100 percent with six percent reduction of benefit). If the employee is an active member of the Plan with at least five years of credited service, the eligible survivor receives 75 percent of the benefit the active employee would have received at age 62.

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

Contributions

Member Contributions

Employees hired Pre-2012 contribute three percent of earnings in excess of \$6,000. Employees hired Post-2012 contribute five percent of earnings in excess of \$6,000.

SUSSEX ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 6 PENSION PLAN (cont'd)

Employer Contributions

Employer contributions are determined by the Board of Pension Trustees. For the year ended June 30, 2022, the rate of the employer contributions was 12.45 percent of covered payroll. The School's contribution to PERS for the year ended June 30, 2022 was \$867,339.

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 asset of each participating employer.

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

At June 30, 2022, the School reported an asset of \$3,454,477 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by rolling forward the Plan's total pension liability as of June 30, 2020 to June 30, 2021. The School's proportion of the net pension asset 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, 2021, the School's proportion was 0.2835 percent, which was an increase of 0.0656 percent from its proportion as of June 30, 2020.

For the year ended June 30, 2022, the School recognized pension credit of \$479,713. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ -	\$6,939,076
Changes in proportions	1,072,479	-
Changes in assumptions	624,138	-
Contributions subsequent to the date of measurement	867,339	-
Differences between actual and expected experience	523,610	-
	<u>\$3,087,566</u>	<u>\$6,939,076</u>

An amount of \$867,339 is reported as deferred outflows of resources resulting from the School's contributions subsequent to the June 30, 2021 measurement date and will be recognized as a

SUSSEX ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 6 PENSION PLAN (cont'd)

reduction of the net pension asset in the year ended June 30, 2023. 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:

Year Ending June 30,

2023	\$(1,255,288)
2024	(1,204,057)
2025	(1,348,842)
2026	(1,256,943)
2027	<u>346,281</u>
	<u><u>\$(4,718,849)</u></u>

Actuarial Assumptions

The total pension liability as of the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020, and update procedures were used to roll forward the total pension liability to June 30, 2021. These actuarial valuations used the following actuarial assumptions, applied to all periods:

- Investment return/discount rate – 7.0 percent, including inflation of 2.5 percent
- Salary increases – 2.5 percent to 11.5 percent, including inflation of 2.5 percent
- Cost-of-living adjustments – ad hoc

The total pension liability is 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 2011. 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 Sex Distinct RP-2014 Combined Mortality Table projected to 2018 using an adjusted version on MP-2015 mortality improvement scale on a fully generational basis.

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

SUSSEX ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 6 PENSION PLAN (cont'd)

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 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%	32.3%
International equity	5.7%	18.1%
Fixed income	2.0%	20.6%
Alternative investments	7.8%	24.2%
Cash and equivalents	0.0%	4.8%

Discount Rate

The discount rate used to measure the total pension liability was 7.0 percent. 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, 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 Asset to Changes in the Discount Rate

The following presents the net pension asset, calculated using the discount rate of 7.0 percent, as well as what the net pension asset would be if it were calculated using a discount rate that is one percentage point lower (6.0 percent) or one percentage point higher (8.0 percent) 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 (asset)	\$ 422,212	\$ (3,454,477)	\$ (6,708,192)

SUSSEX ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 6 PENSION PLAN (cont'd)

Pension Plan Fiduciary Net Position

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

NOTE 7 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 ("the Board") 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 Comprehensive Annual Financial Report. Separately issued financial statements for the Plan may be obtained by writing to the State of Delaware Public Employee Retirement System, McArdle Building, Suite 1, 860 Silver Lake Boulevard, Dover, 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 five percent of the Medicare Supplement offered by the State. Surviving spouses are eligible for coverage after a retiree's death.

Contributions

Member Contributions

By State Statute Chapter 52, Title 29 of the Delaware Code, contribution requirements of plan members are established and may not be amended by the State Legislature.

SUSSEX ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

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, 2022, the rate of the employer contribution was 11.48 percent of covered payroll. The School's contribution to the Plan for the year ended June 30, 2022 was \$799,811.

