POSITIVE OUTCOMES CHARTER SCHOOL

(A Component Unit of the State of Delaware)

CAMDEN, DELAWARE

FINANCIAL STATEMENTS

JUNE 30, 2023

POSITIVE OUTCOMES CHARTER SCHOOL
(A Component Unit of the State of Delaware)

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(A Component Unit of the State of Delaware)

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INDEPENDENT AUDITOR'S REPORT

September 26, 2023

Board of Directors
Positive Outcomes Charter School
Camden, Delaware

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Positive Outcomes Charter School, Camden, Delaware, a component unit of the State of Delaware, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Positive Outcomes Charter 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, the major fund, and the aggregate remaining fund information of the Positive Outcomes Charter School, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Positive Outcomes Charter 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.

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Board of Directors
Positive Outcomes Charter School

Responsibilities of Management for the Financial Statements

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

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 Positive Outcomes Charter School's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Positive Outcomes Charter School's ability to continue as a going concern for a reasonable period of time.

Board of Directors
Positive Outcomes Charter School

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

Report on Summarized Comparative Information

We have previously audited the Positive Outcomes Charter School's 2022 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 October 3, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Positive Outcomes Charter School's basic financial statements. The combining balance sheet - general fund, combining statement of revenues, expenditures, and changes in fund balances - general fund, and schedule of expenditures by natural classification - general fund, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2023, on our consideration of the Positive Outcomes Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Positive Outcomes Charter School's internal control over financial reporting and compliance.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

POSITIVE OUTCOMES CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED

Our discussion and analysis of the financial performance of the Positive Outcomes Charter School ("the School") provides an overview of the financial activities for the year ended June 30, 2023. Please read it in conjunction with the independent auditor's report and the School's financial statements.

FINANCIAL HIGHLIGHTS

The net position of the School increased by $136,946 and totaled a deficit of $(4,499,095) as of June 30, 2023. Program revenues accounted for $200,249, or 5.13% of total revenues, and the general revenues accounted for $3,704,526, or 94.87% of total revenues. Also, the governmental fund reported a positive fund balance of $2,315,898.

The implementation of GASB Statement No. 75 has had a significant impact on the entity-wide statements. The School is required to report its proportionate share of the net other postemployment benefits ("OPEB") liability. This portion of the net OPEB liability resulted in a total deficit in net position of $4,499,095. The net OPEB liability reported in these financial statements at June 30, 2023 totals $6,360,948. While the net OPEB liability is significant to the School's financial statements, it is a liability that the School has limited control over. This liability is anticipated to continue to increase in future years as medical costs increase. Reporting in the governmental fund is not affected by the implementation of this statement.

USING THIS ANNUAL FINANCIAL STATEMENT

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

REPORTING THE SCHOOL AS A WHOLE

Statement of Net Position and Statement of Activities

Fiscal year 2023 is the School's 27th year of operation. The most important question 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 Statement of Activities report information about the School as a whole and about its activities in a manner that helps to answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by private sector corporations. All of the current 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 in it. 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 growth 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 provides detailed information about the most significant funds – not the School as a whole. Some funds are required to be established by state statute, while many other funds are established by the School to help manage money for particular purposes and compliance with various funding 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 Funds

Most of the School's activities are reported in a governmental fund, which focuses on how money flows into and out of the fund and the balance left at year-end available for spending in future periods. These funds are reported using the modified accrual accounting method, 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 governmental operations and 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 Statements of Net Position and the Statement of Activities) and the governmental fund is reconciled in the basic financial statements.

Fiduciary Funds

The School is a fiduciary for its student and other activity assets that, due to a fiduciary arrangement, can be used only for student activities. All of the School's fiduciary activities are reported in separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. 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.

ENTITY-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 $4,499,095 at the close of the fiscal year. The School's liabilities and deferred inflows are comprised of current liabilities (3.98%), noncurrent liabilities (76.23%), and deferred inflows of resources (19.79%).

The School's total assets and deferred outflows of resources are comprised of cash and pooled cash (34.43%), other current assets (0.37%), land (4.78%), capital assets net of depreciation (31.27%), and deferred OPEB and pension costs and contributions (29.14%). The School uses capital assets to provide services; therefore, capital assets are not available for future spending. Although the School's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay such debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the debt obligations. At June 30, 2023, the School had $1,975,897 in debt outstanding related to investments in capital assets.

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

Table 1
Net Position

	Governmental Activities	
	2023	2022
Assets		
Current and other assets	$ 2,718,425	$ 3,747,333
Capital assets, net of depreciation	2,815,939	2,876,576
Total Assets	5,534,364	6,623,909
Deferred Outflows of Resources		
Deferred outflows - OPEB	1,635,804	1,839,463
Deferred outflows - pension	640,553	549,604
Total Deferred Outflows of Resources	2,276,357	2,389,067
Liabilities		
Current liabilities	489,344	443,922
Long-term liabilities	9,383,963	9,446,029
Total Liabilities	9,873,307	9,889,951
Deferred Inflows of Resources		
Deferred inflows - lease receivable	-	311,350
Deferred inflows - OPEB	2,416,982	1,564,996
Deferred inflows - pension	19,527	1,882,720
Total Deferred Inflows of Resources	2,436,509	3,759,066
Net Position (Deficit)		
Net investment in capital assets	840,042	816,610
Restricted for net pension asset	-	925,064
Unrestricted (Deficit)	(5,339,137)	(6,377,715)
Total Net Position (Deficit)	$ (4,499,095)	$ (4,636,041)

