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**LAS AMÉRICAS ASPIRA ACADEMY**  
(A Component Unit of the State of Delaware)  
**NEWARK, DELAWARE**

**FINANCIAL STATEMENTS**

**JUNE 30, 2018**

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LAS AMÉRICAS ASPIRA ACADEMY  
(A Component Unit of the State of Delaware)

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 12
BASIC FINANCIAL STATEMENTS	
Entity-wide Financial Statements:	
Statements of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds	15
Reconciliation of Balance Sheet - Governmental Funds to Statement of Net Position	16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	17
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to Statement of Activities	18
Notes to Financial Statements	19 - 41
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	42
Schedule of the School's Proportionate Share of the Net Pension Liability	43
Schedule of School Pension Contributions	44
Schedule of the School's Proportionate Share of the OPEB Pension Liability	45
Schedule of School OPEB Contributions	46

LAS AMÉRICAS ASPIRA ACADEMY  
(A Component Unit of the State of Delaware)

TABLE OF CONTENTS

	<u>PAGE</u>
SUPPLEMENTARY INFORMATION	
Combining Balance Sheet - General Fund	47
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - General Fund	48
Schedule of Expenditures by Natural Classification - Governmental Funds	49
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	50 - 51

## INDEPENDENT AUDITOR'S REPORT

September 28, 2018

Board of Directors  
Las Américas ASPIRA Academy  
Newark, Delaware

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Las Américas ASPIRA Academy ("the School"), Newark, Delaware (a component unit of the State of Delaware), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

Board of Directors  
Las Américas ASPIRA Academy

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Las Américas ASPIRA Academy as of June 30, 2018, and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, Las Américas ASPIRA Academy has adopted the requirements of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." This statement modifies the accounting for the School's other postemployment benefits. As a result, the beginning governmental activities net position has been restated. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited Las Américas ASPIRA Academy's 2017 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities and each major fund in our report dated September 25, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, and the budgetary comparison schedule - general fund, schedule of the School's proportionate share of the net pension liability, schedule of School pension contributions, schedule of the School's proportionate share of the net OPEB liability, and schedule of School OPEB contributions on pages 42 through 46 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.

Board of Directors  
Las Américas ASPIRA Academy

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Las Américas ASPIRA Academy's basic financial statements. The combining balance sheet - general fund, combining statement of revenues, expenditures and changes in fund balances - general fund, and schedule of expenditures by natural classification - 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, the 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 September 28, 2018, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

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

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**LAS AMÉRICAS ASPIRA ACADEMY  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED  
JUNE 30, 2018**

This discussion and analysis of the financial performance of Las Américas ASPIRA Academy (“the School”) provides an overview of the School’s financial activities for the year ended June 30, 2018, which was the School’s seventh year of operations. The School is located at 326 Ruthar Drive, Newark, DE 19711. Please read this analysis in conjunction with the Independent Auditor’s Report and School’s financial statements.

**FINANCIAL HIGHLIGHTS**

General revenues increased by 12.1 percent from \$8,498,344 to \$9,526,750, primarily due to an increase in state and local school district funding, both a direct result of the School’s growing enrollment which went from 698 to 740 students. The School’s total liabilities decreased by 4.1 percent from \$43,697,879 to \$41,916,338.

The school implemented Governmental Accounting Standards Board (“GASB”) Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.” The purpose of this statement is to improve transparency, consistency, and comparability of postemployment benefits other than pensions reported by state and local governments (e.g. charter schools and school districts). The implementation of GASB Statement No. 75 has had an impact on the entity-wide statements. The School is now required to report its proportionate share of the net other post-employment benefits (“OPEB”) liability. This portion of the net OPEB liability was a major factor in the total deficit in net position of \$15,358,490. The net OPEB liability reported in these financial statements at June 30, 2018 totals \$15,409,745. While the net OPEB liability is significant to the School’s financial statements, it is a liability that the School has limited control over. This liability is anticipated to increase in future years as medical costs increase. Reporting in the governmental fund is not affected by the implementation of this statement.

**USING THIS ANNUAL FINANCIAL REPORT**

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

**REPORTING THE SCHOOL AS A WHOLE**

***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



**LAS AMÉRICAS ASPIRA ACADEMY  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
JUNE 30, 2018**

inflows of resources using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the School's net position and the changes in net position. 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 stability and facility conditions in arriving at a conclusion regarding the overall health of the School.

## **REPORTING THE SCHOOL'S MOST SIGNIFICANT FUNDS**

### ***Fund Financial Statements***

This analysis of the School's major funds and fund financial statements provides detailed information about the most significant funds - not the School as a whole. Some funds are required to be established by State statute, while many other funds are established by the School to help manage money for particular purposes and compliance with various grant provisions.

### ***Governmental Funds***

The School's activities are reported in 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 the modified accrual accounting method, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the School's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources available to spend in the near future to finance the School's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the basic financial statements. Activities related to capital assets, long-term debt, and compensated absences are the primary reconciling items.

## **ENTITY-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$15,358,490 at the close of the fiscal year. Note that investment in capital assets is reported net of related debt and net of depreciation. The School uses capital assets to provide services; consequently, these assets are not available for future spending.

A comparative analysis of net position and changes in net position follows:

**LAS AMÉRICAS ASPIRA ACADEMY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)**  
**JUNE 30, 2018**

**Table 1**  
**NET POSITION**  
**June 30, 2018 and 2017**

	Governmental Activities	
	2018	2017
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
Current Assets:		
Cash, pooled cash, and investments	\$ 3,588,368	\$ 8,508,813
Receivables	238,326	162,410
Prepaid expenses	201,043	507,191
Total Current Assets	<u>4,027,737</u>	<u>9,178,414</u>
Noncurrent assets:		
Capital assets, net of depreciation	<u>20,639,732</u>	<u>17,871,380</u>
Total Assets	<u>24,667,469</u>	<u>27,049,794</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Deferred outflows of resources - pension contributions	495,387	365,501
Deferred outflows of resources - pension	1,501,379	1,698,753
Deferred outflows of resources - OPEB contributions	254,241	442,791
Deferred outflows of resources - OPEB	1,248,230	-
Total Deferred Outflows of Resources	<u>3,769,237</u>	<u>2,498,045</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 28,436,706</u>	<u>\$ 29,547,839</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>		
Current Liabilities:		
Accounts payable	\$ 46,419	\$ 1,284,807
Accrued salaries and related costs	946,386	666,364
Retainage payable	-	803,101
Unearned revenue	12,948	3,865
Capital lease payable	-	65,390
Bonds payable, net	120,129	120,129
Total Current Liabilities	<u>1,125,882</u>	<u>2,943,656</u>
Noncurrent Liabilities:		
Compensated absences	261,142	210,485
Bonds payable, net	22,319,126	22,439,255
Net pension liability	2,800,443	2,646,247
Net OPEB liability	15,409,745	15,458,236
Total Noncurrent Liabilities	<u>40,790,456</u>	<u>40,754,223</u>
Total Liabilities	<u>41,916,338</u>	<u>43,697,879</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Deferred inflows of resources - pension	49,374	58,045
Deferred inflows of resources - OPEB	1,829,484	-
Total Deferred Inflows of Resources	<u>1,878,858</u>	<u>58,045</u>
<b>NET POSITION (DEFICIT):</b>		
Net investment in capital assets	(359,607)	(549,438)
Unrestricted (deficit)	(14,998,883)	(13,658,647)
Total Net Position (Deficit)	<u>(15,358,490)</u>	<u>(14,208,085)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u>\$ 28,436,706</u>	<u>\$ 29,547,839</u>

**LAS AMÉRICAS ASPIRA ACADEMY  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
JUNE 30, 2018**

**Table 2  
CHANGES IN NET POSITION  
For the Fiscal Years Ended June 30, 2018 and 2017**

	Governmental Activities	
	2018	2017
<b>REVENUES</b>		
General revenues:		
Charges to school districts	\$ 3,075,591	\$ 2,637,528
Payments from primary government	6,142,755	5,394,405
Other local revenue	218,441	358,264
Interest income	89,963	108,147
Total General Revenues	<u>9,526,750</u>	<u>8,498,344</u>
Program revenues:		
Charges for services	316,737	201,686
Operation grants and contributions	1,514,353	735,957
Capital grants and contributions	-	100,000
Total Program Revenues	<u>1,831,090</u>	<u>1,037,643</u>
<b>TOTAL REVENUES</b>	<u>11,355,343</u>	<u>9,535,987</u>
<b>EXPENSES</b>		
Instructional services	9,096,299	6,851,364
Support services:		
Operation and maintenance of facilities	1,122,176	836,849
Transportation	734,670	623,850
Food service	512,220	340,081
Interest on long-term debt	1,040,383	2,250,507
Loss on disposal of fixed assets	2,497	-
<b>TOTAL EXPENSES</b>	<u>12,508,245</u>	<u>10,902,651</u>
Change in Net Position (Deficit)	<u>\$ (1,150,405)</u>	<u>\$ (1,366,664)</u>

***Governmental Activities***

Net position of the School's governmental activities decreased by \$1,150,405, and unrestricted net position reflects a negative balance of \$14,998,883.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The next table reflects the cost of program services and the net cost of those services after taking into account the program revenues for governmental activities. General revenues

**LAS AMÉRICAS ASPIRA ACADEMY  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
JUNE 30, 2018**

that include charges to school districts, investment earnings, and state entitlements must support the net cost of the School's programs.

	2018		2017	
	Total Cost	Net Cost	Total Cost	Net Cost
<b>Governmental Activities:</b>				
Instructional services	\$ 9,096,299	\$ 7,667,894	\$ 6,851,364	\$ 6,162,307
Support services:				
Operation and maintenance of facilities	1,122,176	1,112,576	836,849	727,249
Transportation	734,670	734,670	623,850	623,850
Food service	512,220	119,135	340,081	101,095
Interest on long-term debt	1,040,383	1,040,383	2,250,507	2,250,507
Loss on disposal of fixed assets	2,497	2,497	-	-
<b>Total Expenses</b>	<b><u>\$ 12,508,245</u></b>	<b><u>\$ 10,677,155</u></b>	<b><u>\$ 10,902,651</u></b>	<b><u>\$ 9,865,008</u></b>

The reliance on general revenues to support governmental activities is indicated by the net services column reflecting the need for \$10,677,155 of support.

**THE SCHOOL'S FUNDS**

The School's governmental funds (as presented on the balance sheet) reported a combined fund balance of \$2,865,299, compared to last year's total of \$6,293,986. The schedule below indicates the fund balance as of June 30, 2018 and 2017 and the change in fund balance for the year ended June 30, 2018.

	Governmental Funds		
	2018	2017	Change
<b>FUND BALANCES</b>			
Nonspendable	\$ 60,043	\$ 264,545	\$ (204,502)
Restricted	1,439,916	4,203,956	(2,764,040)
Unassigned	1,365,340	1,825,485	(460,145)
<b>TOTAL FUND BALANCES</b>	<b><u>\$ 2,865,299</u></b>	<b><u>\$ 6,293,986</u></b>	<b><u>\$ (3,428,687)</u></b>

***Governmental Funds***

The School's fund balances decrease are due to a variety of factors. The table that follows assists in illustrating the financial activities and balance of governmental funds.

**LAS AMÉRICAS ASPIRA ACADEMY  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
JUNE 30, 2018**

**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

	2018	2017
<b>REVENUES</b>		
Charges to school districts	\$ 3,075,591	\$ 2,637,528
State aid	6,112,361	5,368,561
Federal aid	668,319	456,782
Interest income	44,834	63,018
Food service revenue	138,934	60,242
Other local revenues	228,041	367,864
After care	154,708	107,178
Donations	846,034	379,175
Summer camp	13,495	24,666
<b>TOTAL REVENUES</b>	<b>11,282,317</b>	<b>9,465,014</b>
<b>EXPENDITURES</b>		
Current:		
Instruction	8,001,570	6,397,099
Operation and maintenance of facilities	675,383	645,214
Transportation	734,670	623,850
Food service	512,220	340,081
Capital outlays:		
Property	2,774,595	9,161,446
Equipment	831,793	189,098
Debt service:		
Principal	140,390	7,336,735
Interest	1,040,383	1,475,944
Bond issuance cost	-	774,563
<b>TOTAL EXPENDITURES</b>	<b>14,711,004</b>	<b>26,944,030</b>
<b>OTHER FINANCING SOURCES</b>		
Bond proceeds	-	21,025,000
Bond premium	-	1,579,513
<b>NET CHANGE IN FUND BALANCES</b>	<b>(3,428,687)</b>	<b>5,125,497</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>6,293,986</b>	<b>1,168,489</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 2,865,299</b>	<b>\$ 6,293,986</b>

The largest revenue reported by the School for the year was for aid received from the State of Delaware, accounting for 54.2 percent of total revenues. Charges to local school districts for students attending the School was also significant, accounting for 27.3 percent.

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

**LAS AMÉRICAS ASPIRA ACADEMY  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
JUNE 30, 2018**

**GENERAL FUND AND DEBT SERVICE FUND BUDGET INFORMATION**

The School's budget is prepared on the modified accrual basis of accounting. The most significant budgeted fund in the general fund. The School may amend its revenue and expenditure estimates periodically due to changing conditions. The School operates on a preliminary operating budget for the first half of the year, and a final operating budget the second half of the year once the September 30 unit count is verified by the authorizer.

The following are explanations for the more significant variances between budget versus actual revenues and expenditures as shown on page 42.

***Revenues***

State Aid

A favorable variance of \$184,724 is attributable primarily to adjustments to final State funding.

Federal Aid

A favorable variance of \$82,463 is attributable primarily to increased participation in our school meal program, which generated higher than projected revenue from federal aid. This was the positive result of operating a full service kitchen. Prior to fiscal year 2018, the School vended all of its meals.

Local Revenues

A combined favorable variance of \$636,193 is attributable to receiving a grant of \$800,000 from the Longwood Foundation in June 2018.

***Expenditures***

Salaries and Employment Costs

A combined unfavorable variance of \$252,994 is a result of projecting salaries, health insurance, and other employment costs on a cash accounting method for the period of July 1, 2017 through June 30, 2018. Accrued salaries and other employment costs paid throughout the summer are included in the fiscal year 2019 Operating Budget.

Public Utilities

An unfavorable variance of \$33,373 is a result of the School operating the entire 125,000 sq. ft. building for the first full year (July 2017 - June 2018) after significant completion of the Phase IV Construction Project.

**LAS AMÉRICAS ASPIRA ACADEMY  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
JUNE 30, 2018**

Transportation

An unfavorable variance of \$15,062 is a result of the School under projecting for extracurricular transportation costs, such as the middle school sports trips and School field trips.

