



**PROVIDENCE CREEK ACADEMY
CHARTER SCHOOL, INC.
(A Component Unit of the State of Delaware)
CLAYTON, DELAWARE**

FINANCIAL STATEMENTS

JUNE 30, 2025

PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.
(A Component Unit of the State of Delaware)

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PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.
(A Component Unit of the State of Delaware)

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INDEPENDENT AUDITOR'S REPORT

October 10, 2025

Board of Directors
Providence Creek Academy Charter School, Inc.
Clayton, Delaware

Opinions

We have audited the financial statements of the governmental activities and each major fund of Providence Creek Academy Charter School, Inc., Clayton, Delaware, a component unit of the State of Delaware, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Providence Creek Academy Charter School, Inc., Clayton, Delaware, as of June 30, 2025, 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 Providence Creek Academy Charter School, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Providence Creek Academy Charter School, Inc.'s management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Board of Directors
Providence Creek Academy Charter School, Inc.

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

Emphasis of a Matter

As discussed in Note 1 to the financial statements, the Providence Creek Academy Charter School, Inc. has adopted the requirements of GASB Statement No. 101, "Compensated Absences." The purpose of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. In addition, as discussed in Note 10 to the financial statements, Providence Creek Academy Charter School, Inc. restated the prior year statement of net position to include an amount due from the State of Delaware for a portion of compensated absences. Our opinions are not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited Providence Creek Academy Charter School, Inc.'s 2024 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities and each major fund in our report dated October 14, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 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 38 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The combining balance sheet - general fund, combining statement of revenues, expenditures, and changes in fund balances - general fund, and

Board of Directors
Providence Creek Academy Charter School, Inc.

schedule of expenditures by natural classification - governmental funds, 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 - governmental funds 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 - governmental funds 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 October 10, 2025, 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
BARBACANE, THORNTON & COMPANY LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

**PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
YEAR ENDED JUNE 30, 2025**

Our discussion and analysis of Providence Creek Academy Charter School, Inc.'s ("the School") financial performance provides an overview of the financial activities for the year ended June 30, 2025. 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 deficit of the School decreased by \$1,391,997, or 15.78%. Program revenues accounted for \$978,505, or 7.90% of total revenues, and the general revenues accounted for \$11,404,934, or 92.10% of total revenues. Also, the general fund reported a positive fund balance of \$3,215,717.

The largest changes in the School's statement of net position compared to fiscal year 2024 can be seen in the net pension and OPEB liabilities. Pension and OPEB liabilities increased by \$774,306 primarily due to current year changes in valuations.

USING THE ANNUAL FINANCIAL REPORT

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

REPORTING THE SCHOOL AS A WHOLE

The Statement of Net Position and Statement of Activities

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

REPORTING THE SCHOOL'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Our analysis of the School's major funds and fund financial statements begins on page 14. These statements provide detailed information about the most significant funds and not the School as a

**PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
YEAR ENDED JUNE 30, 2025**

whole. Certain funds are required to be established by state statute, while many other funds may be established by the School to help manage money for particular purposes and compliance with various grant provisions.

Governmental Funds

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$7,429,559 at the close of the fiscal year. The School's total assets are comprised of cash and equivalents (25.43%), due from state (1.43%), and capital assets net of depreciation (73.14%). The School uses capital assets to provide services; consequently, capital assets are not available for future spending. Although the School's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay such debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the debt obligations.

A summarized comparative analysis for the fiscal year 2025 to 2024 follows:

**TABLE 1
NET POSITION
June 30, 2025 and 2024**

	2025	2024
Current and Other Assets		
Current assets	\$ 4,158,597	\$ 3,473,823
Noncurrent assets	12,193,483	12,268,738
Total Assets	<u>16,352,080</u>	<u>15,742,561</u>
 Deferred Outflows of Resources	 4,413,046	 3,619,256
Total Assets and Deferred Outflows of Resources	<u>20,765,126</u>	<u>19,361,817</u>

**PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
YEAR ENDED JUNE 30, 2025**

**TABLE 1
NET POSITION
June 30, 2025 and 2024**

(cont'd)	2025	2024
Liabilities		
Current liabilities	1,414,234	1,365,760
Long-term liabilities	23,299,775	22,812,815
Total Liabilities	<u>24,714,009</u>	<u>24,178,575</u>
Deferred Inflows of Resources	3,480,676	4,004,798
Total Liabilities and Deferred Inflows of Resources	<u>28,194,685</u>	<u>28,183,373</u>
Net Deficit		
Net investment in capital assets	2,158,175	1,987,132
Restricted	26,282	341,642
Unrestricted (deficit)	(9,614,016)	(11,150,330)
Total Net Deficit	<u>\$ (7,429,559)</u>	<u>\$ (8,821,556)</u>

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

**TABLE 2
CHANGE IN NET POSITION
Fiscal Years Ended June 30, 2025 and 2024**

	2025	2024
General Revenues		
Charges to school districts	\$ 1,328,631	\$ 1,257,057
State aid not restricted to specific purposes	9,617,145	7,965,958
Earnings on cash and cash equivalents	181,187	128,305
Other revenues	277,971	262,767
Total General Revenues	<u>11,404,934</u>	<u>9,614,087</u>
Program Revenues		
Federal aid	596,018	1,010,778
Facilities rental	49,184	46,895
School cafeteria fees	221,782	113,247
Summer camp and before and after care fees	111,521	114,516
Total Revenues	<u>12,383,439</u>	<u>10,899,523</u>

**PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
YEAR ENDED JUNE 30, 2025**

**TABLE 2
CHANGE IN NET POSITION
Fiscal Years Ended June 30, 2025 and 2024**

(cont'd)	2025	2024
Expenses		
Instructional services	7,343,742	6,251,123
Support services:		
Operation and maintenance of facilities	2,236,815	2,267,892
Transportation	342,446	331,038
School food services	518,204	498,668
Interest on long-term debt	550,235	560,899
Total Expenses	<u>10,991,442</u>	<u>9,909,620</u>
Change in Net Deficit	<u>\$ 1,391,997</u>	<u>\$ 989,903</u>

Governmental Activities

The net deficit of the School's governmental activities decreased by \$1,358,078, and unrestricted net position reflects a negative balance of \$9,614,016. The decrease in the net deficit is attributable to an increase in total revenues.