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

At June 30, 2022, the School reported a liability of \$27,615,424 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, 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, 2020 to June 30, 2021. 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, 2021, the School's proportion was 0.2738 percent, which was an increase of 0.0611 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the School recognized OPEB expense of \$3,462,759. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ -	\$ 319,003
Changes in proportions	7,547,059	-
Changes in assumptions	4,783,933	905,053
Contributions subsequent to the date of measurement	799,811	-
Net difference between expected and actual experience	662,246	3,800,245
	<u>\$13,793,049</u>	<u>\$ 5,024,301</u>

An amount of \$799,811 is reported as deferred outflows of resources resulting from the School's contributions subsequent to the June 30, 2021 measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. 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:

SUSSEX ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Year Ending June 30,

2023	\$ 1,120,084
2024	1,653,616
2025	1,837,287
2026	2,120,719
2027	<u>1,237,231</u>
	<u>\$ 7,968,937</u>

Actuarial Assumptions

The total OPEB liability as of the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020, and update procedures were used to roll forward the total pension liability to June 30, 2021. These actuarial valuations used the following actuarial assumptions:

- Discount rate – 2.16 percent
- Salary increases – 3.25 percent + merit
- Healthcare cost trend rates – 5.60 percent

Mortality rates are 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 facts. Future mortality improvements are reflected by applying a custom projection scale on a generational basis to adjusted base tables from the base year.

The total OPEB liabilities are measured based on assumptions pertaining to the interest rates, inflation rates, health costs, and employee demographic behavior in future years. The assumptions used were based on the results of an actuarial experience study performed 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 2.21 percent at the beginning of the current measurement period and 2.16 percent at the end, based on the Bond Buyer GO 20-Bond Municipal Bond Index, 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

SUSSEX ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

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, 2021 measurement date is equal to the applicable rate of the 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of the 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 2.16 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16 percent) or one percentage point higher (3.16 percent) than the current rate.

	1% Decrease 1.16%	Current Discount Rate 2.16%	1% Increase 3.16%
School's proportionate share of the net OPEB liability	\$ 32,995,003	\$ 27,615,424	\$ 23,364,654

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

The following presents the net OPEB liability, calculated using the healthcare cost trend rate of 5.5 percent, 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 (4.5 percent) or one percentage point higher (6.5 percent) than the current rate.

	1% Decrease 4.50%	Current Healthcare Trend Rate 5.50%	1% Increase 6.50%
School's proportionate share of the net OPEB liability	\$ 22,587,252	\$ 27,615,424	\$ 34,236,598

Plan Fiduciary Net Position

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

SUSSEX ACADEMY

NOTES TO FINANCIAL STATEMENTS

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 either of the past two years. There were no significant reductions in coverage compared to the prior year.

NOTE 9 UNCERTAINTIES

COVID-19 Pandemic

As a result of the spread of the COVID-19 coronavirus which is ongoing at June 30, 2022, economic and operational uncertainties have arisen which may impact the School in fiscal year 2023. While the School has fully resumed in-class learning, there continues to be uncertainty regarding the potential for another resurgence of the virus, which may require another period of remote or hybrid learning. The extent of the potential impact is unknown as the COVID-19 pandemic continues to develop.

Grants

The School receives 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 are subject to audit. Any disallowed claims resulting from such audits could become a liability of the School. The School's administration believes such disallowance, if any, would be immaterial.

NOTE 10 EXCESS EXPENDITURES OVER APPROPRIATIONS

The School overspent budgetary appropriations in the following categories:

Salaries	\$	410,981
Contractual services	\$	118,224
Communications	\$	6,241
Public utilities service	\$	36,770
Insurance	\$	4,043
Transportation	\$	68,252
Supplies and materials	\$	51,471
Capital outlays	\$	241,034

The excess expenditures over appropriations were financed by use of the School's existing fund balance.

SUSSEX ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 11 DEFICIT NET POSITION

For governmental activities, the unrestricted net deficit amount of \$19,125,528 includes the effect of the deferring the recognition of pension and OPEB contributions made subsequent to the measurement date of the net pension asset and OPEB liability, and the deferred outflows related to the pension and OPEB plans. This is offset by the School's actuarially determined pension and OPEB liabilities, and the deferred inflows related to the pension and OPEB plans.

NOTE 12 CHANGE IN ACCOUNTING PRINCIPLE

In accordance with the adoption of GASB Statement No. 87, as discussed in Note 1, the School has restated its July 1, 2021 net position in its governmental activities to record the right to use assets and lease liabilities associated with the School's leasing arrangements at June 30, 2021. The net result of this change is an increase of \$1,893,020 in net deficit in its governmental activities.