Contractual Services

A favorable variance of \$289,597 is the result of projecting costs for various contracted services that were instead included as part of the Phase IV Construction/Renovation Project.

Maintenance

A favorable variance of \$18,219 is the result of conservatively projecting maintenance costs for the new 125,000 square foot building.

Capital Outlay

The combined unfavorable variance for capital outlay for property and equipment of \$352,688 is the result of the School's Phase IV Construction/Renovation Project, which was budgeted for in the Capital Projects Fund instead of the General Fund.

Debt Service Principal

The favorable variance of \$440,979 is due to principal payments being made out of the capital projects fund but being budgeted in the general fund.

**CAPITAL ASSETS**

The School has \$20,639,732 in net capital assets. Acquisitions for governmental activities totaled \$3,525,469, and depreciation was \$754,620. Detailed information regarding capital asset activity is included in Note 4 to the financial statements.

**DEBT ADMINISTRATION**

As of June 30, 2018, the School had total outstanding debt of \$22,439,255 in the form of revenue bonds issued for the purpose of refinancing previous debt and financing building improvements (Phase IV Construction).

Other obligations include accrued vacation pay and sick leave for School employees. More detailed information about long-term liabilities is included in Note 5 to the financial statements.

**LAS AMÉRICAS ASPIRA ACADEMY  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
JUNE 30, 2018**

**FACTORS EXPECTED TO HAVE AN EFFECT ON FUTURE OPERATIONS**

Fiscal year 2018 was the seventh year of operation as a functioning School. The School's enrollment is at 740 with a planned enrollment of 819 students in fiscal year 2020. The School will complete its last phase of construction by June 2019. The construction will include a large library that will be located in the middle interior of the School, and two exterior projects that consist of eliminating parking lot drainage issues and the addition of a new parking lot exit onto Red Mill Road. Larger enrollment will result in an increase in state and local district revenues, as well as an increase in operating expenses and debt service.

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 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 money it receives. If you have questions about this report or need additional financial information, please contact the School's Chief Operating Officer at (302) 292-1463, Ext. 203.



## **BASIC FINANCIAL STATEMENTS**

**LAS AMÉRICAS ASPIRA ACADEMY  
STATEMENTS OF NET POSITION  
JUNE 30, 2018 AND 2017**

	2018	2017
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>CURRENT ASSETS:</b>		
Cash and pooled cash	\$ 2,148,452	\$ 2,231,699
Investments	1,439,916	6,277,114
Accounts receivable	81,641	36,119
Due from State	156,685	126,291
Deposits	141,000	242,646
Prepaid expenses	60,043	264,545
Total Current Assets	4,027,737	9,178,414
<b>NONCURRENT ASSETS:</b>		
Land	529,959	529,959
Construction-in-progress	-	9,549,029
Depreciable capital assets, net	20,109,773	7,792,392
Total Noncurrent Assets	20,639,732	17,871,380
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred pension contributions	495,387	356,501
Deferred pension	1,501,379	1,698,753
Deferred OPEB contributions	524,241	442,791
Deferred OPEB	1,248,230	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	3,769,237	2,498,045
 <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	\$ 28,436,706	\$ 29,547,839
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 46,419	\$ 1,284,807
Accrued salaries and related costs	946,386	666,364
Retainage payable	-	803,101
Unearned summer camp fees	12,948	3,865
Bonds payable	120,129	120,129
Capital lease payable	-	65,390
Total Current Liabilities	1,125,882	2,943,656
<b>NONCURRENT LIABILITIES:</b>		
Compensated absences	261,142	210,485
Bonds payable	22,319,126	22,439,255
Net pension liability	2,800,443	2,646,247
Net OPEB liability	15,409,745	15,458,236
Total Noncurrent Liabilities	40,790,456	40,754,223
Total Liabilities	41,916,338	43,697,879
 <b>DEFERRED INFLOWS OF RESOURCES:</b>		
Deferred pension	49,374	58,045
Deferred OPEB	1,829,484	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	1,878,858	58,045
 <b>NET POSITION (DEFICIT):</b>		
Net investment in capital assets	(359,607)	(549,438)
Unrestricted (deficit)	(14,998,883)	(13,658,647)
Total Net Position (Deficit)	(15,358,490)	(14,208,085)
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	\$ 28,436,706	\$ 29,547,839

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

**LAS AMÉRICAS ASPIRA ACADEMY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(With Summarized Comparative Data for June 30, 2017)**

	Program Revenues		Capital	Net (Expense) Revenue and Changes in Net Position (Deficit)	
Expenses	Charges for Services	Operating Grants and Contributions	Grants and Contributions	2018	2017
<b>GOVERNMENTAL ACTIVITIES</b>					
Instructional services	\$ (9,096,299)	\$ 168,203	\$ -	\$ (7,667,894)	\$ (6,162,307)
Support services:					
Operation and maintenance of facilities	(1,122,176)	9,600	-	(1,112,576)	(727,249)
Transportation	(734,670)	-	-	(734,670)	(623,850)
Food service	(512,220)	138,934	254,151	(119,135)	(101,095)
Interest on long-term debt and bond issuance cost	(1,040,383)	-	-	(1,040,383)	(2,250,507)
Loss on disposal of fixed assets	(2,497)	-	-	(2,497)	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ (12,508,245)</b>	<b>\$ 316,737</b>	<b>\$ -</b>	<b>(10,677,155)</b>	<b>(9,865,008)</b>
<b>GENERAL REVENUES</b>					
Charges to school districts				3,075,591	2,637,528
State aid not restricted to specific purposes				6,142,755	5,394,405
Other local revenues				218,441	358,264
Interest income				89,963	108,147
<b>TOTAL GENERAL REVENUES</b>				<b>9,526,750</b>	<b>8,498,344</b>
<b>CHANGE IN NET POSITION</b>				(1,150,405)	(1,366,664)
<b>NET POSITION (DEFICIT), BEGINNING OF YEAR, RESTATED</b>				<b>(14,208,085)</b>	<b>(12,841,421)</b>
<b>NET POSITION (DEFICIT), END OF YEAR</b>				<b>\$ (15,358,490)</b>	<b>\$ (14,208,085)</b>

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

**LAS AMÉRICAS ASPIRA ACADEMY  
BALANCE SHEET - GOVERNMENTAL FUNDS**

**JUNE 30, 2018**

**(With Summarized Comparative Data for June 30, 2017)**

	General Fund	Capital Projects Fund	Total Government Funds	
			2018	2017
<b>ASSETS:</b>				
Cash and pooled cash	\$ 2,148,452	-	\$ 2,148,452	\$ 2,231,699
Investments	-	1,439,916	1,439,916	6,277,114
Accounts receivable	81,641	-	81,641	36,119
Deposit	141,000	-	141,000	242,646
Prepaid expenditures	60,043	-	60,043	264,545
<b>TOTAL ASSETS</b>	<b>\$ 2,431,136</b>	<b>\$ 1,439,916</b>	<b>\$ 3,871,052</b>	<b>\$ 9,052,123</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 46,419	-	\$ 46,419	\$ 1,284,807
Retainage payable	-	-	-	803,101
Accrued salaries and related costs	946,386	-	946,386	666,364
Unearned summer camp fees	12,948	-	12,948	3,865
<b>TOTAL LIABILITIES</b>	<b>1,005,753</b>	<b>-</b>	<b>1,005,753</b>	<b>2,758,137</b>
<b>FUND BALANCES:</b>				
Nonspendable	60,043	-	60,043	264,545
Restricted	-	1,439,916	1,439,916	4,203,956
Unassigned	1,365,340	-	1,365,340	1,825,485
<b>TOTAL FUND BALANCES</b>	<b>1,425,383</b>	<b>1,439,916</b>	<b>2,865,299</b>	<b>6,293,986</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,431,136</b>	<b>\$ 1,439,916</b>	<b>\$ 3,871,052</b>	<b>\$ 9,052,123</b>

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

**LAS AMÉRICAS ASPIRA ACADEMY  
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL  
FUNDS TO STATEMENT OF NET POSITION  
JUNE 30, 2018**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 2,865,299

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

Capital assets used in the governmental activities are not financial resources and, therefore, are not reported in the funds. Capital assets net of accumulated depreciation as detailed in the footnotes are included in the statement of net position. 20,639,732

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:

Compensated absences	\$ (261,142)	
State portion of compensated absences	156,685	
Net pension liability	(2,800,443)	
Net OPEB liability	(15,409,745)	
Bonds payable in future years, net	<u>(22,439,255)</u>	<u>(40,753,900)</u>

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

Deferred outflows - pension contributions	495,387	
Deferred outflows - pension	1,501,379	
Deferred inflows - pension	<u>(49,374)</u>	<u>1,947,392</u>

Deferred inflows and outflows 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 returns, changes in the actuarially determined proportion of the School's amount of the total OPEB liability, and OPEB contributions made after the measurement date of the net OPEB liability. These amounts will be amortized over the estimated remaining average service life of the employees.

Deferred outflows - OPEB contributions	524,241	
Deferred outflows - OPEB	1,248,230	
Deferred inflows - OPEB	<u>(1,829,484)</u>	<u>(57,013)</u>

TOTAL NET POSITION (DEFICIT) - GOVERNMENTAL ACTIVITIES \$(15,358,490)

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

**LAS AMÉRICAS ASPIRA ACADEMY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
(With Summarized Comparative Data for the Year Ended June 30, 2017)

	General Fund	Capital Projects Fund	2018	2017
<b>REVENUES</b>				
Charges to school districts	\$ 3,075,591	-	\$ 3,075,591	\$ 2,637,528
State aid	6,112,361	-	6,112,361	5,368,561
Federal aid	668,319	-	668,319	456,782
Interest income	9,242	35,592	44,834	63,018
Food service revenue	138,934	-	138,934	60,242
Other local revenues	228,041	-	228,041	367,864
After care	154,708	-	154,708	107,178
Donations	846,034	-	846,034	379,175
Summer camp	13,495	-	13,495	24,666
<b>TOTAL REVENUES</b>	<b>11,246,725</b>	<b>35,592</b>	<b>11,282,317</b>	<b>9,465,014</b>
<b>EXPENDITURES</b>				
Current:				
Instruction	8,001,570	-	8,001,570	6,397,099
Operation and maintenance of facilities	668,084	7,299	675,383	645,214
Transportation	734,670	-	734,670	623,850
Food services	512,220	-	512,220	340,081
Capital outlays:				
Property	585,395	2,189,200	2,774,595	9,161,446
Equipment	831,793	-	831,793	189,098
Debt service:				
Principal	65,390	75,000	140,390	7,336,735
Interest	5,883	1,034,500	1,040,383	1,475,944
Bond issuance cost	-	-	-	774,563
<b>TOTAL EXPENDITURES</b>	<b>11,405,005</b>	<b>3,305,999</b>	<b>14,711,004</b>	<b>26,944,030</b>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<b>(158,280)</b>	<b>(3,270,407)</b>	<b>(3,428,687)</b>	<b>(17,479,016)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond proceeds	-	-	-	21,025,000
Bond premium	-	-	-	1,579,513
Transfers in (out)	(506,367)	506,367	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(506,367)</b>	<b>506,367</b>	<b>-</b>	<b>22,604,513</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(664,647)</b>	<b>(2,764,040)</b>	<b>(3,428,687)</b>	<b>5,125,497</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>2,090,030</b>	<b>4,203,956</b>	<b>6,293,986</b>	<b>1,168,489</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 1,425,383</b>	<b>\$ 1,439,916</b>	<b>\$ 2,865,299</b>	<b>\$ 6,293,986</b>

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

**LAS AMÉRICAS ASPIRA ACADEMY  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (3,428,687)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized, and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. Disposal of fixed assets must be recognized at a gain or loss on entity-wide statements when incurred.

Capital outlays	\$ 3,525,469	
Loss of disposal of fixed asset	(2,497)	
Depreciation expense	<u>(754,620)</u>	2,768,352

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

Principal repayments	75,000	
Amortization of bond premium	45,129	
Lease payments	<u>65,390</u>	185,519

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

Compensated absences, net of state portion	(20,263)
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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.

(204,013)

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

(451,313)

CHANGE IN NET POSITION (DEFICIT) - GOVERNMENTAL ACTIVITIES	<u><u>\$ (1,150,405)</u></u>
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The accompanying notes are an integral part of these financial statements.

LAS AMÉRICAS ASPIRA ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Charter School

Las Américas ASPIRA Academy 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. Las Américas ASPIRA Academy's initial charter was granted for a four-year period, renewable every five years thereafter. Las Américas ASPIRA Academy's first full year of school started September 1, 2011.

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

Reporting Entity

The School is 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 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.



LAS AMÉRICAS ASPIRA ACADEMY

NOTES TO FINANCIAL STATEMENTS

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

**Governmental fund financial statements** are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, 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.
- **Capital Projects Fund.** The capital projects fund accounts for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodeling of facilities, and procurement of equipment necessary for providing educational programs for all students within the School.

LAS AMÉRICAS ASPIRA ACADEMY

NOTES TO FINANCIAL STATEMENTS

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

Cash and Cash Equivalents

The School's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, as well as cash deposits held in an investment pool controlled by the personnel of the State Treasurer's Office in Dover, Delaware.

Investments

Investments are recorded at fair value.

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

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

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

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

Receivables

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

Capital Assets

Capital assets, which include land, buildings and improvements, furniture and fixtures, and equipment, are reported in the entity-wide financial statements. The School defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

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

LAS AMÉRICAS ASPIRA ACADEMY

NOTES TO FINANCIAL STATEMENTS

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

Building and improvements, furniture and fixtures, and equipment of the School are depreciated using the straight-line method over the estimated useful lives of the related assets. The School generally uses the following estimated useful lives:

Building and improvements	22 - 40 years
Furniture	3 years
Equipment	5 years

Deferred Inflows and Outflows of Resources

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

Long-term Obligations

In the entity-wide financial statements, long-term debt is reported as liabilities. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as operating expenditures/expenses.

Compensated Absences

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

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

LAS AMÉRICAS ASPIRA ACADEMY

NOTES TO FINANCIAL STATEMENTS

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

**Sick Leave** – Sick leave allowances are as follows: teachers shall be allowed 10 days of sick leave per year, and annual employees earn one day of sick leave for each month worked. Any unused sick days shall be accumulated to the employee's credit up to a maximum of 120 days. Compensation for accumulated sick days is received when employees (a) qualify and apply for state pension and are paid at a rate of 50 percent of the per diem rate of pay not to exceed 120 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 120 days.

The compensated absences liability was \$261,142 at June 30, 2018.

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.

LAS AMÉRICAS ASPIRA ACADEMY

NOTES TO FINANCIAL STATEMENTS

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

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, 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.

Income Tax Status

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

Use of Estimates in the Preparation of Financial Statements

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

Comparative Data

Comparative total data for the prior year is presented in the basic financial statements to provide an understanding of changes in the School's financial position and operations. That comparative data is not at the level of detail required for a presentation in conformity with generally accepted accounting principles and, therefore, should be read in conjunction with the School's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Implementation of GASB Statement

During the year ended June 30, 2018, the School implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." GASB Statement No. 75 replaces the requirements of GASB Statement No. 45, with the objective of

LAS AMÉRICAS ASPIRA ACADEMY

NOTES TO FINANCIAL STATEMENTS

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

improving the accounting and financial reporting of state and local governments for other postemployment benefits. It requires that state and local governments recognize and record the actuarially determined net other postemployment benefit liability, or, for multi-employer cost sharing plans, the entity's share of the net other postemployment benefit liability, in the entity's financial statements.

NOTE 2 CASH, POOLED CASH, AND INVESTMENTS

***Deposits***

At June 30, 2018, the School had a cash and pooled cash balance of \$2,148,452. Of those amounts, \$2,145,999 was part of an investment pool controlled by the personnel of the State Treasurer's Office in Dover, Delaware, and all investment decisions are made by the State Treasurer's Office. These funds are considered to be highly liquid and available for immediate use and, thus, are recorded as cash equivalents in these financial statements.

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

At June 30, 2018, the reported amount of the School's deposits outside of the State Treasurer's Office was \$2,453 and the bank balance was \$2,453, all of which was covered by federal depository insurance.

***Investments***

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

The School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The School has the following recurring fair value measurements as of June 30, 2018:

LAS AMÉRICAS ASPIRA ACADEMY

NOTES TO FINANCIAL STATEMENTS

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money Market Mutual Fund	\$ 1,439,916	\$ 1,439,916	\$ -	\$ -
TOTAL	\$ 1,439,916	\$ 1,439,916	\$ -	\$ -

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. As of June 30, 2018, none of School's investments were subject to custodial credit risk.

Interest Rate Risk

The School does not have an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, to ensure that its assets remain liquid enough to satisfy its current obligations, at June 30, 2018, all of the School's investments had maturity dates of less than one year.

Credit Risk

The School has no investment policy that would limit its investment choices to those with certain credit ratings.

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable represent receivables for revenues earned by the School. At June 30, 2017, receivables are as follows:

<u>Description</u>	
Passed through the State of Delaware:	
Federal government	\$ 67,321
Other receivables:	
Miscellaneous receivables	<u>14,320</u>
Total receivables	<u>\$ 81,641</u>

LAS AMÉRICAS ASPIRA ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 is as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
<b><i>Governmental Activities:</i></b>				
General capital assets not being depreciated:				
Land	\$ 529,959	\$ -	\$ -	\$ 529,959
Construction-in-progress	9,549,029	2,738,106	(12,287,135)	-
Total general capital assets not being depreciated	<u>10,078,988</u>	<u>2,738,106</u>	<u>(12,287,135)</u>	<u>529,959</u>
General capital assets being depreciated:				
Building and improvements	8,063,005	12,287,135	-	20,350,140
Furniture and equipment	1,291,539	787,363	(18,548)	2,060,354
Total general capital assets being depreciated	9,354,544	13,074,498	(18,548)	22,410,494
Accumulated depreciation	1,562,152	754,620	(16,051)	2,300,721
Total general capital assets being depreciated, net	<u>7,792,392</u>	<u>12,319,878</u>	<u>(2,497)</u>	<u>20,109,773</u>
Governmental Activities, Net	<u>\$ 17,871,380</u>	<u>\$ 15,057,984</u>	<u>\$(12,639,732)</u>	<u>\$ 20,639,732</u>

Depreciation expense was charged to the following governmental activities:

Instructional services	\$ 388,746
Operation and maintenance of facilities	<u>365,874</u>
	<u>\$ 754,620</u>

NOTE 5 LONG-TERM DEBT

During the year ended June 30, 2017, the School issued revenue bonds, Series A and Series B of 2016 in the amounts of \$20,125,000 and \$900,000, respectively, in order to repay the balances of the three notes issued in 2015 and fund ongoing construction.



LAS AMÉRICAS ASPIRA ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 5 LONG-TERM DEBT (cont'd)

The Series of 2016A bonds bear interest ranging from 3.25 percent to 5.00 percent, maturing June 1 2026 to June 1, 2051, with interest payable on December 1 and June 1.

The Series of 2016B bonds bear interest at 6.25 percent and mature on June 1, 2022, with interest payable on December 1 and June 1.

A schedule of changes in debt for the year ended June 30, 2018 is as follows:

	Amounts			Amounts	Due Within
	Outstanding		Retirements	Outstanding	One Year
	<u>7/1/2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>6/30/2018</u>	<u>One Year</u>
Governmental Activities:					
Bonds payable	\$21,025,000	\$ -	\$ 75,000	\$20,950,000	\$ 75,000
Bond premium	1,534,384	-	45,129	1,489,255	45,129
Leases payable	65,390	-	65,390	-	-
Compensated absences	<u>210,485</u>	<u>50,657</u>	<u>-</u>	<u>261,142</u>	<u>-</u>
Total Governmental Activities	<u>\$22,835,259</u>	<u>\$ 50,657</u>	<u>\$ 185,519</u>	<u>\$22,700,397</u>	<u>\$ 120,129</u>

A summary of the School's bonds payable is as follows:

Description	Amount of Original Issue	Interest Rate	Maturity Date	Balance June 30, 2018
Series A of 2016	\$20,125,000	3.25%-5.00%	Annually	\$ 20,125,000
Series B of 2016	900,000	6.25%	Annually	825,000
Bonds payable, at face				<u>20,950,000</u>
Unamortized premium				<u>1,489,255</u>
Bonds payable, net				<u>\$ 22,439,255</u>
Amounts due in one year				\$ 120,129
Amounts due after one year				<u>22,319,126</u>
				<u>\$ 22,439,255</u>

LAS AMÉRICAS ASPIRA ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 5 LONG-TERM DEBT (cont'd)

The total principal and interest maturities as of June 30, 2018 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 75,000	\$ 1,029,813	\$ 1,104,813
2020	290,000	1,025,125	1,315,125
2021	305,000	1,007,000	1,312,000
2022	325,000	987,938	1,312,938
2022	340,000	972,725	1,312,725
2024-2028	1,890,000	4,683,413	6,573,413
2029-2033	2,365,000	4,206,000	6,571,000
2034-2038	3,020,000	3,553,000	6,573,000
2039-2043	3,850,000	2,718,250	6,568,250
2044-2048	4,915,000	1,654,750	6,569,750
2049-2051	3,575,000	363,250	3,938,250
Total	<u>\$ 20,950,000</u>	<u>\$ 22,201,264</u>	<u>\$ 43,151,264</u>

NOTE 6 FUND BALANCES

As of June 30, 2018, fund balances are composed of the following:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Nonspendable:			
Prepays	\$ 60,043	\$ -	\$ 60,043
Restricted:			
Capital Projects		22,916	22,916
Repair and Replacement Reserve	-	100,000	100,000
Reserve		1,317,000	1,317,000
Unassigned	<u>1,365,340</u>	-	<u>1,365,340</u>
Total Fund Balances	<u>\$ 1,425,383</u>	<u>\$ 1,439,916</u>	<u>\$ 2,865,299</u>

NOTE 7 LEASING ARRANGEMENTS

Capital Lease - Lessee

The School entered into various lease agreements as lessee for financing the acquisition of various equipment. These lease agreements qualify as capital leases for accounting purposes.

LAS AMÉRICAS ASPIRA ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 7 LEASING ARRANGEMENTS (cont'd)

During the fiscal year ended June 30, 2018, the capital lease obligation was paid in full. Information related to the capital lease is as follows:

Equipment acquired through capital lease	\$ 251,696
Less: accumulated depreciation	<u>(191,573)</u>
<b>TOTAL</b>	<b><u>\$ 60,123</u></b>

Amortization of leased equipment and vehicles under capital assets is included with depreciation expense.

Operating Lease – Lessee

The School leases copier equipment, computer, iPads, and related accessories through ten operating lease agreements. The School has entered into these lease agreements at different times during fiscal years 2016, 2017, and 2018. One of the leases expires this fiscal year, while the remaining leases expire at varying times in September 2018, October 2018, September 2019, May 2020, June 2020, and September 2020. Total expense paid under these lease agreements was \$160,489 for the year ended June 30, 2018.

At June 30, 2018, the minimum future rental payments under noncancelable leasing arrangements for the remaining years and in the aggregate are as follows:

<u>Year Ending June 30,</u>	
2019	\$ 127,180
2020	107,961
2021	<u>57,160</u>
	<b><u>\$ 292,301</u></b>

NOTE 8 PENSION PLAN

Plan Description

School employees are considered state employees and are covered under the State of Delaware Employees' Pension Plan ("the Plan"), which is a cost-sharing, multiple-employer defined benefit public employees' retirement system ("the State PERS") defined by 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 Board of Pension Trustees ("the Board").

LAS AMÉRICAS ASPIRA ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 8 PENSION PLAN (cont'd)

The following are brief descriptions of the Plan in effect as of June 30, 2018. For a more complete description, please refer to the Delaware Employees' Pension Plan Comprehensive Annual Financial Report. Separately issued financial statements for the Plan may be obtained by writing to the State of Delaware Public Employee Retirement System, McArdle Building, Suite 1, 860 Silver Lake Boulevard, Dover, DE 19904; by calling 1-800-722-7300; or by visiting the PERS website at [www.delawarepensions.com](http://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, and 2) employees hired on or after January 1, 2012.

Benefits Provided

*Service Benefits*

Final average monthly compensation (employees hired on or after January 1, 2012 may not include overtime in pension compensation) multiplied by 2.0 percent and multiplied by years of credited service prior to January 1, 1997, plus final average monthly compensation multiplied by 1.85 percent and multiplied by years of credited service after December 31, 1996, subject to minimum limitations. For this plan, final average monthly compensation is the monthly average of the highest three periods of twelve consecutive months of compensation.

*Vesting*

Employees hired before January 1, 2012 vest in the plan after five years of credited service. Employees hired on or after January 1, 2012 vest in the plan after ten years of credited service.

*Retirement*

Employees hired before January 1, 2012 may retire at age 62 with five years of credited service; at age 60 with 15 years of credited service; or after 30 years of credited service at any age. Employees hired on or after January 1, 2012 may retire at age 65 with at least 10 years of credited service; at age 60 with 20 years of credited service; or after 30 years of credited service at any age.

LAS AMÉRICAS ASPIRA ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 8 PENSION PLAN (cont'd)

*Disability Benefits*

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

*Survivor and Burial Benefits*

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

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

Contributions

*Member Contributions*

Employees hired before January 1, 2012 contribute three percent of earnings in excess of \$6,000. Employees hired on or after January 1, 2012 contribute five percent of earnings in excess of \$6,000.

*Employer Contributions*

Employer contributions are determined by the Board. For the year ended June 30, 2018, the rate of the employer contribution was 11.52 percent of covered payroll. The School's contribution to PERS for the year ended June 30, 2018 was \$495,387.

*PRI Contribution*

All reporting units participating in the State PERS make contributions to a PRI fund which accumulates resources to fund ad hoc post-retirement 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.

LAS AMÉRICAS ASPIRA ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 8 PENSION PLAN (cont'd)

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

At June 30, 2018, the School reported a liability of \$2,800,443 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2016 to June 30, 2017. 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, 2017, the School's proportion was 0.1910 percent, which was an increase of 0.0154 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School recognized pension expense of \$699,400. At June 30, 2018, 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	\$ 327,382	\$ -
Changes in proportions	591,419	-
Changes in assumptions	550,250	-
Contributions subsequent to the date of measurement	495,387	-
Differences between actual and expected experience	<u>32,328</u>	<u>49,374</u>
	<u>\$ 1,996,766</u>	<u>\$ 49,374</u>

An amount of \$495,387 is reported as deferred outflows of resources resulting from the School's contributions subsequent to the June 30, 2017 measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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:

<u>Year Ending June 30,</u>	
2019	\$ 230,099
2020	509,547
2021	397,102
2022	123,109
2023	<u>192,148</u>
	<u>\$ 1,452,005</u>

LAS AMÉRICAS ASPIRA ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 8 PENSION PLAN (cont'd)

Actuarial Assumptions

The total pension liability as of the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016, and update procedures were used to roll forward the total pension liability to June 30, 2017. These actuarial valuations used the following actuarial assumptions, applied to all periods:

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

The total pension 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 Sex Distinct RP-2014 Combined Mortality Table projected to 2017 using an adjusted version on MP-2015 mortality improvement scale on a fully generational basis.

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

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%	33.5%
International equity	5.7%	13.7%
Fixed income	2.0%	26.6%
Alternative investments	7.8%	22.7%
Cash and equivalents	0.0%	3.5%

LAS AMÉRICAS ASPIRA ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 8 PENSION PLAN (cont'd)

Discount Rate

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

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

The following presents the net pension liability, calculated using the discount rate of 7.0 percent, 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 percent) or one percentage point higher (8.0 percent) than the current rate.

	1% Decrease 6.0%	Current Rate Discount Rate 7.0%	1% Increase 8.0%
School's proportionate share of the net pension liability	\$ 5,041,485	\$ 2,800,443	\$ 900,601

Pension Plan Fiduciary Net Position

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

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description

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



LAS AMÉRICAS ASPIRA ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

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, 2018. For a more complete description, please refer to the Delaware Public Employees' Retirement System Comprehensive Annual Financial Report. Separately issued financial statements for the Plan may be obtained by writing to the State of Delaware Public Employee Retirement System, McArdle Building, Suite 1, 860 Silver Lake Boulevard, Dover, DE 19904; by calling 1-800-722-7300; or by visiting the PERS website at [www.delawarepensions.com](http://www.delawarepensions.com).

Plan Description and Eligibility

The State of Delaware Employees' Other Postemployment Benefit ("OPEB") Fund Trust is a cost-sharing multiple employer plan that covers all employees of the State that are eligible to participate in the defined benefit pension plan, including employees of other affiliated entities.

Benefits Provided

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

Contributions

*Member Contributions*

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

*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, 2018, the rate of the employer contribution was 10.25 percent of covered payroll. The School's contribution to the Plan for the year ended June 30, 2018 was \$524,241.

LAS AMÉRICAS ASPIRA ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

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

At June 30, 2018, the School reported a liability of \$15,409,745 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total pension liability used to calculate the net OPEB liability was determined by rolling forward the Plan's total OPEB liability as of June 30, 2016 to June 30, 2017. 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, 2017, the School's proportion was 0.1867 percent, which was an increase of 0.0165 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School recognized OPEB expense of \$975,554. At June 30, 2018, 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	\$ -	\$ 30,512
Changes in proportions	1,248,230	-
Changes in assumptions	-	1,798,972
Contributions subsequent to the date of measurement	524,241	-
Differences between actual and expected experience	-	-
	<u>\$ 1,772,471</u>	<u>\$ 1,829,484</u>

An amount of \$524,241 is reported as deferred outflows of resources resulting from the School's contributions subsequent to the June 30, 2017 measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources related to pensions, and will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2019	\$ (117,775)
2020	(117,775)
2021	(117,775)
2022	(117,775)
2023	<u>(110,154)</u>
	<u>\$ (581,254)</u>

LAS AMÉRICAS ASPIRA ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Actuarial Assumptions

The total OPEB liability as of the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016, and update procedures were used to roll forward the total pension liability to June 30, 2017. These actuarial valuations used the following actuarial assumptions:

- Discount rate – 3.58 percent
- Salary increases – 3.25 percent + merit
- Healthcare cost trend rates – 7.00 percent

Mortality rates were based on the Sex Distinct RP-2014 Total Dataset Healthy Annuitant Mortality Table, including adjustment for healthy annuitant and disabled annuitant. Future mortality improvements are projected to 2020.

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 2016. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the actual experience deviates, the larger the impact on future financial statements.

Discount Rate

The discount rate to measure the total OPEB liability was 2.85 percent at the beginning of the current measurement period and 3.58 percent at the end, based on the Bond Buyer GO 20-Bond Municipal Bond Index, an index satisfying the GASB requirement of an index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that employer contributions to the Plan will continue to follow the pay-as-you-go contribution policy. Based on the assumptions of a pay-as-you-go plan, the discounts rates used at the June 30, 2017 and 2016 measurement date are equal to the applicable rate of the 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

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

The following presents the net OPEB liability, calculated using the discount rate of 3.58 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.58 percent) or one percentage point higher (4.58 percent) than the current rate.

LAS AMÉRICAS ASPIRA ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

	1% Decrease <u>2.58%</u>	Current Rate Discount Rate <u>3.58%</u>	1% Increase <u>4.58%</u>
School's proportionate share of the net pension liability	\$ 18,476,941	\$ 15,409,745	\$ 13,019,593

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 7.0 percent, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (6.0 percent) or one percentage point higher (8.0 percent) than the current rate.

	1% Decrease <u>6.0%</u>	Current Rate Discount Rate <u>7.0%</u>	1% Increase <u>8.0%</u>
School's proportionate share of the net pension liability	\$ 13,047,354	\$ 15,409,745	\$ 18,303,444

Plan Fiduciary Net Position

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

NOTE 10 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 for the year ended June 30, 2018. There was no significant reduction in coverage compared to the prior year.

NOTE 11 COMMITMENTS AND CONTINGENCIES

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

LAS AMÉRICAS ASPIRA ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 11 COMMITMENTS AND CONTINGENCIES (cont'd)

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.

Construction Commitment

As of June 30, 2018, the anticipated construction commitment is as follows:

<u>Project</u>	<u>Contract Amount</u>	<u>Completed through June 30, 2018</u>	<u>Remaining Amount</u>
Building improvements, Phase IV	\$ 559,200	\$ -	\$ 559,200

NOTE 12 EXCESS EXPENDITURES OVER APPROPRIATIONS

The School overspent budgetary appropriations in the following categories:

Salaries	\$ 208,170
Employment costs	\$ 44,824
Communications	\$ 6,165
Public utilities service	\$ 33,373
Insurance	\$ 5,851
Transportation – buses	\$ 15,062
Supplies and materials	\$ 686
Student activities	\$ 48,239
Property	\$ 42,395
Equipment	\$ 310,293
Interest on debt service	\$ 5,883

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

LAS AMÉRICAS ASPIRA ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 13 DEFICIT NET POSITION

For governmental activities, the unrestricted net deficit amount of \$14,998,883 includes the effect of deferring the recognition of pension and OPEB contributions made subsequent to the measurement date of the net pension liability and net OPEB liability, and the deferred outflows related to the pension and OPEB plans. This is offset by the School's actuarially determined pension liability and OPEB liability, and the deferred inflows related to the pension and OPEB plans.

NOTE 14 PRIOR PERIOD RESTATEMENT

The School has decreased its July 1, 2016 net position by \$15,015,445 due to the effects of implementing GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." The School recorded a beginning deferred outflow for OPEB contributions of \$356,501 and a beginning net OPEB liability of \$15,458,236.

NOTE 15 SUBSEQUENT EVENTS

The School has evaluated all subsequent events through September 28, 2018, the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

**LAS AMÉRICAS ASPIRA ACADEMY  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Charges to school districts	\$ 2,792,454	\$ 3,075,591	\$ 3,075,591	\$ -
State aid	5,535,117	5,927,637	6,112,361	184,724
Federal aid	532,449	585,856	668,319	82,463
Interest income	-	-	9,242	9,242
Food service revenue	76,542	98,339	138,934	40,595
Other local revenues	498,662	429,224	228,041	(201,183)
After care	113,474	158,698	154,708	(3,990)
Donations	34,000	20,000	846,034	826,034
Summer camp	80,000	48,000	13,495	(34,505)
<b>TOTAL REVENUES</b>	<u>9,662,698</u>	<u>10,343,345</u>	<u>11,246,725</u>	<u>903,380</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Salaries	4,676,313	4,835,000	5,043,170	(208,170)
Employment costs	2,420,502	2,476,270	2,521,094	(44,824)
Travel	30,000	37,200	23,353	13,847
Contractual services	641,659	751,059	461,462	289,597
Communications	19,800	26,300	32,465	(6,165)
Public utilities service	88,000	158,200	191,573	(33,373)
Insurance	45,000	36,500	42,351	(5,851)
Transportation - buses	621,461	719,608	734,670	(15,062)
Repairs and maintenance	120,000	123,000	104,781	18,219
Supplies and materials	493,200	712,700	713,386	(686)
Student activities			48,239	(48,239)
<b>Capital outlays:</b>				
Property	640,000	543,000	585,395	(42,395)
Equipment	485,000	521,500	831,793	(310,293)
<b>Debt service:</b>				
Principal	506,369	506,369	65,390	440,979
Interest	-	-	5,883	(5,883)
<b>TOTAL EXPENDITURES</b>	<u>10,787,304</u>	<u>11,446,706</u>	<u>11,405,005</u>	<u>41,701</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	(1,124,606)	(1,103,361)	(158,280)	945,081
<b>OTHER FINANCING SOURCES</b>				
Transfer out	-	-	(506,367)	(506,367)
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>-</u>	<u>(506,367)</u>	<u>(506,367)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,124,606)	(1,103,361)	(664,647)	438,714
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>2,090,030</u>	<u>2,090,030</u>	<u>2,090,030</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 965,424</u>	<u>\$ 986,669</u>	<u>\$ 1,425,383</u>	<u>\$ 438,714</u>

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



**LAS AMÉRICAS ASPIRA ACADEMY  
 SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 STATE OF DELAWARE EMPLOYEES' PENSION PLAN  
 FOR THE YEAR ENDED JUNE 30, 2018**

	<u>MEASUREMENT DATE</u>		
	<u>JUNE 30, 2017</u>	<u>JUNE 30, 2016</u>	<u>JUNE 30, 2015</u>
<u>PROPORTIONATE SHARE OF NET PENSION LIABILITY</u>			
School's proportion of the net pension liability	0.1910%	0.1756%	0.1409%
School's proportion of the net pension liability - dollar value	\$ 2,800,443	\$ 2,646,247	\$ 937,416
School's covered employee payroll	\$ 3,721,305	\$ 3,349,061	\$ 2,627,918
School's proportionate share of the net pension liability as a percentage of its covered employee payroll	75.25%	79.01%	35.67%
Plan fiduciary net position as a percentage of the total pension liability	85.31%	84.11%	92.67%
			95.80%

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

**LAS AMÉRICAS ASPIRA ACADEMY**  
**SCHEDULE OF SCHOOL PENSION CONTRIBUTIONS**  
**STATE OF DELAWARE EMPLOYEES' PENSION PLAN**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<u>CONTRIBUTIONS</u>	<u>JUNE 30, 2018</u>	<u>JUNE 30, 2017</u>	<u>JUNE 30, 2016</u>	<u>JUNE 30, 2015</u>
Contractually required contribution	\$ 495,387	\$ 356,501	\$ 320,840	\$ 251,229
Contributions in relation to the contractually required contribution	<u>495,387</u>	<u>356,501</u>	<u>320,840</u>	<u>251,229</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered employee payroll	\$ 4,300,226	\$ 3,721,305	\$ 3,349,060	\$ 2,627,918
Contributions as a percentage of covered-employee payroll	11.52%	9.58%	9.58%	9.56%

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

**LAS AMÉRICAS ASPIRA ACADEMY  
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
STATE OF DELAWARE EMPLOYEES' OPEB PLAN  
FOR THE YEAR ENDED JUNE 30, 2018**

<u>PROPORTIONATE SHARE OF NET OPEB LIABILITY</u>	<u>MEASUREMENT DATE</u> <u>JUNE 30, 2017</u>
School's proportion of the net OPEB liability	0.1867%
School's proportion of the net OPEB liability - dollar value	\$ 15,409,745
School's covered employee payroll	\$ 3,820,457
School's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	403.35%
Plan fiduciary net position as a percentage of the total OPEB liability	4.13%

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

**LAS AMÉRICAS ASPIRA ACADEMY  
SCHEDULE OF SCHOOL OPEB CONTRIBUTIONS  
STATE OF DELAWARE EMPLOYEES' OPEB PLAN  
FOR THE YEAR ENDED JUNE 30, 2018**

<u>CONTRIBUTIONS</u>	<u>JUNE 30, 2018</u>
Contractually required contribution	\$ 442,791
Contributions in relation to the contractually required contribution	<u>442,791</u>
Contribution excess	<u>\$ -</u>
School's covered employee payroll	\$ 4,319,912
Contributions as a percentage of covered-employee payroll	10.25%

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**

**LAS AMÉRICAS ASPIRA ACADEMY  
COMBINING BALANCE SHEET - GENERAL FUND  
JUNE 30, 2018**

	State Allocation	Local Funding	Federal Funding	Total
<b>ASSETS</b>				
Cash and pooled cash	\$ 47,211	\$ 2,101,241	-	\$ 2,148,452
Accounts receivable	-	14,320	67,321	81,641
Deposits	-	141,000	-	141,000
Prepaid expenditures	-	60,043	-	60,043
<b>TOTAL ASSETS</b>	<b>\$ 47,211</b>	<b>\$ 2,316,604</b>	<b>\$ 67,321</b>	<b>\$ 2,431,136</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	-	\$ 46,419	-	\$ 46,419
Accrued salaries and related costs	-	879,065	67,321	946,386
Unearned summer camp fees	-	12,948	-	12,948
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>938,432</b>	<b>67,321</b>	<b>1,005,753</b>
<b>FUND BALANCES</b>				
Nonspendable	-	60,043	-	60,043
Unassigned	47,211	1,318,129	-	1,365,340
<b>TOTAL FUND BALANCES</b>	<b>47,211</b>	<b>1,378,172</b>	<b>-</b>	<b>1,425,383</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 47,211</b>	<b>\$ 2,316,604</b>	<b>\$ 67,321</b>	<b>\$ 2,431,136</b>

**LAS AMÉRICAS ASPIRA ACADEMY  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

	State Allocation	Local Funding	Federal Funding	Total
REVENUES				
Charges to school districts	\$ -	\$ 3,075,591	-	\$ 3,075,591
State aid	6,112,361	-	-	6,112,361
Federal aid	-	-	414,168	414,168
Interest income	-	9,242	-	9,242
Food service revenue	-	138,934	-	138,934
Other local revenues	-	228,041	254,151	228,041
After care	-	154,708	-	154,708
Donations	-	846,034	-	846,034
Summer camp	-	13,495	-	13,495
<b>TOTAL REVENUES</b>	<u>6,112,361</u>	<u>4,466,045</u>	<u>668,319</u>	<u>11,246,725</u>
EXPENDITURES				
Current:				
Instruction	5,820,459	1,766,943	414,168	8,001,570
Operation and maintenance of facilities	43,713	624,371	-	668,084
Transportation	-	734,670	-	734,670
Food services	118,453	139,616	254,151	512,220
Capital outlays:				
Property	-	585,395	-	585,395
Equipment	82,790	749,003	-	831,793
Debt service:				
Principal	-	65,390	-	65,390
Interest	-	5,883	-	5,883
<b>TOTAL EXPENDITURES</b>	<u>6,065,415</u>	<u>4,671,271</u>	<u>668,319</u>	<u>11,405,005</u>
EXCESS OF REVENUES OVER EXPENDITURES	46,946	(205,226)	-	(158,280)
OTHER FINANCING SOURCES (USES):				
Transfer out	-	(506,367)	-	(506,367)
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>(506,367)</u>	<u>-</u>	<u>(506,367)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>46,946</u>	<u>(711,593)</u>	<u>-</u>	<u>(664,647)</u>
FUND BALANCES, BEGINNING OF YEAR	265	2,089,765	-	2,090,030
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 47,211</u>	<u>\$ 1,378,172</u>	<u>\$ -</u>	<u>\$ 1,425,383</u>

**LAS AMÉRICAS ASPIRA ACADEMY  
SCHEDULE OF EXPENDITURES BY NATURAL CLASSIFICATION -  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

EXPENDITURES

Current:

Salaries	\$ 5,043,170
Employment costs	2,521,094
Travel	23,353
Contractual services	461,462
Communications	32,465
Public utilities service	191,573
Insurance	42,351
Transportation - buses	734,670
Repairs and maintenance	112,080
Supplies and materials	713,386
Student activities	48,239

Capital outlays:

Property	2,774,595
Equipment	831,793

Debt service:

Principal	140,390
Interest	<u>1,040,383</u>

TOTAL EXPENDITURES

\$ 14,711,004



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

September 28, 2018

Board of Directors  
Las Américas ASPIRA Academy  
Newark, 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 Las Américas ASPIRA Academy ("the School"), Newark, Delaware, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 28, 2018.

Internal Control Over Financial Reporting

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

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

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

Board of Directors  
Las Américas ASPIRA Academy

### Compliance and Other Matters

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

### Purpose of This Report

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

  
BARBACANE, THORNTON & COMPANY LLP