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 equivalent earnings, and other local revenues must support the net cost of the programs.

	SERVICES			
	2025		2024	
	Total Cost	Net Cost	Total Cost	Net Cost
Governmental Activities				
Instructional services	\$ 7,343,742	\$ 6,809,574	\$ 6,251,123	\$ 5,318,097
Support services:				
Operation and maintenance of facilities	2,236,815	2,187,631	2,267,892	2,220,997
Transportation	342,446	342,446	331,038	331,038
School food services	518,204	123,051	498,668	193,153
Interest on long-term debt	550,235	550,235	560,899	560,899
Total Expenses	<u>\$10,991,442</u>	<u>\$10,012,937</u>	<u>\$ 9,909,620</u>	<u>\$ 8,624,184</u>

PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
YEAR ENDED JUNE 30, 2025

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

THE SCHOOL'S FUNDS

The governmental funds (as presented on the balance sheet on page 14) reported a fund balance of \$3,241,999, which is an increase from the prior year's amount by \$706,594. The schedule below indicates the fund balance and the total changes in fund balance from June 30, 2024 to June 30, 2025.

	2025	2024	Increase/ (Decrease)
Governmental Fund Balance			
Restricted - debt service	\$ 26,282	\$ 341,642	\$ (315,360)
Unassigned - general fund	<u>3,215,717</u>	<u>2,193,763</u>	<u>1,021,954</u>
Total Fund Balance	<u>\$ 3,241,999</u>	<u>\$ 2,535,405</u>	<u>\$ 706,594</u>

General Fund

The increase in the School's fund balance of the general fund is due mainly to increases in funding from state sources. This was offset by increases in expenditures for debt service and operation and maintenance of facilities.

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

	Amounts		Percentage (%) Change
	2025	2024	
Revenues			
Charges to school districts	\$ 1,328,631	\$ 1,257,057	5.69%
State sources	9,583,847	7,965,958	20.31%
Federal sources	422,647	818,510	-48.36%
Food service revenue	395,153	305,515	29.34%
Earnings on cash and cash investments	181,187	128,305	41.22%
Facilities rental	49,184	46,895	4.88%
Before and after care	17,642	20,239	-12.83%
Summer camp	93,879	94,277	-0.42%
Contributions	29,019	24,156	20.13%
Miscellaneous revenue	<u>313,080</u>	<u>238,611</u>	<u>31.21%</u>
Total Revenues	<u>\$ 12,414,269</u>	<u>\$ 10,899,523</u>	<u>13.90%</u>

**PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
YEAR ENDED JUNE 30, 2025**

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

	Amounts		Percentage (%) Change
	2025	2024	
Expenditures by Object			
Instructional services	\$ 7,392,343	\$ 6,370,319	16.04%
Support services:			
Operation and maintenance of facilities	2,311,630	2,284,528	1.19%
Transportation	339,918	327,247	3.87%
School food services	429,735	400,767	7.23%
Capital outlay	386,622	1,901,097	-79.66%
Debt services	545,123	567,948	-4.02%
Total Expenditures by Object	\$ 11,405,371	\$ 11,851,906	18.13%

Debt Service Fund

The fund is maintained to accumulate resources for the payment of principal and interest on long-term general obligation debt. The debt service fund had a fund balance of \$26,282 as of June 30, 2025.

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, 2025, actual revenues came in under anticipated amounts by \$126,744, and actual expenditures came in over budget by \$93,884.

CAPITAL ASSETS

The School has \$11,959,880 invested in capital assets, net of depreciation/amortization. During the current year, the School made acquisitions of \$429,326, and incurred depreciation and amortization of \$537,879.

DEBT ADMINISTRATION

As of June 30, 2025, the School had total outstanding debt of \$9,757,166 in the form of bonds and a note payable and \$44,539 in the form of leasing arrangements. Detailed information regarding long-term debt activity is included in Note 4 to the financial statements.

**PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
YEAR ENDED JUNE 30, 2025**

Other obligations include the lease liability, net pension liability, net OPEB liability, accrued vacation pay, and sick leave for School employees. More detailed information about long-term liabilities is included in Notes 4, 6, and 7 to the financial statements.

FACTORS EXPECTED TO HAVE AN EFFECT ON FUTURE OPERATIONS

The School is primarily funded by the State of Delaware and local school districts and, thus, is affected by the economic outlook for the state and school districts. The state and school districts continue to support the funding of education.

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

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our fellow citizens, customers, investors, and creditors with a general overview of the School's finances and to show the School's accountability for the funding received. If you have questions about this report or need additional financial information, contact the School's Finance Office at (302) 653-6276 or by writing to 273 West Duck Creek Road, Clayton, DE 19938.

BASIC FINANCIAL STATEMENTS

PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.
STATEMENTS OF NET POSITION
JUNE 30, 2025 AND 2024

