DELAWARE MILITARY ACADEMY CHARTER SCHOOL

(A Component Unit of the State of Delaware)

WILMINGTON, DELAWARE

FINANCIAL STATEMENTS

JUNE 30, 2026

DELAWARE MILITARY ACADEMY CHARTER SCHOOL
(A Component Unit of the State of Delaware)

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(A Component Unit of the State of Delaware)

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& COMPANY

INDEPENDENT AUDITOR'S REPORT

September 30, 2026

Board of Directors
Delaware Military Academy Charter School
Wilmington, Delaware

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Delaware Military Academy Charter School ("the School"), Wilmington, Delaware, a component unit of the State of Delaware, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Delaware Military Academy Charter School, Wilmington, Delaware, as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.

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

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

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

Report on Summarized Comparative Information

We have previously audited the School's 2025 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated October 9, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 11, and the budgetary comparison schedule - general fund, schedule of the School's proportionate share of the net pension liability, schedule of School pension contributions, schedule of the School's proportionate share of the net OPEB liability, and schedule of School OPEB contributions on pages 43 through 48 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

The combining balance sheet - general fund; combining statement of revenues, expenditures, and changes in fund balances - general fund; and schedule of expenditures by natural classification - governmental funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information

directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining balance sheet - general fund; combining statement of revenues, expenditures, and changes in fund balances - general fund; and schedule of expenditures by natural classification - governmental funds are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2026, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of management's discussion and analysis (MD&A) is to help readers understand what the financial statements and notes in this financial report say about the Delaware Military Academy ("the School") financial health and why it changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by the finance staff's knowledge of the School's finances.

If you have questions about this report or require further information, contact the School office at (302) 292-1463.

Overview of the Financial Statements

The School's financial report contains basic financial statements. Those financial statements present the School's finances at both an overall and a detailed level. The first two—the government-wide financial statements—cover the School's governmental activities.

- *Governmental activities* comprise the School's most basic functions, such as instructional services, operation and maintenance of facilities, transportation and food service. Governmental activities primarily are financed by charges to school districts and grants from the State of Delaware and the federal government.

The remaining basic financial statements present the School's finances in greater detail. As their name implies, the fund financial statements disaggregate financial information by separate funds to report on the specific purposes for which resources are used or for which they are restricted. The School reports the following fund financial statement.

- *Governmental fund financial statements* – the School's main operating fund – the General Fund reports all of the governmental activities of the School's departments.

The next section of this financial report contains notes to financial statements, which delve deeper into the School's finances as reported in the financial statements. The information in the notes is as important to understanding the School's finances as the information in the financial statements. The School uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies).

Types of Information in the Financial Statements

The School's government wide financial statements use the economic resources measurement focus and accrual basis of accounting. In other words, they comprehensively report all types of financial statement elements:

- Assets – resources the School controls, from short-term assets like cash to long-term assets like buildings, building improvements and furniture and equipment.

- Liabilities – amounts the School owes, from short-term liabilities such as salaries payable to long-term liabilities such as outstanding debt and net amounts owed to employees for pensions.

- Deferred outflows of resources and deferred inflows of resources – flows that occurred during the year, or in prior years, that will not be reported as expenses and revenues until the future year to which they are related.

- Revenues and expenses – inflows and outflows of economic resources, respectively, related to the current year.

Governmental fund financial statements use the current financial resources measurement focus and modified accrual basis of accounting to report on the sources, uses, and balances of current financial resources. The governmental fund does not report nonfinancial assets, such as capital assets, or certain other long-term items, such as notes payable, but they do report the flows of current financial resources related to those long-term items; for example, the proceeds from issuing notes or selling equipment, as well as principal and interest payments on bonds and spending on the construction of a School building.

More detail about the measurement focuses and bases of accounting can be found in the first note to financial statements, the summary of significant accounting policies, beginning on page 20.

Table A-1
Net Position
June 30, 2026 and 2025

	Governmental Activities		Total Percentage Change
	2026	2025	2026-2025
ASSETS			
Current and other assets	$ 5,341,933	$ 5,108,855	4.56%
Capital assets, net	17,248,826	17,751,802	(2.83%)
Total assets	22,590,759	22,860,657	(1.18%)
Deferred outflows of resources	4,311,803	6,000,883	(28.15%)
Total assets and deferred outflows of resources	26,902,562	28,861,540	(6.79%)
Long-term liabilities	28,469,874	32,196,453	(11.57%)
Other liabilities	2,157,329	1,820,498	18.50%
Total liabilities	30,627,203	34,016,951	(9.96%)
Deferred inflows of resources	5,400,638	4,434,500	21.79%
Total liabilities and deferred inflows of resources	36,027,841	38,451,451	(6.30%)
Net position			
Net investment in capital assets	1,073,553	1,227,071	(12.51%)
Restricted	156,462	153,502	1.93%
Unrestricted (deficit)	(10,355,294)	(10,970,484)	(5.61%)
Total net deficit	$ (9,125,279)	$ (9,589,911)	(4.85%)

Table A-1 shows that as of June 30, 2026, the School's total net position – assets and deferred outflows minus liabilities and deferred inflows – was a deficit of $9,125,279, a decrease of $464,632 or 4.85 percent compared with 2025.

Governmental Activities

Table A-2 shows that revenues continued to exceed expenses in the current year, resulting in an decrease in net deficit. The total net deficit of the School's governmental activities was $9,125,279, a decrease of $464,632 or 4.85 percent from 2025. Various events contributed to this decrease in net deficit; however, the primary factors affecting the change in net position are as follows:

1) A $379,825 increase in charges to school districts for student enrollment.

2) A $460,784 increase in operating grants due to a $200,000 contribution received in the current fiscal year.

3) A $500,520 increase in payments from primary government due to more state aid from the Governor's budget as a result of the increased enrollment.

4) A $828,718 increase in instructional service expenses related to increases in payroll and related benefits as the School has been actively working to increase salaries to align with neighboring Districts.

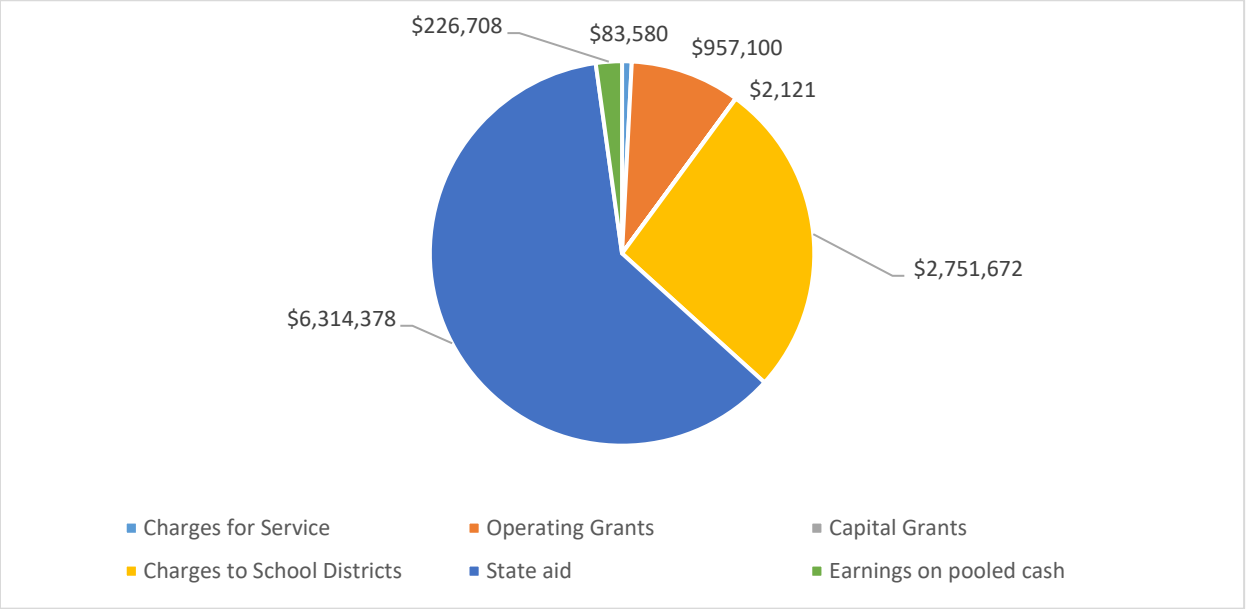
5) A $397,707 decrease in transportation expenses.

Table A-2
Changes in Net Position
For the Years Ended June 30, 2026 and 2025

	Governmental Activities		Total Percentage Change
	2026	2025	2026-2025
Revenues			
Program revenues:			
Charges for services	$ 83,580	$ 99,883	(16.32%)
Operating grants	957,100	496,316	92.84%
Capital grants and contributions	2,121	2,917	(27.29%)
General revenues:			
Charges to school districts	2,751,672	2,371,847	16.01%
State aid	6,314,378	5,813,858	8.61%
Earnings on pooled cash	226,708	279,530	(18.90%)
Total revenues	10,335,559	9,064,351	14.02%

(cont'd)	Governmental Activities 2026	Governmental Activities 2025	Total Percentage Change 2026-2025
Expenses			
Instructional services	7,696,608	6,867,890	12.07%
Operation and maintenance of facilities	1,524,574	1,431,764	6.48%
Transportation	10,315	408,022	(97.47%)
Food service	149,367	142,546	4.79%
Interest expense	490,063	499,442	(1.88%)
Total expenses	9,870,927	9,349,664	5.58%
Change in net deficit	464,632	(285,313)	(262.85%)
Net deficit – beginning of year	(9,589,911)	(9,304,598)	3.07%
Net deficit – end of year	$ (9,125,279)	$ (9,589,911)	(4.85%)

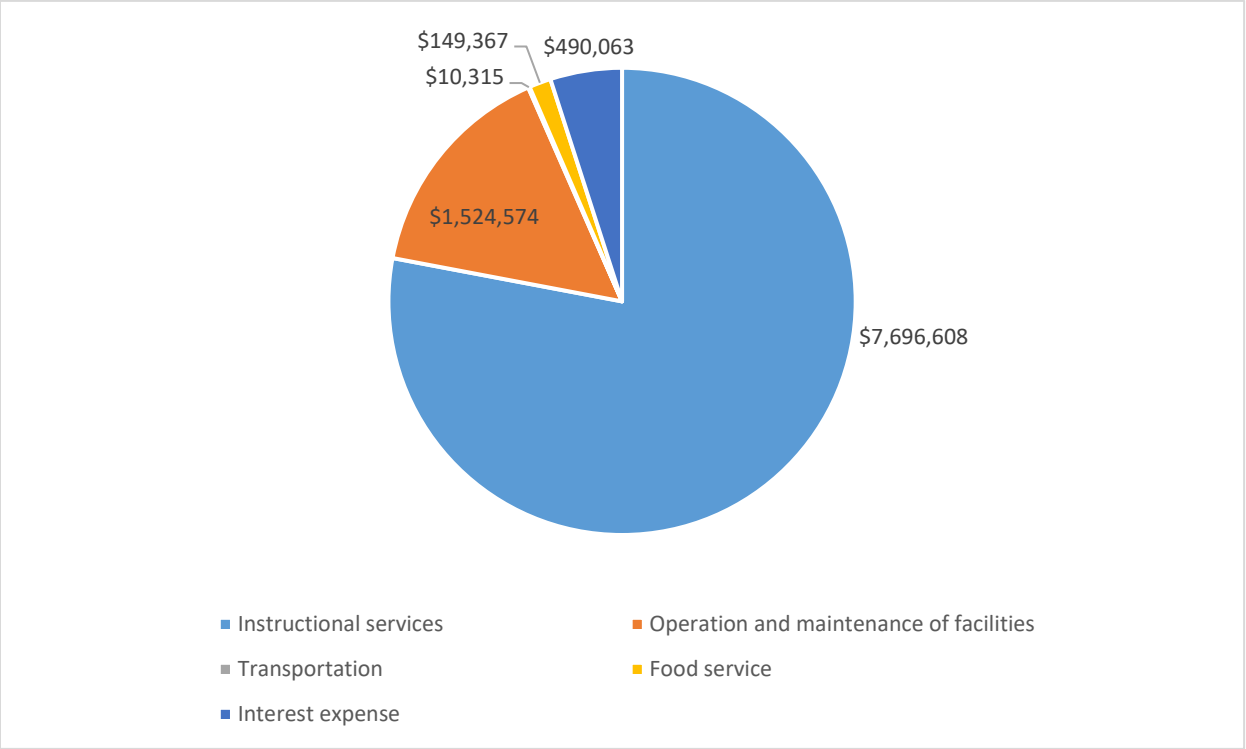
Figure A-1 Governmental Activities Revenues by Source



Changes in Revenues

The increase in revenue was primarily due to an increase in State funding, operating grants, and charges to school districts. The composition of the School's student population and staffing levels resulted in increased funding based on applicable State funding formulas and charges to school districts. In addition, operating grants increased as the School received a one time contribution for $200,000.

Figure A-2 Governmental Activities Expenses by Function



Change in Expenses

The increase in expenses was primarily due to an increase in instructional expenses. The composition of the School's student population and staffing levels resulted in increased expenses. Overall, the increase in expenditures reflects changes in funding associated with the School's enrollment, student needs, and staffing composition as well as local district operating expenditures.

Governmental Funds

The School reports three governmental funds, the General Fund, the Capital Projects Fund, and the Seahawk CLS Fund. Most of the discussion regarding governmental activities is equally applicable to the finances of those governmental funds. However, certain factors that are relevant to the School's current financial health are more apparent in the fund financial statements than in the government-wide financial statements. The changes to the General Fund are shown in Table A-3 and discussed in more detail below.

Table A-3
Revenues, Expenditures, and Changes in Fund Balance

	2026	2025	Total Percentage Change 2026-2025
Total revenues	$ 10,273,349	$ 9,008,566	14.04%
Total expenditures	(9,570,214)	(8,857,429)	8.05%
Other financing sources (uses)	(827,340)	(827,340)	(0.01%)
Net change in fund balance	(124,205)	(676,203)	(81.63%)
Fund balance – beginning of year	3,439,412	4,115,615	(16.43%)
Fund balance – end of year	$ 3,315,207	$ 3,439,412	(3.61%)

Fund balance represents the financial standing of a governmental fund as of the end of the fiscal year from a short-term perspective.

The fund balance of the School's General Fund decreased by 3.61 percent. The decrease in fund balance is mainly due to the transfer out to the capital projects and debt service funds to pay for debt payments.

The changes to the Capital Projects Fund are shown in Table A-4 and discussed in more detail below.

Table A-4
Revenues, Expenditures, and Changes in Fund Balance

	2026	2025	Total Percentage Change 2026-2025
Total revenues	$ 2,121	$ 2,917	(27.29%)
Total expenditures	(256,740)	(308,935)	(16.90%)
Other financing sources (uses)	256,740	256,740	0.00%
Net change in fund balance	2,121	(49,278)	104.30%
Fund balance – beginning of year	105,156	154,434	(31.91%)
Fund balance – end of year	$ 107,277	$ 105,156	2.02%

Fund balance represents the financial standing of a governmental fund as of the end of the fiscal year from a short-term perspective.

The fund balance of the School's Capital Projects Fund increased by $2,121 or 2.02 percent.

The changes to the Seahawk CLS Fund are shown in Table A-5 and discussed in more detail below.

Table A-5
Revenues, Expenditures, and Changes in Fund Balance

	2026	2025	Total Percentage Change 2026-2025
Total revenues	$ 899	$ -	100.00%
Total expenditures	(570,660)	(570,618)	0.01%
Other financing sources (uses)	570,600	570,600	0.00%
Net change in fund balance	839	(18)	4,461.11%
Fund balance – beginning of year	48,346	48,364	(0.04%)
Fund balance – end of year	$ 49,185	$ 48,346	1.74%

Fund balance represents the financial standing of a governmental fund as of the end of the fiscal year from a short-term perspective.

The fund balance of the School's Seahawk CLS Fund increased by $839 or 1.74 percent.

Significant Capital Asset and Long-Term Financing Activity

Overall, the carrying value of capital assets – original cost minus accumulated depreciation – decreased 2.83 percent from 2025 to 2026. Current year depreciation outweighed additions by $502,976. See additional information at Note 3 to the basic financial statements.

Loans payable decreased by $413,626 from 2025 to 2026 leaving an outstanding balance of $17,914,705.

Currently Known Facts, Decisions, or Conditions

The School is aware of two developments that will have an impact on the School's finances in the future and were therefore incorporated into next year's budget:

1) We will monitor salaries and work to maintain our average of 65% of the total operating budget. We have been working to align with the Red Clay Scale and fully support any increases passed through the Governor's Budget.

2) We have no Major Capital Projects scheduled. We will be in Year 2 of our 3-Year Minor Cap Project Plan. We should be able to sustain all costs with Minor Cap funds and reserves set aside for these projects. However, we will monitor closely for any unanticipated costs.

BASIC FINANCIAL STATEMENTS

DELAWARE MILITARY ACADEMY CHARTER SCHOOL
STATEMENTS OF NET POSITION
JUNE 30, 2026 AND 2025

	Governmental Activities	
	2026	2025
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash and pooled cash	$ 4,819,010	$ 4,663,086
Investments	123,863	105,899
Total Current Assets	4,942,873	4,768,985
NONCURRENT ASSETS:		
Land	2,987,665	2,987,665
Construction-in-progress	-	168,836
Capital assets, net of depreciation	14,245,145	14,567,272
Right-to-use assets, net of amortization	16,016	28,029
Due from State of Delaware	399,060	339,870
Total Noncurrent Assets	17,647,886	18,091,672
TOTAL ASSETS	22,590,759	22,860,657
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amount on refunding	1,756,020	1,832,369
Deferred outflows - pension	1,128,897	1,678,205
Deferred outflows - OPEB	1,426,886	2,490,309
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,311,803	6,000,883
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 26,902,562	$ 28,861,540
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)		
CURRENT LIABILITIES:		
Accounts payable	$ 35,486	$ 87,184
Accrued salaries and related costs	1,435,718	1,088,887
Compensated absences	250,501	218,620
Notes payable	423,222	413,626
Lease liability	12,402	12,181
Total Current Liabilities	2,157,329	1,820,498
NONCURRENT LIABILITIES:		
Compensated absences	375,752	327,031
Notes payable	17,491,483	17,914,705
Lease liability	4,186	16,588
Net pension liability	1,483,352	2,315,379
Net OPEB liability	9,115,101	11,622,750
Total Noncurrent Liabilities	28,469,874	32,196,453
TOTAL LIABILITIES	30,627,203	34,016,951
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows - pension	60,420	87,515
Deferred inflows - OPEB	5,340,218	4,346,985
TOTAL DEFERRED INFLOWS OF RESOURCES	5,400,638	4,434,500
NET POSITION (DEFICIT):		
Net investment in capital assets	1,073,553	1,227,071
Restricted for:		
Capital projects	107,277	105,156
Debt service	49,185	48,346
Unrestricted (deficit)	(10,355,294)	(10,970,484)
TOTAL NET POSITION (DEFICIT)	(9,125,279)	(9,589,911)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)	$ 26,902,562	$ 28,861,540

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

DELAWARE MILITARY ACADEMY CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026
(With Summarized Comparative Data for the Year Ended June 30, 2025)

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Deficit: Totals 2026	Totals 2025
GOVERNMENTAL ACTIVITIES						
Instructional services	$ (7,696,608)	$ -	$ 957,100	$ 2,121	$ (6,737,387)	$ (6,368,657)
Support services:						
Operation and maintenance of facilities	(1,524,574)	-	-	-	(1,524,574)	(1,431,764)
Transportation	(10,315)	-	-	-	(10,315)	(408,022)
Food service	(149,367)	83,580	-	-	(65,787)	(42,663)
Interest on long-term debt	(490,063)	-	-	-	(490,063)	(499,442)
TOTAL GOVERNMENTAL ACTIVITIES	$ (9,870,927)	$ 83,580	$ 957,100	$ 2,121	(8,828,126)	(8,750,548)
GENERAL REVENUES						
Charges to school districts					2,751,672	2,371,847
Payments from primary government					6,314,378	5,813,858
Earnings (loss) on investments					226,708	279,530
TOTAL GENERAL REVENUES					9,292,758	8,465,235
CHANGE IN NET DEFICIT					464,632	(285,313)
NET DEFICIT, BEGINNING OF YEAR, RESTATED					(9,589,911)	(9,304,598)
NET DEFICIT, END OF YEAR					$ (9,125,279)	$ (9,589,911)

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

DELAWARE MILITARY ACADEMY CHARTER SCHOOL
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2026
(With Summarized Comparative Data for June 30, 2025)

	General Fund	Capital Projects Fund	Seahawk CLS Fund	Totals 2026	Totals 2025
ASSETS					
Cash and pooled cash	$ 4,662,548	$ 107,277	$ 49,185	$ 4,819,010	$ 4,663,086
Investments	123,863	-	-	123,863	105,899
TOTAL ASSETS	$ 4,786,411	$ 107,277	$ 49,185	$ 4,942,873	$ 4,768,985
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	$ 35,486	$ -	$ -	$ 35,486	$ 87,184
Accrued salaries and related benefits	1,435,718	-	-	1,435,718	1,088,887
Total Liabilities	1,471,204	-	-	1,471,204	1,176,071
FUND BALANCES:					
Committed	778,164	-	-	778,164	783,760
Restricted	-	107,277	49,185	156,462	153,502
Unassigned	2,537,043	-	-	2,537,043	2,655,652
Total Fund Balances	3,315,207	107,277	49,185	3,471,669	3,592,914
TOTAL LIABILITIES AND FUND BALANCES	$ 4,786,411	$ 107,277	$ 49,185	$ 4,942,873	$ 4,768,985

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

DELAWARE MILITARY ACADEMY CHARTER SCHOOL
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
JUNE 30, 2026

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		$ 3,471,669
The amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Capital assets and right-to-use assets net of accumulated depreciation and amortization as detailed in the footnotes are included in the statement of net position.		17,248,826
Long-term assets (the reimbursement for compensated absences) applicable to governmental activities are not due and receivable in the current period and, therefore, are not reported as fund assets.		
Due from State of Delaware		399,060
Long-term liabilities applicable to the governmental activities are not due and payable in the current period and, therefore, are not reported as fund liabilities. Those liabilities consist of:		
Compensated absences	$ (626,253)	
Notes payable	(17,914,705)	
Lease liability	(16,588)	
Net pension liablity	(1,483,352)	
Net OPEB liability	(9,115,101)	(29,155,999)
Refunded debt resulted in deferred outflows of resources which will be amortized over the life of new debt but do not represent current rights.		1,756,020
Deferred inflows and outflows of resources related to the School's net pension liability are based on the differences between actuarially determined actual and expected investment returns, changes in assumptions, differences in actual and expected experience, 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	1,128,897	
Deferred inflows - pension	(60,420)	1,068,477
Deferred inflows and outflows of resources related to the School's net OPEB liability are based on the differences between actuarially determined actual and expected investment returns, changes in the actuarially determined proportion of the School's amount of the total OPEB liability, and OPEB contributions made after the measurement date of the net OPEB liability. These amounts will be amortized over the estimated remaining average service life of the employees.		
Deferred outflows - OPEB	1,426,886	
Deferred inflows - OPEB	(5,340,218)	(3,913,332)
TOTAL NET DEFICIT - GOVERNMENTAL ACTIVITIES		$ (9,125,279)

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

DELAWARE MILITARY ACADEMY CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2026
(With Summarized Comparative Data for the Year Ended June 30, 2025)

	General Fund	Capital Projects Fund	Seahawk CLS Fund	Totals 2026	Totals 2025
REVENUES					
Charges to school districts	$ 2,751,672	$ -	$ -	$ 2,751,672	$ 2,371,847
State aid	6,138,917	-	-	6,138,917	5,598,089
Federal aid	116,271	-	-	116,271	162,901
Food service	83,580	-	-	83,580	99,883
Cadet fees	393,306	-	-	393,306	230,330
Gain (loss) on investments	225,809	-	899	226,708	279,530
Contributions	563,794	2,121	-	565,915	268,903
TOTAL REVENUES	10,273,349	2,121	899	10,276,369	9,011,483
EXPENDITURES					
Current:					
Instructional services	8,281,308	-	-	8,281,308	7,276,093
Operation and maintenance of facilities	1,098,711	-	60	1,098,771	962,083
Transportation	10,315	-	-	10,315	408,022
Food service	149,367	-	-	149,367	142,546
Capital outlays:					
Property	26,015	-	-	26,015	89,299
Equipment	4,398	-	-	4,398	31,599
Debt service:					
Principal	-	151,104	262,522	413,626	404,247
Interest	-	105,636	308,078	413,714	423,093
TOTAL EXPENDITURES	9,570,114	256,740	570,660	10,397,514	9,736,982
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	703,235	(254,619)	(569,761)	(121,145)	(725,499)
OTHER FINANCING SOURCES (USES)					
Refund of prior year revenues	(100)	-	-	(100)	-
Transfers in	-	256,740	570,600	827,340	827,340
Transfers out	(827,340)	-	-	(827,340)	(827,340)
TOTAL OTHER FINANCING SOURCES (USES)	(827,440)	256,740	570,600	(100)	-
NET CHANGE IN FUND BALANCES	(124,205)	2,121	839	(121,245)	(725,499)
FUND BALANCES, BEGINNING OF YEAR	3,439,412	105,156	48,346	3,592,914	4,318,413
FUND BALANCES, END OF YEAR	$ 3,315,207	$ 107,277	$ 49,185	$ 3,471,669	$ 3,592,914

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

DELAWARE MILITARY ACADEMY CHARTER SCHOOL
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ (121,245)
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 and amortization expense. This is the amount by which depreciation and amortization expense exceeded capital outlays in the current period.		
Capital outlays	$ 187,952	
Depreciation and amortization expense	(690,928)	(502,976)
Some revenues reported in the statement of activities are not available to finance current expenditures and, therefore, are not reported as revenues in the governmental funds.		59,190
The issuance of long-term debt (e.g., notes, bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Similarly, amortization of premium reduces the liability in the statement of net position. Interest on long-term debt is not accrued for in the governmental funds but is recognized on the statement of net position; therefore, the change in accrual must be recognized.		
Payment of note principal	413,626	
Payment on lease	12,181	
Amortization of deferred amount on refunding	(76,349)	349,458
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		(80,602)
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.		309,814
OPEB expenses in the statement of activities differ from the amount reported in the governmental funds because OPEB expenses are recognized on the statement of activities based on the School's proportionate share of the expenses of the cost-sharing plan, whereas OPEB expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists.		450,993
CHANGE IN NET DEFICIT - GOVERNMENTAL ACTIVITIES		$ 464,632

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

DELAWARE MILITARY ACADEMY CHARTER SCHOOL
STATEMENTS OF FIDUCIARY NET POSITION - CUSTODIAL FUND
JUNE 30, 2026 AND 2025

	Student Activities Fund	
	2026	2025
ASSETS:		
Cash	$ 54,989	$ 52,339
TOTAL ASSETS	$ 54,989	$ 52,339
LIABILITIES AND NET POSITION:		
LIABILITIES		
Other current liabilities	$ -	$ -
TOTAL LIABILITIES	-	-
NET POSITION		
Restricted for student activities	54,989	52,339
TOTAL LIABILITIES AND NET POSITION	$ 54,989	$ 52,339

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

DELAWARE MILITARY ACADEMY CHARTER SCHOOL
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUND
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

	Student Activities Fund	
	2026	2025
ADDITIONS		
Fundraising	$ 47,096	$ 50,620
TOTAL ADDITIONS	47,096	50,620
DEDUCTIONS		
Student activities	44,446	51,912
TOTAL DEDUCTIONS	44,446	51,912
CHANGE IN NET POSITION	2,650	(1,292)
BEGINNING NET POSITION	52,339	53,631
ENDING NET POSITION	$ 54,989	$ 52,339

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Charter School

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

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

The Delaware Military Academy Charter School was established in November 2002 but did not begin a regular school year until September 2003. The year 2026 was the twenty-second full year of operations, which was funded primarily with state and local funding based upon student enrollment.

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

Blended Component Unit

Seahawk CLS LLC is a nonprofit limited liability company established in April 2017 by the School for the purpose of supporting the School’s future operations. The School is the sole corporate member of Seahawk CLS LLC. In accordance with the requirements of GASB Statement No. 80, “Blending Requirements for Certain Component Units,” Seahawk CLS LLC is considered a blended component unit.

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

Entity-wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental 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.

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

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** – This fund is used to account for the acquisition, construction, and renovation of major capital facilities and their related capital assets.

- **Seahawk CLS Fund** – This fund is used to account for debt service.

Fiduciary Funds

Fiduciary funds account for the assets held by the School as a trustee or agent for individuals, private organizations, and/or governmental units and are, therefore, not available to support the School's own programs. The School accounts for these assets in a custodial fund. The custodial fund accounts for funds held on behalf of students of the School. The custodial fund reports additions to and deductions from the custodial account. The measurement focus and basis of accounting for the custodial funds is the same as for entity-wide financial statements.

Cash and Pooled Cash

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 School 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.

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

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

Capital and Right-to-use Assets

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

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

Building	40 years
Land improvements	15 years
Furniture and fixtures	10 years
Equipment	7 years

Compensated Absences

Vacation pay plus related payroll taxes are accrued when incurred in the entity-wide financial statements. A liability for these amounts is reported in the governmental funds only when the liability matures, for example, as a result of employee resignations and retirements. In addition, the State of Delaware Department of Education will reimburse the School for the liability.

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/or retirement at the current rate of pay.

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

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

The compensated absences liability was $626,253 at June 30, 2026, of which $399,060 is reimbursable from the State.

Fund Equity

Fund balance is 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 Commandant may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unassigned 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 the Commandant have provided otherwise in their commitment or assignment actions.

Net Position

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

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

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.

Seahawk CLS LLC 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(c)(2) and has been classified as an organization that is not a private foundation under Section 509(a)(1). Seahawk CLS LLC 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.

Deferred Outflows and Inflows of Resources

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

Use of Estimates in the Preparation of Financial Statements

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates

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

and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Comparative Data

Comparative total data for the prior year is presented in the basic financial statements to provide an understanding of changes in the School's financial position and operations. That comparative data is not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America and has been restated and reclassified, as needed, from the presentation in the School's June 30, 2025 basic financial statements to be comparative with the current year presentation.

NOTE 2 CASH, POOLED CASH, AND INVESTMENTS

Deposits

At June 30, 2026, the School had a cash and pooled cash balance of $4,873,999. Of that amount, $4,662,548 is part of an investment pool controlled by the personnel of the State Treasurer's Office in Dover, Delaware. 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, 2026, the reported amount of the School's deposits not held with the State Treasurer's Office was $211,451, and the bank balance was $212,019. All of the bank balance 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.

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

The School categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The School has the following recurring fair value measurements as of June 30, 2026:

Investment Type	Fair Value	Level 1
Westover Capital	$ 123,863	$ 123,863
TOTAL	$ 123,863	$ 123,863

The School's level 1 investments at Westover Capital include U.S and international equity ETFs, Fixed-income ETFs, Commodity ETFs.

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, 2026, none of School's investments were subject to custodial credit risk.

Interest Rate Risk

The School's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The School's investment policy does not limit its investment choices to those with certain credit ratings.

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2026 is as follows:

Governmental Activities	Beginning Balance	Increase	Disposals	Ending Balance
Capital assets not being depreciated/ amortized:				
Land	$ 2,987,665	$ -	$ -	$ 2,987,665
Construction in progress	168,836	-	168,836	-
Total Capital Assets Not Being Depreciated/Amortized	3,126,501	-	168,836	2,987,665

NOTE 3 CAPITAL ASSETS (cont'd)

	Beginning Balance	Increase	Disposals	Ending Balance
(cont'd)				
Capital assets being depreciated/ amortized:				
Buildings	21,296,136	26,766	-	21,322,902
Land improvements	522,083	264,806	-	786,889
Equipment	833,980	59,670	-	893,650
Right-to-use assets	63,065	-	-	63,065
Furniture and fixtures	457,034	5,546	-	462,580
Total Capital Assets Being Depreciated/Amortized	23,172,298	356,788	-	23,529,086
Accumulated depreciation/amortization:				
Buildings	(7,498,438)	(532,515)	-	(8,030,953)
Land improvements	(127,524)	(50,895)	-	(178,419)
Equipment	(579,767)	(74,311)	-	(654,078)
Right-to-use assets	(35,036)	(12,013)	-	(47,049)
Furniture and fixtures	(336,232)	(21,194)	-	(357,426)
Total accumulated depreciation/ amortization	(8,576,997)	(690,928)	-	(9,267,925)
Total Capital Assets Being Depreciated/ Amortized, Net	14,595,301	(334,140)	-	14,261,161
Governmental Activities Capital Assets, Net	$17,751,802	$ (334,140)	$ (168,836)	$17,248,826

Depreciation and amortization expense was charged to the following activities:

Governmental Activities:	
Instructional services	$ 95,505
Operation and maintenance of facilities	595,423
	$ 690,928

NOTE 4 LONG-TERM LIABILITIES

On March 9, 2019, the School was issued a $5,500,000 note through the United States Department of Agriculture as part of the Community Facilities Loans and Grants program. The funds from this issuance were used to fully refund the Series of 2016 Revenue Bonds. The note is secured by real estate and bears interest at a fixed rate of 2.375% per annum fixed for the life of the debt. The note matures on March 9, 2048. The outstanding balance at June 30, 2026 was $4,365,465.

NOTE 4 LONG-TERM LIABILITIES (cont'd)

On August 27, 2020, Seahawk CLS LLC issued two notes in the amounts of $9,000,000 and $6,000,000. The notes are secured by real estate and bear interest at a fixed rate of 2.25% per annum fixed for the lives of the debts. The notes mature on August 27, 2060. The outstanding balances at June 30, 2026 were $8,129,544 and $5,419,696, respectively. The proceeds were used to purchase the property from the School.

Interest expense was $490,063 for the year ended June 30, 2026.

An analysis of debt service requirements to maturity on this obligation is as follows:

Year Ending June 30,	Principal	Interest	Total
2027	$ 423,223	$ 404,117	$ 827,340
2028	431,960	395,380	827,340
2029	443,063	384,277	827,340
2030	453,343	373,997	827,340
2031	463,860	363,480	827,340
2032 - 2036	2,483,926	1,652,774	4,136,700
2037 – 2041	2,786,978	1,349,722	4,136,700
2042 - 2046	3,125,846	1,010,854	4,136,700
2047 – 2051	2,654,647	661,784	3,316,431
2052 – 2056	2,463,306	389,694	2,853,000
2057 - 2061	2,184,553	102,070	2,286,623
Total	$ 17,914,705	$ 7,088,149	$ 25,002,854

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

	Beginning 07/01/2025	Additions	Retirements	Outstanding 06/30/2026	Amounts Due within One Year
Governmental Activities					
Notes payable	$18,328,331	$ -	$ 413,626	$17,914,705	$ 423,222
Compensated absences	545,651	80,602	-	626,253	250,501
Lease liability	28,769	-	12,181	16,588	12,402
Net OPEB liability	11,622,750	-	2,507,649	9,115,101	-
Net pension liability	2,315,379	-	832,027	1,483,352	-
Total	$32,840,880	$ 80,602	$ 3,765,483	$29,155,999	$ 686,125

Notes payable are expected to be funded by the capital projects fund and Seahawk CLS fund. All other liabilities are expected to be funded by the general fund. Compensated absences changes are reported at net.

NOTE 4 LONG-TERM LIABILITIES (cont'd)

Lease Payable

The School has entered a leasing arrangement for copiers in August 2022. The monthly cost of the lease is $1,050 for 63 months and is set to expire in October 2027.

The total principal and interest maturities are as follows:

For the Year Ending June 30,	Principal	Interest	Total
2027	$ 12,402	$ 198	$ 12,600
2028	4,186	14	4,200
Totals	$ 16,588	$ 212	$ 16,800

NOTE 5 PENSION PLAN

Plan Description

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

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

The following are brief descriptions of the Plan in effect as of June 30, 2025. For a more complete description, please refer to the Delaware Employees' Pension Plan Annual Comprehensive Financial Report. Separately issued financial statements for the Plan may be obtained by writing to the State of Delaware Public Employee Retirement System, McArdle Building, Suite 1, 860 Silver Lake Boulevard, Dover, DE 19904; by calling 1-800-722-7300; or by visiting the DPERS website at www.delawarepensions.com.

Plan Description and Eligibility

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

NOTE 5 PENSION PLAN (cont'd)

There are two tiers within this plan: 1) employees hired prior to January 1, 2012 (Pre-2012), 2) employees hired on or after January 1, 2012 (Post-2011); employees classified as Correctional Officers or Specified Peace Officers.

Benefits Provided

Service Benefits

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

Vesting

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

Retirement

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

Disability Benefits

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

Survivor and Burial Benefits

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

Amount payable to a surviving spouse under age 50 at the time the survivor's pension begins shall be reduced for each month under 50 in accordance with actuarial tables approved by

NOTE 5 PENSION PLAN (cont'd)

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

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

Contributions

Member Contributions

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

Employer Contributions

Employer contributions are determined by the Board of Pension Trustees. For the year ended June 30, 2026, the rate of employer contribution was 12.38% of covered payroll. The School's contribution to PERS for the years ended June 30, 2026 was $572,629.

PRI Contribution

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

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

At June 30, 2026, the School reported a liability of $1,483,352 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, 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, 2024 to June 30, 2025. 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, 2025, the School's proportion was 0.1488%, which was an increase of 0.0005% from its proportion measured as of June 30, 2024.

For the year ended June 30, 2026, the School recognized pension expense in the amount of $356,668. At June 30, 2026, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 5 PENSION PLAN (cont'd)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ 36,897	$ -
Changes of assumptions	55,006	-
Changes in proportions	47,083	60,420
Differences between actual and expected experience	417,282	-
Contributions subsequent to the date of measurement	572,629	-
	$ 1,128,897	$ 60,420

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

An amount of $572,629 is reported as deferred outflows of resources resulting from the School's contributions subsequent to the June 30, 2025 measurement date and will be recognized as an adjustment of the net pension liability in the year ended June 30, 2027. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources related to pensions, and will be recognized in pension expense as follows:

Year Ending June 30,	
2027	$ 766,986
2028	(69,738)
2029	(134,374)
2030	(69,399)
2031	2,373
	$ 495,848

Actuarial Assumptions

The collective total pension liability as of the June 30, 2025 measurement date was determined by an actuarial valuation as of June 30, 2024, and update procedures were used to roll forward the total pension liability to June 30, 2025. This actuarial valuation used the following actuarial assumptions:

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

NOTE 5 PENSION PLAN (cont'd)

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

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

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

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

Asset Class	Long-term Expected Real Rate of Return	Target Asset Allocation
Domestic equity	5.7%	34.2%
International equity	5.7%	14.2%
Fixed income	2.0%	25.1%
Alternative investments	7.8%	21.3%
Cash and equivalents	0.0%	5.2%

Discount Rate

The discount used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at

NOTE 5 PENSION PLAN (cont'd)

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

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

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

	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
School's proportionate share of the net pension liability (asset)	$ 3,908,594	$ 1,483,352	$ (544,898)

Pension Plan Fiduciary Net Position

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

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description

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

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

The following are brief descriptions of the Plan in effect as of June 30, 2025. For a more complete description, please refer to the Delaware Public Employees' Retirement System Annual Comprehensive Financial Report. Separately issued financial statements for the Plan may be obtained by writing to the State of Delaware Public Employee Retirement System, McArdle Building, Suite 1, 860 Silver Lake Boulevard, Dover, DE 19904; by calling 1-800-722-7300; or by visiting the DPERS website at https://open.omb.delaware.gov/Financials.shtml.

Plan Description and Eligibility

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

Benefits Provided

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

Contributions

Employer Contributions

Participating employers fund the Plan for current retirees on a pay-as-you-go basis along with funding for future benefits at a rate that is approved in the annual budget, but not actuarially determined. For the year ended June 30, 2026, the rate of the employer contribution was 15.41% of covered payroll. The School's contribution to the Plan for the year ended June 30, 2026 was $712,970.

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

At June 30, 2026, the School reported a liability of $9,115,101 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2025, 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, 2024 to June 30, 2025. 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

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

measurement period. At June 30, 2025, the School's proportion was 0.1440%, which was an increase of 0.0002% from its proportion measured as of June 30, 2024.

For the year ended June 30, 2026, the School recognized OPEB expense of $261,977. At June 30, 2026, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ -	$ 25,046
Changes in proportions	460,667	825,019
Changes in assumptions	101,993	3,808,420
Net difference between expected and actual experience	151,256	681,733
Contributions subsequent to the date of measurement	712,970	-
	$ 1,426,886	$ 5,340,218

An amount of $712,970 is reported as deferred outflows of resources resulting from the School's contributions subsequent to the June 30, 2025 measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2027. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources related to OPEB, and will be recognized in OPEB expense as follows:

Year Ending June 30,	
2027	$ (1,141,937)
2028	(1,036,927)
2029	(1,040,607)
2030	(588,564)
2031	(469,969)
Thereafter	(348,298)
	$ (4,626,302)

Actuarial Assumptions

The collective total OPEB liability as of the June 30, 2025 measurement date was determined by an actuarial valuation as of June 30, 2024, with update procedures were used to roll forward

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

the total OPEB liability to June 30, 2025. This actuarial valuation used the following actuarial assumptions:

- Discount rate – 7.00%
- Projected salary increases – 3.25% plus merit including inflation
- Investment rate of return – 7.00%, net of OPEB plan investment expense, including inflation
- Healthcare cost trend rates – Blended rate of 9.80% for 2024 decreasing to an ultimate rate of 3.9% for 2045
- Spousal coverage – 50% of employees will elect spouse coverage at retirement
- Percentage of retirees – 50% of employees not currently covered are expected to elect coverage before retirement. All employees are expected to remain in currently enrolled plans. The following retirees are expected to elect coverage:
  - 95% of employees with more than 20 years of service
  - 80% of employees with less than 20 years of service
  - 40% of current and future terminated vested employees
  - 100% of long-term disability participants

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

Mortality rates were based on the Sex-distinct Employee, Healthy Annuitant, and Disabled Annuitant Mortality Tables derived from the Pub-2010 General Benefits Weighted Annuitant Mortality Table, including adjustment factors. Future mortality improvements are reflected by applying a custom projection scale on a generational basis to adjusted base tables from the base year.

The long-term expected rate of return on OPEB plan investments was determined using building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by an asset allocation percentage which is based on the nature of mix of current and expected plan investments, and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Trust's current and expected asset allocation as of June 30, 2025 are summarized in the following table:

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Asset Class	Long-term Expected Real Rate of Return	Target Asset Allocation
Domestic equity	5.7%	33.6%
International equity	5.7%	13.9%
Fixed income	2.0%	25.3%
Alternative investments	7.8%	21.7%
Cash and equivalents	0.0%	5.5%

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

Discount Rate

The projection of cash flows used to determine the discount rate for June 30, 2025 assumed that employer contributions will be made at amounts equal to those outlined in Senate Bill 175 (at least 1% of the grand total of all State General Fund operating budget appropriations for the prior fiscal year) as well as 0.36% of covered payroll increasing to 0.5% of covered payroll in fiscal year 2026 and 0.25% of covered payroll in each following fiscal year until the total combined contribution is equal to the Annual Required Contribution. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members until approximately 2040. As such, all future periods of projected benefits payments are discounted at the long-term expected return on assets of 7.00% to determine the total OPEB liability as of June 30, 2025.

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 7.00%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
School's proportionate share of the net OPEB liability	$ 10,616,773	$ 9,115,101	$ 7,872,343

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

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

The following presents the net OPEB liability, calculated using the healthcare cost trend rate of 9.80%, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (8.80%) or one percentage point higher (10.80%) than the current rate.

	1% Decrease 8.80%	Current Healthcare Trend Rate 9.80%	1% Increase 10.80%
School's proportionate share of the net OPEB liability	$ 7,654,985	$ 9,115,101	$ 10,921,854

Plan Fiduciary Net Position

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

NOTE 7 RISK MANAGEMENT

The School has purchased commercial insurance policies for various risks of loss related to torts; theft, damage, or destruction of assets; errors or omissions; injuries to employees; or acts of God. Payments of premiums for these policies are recorded as expenses of the School. Insurance settlements have not exceeded insurance coverage in the past year.

NOTE 8 UNCERTAINTIES

Grants

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

NOTE 9 FUND BALANCES

As of June 30, 2026, fund balances are composed of the following:

	General Fund	Seahawk CLS Fund	Capital Projects Fund	Total Governmental Funds
Committed:				
Westover	$ 123,863	$ -	$ -	$ 123,863
Capital	547,125	-	-	547,125
JROTC	107,176	-	-	107,176
Restricted:				
Capital projects	-	-	107,277	107,277
Debt service	-	49,185	-	49,185
Unassigned	2,537,043	-	-	2,537,043
Total Fund Balances	$ 3,315,207	$ 49,185	$ 107,277	$ 3,471,669

During 2007, the School received contributions of $30,014 to be held in investments. The monies held are to be spent at the discretion of the Board of Directors. As of June 30, 2026, the balance was $123,863. In addition, the Board has committed $547,125 for future capital needs and $107,176 for the JROTC program as of June 30, 2026.

NOTE 10 INTERNAL TRANSFERS

Interfund transfers for the year ended June 30, 2026 are as follows:

Transfer In	Transfer Out	Amount
Capital Projects Fund	General Fund	$ 256,740
Seahawk CLS Fund	General Fund	$ 570,600

Transfers from the general fund to the capital projects and the Seahawk CLS funds were to cover current year debt service payments and capital outlays. There were no interfund payables or receivables as of June 30, 2026.

NOTE 11 DEFICIT NET POSITION

For governmental activities, the unrestricted net deficit amount of $10,355,294 includes the effect of deferring the recognition of pension and OPEB contributions made subsequent to the

NOTE 11 DEFICIT NET POSITION (cont'd)

measurement date of the net pension and OPEB liabilities, and the deferred outflows related to the pension and OPEB plans. This is offset by the School's actuarially determined pension and OPEB liabilities, and the deferred inflows related to the pension and OPEB plans.

NOTE 12 SUBSEQUENT EVENTS

The School has evaluated all subsequent events through September 30, 2026, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

DELAWARE MILITARY ACADEMY CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Budgeted Amounts		Variance with Original Budget over (under)	Actual	Variance with Final Budget over (under)
	Original	Final	Final Budget	Amounts	Final Amounts
REVENUES					
Charges to school districts	$ 2,764,000	$ 2,764,000	$ -	$ 2,751,672	$ (12,328)
State aid	5,953,917	5,953,917	-	6,138,917	185,000
Federal aid	504,904	578,055	73,151	116,271	(461,784)
Food service	125,000	125,000	-	83,580	(41,420)
Cadet fees	303,800	$303,800	-	393,306	89,506
Gain on investments	-	-	-	225,809	225,809
Contributions	338,020	$338,020	-	563,794	225,774
TOTAL REVENUES	9,989,641	10,062,792	73,151	10,273,349	210,557
EXPENDITURES					
Current:					
Salaries	4,507,144	4,507,144	-	5,063,015	555,871
Benefits and employment costs	2,161,005	2,161,005	-	2,492,664	331,659
Travel	1,500	1,500	-	120	(1,380)
Contractual services	922,523	922,523	-	303,775	(618,748)
Communications	6,000	6,000	-	8,590	2,590
Public utility services	124,500	124,500	-	125,345	845
Insurance	65,000	65,000	-	70,389	5,389
Land/building/facilities	20,000	20,000	-	26,015	6,015
Repairs and maintenance	157,500	157,500	-	258,999	101,499
Student activities	182,030	182,030	-	159,931	(22,099)
Supplies and materials	1,147,840	1,147,840	-	1,053,097	(94,743)
Capital outlays:					
Equipment	3,500	3,500	-	4,398	898
TOTAL EXPENDITURES	9,298,542	9,298,542	-	9,570,114	264,020
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	691,099	764,250	73,151	703,235	(53,463)
OTHER FINANCING SOURCES (USES)					
Refund of prior year revenues	-	-	-	(100)	(100)
Transfers out	-	-	-	(827,340)	(827,340)
Contingency	(189,695)	(189,695)	-	-	189,695
TOTAL OTHER FINANCING SOURCES (USES)	(189,695)	(189,695)	-	(827,440)	(637,745)
NET CHANGE IN FUND BALANCE	501,404	574,555	73,151	(124,205)	(691,208)
FUND BALANCE, BEGINNING OF YEAR	3,439,412	3,439,412	-	3,439,412	-
FUND BALANCE, END OF YEAR	$ 3,940,816	$ 4,013,967	$ 73,151	$ 3,315,207	$ (691,208)

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

DELAWARE MILITARY ACADEMY CHARTER SCHOOL

NOTES TO BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

The Budgetary Comparison Statement – General Fund presents a detailed comparison of the original and final budgeted amounts to the actual amounts as of June 30, 2026. For the year ended June 30, 2026, the General Fund incurred the following significant variances between final budgeted and actual amounts:

State aid – Revenues exceeded the budget by $185,000 due to increased enrollment which led to additional funding.

Federal Aid – Revenues lagged the budget by $461,784 due to federal grants over the last 15 months not being aligned with the fiscal year which leads to variability and timing differences.

Gain on investments – Revenues exceeded the budget by $225,809 due to the School not budgeting for investments in the current year.

Contributions – Revenues exceeded the budget by $225,774 due to a $200,000 contribution being received in the current fiscal year that was not anticipated.

Salaries and benefits - Expense exceeded budget by $887,530 in 2026 due to total number of staff members increased, the school had a full roster of Naval Science Instructors, the school has been working toward aligning with Red Clay School District scale and increased educational levels.

Contractual services – The School had a favorable variance of $618,748 due to less legal services being required in the current year as pending cases have been resolved and the need for less instructional services this year as they can vary year over year. The School has more positions filled which led to less contracted services required.

Transfers out – The School had an unfavorable variance of $827,340 due to transfers out to the Capital Projects and Seahawk CLS Funds for debt payments.

DELAWARE MILITARY ACADEMY CHARTER SCHOOL
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	MEASUREMENT DATE									
PROPORTIONATE SHARE OF NET PENSION LIABILITY	JUNE 30, 2025	JUNE 30, 2024	JUNE 30, 2023	JUNE 30, 2022	JUNE 30, 2021	JUNE 30, 2020	JUNE 30, 2019	JUNE 30, 2018	JUNE 30, 2017	JUNE 30, 2016
School's proportion of the net pension liability (asset)	0.1488%	0.1483%	0.1542%	0.1476%	0.1589%	0.1514%	0.1534%	0.1538%	0.1461%	0.1460%
School's proportion of the net pension liability (asset) - dollar value	$ 1,483,352	$ 2,315,379	$ 2,416,136	$ 2,019,276	$ (1,936,434)	$ 2,128,243	$ 2,389,224	$ 1,985,657	$ 2,142,456	$ 2,200,789
School's covered employee payroll	$ 4,144,755	$ 3,901,366	$ 3,729,247	$ 3,404,353	$ 3,472,839	$ 3,263,855	$ 3,184,387	$ 3,052,668	$ 2,846,952	$ 2,785,292
School's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	35.79%	59.35%	64.79%	59.31%	-55.76%	65.21%	75.03%	65.05%	75.25%	79.01%
Plan fiduciary net position as a percentage of the total pension liability (asset)	92.74%	88.29%	87.60%	88.76%	110.48%	87.27%	85.41%	87.49%	85.31%	84.11%

DELAWARE MILITARY ACADEMY CHARTER SCHOOL
SCHEDULE OF SCHOOL PENSION CONTRIBUTIONS

CONTRIBUTIONS	JUNE 30, 2026	JUNE 30, 2025	JUNE 30, 2024	JUNE 30, 2023	JUNE 30, 2022	JUNE 30, 2021	JUNE 30, 2020	JUNE 30, 2019	JUNE 30, 2018	JUNE 30, 2017
Contractually required contribution	$ 572,629	$ 515,193	$ 456,850	$ 415,811	$ 423,842	$ 428,201	$ 390,357	$ 376,713	$ 318,088	$ 272,738
Contributions in relation to the contractually required contribution	572,629	515,193	456,850	415,811	423,842	428,201	390,357	376,713	318,088	272,738
Contribution excess	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's covered employee payroll	$ 4,625,436	$ 4,144,755	$ 3,901,366	$ 3,729,247	$ 3,404,353	$ 3,472,839	$ 3,263,855	$ 3,184,387	$ 3,052,668	$ 2,846,952
Contributions as a percentage of covered employee payroll	12.38%	12.43%	11.71%	11.15%	12.45%	12.33%	11.96%	11.83%	10.42%	9.58%

DELAWARE MILITARY ACADEMY CHARTER SCHOOL
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

	MEASUREMENT DATE								
PROPORTIONATE SHARE OF NET OPEB LIABILITY	JUNE 30, 2025	JUNE 30, 2024	JUNE 30, 2023	JUNE 30, 2022	JUNE 30, 2021	JUNE 30, 2020	JUNE 30, 2019	JUNE 30, 2018	JUNE 30, 2017
School's proportion of the net OPEB liability	0.1440%	0.1438%	0.1491%	0.1430%	0.1535%	0.1478%	0.1494%	0.1499%	0.1428%
School's proportion of the net OPEB liability - dollar value	$ 9,115,101	$ 11,622,750	$ 12,270,630	$ 12,124,575	$ 15,480,054	$ 15,387,048	$ 11,903,797	$ 12,303,464	$ 11,789,102
School's covered employee payroll	$ 4,144,755	$ 3,901,366	$ 3,729,247	$ 3,404,353	$ 3,472,839	$ 3,263,855	$ 3,184,387	$ 3,052,668	$ 2,846,952
School's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	219.92%	297.91%	329.04%	356.15%	445.75%	471.44%	373.82%	403.04%	414.10%
Plan fiduciary net position as a percentage of the total OPEB liability	17.80%	10.59%	7.71%	6.43%	6.06%	4.27%	4.89%	4.44%	4.13%

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

DELAWARE MILITARY ACADEMY CHARTER SCHOOL
SCHEDULE OF SCHOOL OPEB CONTRIBUTIONS

CONTRIBUTIONS	JUNE 30, 2026	JUNE 30, 2025	JUNE 30, 2024	JUNE 30, 2023	JUNE 30, 2022	JUNE 30, 2021	JUNE 30, 2020	JUNE 30, 2019	JUNE 30, 2018
Contractually required contribution	$ 712,970	$ 967,866	$ 624,684	$ 558,602	$ 390,843	$ 409,883	$ 408,373	$ 375,396	$ 336,615
Contributions in relation to the contractually required contribution	712,970	967,866	624,684	558,602	390,843	409,883	408,373	375,396	336,615
Contribution excess	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's covered employee payroll	$ 4,625,436	$ 4,144,755	$ 3,901,366	$ 3,729,247	$ 3,404,353	$ 3,472,839	$ 3,263,855	$ 3,184,387	$ 3,052,668
Contributions as a percentage of covered employee payroll	15.41%	23.35%	16.01%	14.98%	11.48%	11.80%	12.51%	11.79%	11.03%

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

SUPPLEMENTARY INFORMATION

DELAWARE MILITARY ACADEMY CHARTER SCHOOL
COMBINING BALANCE SHEET - GENERAL FUND
JUNE 30, 2026

	State Allocation	Local Funding	Federal Funding	Total
ASSETS				
Cash and pooled cash	$ 217,698	$ 4,444,850	$ -	$ 4,662,548
Investments	-	123,863	-	123,863
TOTAL ASSETS	$ 217,698	$ 4,568,713	$ -	$ 4,786,411
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
Accounts payable	$ 19,380	$ 16,106	$ -	$ 35,486
Accrued salaries and employment costs	-	1,435,718	-	1,435,718
TOTAL LIABILITIES	19,380	1,451,824	-	1,471,204
FUND BALANCES:				
Committed	-	778,164	-	778,164
Unassigned (deficit)	198,318	2,338,725	-	2,537,043
TOTAL FUND BALANCES	198,318	3,116,889	-	3,315,207
TOTAL LIABILITIES AND FUND BALANCE	$ 217,698	$ 4,568,713	$ -	$ 4,786,411

DELAWARE MILITARY ACADEMY CHARTER SCHOOL
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

	State Allocation	Local Funding	Federal Funding	Total
REVENUES				
Charges to school districts	$ -	$ 2,751,672	$ -	$ 2,751,672
State aid	6,138,917	-	-	6,138,917
Federal aid	-	-	116,271	116,271
Food service	-	83,580	-	83,580
Cadet fees	-	393,306	-	393,306
Gain on investments	-	225,809	-	225,809
Contributions	-	563,794	-	563,794
TOTAL REVENUES	6,138,917	4,018,161	116,271	10,273,349
EXPENDITURES				
Current:				
Instructional services	5,197,182	3,017,210	66,916	8,281,308
Operation and maintenance of facilities	711,346	339,610	47,755	1,098,711
Transportation	7,190	3,125	-	10,315
Food service	-	149,367	-	149,367
Capital outlays:				
Property	18,515	7,500	-	26,015
Equipment	900	1,898	1,600	4,398
TOTAL EXPENDITURES	5,935,133	3,518,710	116,271	9,570,114
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES)	203,784	499,451	-	703,235
OTHER FINANCING SOURCES (USES)				
Refund of prior year revenue	(100)	-	-	(100)
Transfers out	-	(827,340)	-	(827,340)
TOTAL OTHER FINANCING SOURCES (USES)	(100)	(827,340)	-	(827,440)
NET CHANGE IN FUND BALANCES	203,684	(327,889)	-	(124,205)
FUND BALANCES, BEGINNING OF YEAR	(5,366)	3,444,778	-	3,439,412
FUND BALANCES (DEFICIT), END OF YEAR	$ 198,318	$ 3,116,889	$ -	$ 3,315,207

DELAWARE MILITARY ACADEMY CHARTER SCHOOL
SCHEDULE OF EXPENDITURES BY NATURAL CLASSIFICATION - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

EXPENDITURES	
Current:	
Salaries	$ 5,063,015
Benefits and employment costs	2,492,664
Travel	120
Contractual services	303,775
Communications	8,590
Public utility services	125,345
Insurance	70,389
Land/building/facilities	26,015
Repairs and maintenance	258,999
Student activities	159,931
Supplies and materials	1,053,097
Miscellaneous	3,836
Capital outlays:	
Equipment	4,398
Debt service:	
Principal	413,626
Interest	413,714
TOTAL EXPENDITURES	$ 10,397,514

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& COMPANY

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 30, 2026

Board of Directors
Delaware Military Academy Charter School
Wilmington, Delaware

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Delaware Military Academy Charter School ("the School"), Wilmington, Delaware, as of and for the year ended June 30, 2026, 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 30, 2026.

Report on Internal Control Over Financial Reporting

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

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

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Board of Directors
Delaware Military Academy Charter School

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP