APPOQUINIMINK SCHOOL DISTRICT

SCHOOL CONSTRUCTION EXAMINATION
FISCAL YEAR ENDED JUNE 30, 2023

APPOQUINIMINK SCHOOL DISTRICT SCHOOL CONSTRUCTION EXAMINATION

REPORT SUMMARY FOR FISCAL YEAR ENDED JUNE 30, 2023

BACKGROUND

The Office of Auditor of Accounts conducted an examination engagement of the Appoquinimink School District Schedule of Construction Projects to determine whether it is in accordance with the criteria set forth in the Delaware Code. The State of Delaware Department of Education School Construction Technical Assistance Manual, and the State of Delaware Budget and Accounting Policy Manual.

In accordance with 29 Del. C. §7526, the State Auditor shall be responsible for conducting or having conducted such audit subject to 29 Del. C. §2906(c) and (d) and §§2907, 2908, and 2909, as amended.   This engagement was performed to examine financial data, recordkeeping and reports generated by the school district related to projects authorized by a school construction bond authorization act.

KEY INFORMATION AND FINDINGS

Since fiscal year 2019, state and local funding for Appoquinimink School District totaled $320.8 million in construction appropriations, including $47.3 million expended in FY2023.

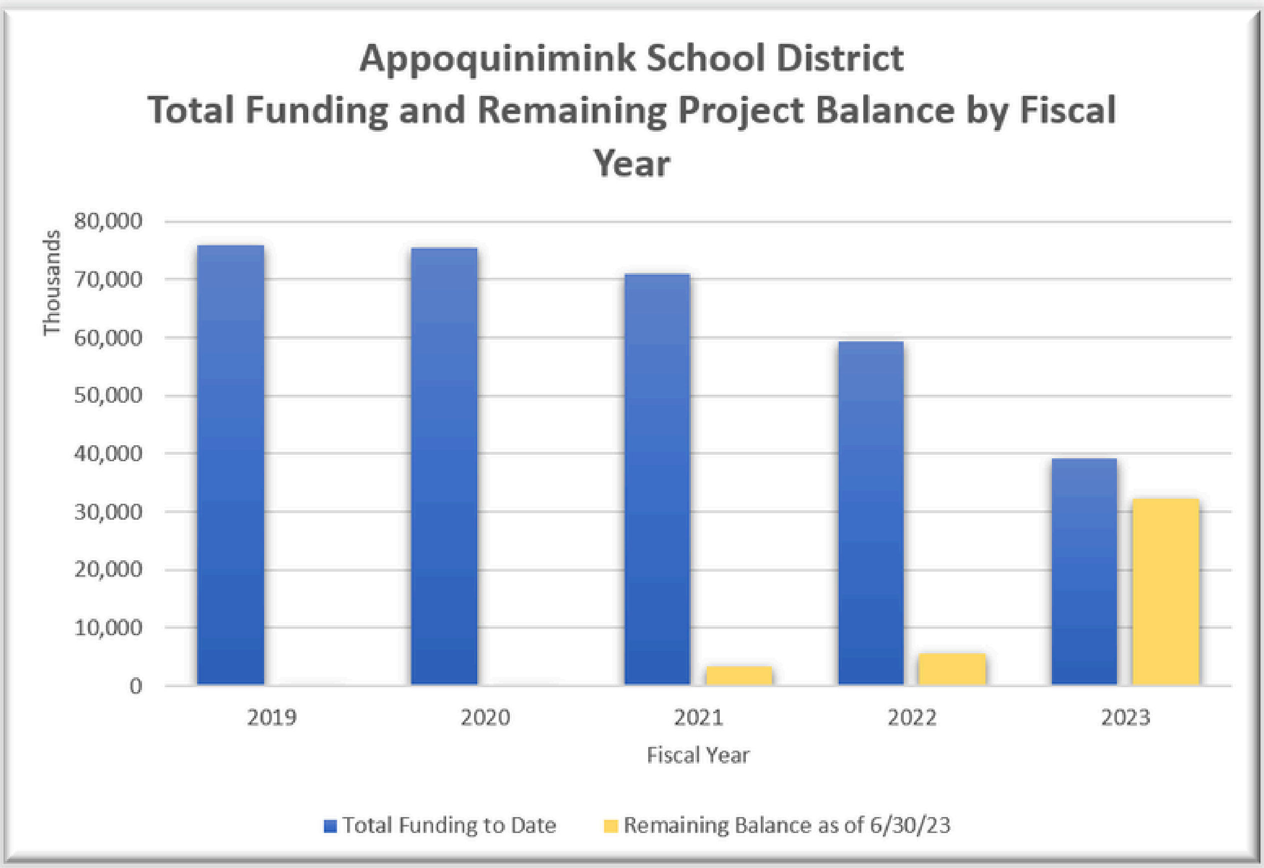
We have examined the Appoquinimink School District's financial data, recordkeeping and reports related to its Schedule of Construction Projects for the fiscal year ended June 30, 2023, to determine whether the District's Capital Budget process was in accordance with the criteria set forth in the Delaware Code, the State of Delaware Department of Education School Construction Technical Assistance Manual, and the State of Delaware Budget and Accounting Policy Manual.

This engagement contained one finding on the Schedule of Construction Projects for Appoquinimink School District as stated below:

- The Schedule of Construction Projects, as presented for examination, omitted a funding source that included a purchase order created during fiscal year 2023

KEY INFORMATION AND FINDINGS CONTINUED

Appoquinimink School District Summary of Active Project Capital Funding			
FY	**Total Funding to Date**	**Total Expended to Date**	**Balance as of 6/30/23**
2019	$75,919,968	$75,911,039	$8,929
2020	75,423,078	75,186,857	236,221
2021	70,977,660	67,559,779	3,417,881
2022	59,397,498	53,874,137	5,523,361
2023	39,105,250	6,954,355	32,150,895
Total:	**$320,823,454**	**$279,486,167**	**$41,337,287**



State of Delaware
Office of Auditor of Accounts

Working Hard to Protect YOUR Tax Dollars

State of Delaware Statewide School Districts' Construction Projects Attestation Engagements Appoquinimink School District

Fiscal Year Ended June 30, 2023

Lydia E. York
State Auditor

Background

School District Construction Projects

In accordance with 29 Del. C. §7509, the Department of Education (DOE) shall determine the present necessity for any school construction program. Once a School District (the District) identifies the need for a construction project and receives approval from its local Board of Education (the Board), it submits a request for Certificate of Necessity (CN) to the DOE by August 31 each year. The DOE then meets with the District to review appropriate documentation and discuss the necessity of the project. If it is deemed necessary, the DOE will include the project in its budget request for the following fiscal year. All projects that are included in the budget request are then issued a CN by late October of each fiscal year, which authorizes the construction project and details the scope and cost limits for the project. [1]

The DOE calculates the amount of the State of Delaware (the State) funding the District will receive using a standard school construction formula. The formula is uniform throughout the State and is based on pupil capacity for the type of school requested (i.e., elementary, middle, or high school). The remainder of the cost is paid with local tax receipts, thus referred to as the local share. Before a District can issue bonds to fund the local share of the construction costs, taxpayers must approve the bond sale through a referendum. [2] A referendum may occur any time after a CN is issued, and the District has one year and two opportunities to pass a successful referendum before needing to request a new CN from the DOE. The timing of each referendum is at the discretion of the Board. Vocational-Technical Districts are not subject to the referendum process. Instead, the Legislature approves these Districts' tax rates. [3]

The District must provide adequate public notice of the referendum that includes the purpose and amount of the proposed bond issuance, as well as the estimated annual amount of tax increase upon approval. [4] The estimated increase, however, is based on certain assumptions that are subject to change, such as the anticipated interest rate on new bonds. [5] Therefore, taxpayers are voting on the approval of the construction project and cannot rely on the advertised referendum rate as the effective tax rate. The District may ask its taxpayers to approve a local share in excess of the school construction formula to finance additional options. For example, if a construction project included expanding a particular school building and the District wished to continue the same flooring throughout the entire building, taxpayers may be asked to fund the costs in excess of the State formula. This particular request must be clearly labeled on the referendum voting ballot using the language set forth in 14 Del C. §2004.

1 DOE School Construction Technical Assistance Manual, Section 1.10, *Summary of Steps in the Major Capital Improvement Process*
2 14 Del. C. §2122
3 14 Del. C., c. 26
4 14 Del. C. §1074 (b)
5 Other rates that are not subject to voter approval (e.g., tuition, minor capital improvements) may be increased by the District to meet annual demands, thus resulting in the effective tax rate for the District.

The DOE presents its budget of all the State's Districts' construction projects to the Office of Management and Budget for approval and inclusion in the Governor's Recommended Budget. [6] The Governor's Recommended Budget is then subject to final approval by the Bond Bill Committee and the Legislature via the Bond and Capital Improvements Act (also referred to as the Bond Bill). If a District fails to obtain a successful referendum before June 30, its project is removed from the Governor's Recommended Budget and not included in that year's Bond Bill.

The District's Board then has the "power to employ engineers, architects and such other employees as it deems essential…" for its construction project per 29 Del. C. §7521. All final plans and specifications, including costs of construction under any school construction bond authorization act, are approved by the DOE. [7]

Depending on various factors (e.g., the total cost of the project, other projects within the State), the District will receive funding for its construction project over the course of several fiscal years. For each State bond sale, the District receives an aggregate allocation of funds and must pay back a portion of those funds with local tax receipts. The local share for each District in the State can vary,[8] depending on an assessment of the District's ability to meet its obligations. [9]

The District coordinates with the Office of the State Treasurer to pay the local share of its outstanding principal and interest payments in accordance with 14 Del. C. §2108. Annually, the Office of Auditor of Accounts audits the Districts' local tax collections and debt service management in a separate engagement. Further, this engagement examines Bond Bill construction project expenditures.

In the event the construction project comes in under budget, the District may request permission from the State legislature to redirect the State-funded portion of the excess budget amount to fund another project. The subsequent epilogue language in the Bond Bill dictates if the District must put forth local tax receipts and what sources of funding the District may use, such as Minor Capital Improvement funds. Since this is a result of Delaware law, the change does not require a referendum.

There are no legal or statutory provisions that would prohibit a District from utilizing excess funds for early repayment of its debt.

Maintenance of Records

The District should maintain all appropriate documentation related to its construction projects and related debt, including documents related to the referendum process, for audit purposes.

6 DOE School Construction Technical Assistance Manual, Section 1.10, *Summary of Steps in the Major Capital Improvement Process*
7 29 Del. C. §7518
8 29 Del. C. §7503
9 An Equalization Committee, as defined by 14 Del. C. §1707 (i), is comprised of 10 to 15 members appointed by the Secretary of the DOE. The equalization formula (detailed in 14 Del. C. §1707) incorporates an annual survey conducted by the University of Delaware and is annually reviewed and approved by the Equalization Committee.

Table of Contents

INDEPENDENT AUDITOR'S REPORT	1
SCHEDULE OF CONSTRUCTION PROJECTS	3
SCHEDULE OF CURRENT YEAR FINDINGS	5

State of Delaware
Office of Auditor of Accounts

Lydia E. York
State Auditor

Independent Auditor's Report

Dr. Matthew Burrows, Superintendent
Appoquinimink School District
313 South Fifth Street
Odessa, DE 19730

Cynthia Marten, Secretary
Delaware Department of Education
Townsend Building
401 Federal Street
Dover, DE 19901

We have examined the accompanying State of Delaware Appoquinimink School District (the District) Schedule of Construction Projects for the fiscal year ended June 30, 2023, to determine whether it is in accordance with the criteria set forth in the Delaware Code, the State of Delaware Department of Education School Construction Technical Assistance Manual (SCM), and the State of Delaware Budget and Accounting Policy Manual (BAM). The District management is responsible for the presentation of the Schedule of Construction Projects in accordance with the criteria set forth in the Delaware Code, the SCM, and the BAM. Our responsibility is to obtain reasonable assurance by evaluating the Schedule of Construction Projects against the criteria set forth in the Delaware Code, the SCM, and the BAM and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with the attestation standards for a direct examination engagement established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we obtain reasonable assurance by evaluating the District presentation of the Schedule of Construction Projects for the fiscal year ended June 30, 2023 against the criteria set forth in the Delaware Code, the SCM, and the BAM and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation of the District presentation of the Schedule of Construction Projects for the fiscal year ended June 30, 2023. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks that the District Projects were not in accordance with the criteria set forth in the Delaware Code, the SCM, and the BAM in all material respects, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our examination engagement.

In our opinion, the District Projects for the fiscal year ended June 30, 2023, presents fairly, in all material respects, based on the criteria set forth in the Delaware Code, the SCM, and the BAM.

Dr. Matthew Burrows
Superintendent
Appoquinimink School District

Cynthia Marten
Secretary
Delaware Department of Education

The amounts reported in the Expended in Prior Years column of the Schedule of Construction Projects contain expenditures incurred prior to July 1, 2022, that were examined by other accountants. The fiscal year ended June 30, 2022, report dated April 18, 2024, expressed an unmodified opinion on the Schedule of Construction Projects. As a result, we did not examine expenditures incurred prior to July 1, 2022, reported in the Expended in Prior Years column of the Schedule of Construction Projects for the fiscal year ended June 30, 2022, and, therefore, express no opinion on it.