NOTE 13 SUBSEQUENT EVENTS

The School has evaluated all subsequent events through September 28, 2022, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**SUSSEX ACADEMY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Charges to school districts	\$ 2,938,053	\$ 2,938,053	\$2,706,749	\$ (231,304)
State sources	9,474,279	9,474,279	9,449,745	(24,534)
Federal sources	763,705	763,705	885,357	121,652
Earnings on cash and pooled cash	-	-	87	87
Food service revenue	67,559	67,559	87,161	19,602
Facilities rental	25,518	25,518	25,518	-
Contributions	25,449	25,449	25,449	-
Athletic revenue	4,084	4,084	4,084	-
Swimming pool revenue	455,922	455,922	455,922	-
Scholarship revenue	6,600	6,600	6,600	-
Miscellaneous revenue	140,436	140,436	180,000	39,564
TOTAL REVENUES	13,901,605	13,901,605	13,826,672	(74,933)
EXPENDITURES				
Current:				
Salaries	7,235,378	7,235,378	7,646,359	(410,981)
Employment costs	3,659,303	3,659,303	3,630,973	28,330
Travel	6,481	6,481	-	6,481
Contractual services	349,198	349,198	467,422	(118,224)
Communications	36,672	36,672	42,913	(6,241)
Public utilities service	324,965	324,965	361,735	(36,770)
Insurance	60,209	60,209	64,252	(4,043)
Transportation	556,663	556,663	624,915	(68,252)
Land, buildings, and facilities	38,271	38,271	13,551	24,720
Repairs and maintenance	282,418	282,418	251,712	30,706
Supplies and materials	493,109	493,109	544,580	(51,471)
Scholarships awarded	5,000	5,000	4,900	100
Capital outlays	122,748	122,748	363,782	(241,034)
Debt service:				
Principal	730,089	730,089	730,089	-
Interest	1,101	1,101	1,101	-
TOTAL EXPENDITURES	13,901,605	13,901,605	14,748,284	(846,679)
NET CHANGE IN FUND BALANCE	-	-	(870,192)	(870,192)
FUND BALANCE, BEGINNING OF YEAR	1,226,084	1,226,084	1,226,084	-
FUND BALANCE, END OF YEAR	\$ 1,226,084	\$ 1,226,084	\$ 355,892	\$ (870,192)

SUSSEX ACADEMY
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
STATE OF DELAWARE EMPLOYEES' PENSION PLAN
FOR THE YEAR ENDED JUNE 30, 2022

	MEASUREMENT DATE							
	<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>	<u>JUNE 30, 2014</u>
PROPORTIONATE SHARE OF NET PENSION LIABILITY								
School's proportion of the net pension liability (asset)	0.2835%	0.2179%	0.1998%	0.1873%	0.1656%	0.1508%	0.1237%	0.1021%
School's proportion of the net pension liability (asset) - dollar value	\$ (3,454,477)	\$ 3,063,687	\$ 3,111,304	\$ 2,372,058	\$ 2,428,230	\$ 2,271,864	\$ 822,657	\$ 376,048
School's covered employee payroll	\$ 6,195,320	\$ 4,698,436	\$ 4,146,788	\$ 3,646,708	\$ 3,226,701	\$ 2,875,251	\$ 2,306,203	\$ 1,868,023
School's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-55.76%	65.21%	75.03%	65.05%	75.25%	79.01%	35.67%	20.13%
Plan fiduciary net position as a percentage of the total pension liability (asset)	110.48%	87.27%	85.41%	87.49%	85.31%	84.11%	92.67%	95.80%

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.

**SUSSEX ACADEMY
SCHEDULE OF SCHOOL PENSION CONTRIBUTIONS
STATE OF DELAWARE EMPLOYEES' PENSION PLAN
FOR THE YEAR ENDED JUNE 30, 2022**

CONTRIBUTIONS	<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	\$ 867,339	\$ 763,883	\$ 561,933	\$ 490,565	\$ 379,987	\$ 309,118	\$ 275,449	\$ 220,473
Contributions in relation to the contractually required contribution	<u>867,339</u>	<u>763,883</u>	<u>561,933</u>	<u>490,565</u>	<u>379,987</u>	<u>309,118</u>	<u>275,449</u>	<u>220,473</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered employee payroll	\$ 6,966,578	\$ 6,195,320	\$ 4,698,436	\$ 4,146,788	\$ 3,646,708	\$ 3,226,701	\$ 2,875,251	\$ 2,306,203
Contributions as a percentage of covered employee payroll	12.45%	12.33%	11.96%	11.83%	10.42%	9.58%	9.58%	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.