	2025	2024
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 4,158,597	\$ 3,440,514
Accounts receivable	-	33,309
Total Current Assets	<u>4,158,597</u>	<u>3,473,823</u>
NONCURRENT ASSETS:		
Due from state	233,603	200,305
Land	1,585,906	1,585,906
Construction-in-progress	37,000	-
Right of use leased asset, net	42,752	-
Depreciable capital assets, net	<u>10,294,222</u>	<u>10,482,527</u>
Total Noncurrent Assets	<u>12,193,483</u>	<u>12,268,738</u>
TOTAL ASSETS	<u>16,352,080</u>	<u>15,742,561</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred pension	1,660,412	1,556,724
Deferred OPEB	<u>2,752,634</u>	<u>2,062,532</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>4,413,046</u>	<u>3,619,256</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 20,765,126</u>	<u>\$ 19,361,817</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)		
CURRENT LIABILITIES:		
Accounts payable	\$ 22,032	\$ 69,540
Accrued salaries	894,566	868,878
Accrued interest	32,337	17,362
Current portion of compensated absences	100,115	85,845
Current portion of lease payable	21,320	-
Current portion bonds and note payable	<u>343,864</u>	<u>324,135</u>
Total Current Liabilities	<u>1,414,234</u>	<u>1,365,760</u>
NONCURRENT LIABILITIES:		
Lease payable	23,219	-
Bonds and note payable	9,413,302	9,757,166
Compensated absences	233,603	200,304
Net pension liability	2,264,135	2,114,848
Net OPEB liability	<u>11,365,516</u>	<u>10,740,497</u>
Total Noncurrent Liabilities	<u>23,299,775</u>	<u>22,812,815</u>
TOTAL LIABILITIES	<u>24,714,009</u>	<u>24,178,575</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension	24,715	45,742
Deferred OPEB	<u>3,455,961</u>	<u>3,959,056</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,480,676</u>	<u>4,004,798</u>
NET POSITION (DEFICIT):		
Net investment in capital assets	2,158,175	1,987,132
Restricted for:		
Debt service	26,282	341,642
Unrestricted (deficit)	<u>(9,614,016)</u>	<u>(11,150,330)</u>
TOTAL NET POSITION (DEFICIT)	<u>(7,429,559)</u>	<u>(8,821,556)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)	<u>\$ 20,765,126</u>	<u>\$ 19,361,817</u>

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

PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025
(With Summarized Comparative Data for the Year Ended June 30, 2024)

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Deficit	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Totals	
					2025	2024
GOVERNMENTAL ACTIVITIES						
Instructional services	\$ (7,343,742)	\$ 111,521	\$ 384,613	\$ 38,034	\$ (6,809,574)	\$ (5,318,097)
Support services:						
Operation and maintenance of facilities	(2,236,815)	49,184	-	-	(2,187,631)	(2,220,997)
Transportation	(342,446)	-	-	-	(342,446)	(331,038)
School food services	(518,204)	221,782	173,371	-	(123,051)	(193,153)
Interest on long-term debt	(550,235)	-	-	-	(550,235)	(560,899)
TOTAL GOVERNMENT ACTIVITIES	<u>\$ (10,991,442)</u>	<u>\$ 382,487</u>	<u>\$ 557,984</u>	<u>\$ 38,034</u>	<u>(10,012,937)</u>	<u>(8,624,184)</u>
GENERAL REVENUES						
					1,328,631	1,257,057
Charges to school districts					9,617,145	7,965,958
State aid not restricted to specific purposes					181,187	128,305
Earnings on cash and cash equivalents					29,019	24,156
Contributions					248,952	238,611
Other local sources					<u>11,404,934</u>	<u>9,614,087</u>
TOTAL GENERAL REVENUES						
CHANGE IN NET DEFICIT					1,391,997	989,903
NET DEFICIT, BEGINNING OF YEAR, RESTATED					<u>(8,821,556)</u>	<u>(9,811,459)</u>
NET DEFICIT, END OF YEAR					<u>\$ (7,429,559)</u>	<u>\$ (8,821,556)</u>

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

PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025
(With Summarized Comparative Data for June 30, 2024)

	General Fund	Debt Service Fund	Total Governmental Funds	
			2025	2024
ASSETS:				
Cash and cash equivalents	\$ 4,132,315	\$ 26,282	\$ 4,158,597	\$ 3,440,514
Accounts receivable	-	-	-	33,309
TOTAL ASSETS	<u>\$ 4,132,315</u>	<u>\$ 26,282</u>	<u>\$ 4,158,597</u>	<u>\$ 3,473,823</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 22,032	\$ -	\$ 22,032	\$ 69,540
Accrued salaries and benefits	894,566	-	894,566	868,878
TOTAL LIABILITIES	<u>916,598</u>	<u>-</u>	<u>916,598</u>	<u>938,418</u>
FUND BALANCES:				
Restricted	-	26,282	26,282	341,642
Unassigned	3,215,717	-	3,215,717	2,193,763
TOTAL FUND BALANCES	<u>3,215,717</u>	<u>26,282</u>	<u>3,241,999</u>	<u>2,535,405</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,132,315</u>	<u>\$ 26,282</u>	<u>\$ 4,158,597</u>	<u>\$ 3,473,823</u>

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

PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
JUNE 30, 2025

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS	\$	3,241,999
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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 funds. Capital assets net of accumulated depreciation/amortization as detailed in the footnotes are included in the statements of net position.

11,959,880

Long term assets and liabilities are not due, receivable and or payable in the current period and, therefore, are not reported in the funds. Those assets and liabilities consist of:

Bonds and note payable	\$ (9,757,166)	
Due from state	233,603	
Lease payable	(44,539)	
Accrued interest	(32,337)	
Compensated absences	(333,718)	
Net pension liability	(2,264,135)	
Net OPEB liability	<u>(11,365,516)</u>	(23,563,808)

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	1,660,412	
Deferred inflows - pension	<u>(24,715)</u>	1,635,697

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	2,752,634	
Deferred inflows - OPEB	<u>(3,455,961)</u>	<u>(703,327)</u>

TOTAL NET DEFICIT OF GOVERNMENTAL ACTIVITIES	\$	<u><u>(7,429,559)</u></u>
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The accompanying notes are an integral part of these financial statements.

PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025
(With Summarized Comparative Data for the Year Ended June 30, 2024)