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the District Schedule of Construction Projects; and any other instances that warrant the attention of those charged with governance, noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the subject matter. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on whether the Schedule of Construction Projects is presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control applicable to preparing the District Schedule of Construction Projects or on compliance and other matters; accordingly, we express no such opinion. Our examination disclosed a certain instance that is required to be reported under *Government Auditing Standards*, and this finding, along with the views of responsible officials, are described in the attached Schedule of Current Year Findings.

The purpose of this report is to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation of the District presentation of the Schedule of Construction Projects for the fiscal year. This report is not suitable for any other purpose.

However, under 29 Del. C. §10002, this report is public record, and its distribution is not limited. This report, as required by statute, was provided to the Appoquinimink School District management and board members, the Delaware Department of Education, Office of the Governor, Office of the Controller General, General Assembly, Office of the Attorney General, Office of Auditor of Accounts, and Office of Management and Budget.

Lydia E. York
State Auditor

Dover, Delaware
April 24, 2026

Schedule of Construction Projects
Fiscal Year Ended June 30, 2023

Project Name	FY	APPR	Source of Funding (State/Local)	Original Funding	Increases (Decreases) in Funding	Total Funding to Date	Expended in Prior Years	Expended in Current Year	Total Expended to Date	Balance as of 6/30/23
A	B	C	D	E	F	G	H	I	J	K
Lorewood Grove ES	19	50478	75/25	$ 14,978,200	$ (1,131,194)	$ 13,847,006	$ 13,846,715	$ -	$ 13,846,715	$ 291
Constr MS/HS	20	91440	75/25	-	2,181,987	2,181,987	2,176,174	5,813	2,181,987	-
Constr MS/HS	21	91440	75/25	-	1,003,671	1,003,671	931,475	68,546	1,000,021	3,650
Constr MS/HS 1	19	25391	75/25	-	1,919,030	1,919,030	1,915,987	3,043	1,919,030	-
Constr MS/HS 2	19	50480	75/25	52,153,932	-	52,153,932	52,153,932	-	52,153,932	-
Constr MS/HS 2	20*	50480	75/25	63,179,000	(9,147,820)	54,031,180	53,617,988	404,609	54,022,597	8,583
								-		
Everett Meredith MS	19	50484	50/50	5,000,000	-	5,000,000	4,632,868	358,494	4,991,362	8,638
Everett Meredith MS	20**	50484	0/100	-	8,400,000	8,400,000	7,500,475	899,525	8,400,000	-
Everett Meredith MS	21	50484	81/19	10,057,002	(3,017,232)	7,039,770	6,327,002	30,000	6,357,002	682,768
Everett Meredith MS	22	50484	100/0	16,324,300	-	16,324,300	9,696,426	6,154,377	15,850,803	473,497
Everett Meredith MS	21	25307	100/0	-	16,113,798	16,113,798	12,247,778	3,666,893	15,914,671	199,127
Silver Lake ES	19	50486	75/25	3,000,000	-	3,000,000	2,989,916	10,084	3,000,000	-
Silver Lake ES	20***	50486	50/50	4,524,000	4,500,000	9,024,000	9,013,660	10,340	9,024,000	-
Silver Lake ES	21	50486	93/7	17,829,200	1,200,000	19,029,200	18,350,913	661,354	19,012,267	16,933
BMECC	20 ****	91445	0/100	-	-	-	-	-	-	-
BMECC	21 ****	91445	0/100	-	-	-	-	-	-	-
BMECC	23 ****	91445	0/100	-	380,000	380,000	-	-	-	380,000
BMECC	21	50500	76/24	15,465,700	-	15,465,700	14,963,744	415,610	15,379,354	86,346
BMECC	22*	50500	76/24	657,500	1,972,500	2,630,000	2,364,006	102,641	2,466,647	163,353
								-		
CRES	21	50501	76/24	3,579,000	-	3,579,000	3,161,188	412,367	3,573,555	5,445
CRES	22	50501	76/24	19,862,400	-	19,862,400	4,894,798	13,981,373	18,876,171	986,229
CRES	23	50501	76/24	13,714,200	-	13,714,200	-	5,239,929	5,239,929	8,474,271
CRES	20	99154	0/100	-	1,785,911	1,785,911	-	1,558,273	1,558,273	227,638
CRES	21	99154	0/100	-	1,334,089	1,334,089	-	735,852	735,852	598,237
CRES	22	10187	100/0	-	9,880,000	9,880,000	-	7,516,540	7,516,540	2,363,460
CRES	23	20540	0/100	-	698,950	698,950	-	-	-	698,950
AHS Turf Fields	21	50509	0/100	2,237,500	(728,914)	1,508,586	827,188	22,227	849,415	659,171
MHS Turf Field	21	50510	0/100	1,118,700	(682,768)	435,932	423,483	12,449	435,932	-
Meredith MS Turf Field	21	50511	0/100	1,118,700	(571,086)	547,614	533,965	13,649	547,614	-

MHS Roof Renovation	21	50512	0/100	3,620,300	300,000	3,920,300	3,610,976	143,122	3,754,098	166,202
MHS Roof Renovation	22	50512	0/100	8,700,798	-	8,700,798	6,018,264	1,743,454	7,761,718	939,080
Redding Reconstruction/Addition	21	50520	76/24	-	1,000,000	1,000,000	-	-	-	1,000,000
Redding Reconstruction/Addition	23	50520	76/24	24,312,100	-	24,312,100	-	1,714,426	1,714,426	22,597,674
Redding Renovation VSA funds	22	99155	0/100	-	2,000,000	2,000,000	-	1,402,258	1,402,258	597,742
Construction Projects Total				**$ 281,432,532**	**$ 39,390,922**	**$ 320,823,454**	**$ 232,198,921**	**$ 47,287,248**	**$ 279,486,169**	**$ 41,337,285**

* FY20 Bond Bill for Fairview Campus was different from what was actually funded. The District had contributed the total local share of the project in prior years. FY20 was the remaining amount of project and was State funded only. This was worked out between the District and OMB after the Bond Bill was completed.

** FY20 Bond Bill did not include Meredith funding, but per the above note, OMB had reworked the funding and the local money for Fairview was to be moved to Meredith and Silver Lake instead. The OMB agreed amount (all local) to start Meredith renovation was $10,000,000.

*** FY20 Bond Bill only included $1,508,000 in local funding for Silver Lake renovation. The OMB reworked funding agreement allowed the District to add $2,992,000 to this project in local funding.

**** BMECC appropriation 91445 for FY20 and FY21 is equal to the District's request to use $3.5 million in VSA funds to start that project a few months early due to timining of construction.

***** VSA funds were originally used for BMECC to start the project, then credited back to free up VSA funds for future projects.

SCHEUDULE OF CURRENT YEAR FINDINGS

Criteria

The Schedule of Construction Projects shall be created, reviewed, and approved for existence of active construction projects, completeness of funding sources and expenditures, and accurate for District and public use.

Condition

The Schedule of Construction Projects, as presented for examination, omitted a funding source that included a purchase order created during fiscal year 2023.

Cause

The District did not charge any expenditures during fiscal year 2023 against the funding source. Thus, the funding source was omitted from the schedule.

Effect

The Schedule of Construction Projects, as presented for examination, was understated from a funding perspective by $1 million.

Recommendation

We recommend the District identify all funding sources involved in the school construction projects by cross-referencing FSF reports Delaware General Ledger (DGL) DGL049 and DGL060 to its current schedule.

District's Response

See Attachment

Appoquinimink School District
THE WORLD IS OUR CAMPUS
Tony J. Marchio Administration Building | apposchooldistrict.com
313 South Fifth Street, PO Box 4010, Odessa, DE 19730-4010 | 302.376.4128

November 7, 2025

Lydia E. York
State Auditor
Office of Auditor of Accounts
1128 South Bradford Street
Dover, DE 19904

This response letter is provided in connection with the finding of the State of Delaware Construction Audit for year ended June 30, 2023.

The Schedule of Construction Projects, as presented for examination, omitted a funding source that included a purchase order created during fiscal year 2023:

The audit noted the Schedule of Construction Projects was understated from a funding perspective by $1 million. The District did not charge any expenditures during fiscal year 2023 against the funding source. Thus, the funding source was omitted from the schedule.

Response:

The District will cross reference the Construction Project funding sources against FSF reports DGL049 and DGL060. The Schedule of Construction Projects will then be sent to the Construction Office Finance Specialist, as a second review, to confirm all funding has been captured on the report before being submitted.

Alleesa Stewart

Signature – Director of Finance – 11/13/2025

CC: Scott Sipple
Dr. Matthew Burrows
Keith Hopkins