SUSSEX ACADEMY
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
STATE OF DELAWARE EMPLOYEES' OPEB PLAN
FOR THE YEAR ENDED JUNE 30, 2022

<u>PROPORTIONATE SHARE OF NET OPEB LIABILITY</u>	<u>MEASUREMENT DATE</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>
School's proportion of the net OPEB liability	0.2738%	0.2127%	0.1945%	0.1790%	0.1618%
School's proportion of the net OPEB liability - dollar value	\$ 27,615,424	\$ 22,150,238	\$ 15,501,407	\$ 14,697,669	\$ 13,361,601
School's covered employee payroll	\$ 6,195,320	\$ 4,698,436	\$ 4,146,788	\$ 3,646,708	\$ 3,226,701
School's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	445.75%	471.44%	373.82%	403.04%	414.09%
Plan fiduciary net position as a percentage of the total OPEB liability	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.

**SUSSEX ACADEMY
SCHEDULE OF SCHOOL OPEB CONTRIBUTIONS
STATE OF DELAWARE EMPLOYEES' OPEB PLAN
FOR THE YEAR ENDED JUNE 30, 2022**

<u>CONTRIBUTIONS</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	\$ 799,811	\$ 731,205	\$ 587,869	\$ 488,850	\$ 402,119
Contributions in relation to the contractually required contribution	<u>799,811</u>	<u>731,205</u>	<u>587,869</u>	<u>488,850</u>	<u>402,119</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered employee payroll	\$ 6,966,578	\$ 6,195,320	\$ 4,698,436	\$ 4,146,788	\$ 3,646,708
Contributions as a percentage of covered employee payroll	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

SUSSEX ACADEMY
COMBINING BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2022

	State Allocation	Local Funding	Federal Funding	Totals
ASSETS				
Cash and pooled cash	\$ 457	\$ 2,332,908	\$ -	\$ 2,333,365
Accounts receivable	-	6,495	-	6,495
TOTAL ASSETS	<u>\$ 457</u>	<u>\$ 2,339,403</u>	<u>\$ -</u>	<u>\$ 2,339,860</u>
 LIABILITIES AND FUND BALANCE				
LIABILITIES:				
Accounts payable	\$ -	\$ 222,765	\$ -	\$ 222,765
Accrued salaries	-	1,761,203	-	1,761,203
TOTAL LIABILITIES	<u>-</u>	<u>1,983,968</u>	<u>-</u>	<u>1,983,968</u>
 FUND BALANCES:				
Unassigned	457	355,435	-	355,892
TOTAL FUND BALANCES	<u>457</u>	<u>355,435</u>	<u>-</u>	<u>355,892</u>
 TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 457</u>	<u>\$ 2,339,403</u>	<u>\$ -</u>	<u>\$ 2,339,860</u>

SUSSEX ACADEMY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	State Allocation	Local Funding	Federal Funding	Totals
REVENUES				
Charges to school districts	\$ -	\$ 2,706,749	\$ -	\$ 2,706,749
State sources	9,449,745	-	-	9,449,745
Federal sources	-	-	885,357	885,357
Earnings on cash and pooled cash	-	87	-	87
Food service revenue	-	87,161	-	87,161
Facilities rental	-	25,518	-	25,518
Contributions	-	25,449	-	25,449
Athletic revenue	-	4,084	-	4,084
Swimming pool revenue	-	455,922	-	455,922
Scholarship revenue	-	6,600	-	6,600
Miscellaneous revenue	-	180,000	-	180,000
TOTAL REVENUES	<u>9,449,745</u>	<u>3,491,570</u>	<u>885,357</u>	<u>13,826,672</u>
EXPENDITURES				
Current:				
Instructional services	7,283,593	3,605,231	783,874	11,672,698
Non-instructional programs	405,288	389,282	-	794,570
Operation and maintenance of facilities	259,447	239,856	-	499,303
Transportation	545,093	3,858	27,000	575,951
Food services	-	96,048	14,742	110,790
Capital outlays	43,916	260,125	59,741	363,782
Debt service:				
Principal	730,089	-	-	730,089
Interest	1,101	-	-	1,101
TOTAL EXPENDITURES	<u>9,268,527</u>	<u>4,594,400</u>	<u>885,357</u>	<u>14,748,284</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>181,218</u>	<u>(1,102,830)</u>	<u>-</u>	<u>(921,612)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	51,420	-	51,420
Transfer in (out)	(181,979)	181,979	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(181,979)</u>	<u>233,399</u>	<u>-</u>	<u>51,420</u>
NET CHANGE IN FUND BALANCES	(761)	(869,431)	-	(870,192)
FUND BALANCES, BEGINNING OF YEAR	<u>1,218</u>	<u>1,224,866</u>	<u>-</u>	<u>1,226,084</u>
FUND BALANCES, END OF YEAR	<u>\$ 457</u>	<u>\$ 355,435</u>	<u>\$ -</u>	<u>\$ 355,892</u>

