

2021

Apalachicola Bay Charter School, Inc.

Financial Statements
and Independent Auditor's Report

June 30, 2021

APALACHICOLA BAY CHARTER SCHOOL, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Apalachicola Bay Charter School, Inc.
Apalachicola, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Apalachicola Bay Charter School, Inc. (the School), a component unit of the Franklin County District School Board, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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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To the Board of Directors
Apalachicola Bay Charter School, Inc.
Apalachicola, Florida

INDEPENDENT AUDITOR'S REPORT

Opinions

In our opinion, the financial statements referred to above 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 School as of June 30, 2021, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2021, 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 the School's internal control over financial reporting and 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.



August 20, 2021
Tallahassee, Florida

**APALACHICOLA BAY CHARTER SCHOOL, INC.
MANAGEMENT DISCUSSION AND ANALYSIS**

The management of the Apalachicola Bay Charter School, Inc. (the School) has prepared the following discussion and analysis to: (a) assist the reader in focusing on significant financial issues; (b) provide an overview and analysis of the School's financial activities; (c) identify changes in the School's financial position; (d) identify material deviations from the approved budget; and (e) highlight significant issues in individual funds.

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the School's financial statements and notes to financial statements found on pages 9 through 25.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2020-21 fiscal year are as follows:

- Operating revenues exceeded expenses by \$702,657 in the current year, and cumulative net position at June 30, 2021, increased to \$4,298,764.
- In May 2009 the School purchased the Chapman Elementary School building (Chapman) from the Franklin County School Board (the Sponsor) and it has become the School's permanent location. The facility, built in 1979, has been undergoing significant renovations, repair, and maintenance in recent years. These activities occurred in the current fiscal year, and are expected to continue during the next few years. The land surrounding Chapman remains owned by the Sponsor and is leased to the School for 50 years. The former school campus has been dismantled, but the land where it was located is still owned by the School.
- As in recent fiscal years, the Sponsor approved allocating a portion of its Capital Outlay Tax Levy to help pay for the ongoing renovation of the Chapman Campus. The School received \$110,808 from the Sponsor this fiscal year. This revenue was used to replace eight sets of exterior doors on the main building and repairs and maintenance to the facility.
- Due to COVID-19, the construction of the Technology Building using the Triumph Gulf Coast Grant was delayed and the grant has been extended. An architect has been hired by the School and the School is now beginning the process of submitting an RFP for a Construction Manager. The School intends to have the project completed during 2021-22 school year.

NON-FINANCIAL HIGHLIGHTS

- Florida's Standardized Assessments were administered for all grades for 2020-21 school year; however, due to the challenges presented with the continued COVID-19 pandemic, FLDOE is not issuing school grades but gave districts and charter schools the option to opt-in if they so choose. The school decided not to opt-in this year.
- The School offers a Pre-K program and a K-8th grade school. Average enrollment for the K-8th grade decreased to 344 children this year from 365 last year. The Pre-K program had 30 students this year and a year ago.
- The School operates under a contract with its Sponsor. This contract is effective until June 30, 2029.

**APALACHICOLA BAY CHARTER SCHOOL, INC.
MANAGEMENT DISCUSSION AND ANALYSIS**

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- School-Wide Financial Statements
- Fund Financial Statements
- Notes to Financial Statements

In addition, this report presents certain required supplementary information, which includes management's discussion and analysis and budgetary comparison schedules.

School-Wide Financial Statements

The school-wide financial statements provide both short-term and long-term information about the School's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net assets and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the School presented on the accrual basis of accounting. The statement of net assets provides information about the School's financial position, its assets, and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net position, is a measure of the financial health of the School. The statement of activities presents information about the change in the School's net position, and its results of operations during the fiscal year. An increase or decrease in net position is an indication of whether the School's financial health is improving or deteriorating. This information should be evaluated in conjunction with other non-financial factors, such as changes in student enrollment.

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. Certain funds are established by law, while others are created by legal agreements. Fund financial statements provide more detailed information about the School's financial activities, focusing on its most significant or "major" funds rather than fund types. This is in contrast to the entity-wide perspective contained in the school-wide statements. All of the School's funds may be classified within one of two broad categories as discussed below.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the school-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the school-wide financial statements. The financial resources measurement focus allows the governmental fund statements to provide information on *near-term* inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year.

**APALACHICOLA BAY CHARTER SCHOOL, INC.
MANAGEMENT DISCUSSION AND ANALYSIS**

The governmental fund statements provide a detailed short-term view that may be used to evaluate the School's *near-term* financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the school-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental funds to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School's most significant funds. The School's major funds are the General Fund and Capital Projects Fund. Data from the other governmental funds are combined into a single, aggregated presentation.

The School adopts an annual appropriated budget for its governmental funds. Budgetary comparison schedules have been provided to demonstrate compliance with the budget.

Notes to the Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the school-wide and fund financial statements.

SCHOOL-WIDE FINANCIAL ANALYSIS

This section is used to present condensed financial information from the school-wide statements that compare the current year to the prior year.