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

Table 2
Change in Net Position

	Governmental Activities	
	2023	2022
Revenues		
General Revenues:		
Charges to school districts	$ 519,742	$ 387,962
Grants and entitlements not restricted for specific purposes	2,908,219	2,601,234
Interest earnings	-	10,010
Lease revenue	52,800	47,900
Miscellaneous revenue	223,765	201,671
Total General Revenues	3,704,526	3,248,777
Program Revenues:		
Federal aid	200,249	366,897
Total Revenues	3,904,775	3,615,674
Expenses		
Instructional services	3,302,179	3,008,174
Operation and maintenance of facilities	212,561	151,746
Transportation	82,987	76,474
Interest on long-term debt	59,553	60,189
Depreciation/amortization - unallocated	110,549	102,661
Total Expenses	3,767,829	3,399,244
Change in Net Deficit	$ 136,946	$ 216,430

Governmental Activities

The net position of the School's governmental activities increased by $136,496, and the unrestricted net position reflects a deficit balance of $5,339,137. The increase in net position of the current year is primarily the result of decreased instructional supplies and materials.

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

	Governmental Activities			
	2023		2022	
	Total Cost	Net Cost	Total Cost	Net Cost
Instructional services	$ 3,302,179	$ 3,101,930	$ 3,008,174	$ 2,641,277
Support services:				
Operation and maintenance of facilities	212,561	212,561	151,746	151,746
Transportation	82,987	82,987	76,474	76,474
Interest on long-term debt	59,553	59,553	60,189	60,189
Depreciation/amortization - unallocated	110,549	110,549	102,661	102,661
Total Expenses	$ 3,767,829	$ 3,567,580	$ 3,399,244	$ 3,032,347

The reliance on the general revenues to support governmental activities is reflected by the net cost column, which basically indicates the need for general support.

THE SCHOOL'S FUND

The governmental fund (the general fund) reported a fund balance of $2,315,898, which is more than last year's total of $2,151,926. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2023 and for the year then ended.

	2023	2022	Increase
General Fund	$ 2,315,898	$ 2,151,926	$ 163,972

General Fund

The following assists in illustrating the activities of the General Fund.

	Amounts		Percentage
	2023	2022	Change
Revenues			
Charges to school districts	$ 519,742	$ 387,962	33.97%
State aid	2,908,219	2,601,234	11.80%
Federal aid	200,249	366,897	-45.42%
Rental income	52,800	52,800	0%
Miscellaneous revenue	223,765	201,671	10.96%
TOTAL REVENUES	$ 3,904,775	$ 3,610,564	8.15%

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

	Amounts		Percentage
	2023	2022	Change
Expenditures by Object			
Current:			
Instructional services	$ 3,220,983	$ 3,147,204	2.34%
Support services:			
Operation and maintenance of facilities	202,368	192,421	5.17%
Transportation	82,987	76,474	8.52%
Capital outlays	97,892	140,905	-30.53%
Debt service:			
Principal	77,020	85,336	-9.75%
Interest	59,553	60,189	-1.06%
Total Expenditures by Object	$ 3,740,803	$ 3,702,529	1.03%

Expenditures exceeded revenues for the current year, resulting in a decrease in the School's fund balance. Revenues decreased for the current year due to a decrease in student enrollment.

GENERAL FUND BUDGET INFORMATION

The most significant budgeted fund is the general fund, which is presented on the modified accrual basis of accounting.

The School may amend its revenue and expenditure estimates periodically due to changing conditions. The original budget was not amended during fiscal year of 2023.

The following are explanations for the more significant variances between budget versus actual revenues and expenditures as shown on page 40.

Revenues

State Aid

A favorable variance of $200,270 is due to the increases in state funding received during the year.

Federal Aid

An unfavorable variance of $102,643 is due to decreases in COVID related funding being received in the current year.

Expenditures

Salaries Cost

A favorable variance of $133,769 is attributed to full-time employees taking less leave of absences resulting in less than anticipated part-time salaries.

Employment Costs

A favorable variance of $36,922 is attributed to the decrease in salary costs resulting in less employment costs.

Contractual Services

A favorable variance of $21,897 is attributed to a decrease in food service costs greater than expected.

Transportation

An unfavorable variance of $70,503 is due to increased transportation contract costs during the year.

Supplies and Materials

A favorable variance of $57,434 is due to purchasing fewer instructional supplies and computers than expected.

Capital Outlays – Equipment

An unfavorable variance of $62,892 was mainly due to the acquisition of a HVAC Unit and Telephone system.

CAPITAL ASSETS

The School has $2,815,939 in capital assets, net of depreciation. During the current year, the School made capital acquisitions of $49,912, meeting its capitalization policy of $5,000, and incurred depreciation/amortization expenses of $110,549. Detailed information regarding capital assets is reflected in the notes to the basic financial statements.

DEBT OBLIGATIONS

At June 30, 2023, the School had outstanding debt and lease obligations of $1,975,897 for the school property.

FACTORS EXPECTED TO HAVE AN EFFECT ON FUTURE OPERATIONS

The School's student population and revenue is stable. Since the School has no direct taxing authority, it is reliant upon state, federal, and local funding that is passed through to the School by the state. In order to maintain a school that thrives on innovation and quality, the School continues to seek other funding services.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our fellow citizens, customers, investors, and creditors with a general overview of the School's finances and to show the School's accountability for the funding received. If you have questions about this report or need additional financial information, contact the School's Business Office at (302) 697-8805.