SUSSEX ACADEMY
SCHEDULE OF EXPENDITURES BY NATURAL CLASSIFICATION - GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

EXPENDITURES

Current:

Salaries	\$ 7,646,359
Employment costs	3,630,973
Contractual services	467,422
Communications	42,913
Public utilities service	361,735
Insurance	64,252
Transportation	624,915
Land, buildings, and facilities	13,551
Repairs and maintenance	251,712
Supplies and materials	544,580
Scholarships awarded	4,900

Capital outlays	363,782
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Debt service:

Principal	730,089
Interest	1,101

TOTAL EXPENDITURES	<u><u>\$ 14,748,284</u></u>
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OTHER INFORMATION

SUSSEX ACADEMY
BUDGETARY COMPARISON SCHEDULE - GOVERNMENTAL FUND - CASH BASIS - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Charges to school districts	\$2,938,053	\$2,938,053	\$2,706,749	\$ (231,304)
State sources	9,474,279	9,474,279	9,449,745	(24,534)
Federal sources	763,705	763,705	885,357	121,652
Earnings on cash and pooled cash	-	-	87	87
Food service revenue	67,559	67,559	87,161	19,602
Facilities rental	25,518	25,518	25,518	-
Contributions	25,449	25,449	25,449	-
Athletic revenue	4,084	4,084	4,084	-
Swimming pool revenue	455,922	455,922	449,428	(6,494)
Scholarship revenue	6,600	6,600	6,600	-
Miscellaneous revenue	140,436	140,436	182,220	41,784
TOTAL REVENUES	13,901,605	13,901,605	13,822,398	(79,207)
EXPENDITURES				
Current:				
Salaries	7,235,378	7,235,378	7,560,131	(324,753)
Employment costs	3,659,303	3,659,303	3,594,349	64,954
Travel	6,481	6,481	-	6,481
Contractual services	349,198	349,198	484,157	(134,959)
Communications	36,672	36,672	42,913	(6,241)
Public utilities service	324,965	324,965	365,390	(40,425)
Insurance	60,209	60,209	64,252	(4,043)
Transportation	556,663	556,663	626,422	(69,759)
Land, buildings, and facilities	38,271	38,271	13,551	24,720
Repairs and maintenance	282,418	282,418	246,642	35,776
Supplies and materials	493,109	493,109	542,928	(49,819)
Scholarships awarded	5,000	5,000	4,900	100
Capital outlays	122,748	122,748	142,579	(19,831)
Debt service:				
Principal	730,089	730,089	730,089	-
Interest	1,101	1,101	1,101	-
TOTAL EXPENDITURES	13,901,605	13,901,605	14,419,404	(517,799)
NET CHANGE IN FUND BALANCE	-	-	(597,006)	(597,006)
FUND BALANCE, BEGINNING OF YEAR	2,930,371	2,930,371	2,930,371	-
FUND BALANCE, END OF YEAR	\$ 2,930,371	\$ 2,930,371	\$ 2,333,365	\$ (597,006)

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 28, 2022

Board of Directors
Sussex Academy
Georgetown, 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, the major fund, and the aggregate remaining fund information of Sussex Academy ("the School"), Georgetown, Delaware, as of and for the year ended June 30, 2022, 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 28, 2022.

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") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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
Sussex Academy

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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



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

September 28, 2022

Board of Directors
Sussex Academy
Georgetown, Delaware

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Sussex Academy'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, 2022. 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 compiled, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

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

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 its major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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.

Board of Directors
Sussex Academy

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

**SUSSEX ACADEMY OF ARTS & SCIENCE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL CFDA NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED (UNEARNED) REVENUE 06/30/21	REVENUE RECOGNIZED	CURRENT YEAR EXPENDITURES	ACCRUED (UNEARNED) REVENUE 06/30/22	PASSED THROUGH TO SUB- RECIPIENTS
U.S. Department of Agriculture										
Passed through Delaware Department of Education										
Child and Adult Care Food Program	I	10.555	07/01/21-06/30/22	N/A	\$ 14,742	\$ -	\$ 14,742	\$ 14,742	\$ -	\$ -
Community Facilities Loans and Grants	I	10.766	07/01/21-06/30/22	\$ 50,000	50,000	-	50,000	50,000	-	-
Total U.S. Department of Agriculture					64,742	-	64,742	64,742	-	-
U.S. Department of Education										
Passed through Delaware Department of Education										
Title I - Grants to Local Education Agencies	I	84.010	07/12/19-11/30/21	28,591	3,927	-	3,927	3,927	-	-
Title I - Grants to Local Education Agencies	I	84.010	08/07/20-11/30/22	62,349	8,391	-	8,391	8,391	-	-
Title I - Grants to Local Education Agencies	I	84.010	08/16/21-11/30/23	42,904	42,168	-	42,168	42,168	-	-
					54,486	-	54,486	54,486	-	-
IDEA	I	84.027	07/01/21-11/30/23	55,006	54,327	-	54,327	54,327	-	-
IDEA	I	84.027	08/07/20-11/30/22	180,490	50,382	-	50,382	50,382	-	-
IDEA	I	84.027	08/16/21-11/30/23	182,516	142,172	-	142,172	142,172	-	-
					246,881	-	246,881	246,881	-	-
Total Special Education Cluster					246,881	-	246,881	246,881	-	-
Title II - Improving Teacher Quality State Grants	I	84.367	08/07/20-11/30/20	33,610	10,441	-	10,441	10,441	-	-
Title II - Improving Teacher Quality State Grants	I	84.367	08/16/21-11/30/23	32,295	26,075	-	26,075	26,075	-	-
					36,516	-	36,516	36,516	-	-
Title IV	I	84.424	08/16/20-11/30/22	10,000	2,794	-	2,794	2,794	-	-
Charter Schools Program Grants	I	84.282	10/01/20 -11/30/22	298,978	90,323	-	90,323	90,323	-	-
COVID-19 School Emergency Relief	I	84.425U	03/13/20-11/30/24	485,602	304,123	-	304,123	304,123	-	-
COVID-19 School Emergency Relief	I	84.425D	03/13/20-11/30/23	203,532	65,168	-	65,168	65,168	-	-
GEER COVID-19 School Emergency Relief	I	84.425D	03/13/20 -12/30/21	58,250	13,290	-	13,290	13,290	-	-
					382,581	-	382,581	382,581	-	-
Perkins Reserve for Seconadary Programs	I	84.048A	07/13/18-11/30/21	9,402	114	-	114	114	-	-
Perkins Reserve for Seconadary Programs	I	84.048A	07/12/19-11/30/20	9,945	66	-	66	66	-	-
Perkins Reserve for Seconadary Programs	I	84.048A	08/07/20-11/30/21	13,475	5,654	-	5,654	5,654	-	-
Perkins Reserve for Seconadary Programs	I	84.048A	08/16/21-11/30/22	13,416	1,200	-	1,200	1,200	-	-
					7,034	-	7,034	7,034	-	-
Total U.S. Department of Education					820,615	-	820,615	820,615	-	-
TOTAL FEDERAL AWARDS					\$ 885,357	\$ -	\$ 885,357	\$ 885,357	\$ -	\$ -

Source Code:

I = Indirect funding

SUSSEX ACADEMY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2022

NOTE A BASIS OF ACCOUNTING

The School uses the modified accrual method of recording transactions. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

NOTE B FEDERAL EXPENDITURES

The schedule of expenditures of federal awards reflects federal expenditures for all individual grants which were active during the fiscal year.

NOTE C INDIRECT COST RATE

The School has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance. For the year ended June 30, 2022, there were no indirect costs included in the schedule of expenditures of federal awards.

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

SUSSEX ACADEMY

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

JUNE 30, 2022

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 programs:

- | | | |
|---|-------------------|----------------------------|
| • 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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>IDEA</u>
<u>84.425</u>	<u>Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act</u>

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

\$750,000

Auditee qualified as low-risk auditee?

 Yes X No

SUSSEX ACADEMY

SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)

JUNE 30, 2022

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.