	General Fund	Debt Service Fund	Total Governmental Funds	
			2025	2024
REVENUES				
Charges to school districts	\$ 1,328,631	\$ -	\$ 1,328,631	\$ 1,257,057
State sources	9,583,847	-	9,583,847	7,965,958
Federal sources	422,647	-	422,647	818,510
Food service revenue	395,153	-	395,153	305,515
Earnings on cash and cash equivalents	181,187	-	181,187	128,305
Facilities rental	49,184	-	49,184	46,895
Before and after care	17,642	-	17,642	20,239
Summer camp	93,879	-	93,879	94,277
Contributions	29,019	-	29,019	24,156
Miscellaneous revenue	313,080	-	313,080	238,611
TOTAL REVENUES	<u>12,414,269</u>	<u>-</u>	<u>12,414,269</u>	<u>10,899,523</u>
EXPENDITURES				
Current:				
Instructional services	7,392,343	-	7,392,343	6,370,319
Operation and maintenance of facilities	2,311,630	-	2,311,630	2,284,528
Transportation	339,918	-	339,918	327,247
Food services	429,735	-	429,735	400,767
Capital outlays	386,622	-	386,622	1,901,097
Debt service:				
Principal	198,201	127,022	325,223	322,039
Interest	346,922	188,338	535,260	561,269
TOTAL EXPENDITURES	<u>11,405,371</u>	<u>315,360</u>	<u>11,720,731</u>	<u>12,167,266</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,008,898</u>	<u>(315,360)</u>	<u>693,538</u>	<u>(1,267,743)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from incurrence of lease	64,128	-	64,128	-
Refund of prior year revenue	(51,072)	-	(51,072)	-
Refund of prior year expense	-	-	-	6,992
Transfers in	-	-	-	315,360
Transfers out	-	-	-	(315,360)
TOTAL OTHER FINANCING SOURCES (USES)	<u>13,056</u>	<u>-</u>	<u>13,056</u>	<u>6,992</u>
NET CHANGE IN FUND BALANCES	1,021,954	(315,360)	706,594	(1,260,751)
FUND BALANCES, BEGINNING OF YEAR	<u>2,193,763</u>	<u>341,642</u>	<u>2,535,405</u>	<u>3,796,156</u>
FUND BALANCES, END OF YEAR	<u>\$ 3,215,717</u>	<u>\$ 26,282</u>	<u>\$ 3,241,999</u>	<u>\$ 2,535,405</u>

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

PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$	706,594
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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 and amortization expense. This is the amount by which depreciation and amortization exceeded capital outlays in the current period.

Capital outlays	\$ 429,326		
Depreciation/amortization expense	<u>(537,879)</u>		(108,553)

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.

Proceeds from incurrance of lease	(64,128)		
Principal payments on bonds, lease, and note payable	<u>343,724</u>		279,596

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and, thus, requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	(14,975)
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Some revenues reported in the statement of activities do not provide current resources and, therefore, are not reported as revenue in the governmental funds.

Due from state	33,298
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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 funds.

Compensated absences	(47,569)
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Pension expenses in the statement of activities differ from the amount reported in the governmental funds because pension expenses are recognized on the statement of activities based on the School's proportionate share of the expenses of the cost-sharing pension plan, whereas pension expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists.	(24,572)
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OPEB expenses in the statement of activities differ from the amount reported in the governmental funds because OPEB expenses are recognized on the statement of activities based on the School's proportionate share of the expenses of the cost-sharing plan, whereas OPEB expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists.	<u>568,178</u>
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CHANGE IN NET DEFICIT - GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,391,997</u></u>
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The accompanying notes are an integral part of these financial statements.

PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Charter School

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

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

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

Reporting Entity

The School is 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 activities of the School. For the most part, the effect of interfund activity has been removed from these financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Amounts reported as program revenues include 1) charges to students for special fees, supplies, food, or services

PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

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

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.

Separate financial statements are provided for the governmental funds.

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

Governmental funds 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 funds:

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

Debt Service Fund – These funds are maintained to accumulate resources for the payment of principal and interest on long-term general obligation debt.

Encumbrance Accounting

Encumbrance accounting is employed by the School's governmental funds. Encumbrances (i.e. purchase orders and contracts) outstanding at year end are reported as assigned fund balance

PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

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

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 land improvements, buildings, furniture and equipment, and vehicles, are reported in the entity-wide financial statements. The School defines capital assets as assets with an initial, individual cost of more than \$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 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 using the straight-line method over the estimated useful lives of the related assets. Right to use assets are amortized over the life of the lease. The School generally uses the following estimated useful lives:

Land improvements	15 years
Buildings	10 - 40 years
Furniture and equipment	5 - 7 years
Vehicles	5 years

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 – 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

PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

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

state pension and are paid at a rate of 50% of the per diem rate of pay not to exceed 90 days; or (b) in the case of death, 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 \$333,718 at June 30, 2025, of which \$233,603 is reimbursable from the State.

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 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 has provided otherwise in its commitment or assignment actions.

PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

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

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Any remaining portions of net position are reflected as unrestricted. When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first and then unrestricted resources as they are needed.

Long-Term Obligations

In the entity-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and bond discounts are amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums, bond discounts, and bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows and Inflows of Resources

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

PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 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

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, 2025, from which the summarized information was derived.

Implementation of GASB Statement

During the year ended June 30, 2025, the School implemented Governmental Accounting Standards Board ("GASB") Statement No. 101, "Compensated Absences." The purpose of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences.

NOTE 2 CASH AND CASH EQUIVALENTS

At June 30, 2025, the School has a cash and cash equivalents balance of \$4,158,597. Of that amount, \$4,130,639 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.

PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 CASH AND CASH EQUIVALENTS (cont'd)

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, 2025, the reported amount of the School's deposits not held with the State Treasurer's Office was \$27,958, and the bank balance was \$27,958. Of the bank balance, the entirety was covered by federal depository insurance.

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 is as follows:

	Balance 07/01/2024	Increases	Decreases	Reclass	Balance 06/30/2025
<i>Government Activities</i>					
Capital assets not being depreciated/amortized:					
Land	\$ 1,585,906	\$ -	\$ -	\$ -	\$ 1,585,906
Construction-in-progress	-	37,000	-	-	37,000
Total Capital assets not being depreciated/amortized:	1,585,906	37,000	-	-	1,622,906
Capital assets being depreciated/amortized:					
Land improvements	313,484	48,434	-	-	361,918
Buildings	13,999,898	-	-	-	13,999,898
Furniture and equipment	983,117	146,968	-	-	1,130,085
Right to use – equipment	54,653	64,128	54,653	-	64,128
Vehicles	1,324,279	132,796	-	-	1,457,075
Total general capital assets being depreciated/ amortized	16,675,431	392,326	54,653	-	17,013,104
Accumulated depreciation	(6,138,251)	(516,503)	-	-	(6,654,754)
Accumulated amortization	(54,653)	(21,376)	(54,653)	-	(21,376)
Total accumulated depreciation/amortization	(6,192,904)	(537,879)	(54,653)	-	(6,676,130)
Total capital assets being depreciated/amortized, net	10,482,527	(145,553)	-	-	10,336,874
Governmental activities, net	\$12,068,433	\$ (108,553)	\$ -	\$ -	\$11,959,880

PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 CAPITAL ASSETS (cont'd)

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

Instructional services	\$ 32,018
Operation and maintenance of facilities	414,865
Transportation	88,469
School food services	2,527
	<u>\$ 537,879</u>

NOTE 4 LONG-TERM DEBT

On December 1, 2009, the School issued \$6,835,000 of Economic Development Revenue Bonds Taxable Series 2008A through Kent County, Delaware for the purchase of land and a building. The bonds bear interest at 3.51%; principal and interest payments are payable semi-annually on December 1 and June 1 each year. The bonds mature December 1, 2038. \$ 4,965,000

On December 1, 2009, the School entered into a note agreement with the USDA in the principal amount of \$6,000,000. The note was for the financing of the School building and is collateralized by the building, supplies, furniture and fixtures, equipment, and vehicles of the School. The note bears interest at 4.25% and calls for monthly payments consisting of principal and interest of \$26,280. The note matures December 1, 2049. 4,792,166

TOTAL BONDS AND NOTE PAYABLE \$ 9,757,166

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

	Balance 06/30/2024	Additions	Deletions	Balance 06/30/2025	Amounts Due within One Year
Bonds payable	\$ 5,180,000	\$ -	\$ 215,000	\$ 4,965,000	\$ 230,000
Note payable	4,901,301	-	109,135	4,792,166	113,864
Lease payable	-	64,128	19,589	44,539	21,320
	<u>10,081,301</u>	<u>64,128</u>	<u>343,724</u>	<u>9,801,705</u>	<u>365,184</u>
Net pension liability	2,114,848	149,287	-	2,264,135	-
Net OPEB liability	10,740,497	625,019	-	11,365,516	-
Compensated absences	286,149	47,569	-	333,718	100,115
	<u>\$23,222,795</u>	<u>\$ 886,003</u>	<u>\$ 343,724</u>	<u>\$23,765,074</u>	<u>\$ 465,299</u>

The change in compensated absences is reported as the net amount of any increases or decreases throughout the year.

PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 4 LONG-TERM DEBT (cont'd)

The note payable is liquidated using the debt service fund. All other long-term liabilities are liquidated by the general fund.

Interest expense was \$550,235 for the year ended June 30, 2025.

The total principal and interest maturities for bonds and note payable are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 343,864	\$ 375,767	\$ 719,631
2027	363,799	362,760	726,559
2028	383,947	349,012	732,959
2029	404,319	334,514	738,833
2030	429,923	319,257	749,180
2031 - 2035	2,547,562	1,333,984	3,881,546
2036 - 2040	2,826,938	798,097	3,625,035
2041 - 2045	1,173,174	403,626	1,576,800
2046 - 2050	1,283,640	127,994	1,411,634
	<u>\$ 9,757,166</u>	<u>\$ 4,405,011</u>	<u>\$14,162,177</u>

Leasing Arrangements

The School leases its copier equipment under a number of lease arrangements with expiration dates through June 2027.

At June 30, 2025, the minimum future rental payments under noncancelable leasing arrangements for the remaining period and in the aggregate are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 21,320	\$ 2,974	\$ 24,294
2027	23,219	1,075	24,294
Total	<u>\$ 44,539</u>	<u>\$ 4,049</u>	<u>\$ 48,588</u>

NOTE 5 FUND BALANCES

As of June 30, 2025, fund balances are composed of the following:

PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 5 FUND BALANCES (cont'd)

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Restricted:			
Debt service	\$ -	\$ 26,282	\$ 26,282
Unassigned	<u>3,215,717</u>	<u>-</u>	<u>3,215,717</u>
Total Fund Balance	<u>\$ 3,215,717</u>	<u>\$ 26,282</u>	<u>\$ 3,241,999</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 ("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 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, 2024. 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 DPERS 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), 2) employees hired on or after January 1, 2012 (Post-2011); employees classified as correctional officers or specific Peace officers.

Benefits Provided

Service Benefits

Final average monthly compensation (employees hired Post-2011 may not include overtime in pension compensation) multiplied by 2.0% and multiplied by years of credited service prior to

PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 PENSION PLAN (cont'd)

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.

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

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

Disability Benefits

Pre-2012 date of hire: Same as Service Benefits. 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 retired member.

Contributions

Member Contributions

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

PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 PENSION PLAN (cont'd)

Employer Contributions

Employer contributions are determined by the Board. For the year ended June 30, 2025, the rate of the employer contribution was 12.43% of covered payroll. The School's contribution to PERS for the year ended June 30, 2025 was \$528,039.

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, 2025, the School reported a liability of \$2,264,135 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2023 to June 30, 2024. 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, 2024, the School's proportion was 0.1450%, which was an increase of 0.010% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the School recognized pension expense of \$552,611. At June 30, 2025, 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	\$ 439,103	\$ -
Changes in proportions	63,673	24,715
Changes in assumptions	107,253	-
Differences between actual and expected experience	522,344	-
Contributions subsequent to the date of measurement	<u>528,039</u>	<u>-</u>
	<u><u>\$1,660,412</u></u>	<u><u>\$ 24,715</u></u>

PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 PENSION PLAN (cont'd)

An amount of \$528,039 is reported as deferred outflows of resources resulting from the School's contributions subsequent to the June 30, 2024 measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. 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,

2026	\$ 67,360
2027	887,550
2028	71,812
2029	8,797
2030	72,139
	<u>\$ 1,107,658</u>

Actuarial Assumptions

The collective total pension liability as of the June 30, 2024 measurement date was determined by an actuarial valuation as of June 30, 2023, with update procedures were used to roll forward the total pension liability to June 30, 2024. This actuarial valuation used the following actuarial assumptions, applied to all periods:

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

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

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

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

PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.

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%	33.6%
International equity	5.7%	13.9%
Fixed income	2.0%	25.3%
Alternative investments	7.8%	21.7%
Cash and equivalents	0.0%	5.5%

Discount Rate

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

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

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

	<u>1% Decrease 6.0%</u>	<u>Current Discount Rate 7.0%</u>	<u>1% Increase 8.0%</u>
School's proportionate share of the net pension liability	\$ 4,112,983	\$ 2,264,135	\$ 565,515

PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

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 DEPRS 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, 2024. 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 <https://open.omb.delaware.gov/financials.shtml>.

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, 2025, the rate of the employer contribution was 23.35% of covered payroll. The School's contribution to the Plan for the year ended June 30, 2025 was \$922,106.

PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

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, 2025, the School reported a liability of \$11,365,516 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, 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, 2023 to June 30, 2024. 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, 2024, the School's proportion was 0.1406%, which was an increase of 0.010% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the School recognized OPEB expense of \$353,928. At June 30, 2025, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ 11,828	\$ -
Changes in proportions	876,586	255,532
Changes in assumptions	606,923	2,594,600
Net difference between expected and actual experience	265,281	605,829
Contributions subsequent to the date of measurement	<u>922,016</u>	<u>-</u>
	<u>\$ 2,752,634</u>	<u>\$ 3,455,961</u>

An amount of \$922,106 is reported as deferred outflows of resources resulting from the School's contributions subsequent to the June 30, 2024 measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. 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,

2026	\$ (135,659)
2027	(589,286)
2028	(486,779)
2029	(490,370)
2030	(49,109)
Thereafter	<u>55,860</u>
	<u>\$ (1,695,343)</u>

PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Actuarial Assumptions

The collective total OPEB liability as of the June 30, 2024 measurement date was determined by an actuarial valuation as of June 30, 2023 with update procedures were used to roll forward the total pension liability to June 30, 2024. This actuarial valuation used the following actuarial assumptions:

- Discount rate – 4.46%
- Projected salary increases – 3.25% plus merit including inflation
- Investment rate of return – 7.00%, net of OPEB plan investment expense, including inflation
- Healthcare cost trend rates – Blended rate of 8.80% for 2023 decreasing to an ultimate rate of 3.94% for 2042
- Spousal coverage – 50% of employees will elect spouse coverage at retirement
- Percentage of retirees – 50% of employees not currently covered are expected to elect coverage before retirement. All employees are expected to remain in currently enrolled plans
- The following retirees are expected to elect coverage:
 - 95% of employees with more than 20 years of service
 - 80% of employees with less than 20 years of service
 - 40% of current and future terminated vested employees
 - 100% of long-term disability participants

The Entry Age Actuarial Cost Method was used to value the Plan's actuarial liabilities and to set the normal cost. Under this method, the normal cost rate is the percentage of pay contribution which would be sufficient to fund the Plan's benefits if it were paid from each member's entry into the Plan until termination or retirement.

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 long-term expected rate of return on OPEB plan investments was determined using 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 of 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 Trust's current and expected asset allocation as of June 30, 2024 are summarized in the following table:

PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

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

The total OPEB liabilities are measured based on the assumptions pertaining to interest rates, inflation rates, and employee demographic behavior in future years. The assumptions used were based on the results of an actuarial experience study conducted in 2021 and covering the period July 1, 2015 through June 30, 2020. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Discount Rate

The projection of cash flows used to determine the discount rate for June 30, 2024 assumed that employer contributions will be made at amounts equal to those outlined in Senate Bill 175 (at least 1% of the grand total of all State General Fund operating budget appropriations for the prior fiscal year) as well as 0.36% of covered payroll. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members until approximately 2040. As such, projected benefit payments are discounted at the long term expected return on assets of 7.00% to the extent the fiduciary net position is available to make the payments and the municipal bond rate of 3.93%, based on the Bond Buyer 20-Bond GO Index, thereafter to the extent they are not available. The resulting single equivalent rate used to determine the total OPEB liability as of June 30, 2024 was 4.46%.

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 4.46%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.46%) or one percentage point higher (5.46%) than the current rate.

	<u>1% Decrease 3.46%</u>	<u>Current Discount Rate 4.46%</u>	<u>1% Increase 5.46%</u>
School's proportionate share of the net OPEB liability	\$ 13,505,519	\$ 11,365,516	\$ 9,648,049

PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

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 8.80%, 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 (7.80%) or one percentage point higher (9.80%) than the current rate.

	1% Decrease 7.80%	Current Healthcare Trend Rate 8.80%	1% Increase 9.80%
School's proportionate share of the net OPEB liability	\$ 9,651,322	\$ 11,365,516	\$ 13,407,229

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.

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 9 EXCESS EXPENDITURES OVER APPROPRIATIONS

The School overspent budgetary appropriations in the following categories:

Salaries	\$ 312,064
Travel	\$ 10,820
Repairs and maintenance	\$ 50,503
Student activities	\$ 169

PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 9 EXCESS EXPENDITURES OVER APPROPRIATIONS (cont'd)

Supplies and materials	\$	8,466
Capital outlays – equipment	\$	31,464
Debt service – interest	\$	13,557

The excess expenditures were covered by the use of fund balance during the year.

NOTE 10 CHANGE IN OPENING NET POSITION

The School has restated its beginning net position to recognize a receivable for the portion of the compensated absences liability that is reimbursable from the State of Delaware. The effect of this change to the financial reporting resulted in the restatement of beginning net position of the governmental activities as follows:

	06/30/2024 as Previously Reported	Restatement	06/30/2024 as Restated
Governmental activities	<u>\$(10,011,764)</u>	<u>\$ 200,305</u>	<u>\$ (9,811,459)</u>

NOTE 11 DEFICIT NET POSITION

For governmental activities, the unrestricted net deficit amount of \$9,647,935 includes the effect of deferring the recognition of pension and OPEB contributions made subsequent to the measurement date of the net pension 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 SUBSEQUENT EVENTS

The School has evaluated all subsequent events through October 10, 2025, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Charges to school districts	\$ 1,276,908	\$ 1,328,631	\$ 1,328,631	\$ -
State sources	9,829,607	9,829,607	9,583,847	(245,760)
Federal sources	438,735	438,735	422,647	(16,088)
Food service revenue	305,888	377,957	395,153	17,196
Earnings on cash and cash equivalents	181,187	181,187	181,187	-
Facilities rental	69,361	69,361	49,184	(20,177)
Before and after care	-	-	17,642	17,642
Summer camp	-	-	93,879	93,879
Contributions	-	-	29,019	29,019
Miscellaneous revenue	439,327	315,535	313,080	(2,455)
	<u>12,541,013</u>	<u>12,541,013</u>	<u>12,414,269</u>	<u>(126,744)</u>
EXPENDITURES				
Current:				
Salaries	5,205,142	5,205,142	5,517,206	(312,064)
Employment costs	2,772,288	2,772,288	2,580,675	191,613
Travel	-	-	10,820	(10,820)
Contractual services	441,805	441,805	403,566	38,239
Communications	27,559	27,559	16,955	10,604
Public utilities service	194,225	194,225	178,190	16,035
Insurance	207,970	207,970	207,926	44
Transportation	339,918	339,918	339,918	-
Repairs and maintenance	140,750	140,750	191,253	(50,503)
Student activities	47,100	47,100	47,269	(169)
Supplies and materials	499,900	499,900	508,366	(8,466)
Food service	429,735	429,735	429,735	-
Capital outlays:				
Equipment	247,343	247,343	278,807	(31,464)
Property	209,387	209,387	149,562	59,825
Debt service:				
Principal	215,000	215,000	198,201	16,799
Interest	333,365	333,365	346,922	(13,557)
TOTAL EXPENDITURES	<u>11,311,487</u>	<u>11,311,487</u>	<u>11,405,371</u>	<u>(93,884)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,229,526</u>	<u>1,229,526</u>	<u>1,008,898</u>	<u>(220,628)</u>
OTHER FINANCING USES				
Refund of prior year revenue	-	-	(51,072)	(51,072)
Unallocated funds	(209,153)	(209,153)	-	209,153
Contingency reserve	(1,020,373)	(1,020,373)	-	1,020,373
TOTAL OTHER FINANCING USES	<u>(1,229,526)</u>	<u>(1,229,526)</u>	<u>13,056</u>	<u>1,242,582</u>
NET CHANGE IN FUND BALANCE	-	-	1,021,954	1,021,954
FUND BALANCE, BEGINNING OF YEAR	<u>2,193,763</u>	<u>2,193,763</u>	<u>2,193,763</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,193,763</u>	<u>\$ 2,193,763</u>	<u>\$ 3,215,717</u>	<u>\$ 1,021,954</u>

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

PROPORTIONATE SHARE OF NET PENSION LIABILITY	MEASUREMENT DATE									
	JUNE 30, 2024	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
School's proportion of the net pension liability (asset)	0.1450%	0.1350%	0.1359%	0.1358%	0.1357%	0.1451%	0.1418%	0.1487%	0.1460%	0.1356%
School's proportion of the net pension liability (asset) - dollar value	\$ 2,264,135	\$ 2,114,848	\$ 1,858,527	\$ (1,654,883)	\$ 1,907,395	\$ 2,260,114	\$ 1,831,554	\$ 2,180,637	\$ 2,200,079	\$ 901,895
School's covered employee payroll	\$ 3,815,021	\$ 3,264,215	\$ 3,133,341	\$ 2,967,899	\$ 2,925,159	\$ 3,012,308	\$ 2,815,758	\$ 2,897,693	\$ 2,784,395	\$ 2,528,337
School's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	59.35%	64.79%	59.31%	-55.76%	65.21%	75.03%	65.05%	75.25%	79.02%	35.67%
Plan fiduciary net position as a percentage of the total pension liability (asset)	88.29%	87.60%	88.76%	110.48%	87.27%	85.41%	87.49%	85.31%	84.11%	92.67%

Note: The above information is presented as of the Plan's measurement date.

PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.
SCHEDULE OF SCHOOL PENSION CONTRIBUTIONS
STATE OF DELAWARE EMPLOYEES' PENSION PLAN

	<u>JUNE 30, 2025</u>	<u>JUNE 30, 2024</u>	<u>JUNE 30, 2023</u>	<u>JUNE 30, 2022</u>	<u>JUNE 30, 2021</u>	<u>JUNE 30, 2020</u>	<u>JUNE 30, 2019</u>	<u>JUNE 30, 2018</u>	<u>JUNE 30, 2017</u>	<u>JUNE 30, 2016</u>
CONTRIBUTIONS										
Contractually required contribution	\$ 528,039	\$ 446,739	\$ 363,960	\$ 390,101	\$ 365,942	\$ 349,849	\$ 356,356	\$ 293,402	\$ 277,599	\$ 266,745
Contributions in relation to the contractually required contribution	<u>528,039</u>	<u>446,739</u>	<u>363,960</u>	<u>390,101</u>	<u>365,942</u>	<u>349,849</u>	<u>356,356</u>	<u>293,402</u>	<u>277,599</u>	<u>266,745</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered employee payroll	\$ 4,248,101	\$ 3,815,021	\$ 3,264,215	\$ 3,133,341	\$ 2,967,899	\$ 2,925,159	\$ 3,012,308	\$ 2,815,758	\$ 2,897,693	\$ 2,784,395
Contributions as a percentage of covered employee payroll	12.43%	11.71%	11.15%	12.45%	12.33%	11.96%	11.83%	10.42%	9.58%	9.58%

PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
STATE OF DELAWARE EMPLOYEES' OPEB PLAN

PROPORTIONATE SHARE OF NET OPEB LIABILITY	MEASUREMENT DATE							
	JUNE 30, 2024	JUNE 30, 2023	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	0.1406%	0.1306%	0.1316%	0.1312%	0.1324%	0.1413%	0.1382%	0.1453%
School's proportion of the net OPEB liability - dollar value	\$ 11,365,516	\$ 10,740,497	\$ 11,159,369	\$ 13,229,291	\$ 13,790,328	\$ 11,260,536	\$ 11,348,613	\$ 11,999,194
School's covered employee payroll	\$ 3,815,021	\$ 3,264,215	\$ 3,133,341	\$ 2,967,899	\$ 2,925,159	\$ 3,012,308	\$ 2,815,758	\$ 2,897,693
School's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	297.91%	329.04%	356.15%	445.75%	471.44%	373.82%	403.04%	414.09%
Plan fiduciary net position as a percentage of the total OPEB liability	10.59%	7.71%	6.43%	6.06%	4.27%	4.89%	4.44%	4.13%

Note: The above information is presented as of the Plan's measurement date.

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.

**PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.
SCHEDULE OF SCHOOL OPEB CONTRIBUTIONS
STATE OF DELAWARE EMPLOYEES' OPEB PLAN**

<u>CONTRIBUTIONS</u>	<u>JUNE 30, 2025</u>	<u>JUNE 30, 2024</u>	<u>JUNE 30, 2023</u>	<u>JUNE 30, 2022</u>	<u>JUNE 30, 2021</u>	<u>JUNE 30, 2020</u>	<u>JUNE 30, 2019</u>	<u>JUNE 30, 2018</u>
Contractually required contribution	\$ 992,016	\$ 610,858	\$ 488,945	\$ 359,729	\$ 350,287	\$ 365,996	\$ 355,110	\$ 310,491
Contributions in relation to the contractually required contribution	<u>992,016</u>	<u>610,858</u>	<u>488,945</u>	<u>359,729</u>	<u>350,287</u>	<u>365,996</u>	<u>355,110</u>	<u>310,491</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered employee payroll	\$ 4,248,101	\$ 3,815,021	\$ 3,264,215	\$ 3,133,341	\$ 2,967,899	\$ 2,925,159	\$ 3,012,308	\$ 2,815,758
Contributions as a percentage of covered employee payroll	23.35%	16.01%	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

PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.
COMBINING BALANCE SHEET - GENERAL FUND
JUNE 30, 2025

	State Allocation	Local Funding	Federal Funding	Totals
ASSETS				
Cash and cash equivalents	\$ 510,046	\$ 3,622,269	\$ -	\$ 4,132,315
TOTAL ASSETS	<u>\$ 510,046</u>	<u>\$ 3,622,269</u>	<u>\$ -</u>	<u>\$ 4,132,315</u>
LIABILITIES AND FUND BALANCES (DEFICIT)				
LIABILITIES:				
Accounts payable	\$ 21,478	\$ 554	\$ -	\$ 22,032
Accrued salaries and benefits	840,036	54,530	-	894,566
TOTAL LIABILITIES	<u>861,514</u>	<u>55,084</u>	<u>-</u>	<u>916,598</u>
FUND BALANCES (DEFICIT):				
Unassigned (deficit)	(351,468)	3,567,185	-	3,215,717
TOTAL FUND BALANCE (DEFICIT)	<u>(351,468)</u>	<u>3,567,185</u>	<u>-</u>	<u>3,215,717</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	<u>\$ 510,046</u>	<u>\$ 3,622,269</u>	<u>\$ -</u>	<u>\$ 4,132,315</u>

PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	State Allocation	Local Funding	Federal Funding	Totals
REVENUES				
Charges to school districts	\$ -	\$ 1,328,631	\$ -	\$ 1,328,631
State sources	9,583,847	-	-	9,583,847
Federal sources	-	-	422,647	422,647
Food service revenue	-	221,782	173,371	395,153
Earnings on cash and cash equivalents	-	181,187	-	181,187
Facilities rental	-	49,184	-	49,184
Before and after care	-	17,642	-	17,642
Summer camp	-	93,879	-	93,879
Contributions	-	29,019	-	29,019
Miscellaneous revenue	-	313,080	-	313,080
TOTAL REVENUES	<u>9,583,847</u>	<u>2,234,404</u>	<u>596,018</u>	<u>12,414,269</u>
EXPENDITURES				
Current:				
Instructional services	6,202,177	852,632	337,534	7,392,343
Operation and maintenance of facilities	1,946,602	279,915	85,113	2,311,630
Transportation	339,918	-	-	339,918
Food services	196,655	59,709	173,371	429,735
Capital outlays	217,464	169,158	-	386,622
Debt service	428,195	116,928	-	545,123
TOTAL EXPENDITURES	<u>9,331,011</u>	<u>1,478,342</u>	<u>596,018</u>	<u>11,405,371</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>252,836</u>	<u>756,062</u>	<u>-</u>	<u>1,008,898</u>
OTHER FINANCING USES				
Proceeds from incurrence of lease	-	64,128	-	64,128
Refund of prior year revenue	(51,072)	-	-	(51,072)
TOTAL OTHER FINANCING USES	<u>(51,072)</u>	<u>64,128</u>	<u>-</u>	<u>13,056</u>
NET CHANGE IN FUND BALANCES	201,764	820,190	-	1,021,954
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	<u>(553,232)</u>	<u>2,746,995</u>	<u>-</u>	<u>2,193,763</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ (351,468)</u>	<u>\$ 3,567,185</u>	<u>\$ -</u>	<u>\$ 3,215,717</u>

PROVIDENCE CREEK ACADEMY CHARTER SCHOOL, INC.
SCHEDULE OF EXPENDITURES BY NATURAL CLASSIFICATION - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

EXPENDITURES

Current:

Salaries	\$ 5,517,206
Employment costs	2,580,675
Travel	10,820
Contractual services	403,566
Communications	16,955
Public utilities service	178,190
Insurance	207,926
Transportation	339,918
Repairs and maintenance	191,253
Student activities	47,269
Supplies and materials	508,366
Food service	429,735

Capital outlays:

Equipment	278,807
Property	149,562

Debt service:

Principal	325,223
Interest	535,260

TOTAL EXPENDITURES

\$ 11,720,731



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

October 10, 2025

Board of Directors
Providence Creek Academy Charter School, Inc.
Clayton, Delaware

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Providence Creek Academy Charter School, Inc. ("the School"), Clayton, Delaware, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 10, 2025.

Report on Internal Control Over Financial Reporting

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

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

Board of Directors
Providence Creek Academy Charter School, Inc.

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

Report on Compliance and Other Matters

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

Purpose of This Report

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


BARBACANE, THORNTON & COMPANY LLP