BASIC FINANCIAL STATEMENTS

POSITIVE OUTCOMES CHARTER SCHOOL
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Pooled cash	$ 2,689,432	$ 2,478,963
Accounts receivable	28,993	33,024
Lease receivable	-	44,091
Total Current Assets	2,718,425	2,556,078
NONCURRENT ASSETS:		
Land	373,391	373,391
Depreciable capital assets, net	2,416,209	2,468,529
Right to use lease asset, net	26,339	34,656
Lease receivable	-	266,191
Net pension asset	-	925,064
Total Noncurrent Assets	2,815,939	4,067,831
TOTAL ASSETS	5,534,364	6,623,909
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - pension	640,553	549,604
Deferred outflows - OPEB	1,635,804	1,839,463
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,276,357	2,389,067
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 7,810,721	$ 9,012,976
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)		
CURRENT LIABILITIES:		
Accounts payable	$ 27,222	$ 14,281
Accrued salaries and related costs	375,305	345,780
Lease payable	7,668	7,049
Mortgage payable	79,149	76,812
Total Current Liabilities	489,344	443,922
NONCURRENT LIABILITIES:		
Compensated absences	74,559	74,880
Lease payable	18,385	26,053
Mortgage payable	1,870,695	1,950,052
Net pension liability	1,059,376	-
Net OPEB liability	6,360,948	7,395,044
Total Noncurrent Liabilities	9,383,963	9,446,029
TOTAL LIABILITIES	9,873,307	9,889,951
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - lease receivable	-	311,350
Deferred inflows - pension	19,527	1,882,720
Deferred inflows - OPEB	2,416,982	1,564,996
TOTAL DEFERRED INFLOWS OF RESOURCES	2,436,509	3,759,066
NET POSITION (DEFICIT):		
Net investment in capital assets	840,042	816,610
Restricted net pension asset	-	925,064
Unrestricted deficit	(5,339,137)	(6,377,715)
TOTAL NET POSITION (DEFICIT)	(4,499,095)	(4,636,041)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET DEFICIT	$ 7,810,721	$ 9,012,976

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

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

		Program Revenues			Net (Expense) Revenue and Changes in Net Deficit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2023	2022
GOVERNMENTAL ACTIVITIES						
Instructional services	$ (3,302,179)	$ -	$ 200,249	$ -	$ (3,101,930)	$ (2,641,277)
Support services:						
Operation and maintenance of facilities	(212,561)	-	-	-	(212,561)	(151,746)
Transportation	(82,987)	-	-	-	(82,987)	(76,474)
Interest on long-term debt	(59,553)	-	-	-	(59,553)	(60,189)
Depreciation/amortization - unallocated	(110,549)	-	-	-	(110,549)	(102,661)
TOTAL GOVERNMENTAL ACTIVITIES	$ (3,767,829)	$ -	$ 200,249	$ -	$ (3,567,580)	$ (3,032,347)

	2023	2022
GENERAL REVENUES		
Charges to school districts	519,742	387,962
Grants ad entitlements not restricted to specific purposes	2,908,219	2,601,234
Interest income	-	10,010
Lease revenue	52,800	47,900
Miscellaneous	223,765	201,671
TOTAL GENERAL REVENUES	3,704,526	3,248,777
CHANGE IN NET DEFICIT	136,946	216,430
NET DEFICIT, BEGINNING OF YEAR	(4,636,041)	(4,852,471)
NET DEFICIT, END OF YEAR	$ (4,499,095)	$ (4,636,041)

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

POSITIVE OUTCOMES CHARTER SCHOOL
BALANCE SHEETS - GENERAL FUND
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Pooled cash	$ 2,689,432	$ 2,478,963
Accounts receivable	28,993	33,024
TOTAL ASSETS	$ 2,718,425	$ 2,511,987
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable	$ 27,222	$ 14,281
Accrued salaries and related costs	375,305	345,780
TOTAL LIABILITIES	402,527	360,061
FUND BALANCE:		
Assigned	-	48,238
Unassigned	2,315,898	2,103,688
TOTAL FUND BALANCE	2,315,898	2,151,926
TOTAL LIABILITIES AND FUND BALANCE	$ 2,718,425	$ 2,511,987

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

POSITIVE OUTCOMES CHARTER SCHOOL
RECONCILIATION OF BALANCE SHEET - GENERAL FUND
TO STATEMENT OF NET POSITION
JUNE 30, 2023

TOTAL FUND BALANCE - GENERAL FUND		$ 2,315,898
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in the governmental activities are not financial resources and, therefore, are not reported in the funds. Capital assets net of accumulated depreciation/amortization as detailed in the footnotes are included in the statement of net position.		2,815,939
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:		
Compensated absences	$ (74,559)	
Lease payable	(26,053)	
Mortgage payable	(1,949,844)	
Net pension liability	(1,059,376)	
Net OPEB liability	(6,360,948)	(9,470,780)
Deferred inflows and outflows of resources related to the School's net pension liability are based on the differences between actuarially determined actual and expected investment returns, changes in the actuarially determined proportion of the School's amount of the total pension liability, changes in actuarial assumptions, differences in actuarially determined actual and expected experience, and pension contributions made after the measurement date of the net pension liability. These amounts will be amortized over the estimated remaining average service life of the employees.		
Deferred outflows - pension	640,553	
Deferred inflows - pension	(19,527)	621,026
Deferred inflows and outflows of resources related to the School's net OPEB liability are based on the differences between actuarially determined actual and expected investment returns, changes in the actuarially determined proportion of the School's amount of the total OPEB liability, changes in actuarial assumptions, differences in actuarially determined actual and expected experience, 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	1,635,804	
Deferred inflows - OPEB	(2,416,982)	(781,178)
TOTAL NET DEFICIT - GOVERNMENTAL ACTIVITIES		$ (4,499,095)