Statement of Net Position

Net assets may serve over time as a useful indicator of a government's financial position. The following is a summary of the School's net assets as of June 30, 2021 and 2020:

	June 30, 2021	June 30, 2020
<i>Total Assets are comprised of the following elements:</i>		
Current Assets	\$ 2,251,741	\$ 1,716,025
Non-Current Assets	2,363,162	2,113,630
Total Assets	\$ 4,614,903	\$ 3,829,655
<i>Total Liabilities are comprised of the following elements:</i>		
Current Liabilities	\$ 287,613	\$ 218,661
Non-Current Liabilities	28,526	99,974
Total Liabilities	\$ 316,139	\$ 318,635

**APALACHICOLA BAY CHARTER SCHOOL, INC.
MANAGEMENT DISCUSSION AND ANALYSIS**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<i>Total Net Position consists of the following elements:</i>		
Investment in Capital Assets, Net of Related Debt	\$ 2,361,342	\$ 2,089,610
Restricted	185,861	115,980
Unrestricted	<u>1,751,561</u>	<u>1,305,430</u>
Total Net Position	<u>\$ 4,298,764</u>	<u>\$ 3,511,020</u>

- The School’s overall financial position improved by \$702,657 this year, as noted below, showing operating revenues exceeding expenses. This improvement, combined with a delay in construction of a new Technology Building, see page 3, are the primary reasons for the increase in Current Assets.

- Non-Current Assets at June 30, 2021, increased with the completion of the gym roof renovation, two air handler replacements, eight sets of exterior doors, and completion of ceiling and lighting renovations in six classrooms.

The key elements of the increase in the School’s net position for the fiscal years ended June 30, 2021 and 2020, are as follows:

	<u>Operating Results for the Fiscal Year Ended</u>	
	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Program Revenues:		
Operating Grants and Contributions	\$ 741,936	\$ 365,832
Capital Grants and Contributions	335,583	336,393
General Revenues:		
Grants and Contributions Not Restricted to Specific Programs	3,359,263	2,957,823
Investment Earnings	<u>13,649</u>	<u>27,043</u>
Total Revenues	<u>4,450,431</u>	<u>3,687,091</u>
Functions/Program Expenses:		
Instruction and Instruction-Related Services	2,324,027	2,092,210
General Administration – Board	4,674	3,746
School Administration	542,861	599,402
Facilities Acquisition and Construction	-	7,795
Fiscal Services	111,327	63,114
Pupil Transportation Services	46,409	60,602
Operation of Plant	357,574	288,174
Maintenance of Plant	147,988	182,670
Interest on Long-Term Debt	666	786
Unallocated Depreciation Expense	<u>212,248</u>	<u>173,316</u>
Total Functions/Program Expenses	<u>3,747,774</u>	<u>3,471,815</u>
Increase in Net Position	<u>\$ 702,657</u>	<u>\$ 215,276</u>

**APALACHICOLA BAY CHARTER SCHOOL, INC.
MANAGEMENT DISCUSSION AND ANALYSIS**

Certain reclassifications between line captions have been made to the June 30, 2020, amounts presented above in order to conform to the presentation used for June 30, 2021. However, the June 30, 2020, balances presented above are the same as shown in last year's annual Audit Report without showing application of the restatement described in Note 1 of the Financial Statement.

- Operating Grants and Contributions - The increase of \$376,104 compared to last year primarily because of the additional Federal CARES Act Grant and the State Charter School Performance Grant (CSP) assisting the School's continued operation during the COVID-19 pandemic.
- Grants and Contributions Not Restricted to Specific Programs - In fiscal 20-21, under state law, the School began participating in the local operating Property Tax Levy of the School District, receiving \$323,000. Due to the COVID-19 pandemic, the State maintained the School's FEFP funding at the prior year level even though the School's population decreased in FY 20-21.
- Instruction and Related Services - This increased, in part, is due to the purchase of new technology to assist in 1 to 1 and distance learning. In addition, the current year includes the instructional related expenditures for the internal accounts, see Note 1, which were not included in the prior year amount.
- School Administration - This decreased this year, in part, as one administrative person previously charged to School Administration, was transferred to Fiscal Services. In addition, one position in School Administration was closed.
- Fiscal Services - The School's original Business Manager retired June 30, 2020. His successor has been his Executive Assistant for ten years. She is a full-time employee whereas the prior Business Manager was a part-time employee.
- Operation of Plant - The increase is due to additional janitorial supplies to operate in a safe environment during the COVID-19 pandemic.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

This section provides an analysis of the balances and transactions of the individual funds. The analysis addresses the reasons for significant changes in fund balances and the effect of the availability of fund resources for future use.

- **General Fund.** See General Fund Budgetary Highlights section below.
- **Capital Projects Fund.** Capital outlay monies have been primarily used for maintenance renovation, and repair of Chapman, fixed asset additions, and debt service.
- **Special Revenue Fund.** The Special Revenue fund accounts for various grants received, including Title I and *Individuals with Disabilities Education Act*.

GENERAL FUND BUDGETARY HIGHLIGHTS

Operations in the General Fund were positive this year, and a year ago. In the current year, actual operating revenues were \$276,648 over budget and actual operating expenditures were under budget by \$385,912. The total actual revenues exceeded total actual expenditures by \$524,841 before the transfer out to Capital Outlay. See page 26 for further detail.

**APALACHICOLA BAY CHARTER SCHOOL, INC.
MANAGEMENT DISCUSSION AND ANALYSIS**

CAPITAL ASSETS AND DEBT ADMINISTRATION

For detailed information on the School's investment in capital assets and related long-term debt obligations, refer to Notes 2 and 4 of the accompanying financial statements.

SIGNIFICANT ECONOMIC FACTORS

- **Student Enrollment and Funding** - Revenues from the State for current operations are primarily from the Florida Education Finance Program administered by the Florida Department of Education (Department) under the provisions of Section 236.081, Florida Statutes. In accordance with this law, the School determines and reports the number of full-time equivalent (FTE) students and related data to the Department. The Department establishes a per student funding formula each year, and the School receives revenues based on its actual student attendance during the year.
- **Capital Outlay Funding** - In addition to the operating funds discussed under student enrollment, the School annually receives funding for eligible capital outlay projects, including debt service, from State revenue.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of Apalachicola Bay Charter School, Inc.'s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Manager, Apalachicola Bay Charter School, Inc., 98 12th Street, Apalachicola, Florida.

BASIC FINANCIAL STATEMENTS

APALACHICOLA BAY CHARTER SCHOOL, INC.
STATEMENT OF NET POSITION
JUNE 30, 2021

Assets	
Cash and Cash Equivalents	\$ 729,846
Certificates of Deposit	1,304,366
Interest Receivable on Investments	1,855
Due from Other Agencies	129,009
Prepaid Expenses	86,665
Capital Assets, Net	<u>2,363,162</u>
Total Assets	<u><u>4,614,903</u></u>
Liabilities	
Salaries, Benefits, and Payroll Taxes Payable	142,506
Accounts Payable	134,607
Deferred Revenues	10,500
Non-Current Liabilities:	
Portion Due Within One Year:	
Liability for Compensated Absences	13,353
Line of Credit	1,820
Portion Due After One Year:	
Liability for Compensated Absences	<u>13,353</u>
Total Liabilities	<u><u>316,139</u></u>
Net Position	
Net Investment in Capital Assets	2,361,342
Restricted	185,861
Unrestricted	<u>1,751,561</u>
Total Net Position	<u><u>\$ 4,298,764</u></u>

See accompanying notes.

APALACHICOLA BAY CHARTER SCHOOL, INC.
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Position
		Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction and Instruction-Related Services	\$ 2,324,027	\$ 741,936	\$ -	\$ (1,582,091)
General Administration - Board	4,674	-	-	(4,674)
School Administration	542,861	-	-	(542,861)
Facilities Acquisition and Construction	-	-	165,153	165,153
Fiscal Services	111,327	-	-	(111,327)
Pupil Transportation Services	46,409	-	-	(46,409)
Operation of Plant	357,574	-	56,767	(300,807)
Maintenance of Plant	147,988	-	112,997	(34,991)
Interest on Long-Term Debt	666	-	666	-
Unallocated Depreciation Expense	212,248	-	-	(212,248)
Total Governmental Activities	\$ 3,747,774	\$ 741,936	\$ 335,583	(2,670,255)
General Revenues				
Grants and Contributions Not Restricted to Specific Purposes				3,359,263
Investment Earnings				13,649
Total General Revenues and Special Items				3,372,912
Change in Net Position				702,657
Net Position - Beginning of Year, As Previously Reported				3,511,020
Restatements - See Note 1				85,087
Net Position - Beginning of Year, As Restated				3,596,107
Net Position - End of Year				\$ 4,298,764

See accompanying notes.

APALACHICOLA BAY CHARTER SCHOOL, INC.
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Capital Projects - Public Education Capital Outlay Fund	Special Revenue Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 729,846	\$ -	\$ -	\$ 729,846
Certificates of Deposit	1,304,366	-	-	1,304,366
Interest Receivable on Investments	1,855	-	-	1,855
Due from Other Agencies	12,904	16,652	99,453	129,009
Due from Other Funds	116,105	-	-	116,105
Prepaid Expenses	86,665	-	-	86,665
Total Assets	2,251,741	16,652	99,453	2,367,846
LIABILITIES AND FUND BALANCES				
Liabilities				
Salaries, Benefits, and Payroll Taxes Payable	142,506	-	-	142,506
Accounts Payable	134,607	-	-	134,607
Due to Other Funds	-	16,652	99,453	116,105
Deferred Revenues	10,500	-	-	10,500
Total Liabilities	287,613	16,652	99,453	403,718
Fund Balances				
Restricted for:				
Mental Health	17,652	-	-	17,652
School Safety	147,658	-	-	147,658
Student Activities	20,551	-	-	20,551
Unassigned	1,778,267	-	-	1,778,267
Total Fund Balances	1,964,128	-	-	1,964,128
Total Liabilities and Fund Balances	\$ 2,251,741	\$ 16,652	\$ 99,453	\$ 2,367,846

See accompanying notes.

APALACHICOLA BAY CHARTER SCHOOL, INC.
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Total Fund Balance - Governmental Funds	\$	1,964,128
 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 as assets in governmental funds.		2,363,162
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities are year-end consist of:		
Liability for Compensated Absences	\$ (26,706)	
Line of Credit	<u>(1,820)</u>	<u>(28,526)</u>
Net Position of Governmental Activities		<u><u>\$ 4,298,764</u></u>

See accompanying notes.

APALACHICOLA BAY CHARTER SCHOOL, INC.
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Capital Projects - Public Education Capital Outlay Fund	Special Revenue Fund	Total Governmental Funds
Revenues				
Intergovernmental:				
Florida Education Finance Program	\$ 3,036,477	\$ -	\$ -	\$ 3,036,477
Capital Outlay Funds	-	335,583	-	335,583
Federal Through State	-	-	505,860	505,860
Local	558,862	2,522	-	561,384
Interest Income	13,649	-	-	13,649
Total Revenues	3,608,988	338,105	505,860	4,452,953
Expenditures				
Current:				
Instruction and Instruction-Related				
Services	1,975,573	-	349,114	2,324,687
General Administration - Board	4,674	-	-	4,674
School Administration	544,856	-	-	544,856
Fiscal Services	111,327	-	-	111,327
Pupil Transportation Services	46,409	-	-	46,409
Operation of Plant	249,870	56,767	52,735	359,372
Maintenance of Plant	34,991	112,997	-	147,988
Debt Service:				
Principal	-	22,200	-	22,200
Interest	-	666	-	666
Capital Outlay	116,447	242,046	104,011	462,504
(Total Expenditures)	(3,084,147)	(434,676)	(505,860)	(4,024,683)
Excess (Deficiency) of Revenues Over (Under) Expenditures	524,841	(96,571)	-	428,270
Other Financing Sources (Uses)				
Transfers In	-	96,571	-	96,571
Transfers Out	(96,571)	-	-	(96,571)
Total Other Financing Sources (Uses)	(96,571)	96,571	-	-
Net Change in Fund Balance	428,270	-	-	428,270
Fund Balances, Beginning of Year, As Previously Reported	1,497,364	-	-	1,497,364
Restatement - See Note 1	38,494	-	-	38,494
Fund Balances, Beginning of Year, As Restated	1,535,858	-	-	1,535,858
Fund Balances, End of Year	\$ 1,964,128	\$ -	\$ -	\$ 1,964,128

See accompanying notes.

**APALACHICOLA BAY CHARTER SCHOOL, INC.
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES WITH THE
SCHOOL-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balances - Governmental Funds \$ 428,270

**Amounts Reported for Governmental Activities in the Statement of
Activities are Different Because:**

Capital outlays to purchase or build/renovate assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of activities and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.

Capital Outlay	\$ 462,504	
Depreciation Expense	<u>(212,248)</u>	250,256

In the statement of activities, the loss on disposal of fixed assets is reported, but has no impact on the governmental funds. (724)

The accrual of compensated absences is not an expenditure in governmental funds, as no amounts were actually paid. However, for governmental activities, the cost of compensated absences is measured by the amounts earned during the year. This amount reflects the net adjustment to the compensated absences accrual at June 30, 2021. 2,655

Repayment of mortgage and note principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities. 22,200

Change in Net Position \$ 702,657

See accompanying notes.

APALACHICOLA BAY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Apalachicola Bay Charter School, Inc. (the School) conform to generally accepted accounting principles as applicable to school districts. The following is a summary of the significant accounting policies:

Reporting Entity

The School was created on July 1, 2001, to operate as a charter school under Florida Statute 228.056. As required by Florida Statute 228.056, the School operates as a non-profit organization. The School is approved for non-profit status under Section 501(c)(3) of the Internal Revenue Code.

The School presently maintains a charter with the Franklin County District School Board (the Sponsor) to provide an educational program for elementary and middle school students in grades pre-kindergarten through eight. The School receives a majority of its funding through the Sponsor based on a formula of student attendance, which is identical to that of other Franklin County public schools. The current charter is effective until June 30, 2029. At the end of the term of the charter, the Sponsor may choose not to renew the charter based on grounds specified in the charter. With just cause, the Sponsor is required to notify the School in writing, at least 90 days prior to the charter's expiration. During the term of the charter, the Sponsor may also terminate a charter if good cause is shown. The School is considered a component unit of the Franklin County District School Board.

Basis of Presentation

Although the School is a non-profit corporation, these financial statements are presented using the governmental reporting model. This treatment is required by generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), due to the nature of the School and the potential for unilateral dissolution by the Sponsor.

The School's basic financial statements consist of school-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

School-Wide Financial Statements

The statement of net assets and the statement of activities display information about the School as a whole. These statements include the financial activities of the School.

The statement of net assets presents the financial condition of the governmental activities of the School at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

APALACHICOLA BAY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

Fund Financial Statements

During the year, the School segregates transactions related to certain School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. There are no non-major funds.

Fund Accounting

The School uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

- **Governmental Funds** – Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School’s governmental funds:
 - **General Funds** – The General Fund is used to account for and report all financial resources not accounted for and reported in another fund. It is the primary operating fund of the School.
 - **Special Revenue Funds** – Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.
 - **Capital Projects Funds** – Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities, certain facility maintenance expenses, and other permitted expenses.

Governmental Fund Balance Reporting

The GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB Statement No. 54 requires the fund balance amounts to be properly reported within one of the fund balance categories as follows:

- *Non-Spendable*, such as fund balance associated with inventories, prepaids, long-term loans, and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
- *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School’s Board of Directors (the School’s highest level of decision-making authority).

APALACHICOLA BAY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

- *Assigned* fund balance classification are intended to be used by the School for specific purposes but do not meet the criteria to be classified as restricted or committed.
- *Unassigned* fund balance is the residual classification for the School's general fund and includes all spendable amounts not contained in the other classifications.

Measurement Focus

School-Wide Financial Statements

The school-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School are included on the statement of net assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the school-wide statements and the statements for governmental funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. School-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues

On the accrual basis, revenue is recognized when earned. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For this purpose, the School considers revenues to be available if they are collected within ninety days of the end of the current fiscal year.

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Revenue from grants, entitlements, and donations that have not satisfied all eligibility requirements are deferred.

**APALACHICOLA BAY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS**

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Cash and Cash Equivalents

The School considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents. Cash equivalents includes money market accounts as the School may deposit additional funds at any time, and withdraw funds at any time without penalty.

Certificates of Deposit

The School owns certificates of deposit at a local financial institution and through a brokerage account as authorized by the Board of Directors. Maturities range from three months to five years. The certificates of deposit are carried at cost. The difference between cost and fair value is not considered material.

Capital Assets

General capital assets result from expenditures in the governmental fund. These assets are reported in the government-wide statement of net assets but are not reported in the governmental fund financial statements.

Capital assets are defined by the School as assets with an initial individual cost of \$750 or more and an estimated useful life in excess of one year. Capital assets are capitalized at historical cost or estimated historical cost and updated for additions and retirements during the year. Donated assets are recorded at fair value at the date of donation. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All reported capital assets except land and land improvements are depreciated. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Improvements Other Than Buildings	15-30 Years
Buildings and Fixed Equipment	15-50 Years
Furniture and Equipment	5 Years
Library Books	3-5 Years
Motor Vehicles	5-10 Years
Computer Software	5 Years

Accumulated Compensated Absences

The School's employees accumulate compensated absences as follows:

Class I (Certified Instructional/Administrative) – Allocated 10 sick and 3 personal/vacation days per year. Up to 5 unused sick days can be rolled over per year, up to a maximum accrual of 20 sick days. Accrued sick leave is not payable upon termination of employment.

APALACHICOLA BAY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

Class II (Specialized Staff and Administrative Assistants) – Allocated 10 days per year, which can be used as either sick, personal, or vacation days at the employee’s discretion. Up to 1 unused day can be rolled over per year, up to a maximum accrual of 10 days. Rollover days retain their ability to be used as sick, personal, or vacation absences at the employee’s discretion. Accrued leave is not payable upon termination of employment.

Class III (Professional and Maintenance) – Allocated 5 sick and 3 personal days per year. Up to 1 unused sick day can be rolled over per year, up to a maximum accrual of 10 sick days. Accrued leave is not payable upon termination of employment.

Administrators/Contractual – Certain contractual employees’ employment agreements provide for specific compensated absence allocations. These employees are allocated 15 days per year, which can be used as either sick or personal days at the employee’s discretion. All unused days can be rolled over per year, up to a maximum accrual of 25 days. Rollover days retain their ability to be used as sick or personal absences at the employee’s discretion. Accrued leave is not payable upon termination of employment.

The liability for accumulated compensated absences, as presented in the government-wide financial statements, is limited to accruals related to Class II and Administrator/Contractual employees, based on the use-based designation of maximum accrual days allowed in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*.

State Revenue Sources

Revenues from state sources for current operations are received primarily from the Sponsor pursuant to the funding provisions included in the School’s charter. In accordance with the funding provisions of the charter and Section 1002.33 (17), Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the Sponsor. Under the provisions of Section 1011.62, Florida Statutes, the Sponsor reports the number of FTE students and related data to the Florida Department of Education (the Department) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect revised calculations by the Department under the FEFP and the actual weighted FTE students reported by the School during the designated FTE student survey periods.

The School may receive federal, state, or private awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

The School also receives state revenues under the Public Education Capital Outlay (PECO) program.

A schedule of FEFP revenue from state sources for the current year is presented in a subsequent note.

Estimates

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

**APALACHICOLA BAY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS**

Budgets

The School is required by the contract with the Sponsor to adopt annual budgets for the General Fund, Special Revenue Fund, and Capital Projects Fund. Each budget is presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is the fund level. Budgets may be amended by the School's Board of Directors. In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the required supplemental information represents both the original budget and final authorized amounts. Unused appropriations for all annually budgeted funds lapse at the end of the year.

A comparison of actual results of operations to the budgeted amounts for the General Fund and Special Revenue Fund are presented as Required Supplementary Information.

Restatements

During the year ended June 30, 2021, the School adopted GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. Due to the level of administrative involvement and control over the School's internal accounts, the implementation of this statement required the School to change the way it accounts for the internal accounts, which were previously accounted for in an Agency Fund. The internal accounts are now accounted for in the School's General Fund. In addition, the School identified an error in the amount previously reported in the liability for compensated absences.

Beginning net position/fund balance has been restated to reflect the above changes as follows:

General Fund, Beginning of Year Fund Balance, as Previously Reported	\$ 1,497,364
Restatement - GASB Statement No. 84 Implementation	<u>38,494</u>
General Fund, Beginning of Year Fund Balance, as Restated	<u>\$ 1,535,858</u>
Governmental Activities, Beginning of Year Net Position, as Previously Reported	\$ 3,511,020
Restatement - GASB Statement No. 84 Implementation	38,494
Restatement - Compensated Absences	<u>46,593</u>
Governmental Activities, Beginning of Year Net Position, as Restated	<u>\$ 3,596,107</u>

Note 2 - Capital Assets

Capital assets activity for the fiscal year ended June 30, 2021, is as follows:

APALACHICOLA BAY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

	Balance June 30, 2020	Additions	Disposals and Adjustments	Balance June 30, 2021
Non-Depreciable Capital Assets:				
Land	\$ 331,400	\$ -	\$ -	\$ 331,400
Land Improvements - Non-Depreciable	29,544	-	-	29,544
Total Non-Depreciable Capital Assets	360,944	-	-	360,944
Depreciable Capital Assets:				
Building and Improvements	1,763,645	309,989	-	2,073,634
Improvements Other Than Building	171,964	-	-	171,964
Motor Vehicles	274,738	-	(142,143)	132,595
Library Books	12,842	-	-	12,842
Furniture, Fixtures, and Equipment	498,499	139,415	(17,293)	620,621
Comptuer Software	8,745	13,100	(4,125)	17,720
Total Depreciable Capital Assets	2,730,433	462,504	(163,561)	3,029,376
Less Accumulated Depreciation and Amoritization:				
Building and Improvements	(462,328)	(110,834)	-	(573,162)
Improvements Other Than Building	(57,376)	(11,636)	-	(69,012)
Motor Vehicles	(150,683)	(15,863)	142,143	(24,403)
Library Books	(12,842)	-	-	(12,842)
Furniture, Fixtures, and Equipment	(290,514)	(71,406)	16,569	(345,351)
Comptuer Software	(4,004)	(2,509)	4,125	(2,388)
Total Accumulated Depreciation and Amoritization	(977,747)	(212,248)	162,837	(1,027,158)
Depreciable Capital Assets, Net of Accumulated Depreciation	1,752,686	250,256	(724)	2,002,218
Government Activities Capital Assets, Net	\$ 2,113,630	\$ 250,256	\$ (724)	\$ 2,363,162

Current year depreciation expense was included in unallocated depreciation expense in the statement of activities.

Note 3 - Interfund Borrowings/Transfers

The following is a summary of interfund transfers in the governmental fund financial statements:

Funds	Interfund Transfers	
	Transfers In	Transfers Out
Major Funds:		
General	\$ -	\$ 96,571
Capital Projects Fund	96,571	-
Total	\$ 96,571	\$ 96,571

APALACHICOLA BAY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

The above interfund transfers to the Capital Outlay Fund from the General Fund were to supplement funding for capital outlay expenditures.

The following is a summary of interfund borrowings in the governmental fund financial statements:

Funds	Interfund Borrowings	
	Due from Other funds	Due to Other funds
Major Funds:		
General	\$ 116,105	\$ -
Capital Projects Fund	-	16,652
Special Revenue Fund	-	99,453
Total	\$ 116,105	\$ 116,105

Interfund borrowings represent short-term loans from the general fund.

Note 4 - Long-Term Obligations

The following is a summary of long-term obligations for the School for the year ending June 30, 2021:

- **Line of Credit** – The School has a business line of credit with a local bank in an amount up to \$100,000, with a maturity date of December 6, 2021. Monthly payments of interest are required. Interest is calculated at an annual interest rate of 3.05%. Monthly principal payments prior to maturity are at the option of the School. In the promissory note agreement, the lender has the right to demand repayment prior to the scheduled maturity date. The line of credit is secured by a certificate of deposit.

The School does not expect the bank to exercise its demand option under this financing agreement. However, should the bank demand early repayment, the line of credit will be fully paid by the certificate of deposit that collateralizes the line of credit.

	Balance June 30, 2020	Additions	Retirements and Payments	Balance June 30, 2021	Due Within One Year
Line of Credit - Centennial Bank	\$ 24,020	\$ -	\$ (22,200)	\$ 1,820	\$ 1,820
Compensated Absences	29,361	-	(2,655)	26,706	13,353
Total Long-Term Obligations	\$ 53,381	\$ -	\$ (24,855)	\$ 28,526	\$ 15,173

The debt requirements for outstanding long-term debt at June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 1,820	\$ 666	\$ 2,486

**APALACHICOLA BAY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 5 - Schedule of State FEFP Revenue Sources

The following is a schedule of the School's state revenues for the 2020-2021 fiscal year:

<u>Source</u>	
Florida Education Finance Program	\$ 1,616,146
ESE Guarantee	74,350
Supplemental Academic Instruction	80,841
Sparsity Supplement	17,761
Discretionary Local Effort	487,706
Total Funds Compression Allocation	30,587
Safe Schools Allocation	94,960
Instruction Materials Allocation	27,799
Digital Classrooms Allocation	29,394
Mental Health Assistance Allocation	41,189
Teachers Salary Increase	58,673
Student Transportation	25,704
Class Size Reduction	404,191
Reading Allocation	48,139
Teachers Lead	6,941
Proration to Funds Available	<u>(7,904)</u>
Total	\$ <u>3,036,477</u>

Note 6 - Defined Contribution Plan

The School is a single employer that contributes to the Apalachicola Bay Charter School, Inc. 401(k) Profit Sharing Plan (Plan), which is a defined contribution plan. There are two components to the Plan. Each year the School determines the percentage, up to 5%, that it will contribute under each component of the Plan.

The 401(k) component of this Plan covers all eligible school employees. Eligible employees may elect to contribute up to 5% of gross salaries to the Plan. In the current fiscal year, the School matched up to 5% of the employee's salary. The employer's contribution vests over a two year period.

The profit-sharing component of this Plan covers the School's full-time teachers and certain administrative positions. In the current fiscal year, the School contributed 5% of the eligible employee's salary to the Plan.

School contributions to the Plan for the fiscal years ended June 30, 2019, 2020, and 2021 were \$125,451, \$128,007, and \$135,242 respectively.

**APALACHICOLA BAY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 7 - Deposits and Investments

The School's investment policy allows the School to invest excess funds in Federal Deposit Insurance Corporation (FDIC) insured certificates of deposit. The School has deposits at various financial institutions and a brokered certificates of deposit account. All cash deposits and individual certificates of deposit are insured by the FDIC up to \$250,000 for each institution. As of June 30, 2021, the School's uninsured cash deposits were \$0. The following is a summary of maturities of the School's certificates of deposit at June 30, 2021:

	<u>Carrying Amount</u>	<u>Investment Maturity</u>		
		<u>0 to 1 year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>
Certificates of Deposit	\$ 1,304,366	\$ 1,054,366	-	\$ 250,000

Note 8 - Significant Funding Sources

A substantial amount of the School's funding is received from state and federal sources. The state transmits this funding to the Sponsor, which then remits it to the School. The School also is sharing in its Sponsor's Capital Outlay tax levy and is using its share to help pay for the Chapman School renovations. A significant reduction in the level of any of this funding, if this were to occur, could have an adverse effect on the School's programs and activities.

Note 9 - Risk Management

The School is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The School has purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage is consistent with previous years. The School does not sponsor a public entity risk pool. There have been no insurance settlements in the past three fiscal years.

Note 10 - Related Parties

The School is considered a component unit of the Sponsor.

In May 2009, the Sponsor sold the Chapman building and land underneath the building (Chapman) to the School. The warranty deed includes a reversion clause. In the event the School is dissolved, or the property is used for other than a classroom facility, Chapman would be deeded back to the Sponsor. The School is prohibited from mortgaging or encumbering the property without the written consent of the Sponsor.

In May 2009, the Sponsor initiated a land lease with the School for the 2.67 acres of vacant land surrounding Chapman. The term of the lease is for a period of fifty years, and the School has an option to renew the lease for an additional fifty years.

The cumulative rent for the entire term of the lease is \$50. The School has determined the fair value of the land lease at \$9,000 per year.

APALACHICOLA BAY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

The Sponsor retains the right to cancel the lease and remove any property added by the School, and reimburse the School for the fair market value of any permanent improvements made to the property.

Food services are provided to the School's students by the Sponsor daily at no cost. All students qualify for free meals under the *National School Lunch Act* program (NSLA). The Sponsor provides the food, equipment, and personnel to the School and collects any lunch monies related to the program from the NSLA.

Note 11 - Donated Services

School health and vision services are provided to the School under a contract between the State of Florida, Department of Health, Franklin County Health Department (DOH-Franklin) and the Sponsor. The School is provided a full-time Licensed Practical Nurse and a part-time School Health Coordinator. The value of the donated professional services is determined based on the annual salary and benefits of the nursing professionals provided to the School and are valued at \$63,256.

Note 12 - Income Taxes

The School operates as a 501(c)(3) non-profit organization in good standing. The School annually files the required income tax Form 990 for non-profit entities. The School does not have any for-profit activities. In the opinion of management, the School is in compliance with all non-profit operating and reporting requirements under Section 501(c)(3).

Note 13 - Subsequent Events

The School has evaluated whether there were any other subsequent events to be reported through August 20, 2021, which is the date the financial statements were distributed. There were no other subsequent events to be reported.

REQUIRED SUPPLEMENTARY INFORMATION

APALACHICOLA BAY CHARTER SCHOOL, INC.
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental:				
Florida Education Finance Program	\$ 2,692,290	\$ 2,692,290	\$ 3,036,477	\$ 344,187
Local	620,050	620,050	558,862	(61,188)
Interest Income	20,000	20,000	13,649	(6,351)
Total Revenues	<u>3,332,340</u>	<u>3,332,340</u>	<u>3,608,988</u>	<u>276,648</u>
Expenditures				
Current:				
Instruction and Instruction-Related Services	1,910,725	1,882,725	1,975,573	(92,848)
General Administration - Board	5,200	5,200	4,674	526
School Administration	480,603	543,449	544,856	(1,407)
Fiscal Services	121,500	114,500	111,327	3,173
Pupil Transportation Services	59,940	59,940	46,409	13,531
Operation of Plant	248,020	248,020	249,870	(1,850)
Maintenance of Plant	118,505	37,505	34,991	2,514
Capital Outlay	517,800	578,720	116,447	462,273
(Total Expenditures)	<u>(3,462,293)</u>	<u>(3,470,059)</u>	<u>(3,084,147)</u>	<u>385,912</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(129,953)	(137,719)	524,841	662,560
Other Financing Sources (Uses)				
Transfers Out	-	-	(96,571)	(96,571)
Net Change in Fund Balances	(129,953)	(137,719)	428,270	565,989
Beginning Fund Balance, As Restated	<u>1,535,858</u>	<u>1,535,858</u>	<u>1,535,858</u>	<u>-</u>
Ending Fund Balance	<u>\$ 1,405,905</u>	<u>\$ 1,398,139</u>	<u>\$ 1,964,128</u>	<u>\$ 565,989</u>

APALACHICOLA BAY CHARTER SCHOOL, INC.
BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental:				
Federal through State	\$ 544,555	\$ 556,735	\$ 505,860	\$ (50,875)
Total Revenues	<u>544,555</u>	<u>556,735</u>	<u>505,860</u>	<u>(50,875)</u>
Expenditures				
Current:				
Instruction and Instruction-Related Services	409,490	409,490	349,114	60,376
Operation of Plant	78,710	78,710	52,735	25,975
Capital Outlay	56,355	68,535	104,011	(35,476)
(Total Expenditures)	<u>(544,555)</u>	<u>(556,735)</u>	<u>(505,860)</u>	<u>50,875</u>
Net Change in Fund Balances	-	-	-	-
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ADDITIONAL INFORMATION

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

To the Board of Directors
Apalachicola Bay Charter School, Inc.
Apalachicola, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Apalachicola Bay Charter School, Inc. as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Apalachicola Bay Charter School, Inc.'s basic financial statements and have issued our report thereon dated August 20, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Apalachicola Bay Charter School, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Apalachicola Bay Charter School, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Apalachicola Bay Charter School, Inc.'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 entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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To the Board of Directors
Apalachicola Bay Charter School, Inc.
Apalachicola, Florida

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Apalachicola Bay Charter School, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance 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 Apalachicola Bay Charter School, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Apalachicola Bay Charter School, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



August 20, 2021
Tallahassee, Florida

MANAGEMENT LETTER

To the Board of Directors
Apalachicola Bay Charter School, Inc.
Apalachicola, Florida

Report on the Financial Statements

We have audited the financial statements of Apalachicola Bay Charter School, Inc. as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated August 20, 2021.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.850, *Rules of the Auditor General*.

Other Reports and Schedules

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in this report, which is dated August 20, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5., *Rules of the Auditor General*, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are Apalachicola Bay Charter School, Inc., and #9009.

Financial Condition

Section 10.854(1)(e)2. and 10.855(11), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate whether or not the Apalachicola Bay Charter School, Inc. has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that Apalachicola Bay Charter School, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

CERTIFIED PUBLIC ACCOUNTANTS

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Apalachicola, Florida

MANAGEMENT LETTER

Pursuant to Section 10.854(1)(e)6.a. and 10.855(12), *Rules of the Auditor General*, we applied financial condition assessment procedures for the Apalachicola Bay Charter School, Inc. It is management's responsibility to monitor the Apalachicola Bay Charter School, Inc.'s financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.854(1)(e)3., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether the Apalachicola Bay Charter School, Inc. maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the Apalachicola Bay Charter School, Inc. maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)4., *Rules of the Auditor General*, requires us to communicate non-compliance with provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Board of Directors, applicable management, and the Franklin County District School Board, and is not intended to be, and should not be, used by anyone other than these specified parties.



August 20, 2021
Tallahassee, Florida