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

POSITIVE OUTCOMES CHARTER SCHOOL
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
REVENUES		
Charges to school districts	$ 519,742	$ 387,962
State aid	2,908,219	2,601,234
Federal aid	200,249	366,897
Rental income	52,800	52,800
Miscellaneous	223,765	201,671
TOTAL REVENUES	3,904,775	3,610,564
EXPENDITURES		
Current:		
Instruction	3,220,983	3,147,204
Support services:		
Operation and maintenance of facilities	202,368	192,421
Transportation	82,987	76,474
Capital outlays:		
Equipment	97,892	140,905
Debt service:		
Principal	77,020	85,336
Interest	59,553	60,189
TOTAL EXPENDITURES	3,740,803	3,702,529
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	163,972	(91,965)
OTHER FINANCING SOURCES (USES)		
Lease proceeds	-	41,587
NET CHANGE IN FUND BALANCE	163,972	(50,378)
FUND BALANCE, BEGINNING OF YEAR	2,151,926	2,202,304
FUND BALANCE, END OF YEAR	$ 2,315,898	$ 2,151,926

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

POSITIVE OUTCOMES CHARTER SCHOOL
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GENERAL FUND TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

NET CHANGE IN FUND BALANCE - GENERAL FUND		$ 163,972
Amounts reported for governmental activities in the statement of activities are different because:		
The general 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/amortization expense. This is the amount by which depreciation/amortization exceeded capital outlays in the current period.		
Capital outlays	$ 49,912	
Depreciation/amortization expense	(110,549)	(60,637)
The issuance of long-term debt (e.g., notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Payment of lease	7,049	
Payment of mortgage payable	77,020	84,069
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the general fund:		
Compensated absences		321
Pension expenses in the statement of activities differ from the amount reported in the general 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 general fund when a requirement to remit contributions to the plan exists.		(30,298)
OPEB expenses in the statement of activities differ from the amount reported in the general 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 OPEB plan, whereas OPEB expenditures are recognized in the general fund when a requirement to remit contributions to the plan exists.		(20,481)
CHANGE IN NET DEFICIT - GOVERNMENTAL ACTIVITIES		$ 136,946

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

POSITIVE OUTCOMES CHARTER SCHOOL
STATEMENTS OF FIDUCIARY NET POSITION - CUSTODIAL FUND
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Pooled cash	$ 5,046	$ 5,046
TOTAL ASSETS	$ 5,046	$ 5,046
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Other current liabilities	$ -	$ -
TOTAL LIABILITIES	-	-
FUND BALANCE:		
Restricted for student groups	5,046	5,046
TOTAL FUND BALANCE	5,046	5,046
TOTAL LIABILITIES AND FUND BALANCE	$ 5,046	$ 5,046

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

POSITIVE OUTCOMES CHARTER SCHOOL
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUND
JUNE 30, 2023 AND 2022

	2023	2022
ADDITIONS		
Fundraising	$ -	$ -
TOTAL ADDITIONS	-	-
DEDUCTIONS		
Student activities	-	-
TOTAL DEDUCTIONS	-	-
CHANGE IN NET POSITION	-	-
BEGINING NET POSITION	5,046	5,046
ENDING NET POSITION	$ 5,046	$ 5,046

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

POSITIVE OUTCOMES CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 1 CHARTER SCHOOL MISSION STATEMENT

The Positive Outcomes Charter School's ("the School") mission is to provide an opportunity for students at risk to learn in a safe, caring, respectful environment where their individuality is valued, and their individual needs are addressed.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Charter School

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

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

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

Reporting Entity

The School (founded in 1996) 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Separate financial statements are provided for the governmental fund.

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 districts are recognized as revenues in the year for which they are billed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

The School reports the following major governmental fund:

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Additionally, the School reports the following fund type:

- **Custodial Fund** (a fiduciary fund) -- The custodial fund accounts for the activity of assets held on behalf of student groups and other similar entities.

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.

Accounts Receivable

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

Capital Assets

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

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

Buildings	40 years
Building improvements	15 years
Furniture and equipment	3 - 10 years

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 contributions resulting from pension contributions subsequent to the measurement date of the net pension liability and certain other items which represent differences related to changes in the net pension liability which will be amortized over future periods. The School reports deferred OPEB contributions resulting from OPEB contributions subsequent to the measurement date of the net OPEB liability and certain other items which represent differences related to changes in the net OPEB liability 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 which represent differences related to changes in the net pension liability, net OPEB liability, and lease revenue 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. The liability for these amounts is reported in the governmental funds only when the liability matures, for example, as a result of employee resignations and retirements.

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 or retirement at the current rate of pay.

Vacation leave allowances for twelve-month employees are as follows: one day per month for employees with 1 - 5 years of state-recognized experience; 1.5 days per month for employees with 5 - 10 years of state-recognized experience; and 1.75 days per month for employees with 10+ years of state-recognized experience.

Sick Leave – Sick leave allowances are as follows: 10 days for 10-month employees, 11 days for 11-month employees, and 12 days for 12-month employees. Unused sick days shall be accumulated to the employee's credit without limit. Compensation for accumulated sick days is paid when an employee qualifies and applies for a state pension and is paid one-half of the accumulated sick days up to 90 days at the current rate of pay.

The compensated absences liability was $74,559 at June 30, 2023.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Fund Equity

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

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

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

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

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

Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the School considers restricted funds to have been spent first. When an 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 School Director has provided otherwise in its commitment or assignment actions.

Net Position

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 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.

Comparative Data

Comparative total data for the prior year is presented in the basic financial statements to provide an understanding of changes in the School's financial position and operations. That comparative data is not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America and, therefore, should be read in conjunction with the School's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

NOTE 3 POOLED CASH

At June 30, 2023, the School had a pooled cash balance of $2,694,478. These deposits are held in 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.

NOTE 4 CAPITAL ASSETS

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

	Beginning Balances 07/01/22	Increases	Decreases	Ending Balances 06/30/23
Governmental Activities				
General capital assets not being depreciated/amortized:				
Land	$ 373,391	$ -	$ -	$ 373,391
Total general capital assets not being depreciated/amortized	373,391	-	-	373,391
General capital assets being depreciated/amortized:				
Buildings	2,637,824	-	-	2,637,824
Building improvements	77,917	-	-	77,917
Furniture and equipment	668,843	49,912	-	718,755
Right to use asset - equipment	41,587	-	-	41,587
Total general capital assets being depreciated/amortized	3,426,171	49,912	-	3,746,083
Accumulated amortization	(6,931)	(8,317)	-	(15,248)
Accumulated depreciation	(916,055)	(102,232)	-	(1,018,287)
Total accumulated	(922,986)	(110,549)	-	(1,033,535)
Total general capital assets being depreciated/amortized, net	2,876,576	(60,637)	-	2,815,939
Governmental Activities, Net	$2,876,576	$ (60,637)	$ -	$2,815,939

NOTE 5 LONG-TERM DEBT

On March 1, 2017, the School obtained financing through a mortgage agreement with a private party funding source. The mortgage was used to finance the acquisition of properties located at 3337, 3415, and 3377 South DuPont Highway, Camden, Delaware 19934. These properties include the School building, the administrative building, and the day care center, respectively. The mortgage agreement bears interest at a rate of 3.0% and matures on March 1, 2042.

The School leases copier equipment under a financing agreement. The lease calls for 63 monthly payments of $813 through October 2027.

NOTE 5 LONG-TERM DEBT (cont'd)

A schedule of changes in long-term liabilities for the year ended June 30, 2023 is as follows:

	Amounts Outstanding 07/01/2022	Additions	Retirements	Amounts Outstanding 06/30/2023	Due Within One Year
Governmental Activities:					
Mortgage payable	$ 2,026,864	$ -	$ (77,020)	$ 1,949,844	$ 79,149
Lease obligation	33,102	-	(7,049)	26,053	7,668
	2,059,966	-	(84,069)	1,975,897	86,871
Compensated absences	74,880	-	(321)	74,559	-
Net pension liability	-	1,059,376	-	1,059,376	-
OPEB liability	7,395,044	-	(1,034,096)	6,360,948	-
Total Governmental Activities	$9,529,890	$1,059,376	$ (1,118,486)	$ 9,470,780	$ 86,871

The total principal and interest maturities on the mortgage payable as of June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 79,149	$ 57,424	$ 136,573
2025	81,556	55,017	136,573
2026	84,037	52,536	136,573
2027	86,593	49,980	136,573
2028 - 2032	474,108	208,755	682,863
2033 - 2037	550,733	132,131	682,864
2038 - 2042	593,668	43,294	636,692
Total	$ 1,949,844	$ 599,137	$ 2,548,711

The total principal and interest on the lease payable as of June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 7,668	$ 2,098	$ 9,766
2025	8,342	1,424	9,766
2026	9,075	691	9,766
2027	968	83	1,051
Total	$ 26,053	$ 4,296	$ 30,349

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 public employees' retirement system ("the State PERS") established in the Delaware Code. The Plan is administered by the Delaware Public Employees' Retirement System ("DPERS").

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

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

Plan Description and Eligibility

The Plan 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 (employee hired post-2011 may not include overtime pay in pension compensation) multiplied by 2.0% and multiplied by years of credited service prior to January 1, 1997, plus final average monthly compensation multiplied by 1.85% and multiplied by years of credited service after December 31, 1996, subject to minimum limitations.

For employees classified as Correctional Officers or Specified Peace Officers, final average compensation multiplied by 2.45% for years of service above 25 years and final average compensation multiplied by 2.5% for years up to 20 years, plus 3.5% for years of service above 20 years. For this plan, final average monthly compensation is the monthly average of the highest three periods of 12 consecutive months of compensation.

NOTE 6 PENSION PLAN (cont'd)

Vesting

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

Retirement

Employees hired Pre-2012 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-2011 may retire at age 65 with at least 10 years of credited service; at age 60 with 20 years of credited service; or after 30 years of credited service at any age.

Disability Benefits

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

Survivor and Burial Benefits

If employee is receiving a pension, the eligible survivor receives 50% of pension (or 67.7% with 2% reduction of benefit, 75% with 3% reduction of benefit, or 100% with 6% reduction of benefit); if employee is active with at least 5 years of credited service, eligible survivor receives 75% of pension the employee would have received at age 62. Amount payable to a surviving spouse under age 50 at the time the survivor's pension begins, shall be reduced for each month under age 50 in accordance with actuarial tables approved by the Board.

Any actuarial reduction for such a spouse shall however not apply for the period during which the spouse has in his or her care, an unmarried child or children.

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

Contributions

Member Contributions

Employees hired Pre-2012 contribute 3% of earnings in excess of $6,000. Employees hired Post-2011 contribute 5% of earnings in excess of $6,000.

Employer Contributions

Employer contributions are determined by the Board of Pension Trustees. For the year ended June 30, 2023, the rate of the employer contributions was 11.15% of covered payroll. The School's contribution to PERS for the year ended June 30, 2023 was $193,836.

NOTE 6 PENSION PLAN (cont'd)

PRI Contribution

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

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

At June 30, 2023, the School reported an liability of $1,059,376 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward the Plan's total pension liability as of June 30, 2021 to June 30, 2022. The School's proportion of the net pension liability was calculated based on the actual contributions made during the measurement period in proportion to the total of all employer contributions made during the measurement period. At June 30, 2022, the School's proportion was 0.0774%, which was an increase of 0.0015% from its proportion as of June 30, 2021.

For the year ended June 30, 2023, the School recognized pension expense in the amount of $224,134. At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ 203,298	$ -
Difference between actual and expected experience	109,396	-
Changes in assumptions	114,547	-
Changes in proportions	19,476	19,527
Contributions subsequent to the date of measurement	193,836	-
	$ 640,553	$ 19,527

An amount of $193,836 is reported as deferred outflows of resources resulting from the School's contributions subsequent to the measurement date and will be recognized as an adjustment of the net pension liability in the year ended June 30, 2024. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources related to pensions and will be recognized in pension expense as follows:

NOTE 6 PENSION PLAN (cont'd)

Year Ending June 30,	
2024	$ 13,945
2025	(25,609)
2026	(503)
2027	437,483
2028	1,874
	$ 472,190

Actuarial Assumptions

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

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

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

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

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

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

NOTE 6 PENSION PLAN (cont'd)

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

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

Discount Rate

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

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 7.0%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate.

	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
School's proportionate share of the net pension liability	$ 2,212,134	$ 1,059,376	$ 173,226

Pension Plan Fiduciary Net Position

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

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 Annual Comprehensive Financial Report. Separately issued financial statements for the Plan may be obtained by writing to the State of Delaware Public Employee Retirement System, McArdle Building, Suite 1, 860 Silver Lake Boulevard, Dover, DE 19904; by calling 1-800-722-7300; or by visiting the PERS website at www.delawarepensions.com.

Plan Description and Eligibility

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

Benefits Provided

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

Contributions

Employer Contributions

Participating employers fund the Plan for current retirees on a pay-as-you-go basis along with funding for future benefits at a rate that is approved in the annual budget, but not actuarially determined. For the year ended June 30, 2023, the rate of the employer contribution was 14.98% of covered payroll. The School's contribution to the Plan for the year ended June 30, 2023 was $260,399.

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

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

At June 30, 2023, the School reported a liability of $6,360,948 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the Plan's total OPEB liability as of June 30, 2021 to June 30, 2022. The School's proportion of the net OPEB liability was calculated based on the actual contributions made during the measurement period in proportion to the total of all employer contributions made during the measurement period. At June 30, 2022, the School's proportion was 0.0750%, which was an increase of 0.0017% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School recognized OPEB expense of $280,880. At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ 14,853	$ -
Changes in assumptions	981,907	1,462,029
Changes in proportions	217,764	175,572
Net difference between expected and actual experience	160,881	779,381
Contributions subsequent to the date of measurement	260,399	-
	$1,635,804	$2,416,982

An amount of $260,399 is reported as deferred outflows of resources resulting from the School's contributions subsequent to the June 30, 2022 measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources related to OPEB, and will be recognized in OPEB expense as follows:

Year Ending June 30,	
2024	$ (163,096)
2025	(112,765)
2026	(35,100)
2027	(276,743)
2028	(222,487)
Thereafter	(231,386)
	$(1,041,577)

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Actuarial Assumptions

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

- Discount rate – 3.54%
- Salary increases – 3.25% plus merit
- Healthcare cost trend rates – 5.17%

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

The total OPEB liabilities are measured based on assumptions pertaining to the interest rates, inflation rates, health costs, and employee demographic behavior in future years. The assumptions used were based on the results of an actuarial experience study 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 to measure the total OPEB liability was 2.16% at the beginning of the current measurement period and 3.54% at the end, based on the Bond Buyer GO 20-Bond Municipal Bond Index, an index satisfying the GASB requirement of an index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that employer contributions to the Plan will continue to follow the pay-as-you-go contribution policy. Based on the assumptions of a pay-as-you-go plan, the discount rate used at the June 30, 2022 measurement date is equal to the applicable rate of the 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of the School's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, calculated using the discount rate of 3.54%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current rate.

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

	1% Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
School's proportionate share of the net OPEB liability	$ 7,499,723	$ 6,360,948	$ 5,454,303

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

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

	1% Decrease 4.17%	Current Healthcare Trend Rate 5.17%	1% Increase 6.17%
School's proportionate share of the net OPEB liability	$ 5,462,884	$ 6,360,948	$7,428,424,4

Plan Fiduciary Net Position

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

NOTE 8 RISK MANAGEMENT

The School has purchased commercial insurance policies for various risks of loss related to torts; theft, damage, or destruction of assets; errors or omissions; injuries to employees; or acts of God. Payments of premiums for these policies are recorded as expenses of the School. Insurance settlements have not exceeded insurance coverage in any of the past two years. There were no significant reductions in coverage compared to the prior year.

NOTE 9 LEASE AGREEMENT

Lease – Lessor

As part of the property purchase agreement described in Note 5, the School agreed to assume an existing lease agreement between a day care center and the former property owner. The

NOTE 9 LEASE AGREEMENT (cont'd)

School leased the property to the day care center according to the existing terms of the lease throughout the duration of the lease agreement. In May 2018, the School entered into a new lease agreement until April 30, 2023 with an option to extend for an additional five years until April 30, 2028. During the year, the lease was modified to end on November 30, 2023, and the change converted the lease from a long-term lease to a short-term lease. As a result, the lease no longer meets the requirement for recognition in the financial statements.

NOTE 10 UNCERTAINTIES

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

Grants

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

NOTE 11 FUND BALANCE

As of June 30, 2023, fund balance of the general fund is composed of the following:

Unassigned	$ 2,315,898
Total Fund Balance	$ 2,315,898

NOTE 12 EXCESS EXPENDITURES OVER APPROPRIATIONS

The School overspent budgetary appropriations in the following categories:

Travel	$	2,478
Communications	$	149
Transportation	$	70,503
Land/building/facilities	$	8,469
Capital outlay – equipment	$	62,892
Debt service – principal	$	208

The excess expenditures were covered by amounts underspent in other budget appropriations.

NOTE 13 DEFICIT NET POSITION

For governmental activities, the unrestricted net deficit amount of $5,339,137 includes the effect of deferring the recognition of pension and OPEB contributions made subsequent to the measurement date of the net pension liability and OPEB liability and the deferred outflows related to the pension and OPEB plans. This is offset by the School's actuarially determined net pension liability and OPEB liability, and the deferred inflows related to the pension and OPEB plans.

NOTE 14 SUBSEQUENT EVENTS

The School has evaluated all subsequent events through September 26, 2023, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

POSITIVE OUTCOMES CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Charges to school districts	$ 519,741	$ 519,741	$ 519,742	$ 1
State aid	2,707,949	2,707,949	2,908,219	200,270
Federal aid	302,892	302,892	200,249	(102,643)
Cafeteria - federal	15,325	15,325	-	(15,325)
Rental income	52,800	52,800	52,800	-
Miscellaenous	286,673	286,673	223,765	(62,908)
TOTAL REVENUES	3,885,380	3,885,380	3,904,775	19,395
EXPENDITURES				
Current:				
Salaries	2,058,907	2,058,907	1,925,138	133,769
Employment costs	1,008,425	1,008,425	971,503	36,922
Travel	20,580	20,580	23,058	(2,478)
Contractual services	210,699	210,699	188,802	21,897
Communications	17,500	17,500	17,649	(149)
Public utilities service	39,500	39,500	31,833	7,667
Insurance	47,000	47,000	46,765	235
Transportation	12,484	12,484	82,987	(70,503)
Land/building/facilities	7,500	7,500	15,969	(8,469)
Repairs and maintenance	108,355	108,355	90,152	18,203
Supplies and materials	169,916	169,916	112,482	57,434
Capital outlays:				
Equipment	35,000	35,000	97,892	(62,892)
Debt service:				
Principal	76,812	76,812	77,020	(208)
Interest	59,761	59,761	59,553	208
TOTAL EXPENDITURES	3,872,439	3,872,439	3,740,803	131,636
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	12,941	12,941	163,972	151,031
OTHER FINANCING SOURCES (USES):				
Contingency	-	(250)	-	250
TOTAL OTHER FINANCING SOURCES (USES)	-	(250)	-	250
NET CHANGE IN FUND BALANCE	12,941	12,691	163,972	151,281
FUND BALANCE, BEGINNING OF YEAR	2,151,926	2,151,926	2,151,926	-
FUND BALANCE, END OF YEAR	$ 2,164,867	$ 2,164,617	$ 2,315,898	$ 151,281

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

POSITIVE OUTCOMES CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	MEASUREMENT DATE								
PROPORTIONATE SHARE OF NET PENSION LIABILITY	JUNE 30, 2022	JUNE 30, 2021	JUNE 30, 2020	JUNE 30, 2019	JUNE 30, 2018	JUNE 30, 2017	JUNE 30, 2016	JUNE 30, 2015	JUNE 30, 2014
School's proportion of the net pension liability (asset)	0.0774%	0.0759%	0.0779%	0.0781%	0.0769%	0.0741%	0.0715%	0.0731%	0.0740%
School's proportion of the net pension liability (asset) - dollar value	$ 1,059,376	$ (925,064)	$ 1,094,957	$ 1,216,559	$ 993,553	$ 1,086,961	$ 1,077,461	$ 486,128	$ 272,569
School's covered employee payroll	$ 1,786,032	$ 1,659,027	$ 1,679,214	$ 1,621,445	$ 1,527,447	$ 1,444,384	$ 1,363,622	$ 1,362,793	$ 1,376,099
School's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	59.31%	-55.76%	65.21%	75.03%	65.05%	75.25%	79.01%	35.67%	19.81%
Plan fiduciary net position as a percentage of the total pension liability (asset)	88.76%	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.

POSITIVE OUTCOMES CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL PENSION CONTRIBUTIONS

CONTRIBUTIONS	JUNE 30, 2023	JUNE 30, 2022	JUNE 30, 2021	JUNE 30, 2020	JUNE 30, 2019	JUNE 30, 2018	JUNE 30, 2017	JUNE 30, 2016	JUNE 30, 2015
Contractually required contribution	$ 193,836	$ 222,361	$ 204,558	$ 200,834	$ 191,817	$ 159,160	$ 138,372	$ 130,635	$ 130,283
Contributions in relation to the contractually required contribution	193,836	222,361	204,558	200,834	191,817	159,160	176,930	167,387	168,569
Contribution excess	$ -	$ -	$ -	$ -	$ -	$ -	$ (38,558)	$ (36,752)	$ (38,286)
School's covered employee payroll	$ 1,738,439	$ 1,786,032	$ 1,659,027	$ 1,679,214	$ 1,621,445	$ 1,527,447	$ 1,846,868	$ 1,747,255	$ 1,763,274
Contributions as a percentage of covered employee payroll	11.15%	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.

POSITIVE OUTCOMES CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

	MEASUREMENT DATE					
PROPORTIONATE SHARE OF NET OPEB LIABILITY	JUNE 30, 2022	JUNE 30, 2021	JUNE 30, 2020	JUNE 30, 2019	JUNE 30, 2018	JUNE 30, 2017
School's proportion of the net OPEB liability	0.0750%	0.0733%	0.0760%	0.0761%	0.0750%	0.0724%
School's proportion of the net OPEB liability - dollar value	$ 6,360,948	$ 7,395,044	$ 7,916,464	$ 6,061,244	$ 6,156,222	$ 5,981,122
School's covered employee payroll	$ 1,786,032	$ 1,659,027	$ 1,679,214	$ 1,621,445	$ 1,527,447	$ 1,444,384
School's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	356.15%	445.75%	471.44%	373.82%	403.04%	414.10%
Plan fiduciary net position as a percentage of the total OPEB liability	6.06%	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.

POSITIVE OUTCOMES CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL OPEB CONTRIBUTIONS

CONTRIBUTIONS	JUNE 30, 2023	JUNE 30, 2022	JUNE 30, 2021	JUNE 30, 2020	JUNE 30, 2019	JUNE 30, 2018
Contractually required contribution	$ 260,399	$ 205,049	$ 195,807	$ 210,104	$ 191,146	$ 168,431
Contributions in relation to the contractually required contribution	260,399	205,049	195,807	210,104	191,146	168,431
Contribution excess	$ -	$ -	$ -	$ -	$ -	$ -
School's covered employee payroll	$ 1,738,439	$ 1,786,032	$ 1,659,027	$ 1,679,214	$ 1,621,445	$ 1,527,447
Contributions as a percentage of covered employee payroll	14.98%	11.48%	11.80%	12.51%	11.79%	11.03%

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

SUPPLEMENTARY INFORMATION

POSITIVE OUTCOMES CHARTER SCHOOL
SUPPLEMENTARY INFORMATION
COMBINING BALANCE SHEET - GENERAL FUND
JUNE 30, 2023

	State Allocation	Local Funding	Federal Funding	Elminations	Total
ASSETS					
Cash and pooled cash	$ 149,441	$ 2,539,991	$ -	$ -	$ 2,689,432
Accounts receivable	-	12,600	16,393	-	28,993
Due from other funding sources	-	293	-	(293)	-
TOTAL ASSETS	$ 149,441	$ 2,552,884	$ 16,393	$ (293)	$ 2,718,425
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	$ 23,691	$ 3,531	$ -	$ -	$ 27,222
Accrued salaries and related costs	-	359,205	16,100	-	375,305
Due to other funding sources	-	-	293	(293)	-
TOTAL LIABILITIES	23,691	362,736	16,393	(293)	402,527
FUND BALANCES:					
Unassigned	125,750	2,190,148	-	-	2,315,898
TOTAL FUND BALANCES	125,750	2,190,148	-	-	2,315,898
TOTAL LIABILITIES AND FUND BALANCES	$ 149,441	$ 2,552,884	$ 16,393	$ (293)	$ 2,718,425

POSITIVE OUTCOMES CHARTER SCHOOL
SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund			
	State Allocation	Local Funding	Federal Funding	Total
REVENUES				
Charges to school districts	$ -	$ 519,742	$ -	$ 519,742
State aid	2,908,219	-	-	2,908,219
Federal aid	-	-	200,249	200,249
Rental income	-	52,800	-	52,800
Miscellaenous	-	223,765	-	223,765
TOTAL REVENUES	2,908,219	796,307	200,249	3,904,775
EXPENDITURES				
Current:				
Salaries	1,626,843	168,721	129,574	1,925,138
Employment costs	810,772	96,573	64,158	971,503
Travel	19,236	3,822	-	23,058
Contractual services	140,825	42,177	5,800	188,802
Communications	15,969	1,680	-	17,649
Public utilities service	29,835	1,998	-	31,833
Insurance	-	46,765	-	46,765
Transportation	81,454	1,533	-	82,987
Land/building/facilitites	13,619	2,350	-	15,969
Repairs and maintenance	79,464	10,688		90,152
Supplies and materials	73,256	38,509	717	112,482
Capital outlays:				
Equipment	-	97,892	-	97,892
Debt service:				
Principal	77,020	-	-	77,020
Interest	59,553	-	-	59,553
TOTAL EXPENDITURES	3,027,846	512,708	200,249	3,740,803
NET CHANGE IN FUND BALANCES	(119,627)	283,599	-	163,972
FUND BALANCES, BEGINNING OF YEAR	245,377	1,906,549	-	2,151,926
FUND BALANCES, END OF YEAR	$ 125,750	$ 2,190,148	$ -	$ 2,315,898

POSITIVE OUTCOMES CHARTER SCHOOL
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES BY NATURAL CLASSIFICATION - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

EXPENDITURES	
Current:	
Salaries	$ 1,925,138
Employment costs	971,503
Travel	23,058
Contractual services	188,802
Communications	17,649
Public utilities service	31,833
Insurance	46,765
Transportation	82,987
Land/building/facilities	15,969
Repairs and maintenance	90,152
Supplies and materials	112,482
Capital outlays:	
Equipment	97,892
Debt service:	
Principal	77,020
Interest	59,553
TOTAL EXPENDITURES	$ 3,740,803

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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 26, 2023

Board of Directors
Positive Outcomes Charter School
Camden, 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 the Positive Outcomes Charter School ("the School"), Camden, Delaware, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 26, 2023.

Report on Internal Control Over Financial Reporting

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

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

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Board of Directors
Positive Outcomes Charter School

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP