

2024

Apalachicola Bay Charter School, Inc.

Financial Statements and
Independent Auditor's Report

June 30, 2024

PURVIS GRAY
CERTIFIED PUBLIC ACCOUNTANTS

APALACHICOLA BAY CHARTER SCHOOL, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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 Franklin County District School Board, as of and for the year ended June 30, 2024, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School as of June 30, 2024, 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 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.

Responsibilities of Management for the Financial Statements

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.

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

INDEPENDENT AUDITOR'S REPORT

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 generally accepted auditing standards 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 generally accepted auditing standards 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.

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 on pages 4-9 and 26-27 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

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

INDEPENDENT AUDITOR'S REPORT

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 accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2024, 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 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.



September 12, 2024
Tallahassee, Florida

**APALACHICOLA BAY CHARTER SCHOOL, INC.
MANAGEMENT’S 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 10 through 25.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2023-2024 fiscal year are as follows:

- Operating revenues exceeded expenses by \$1,676,142 in the current year, and cumulative net position at June 30, 2024, increased to \$6,443,067.
- 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.
- Major restorations, including replacing the ceiling tiles and lighting in seven classrooms and replacing the fan coil units in all classrooms.
- New technology equipment was purchased with Local Sales Tax income as well as Federal Grant funds.

NON-FINANCIAL HIGHLIGHTS

- The School offers a Pre-K program and a K-8th grade school. Average enrollment for the K-8th grade decreased to 356 children this year from 357 last year. The Pre-K program had 30 students this year and 30 students a year ago.
- The School operates under a contract with its Sponsor. This contract is effective until June 30, 2029.

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 the MD&A and budgetary comparison schedules.

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

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 position 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 position 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 contrasts with the entity-wide perspective contained in the School-wide statements. All 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.

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, Capital Projects Fund, and Special Revenue Fund. Data from the other governmental funds are combined into a single, aggregated presentation.

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

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 position as of June 30, 2024 and 2023:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
<i>Total Assets consist of the following elements:</i>		
Current Assets	\$ 3,720,747	\$ 2,113,019
Non-Current Assets	<u>2,994,800</u>	<u>2,876,429</u>
Total Assets	<u>\$ 6,715,547</u>	<u>\$ 4,989,448</u>
	<u>June 30, 2024</u>	<u>June 30, 2023</u>
<i>Total Liabilities consist of the following elements:</i>		
Current Liabilities	\$ 255,740	\$ 206,221
Non-Current Liabilities	<u>16,740</u>	<u>16,302</u>
Total Liabilities	<u>\$ 272,480</u>	<u>\$ 222,523</u>
	<u>June 30, 2024</u>	<u>June 30, 2023</u>
<i>Total Net Position consists of the following elements:</i>		
Investment in Capital Assets	\$ 2,994,800	\$ 2,876,429
Restricted	850,143	226,539
Unrestricted	<u>2,598,124</u>	<u>1,663,957</u>
Total Net Position	<u>\$ 6,443,067</u>	<u>\$ 4,766,925</u>

- The School’s overall financial position increased by \$1,676,142 this year, as noted below, showing revenues exceeding expenses. An increase in Capital Outlay funds including PECO, Local Sales Tax and LCIF funds were the main factors for the increase in revenue. See significant variance explanations below.

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

- Non-current assets at June 30, 2024, increased with the purchase of new technology devices and replacing the ceiling tiles and lighting and fan coil units in classrooms.

The key elements of the increase in the School’s net position for the fiscal years ended June 30, 2024 and 2023, are as follows:

	<u>Operating Results for the Fiscal Year Ended</u>	
	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Program Revenues:		
Operating Grants and Contributions	\$ 1,627,699	\$ 1,040,482
Capital Grants and Contributions	837,046	570,274
General Revenues:		
Grants and Contributions Not Restricted to Specific Programs	3,940,738	3,385,744
Investment Earnings	<u>65,544</u>	<u>28,209</u>
Total Revenues	<u>6,471,027</u>	<u>5,024,709</u>
Functions/Program Expenses:		
Instruction and Instruction-Related Services	3,096,731	2,840,316
General Administration – Board	10,516	4,905
School Administration	536,850	462,198
Facilities Acquisition and Construction	47,584	89,295
Fiscal Services	121,214	131,961
Pupil Transportation Services	63,265	70,683
Operation of Plant	344,927	381,841
Maintenance of Plant	123,766	137,683
Student Activities	166,907	127,398
Unallocated Depreciation Expense	<u>283,125</u>	<u>252,584</u>
Total Functions/Program Expenses	<u>4,794,885</u>	<u>4,498,864</u>
Increase (Decrease) in Net Position	<u>\$ 1,676,142</u>	<u>\$ 525,845</u>

Significant variances in the year-over-year comparison are described below:

- Operating Grants and Contributions - increase of \$587,217 primarily occurred because of the additional grant funding the School received this year, including ARP and ESSER funds.
- Capital Grants and Contributions - increase of \$266,772 due to increased PECO Funds, Sales Tax Revenue and receiving the 5% capital outlay share from the FCSD.
- Grants and Contributions Not Restricted to Specific Programs - increased by \$544,994, in part due to increased FEFP funds and increased tax levy funds during Fiscal Year 2023-2024.
- Instruction-Related Services - this \$256,415 increase, in part, is due to the hiring of additional staff to increase learning gains through reading and math interventions as well as the purchase of additional curriculum and learning programs.
- School Administration - increased by \$74,652 due to administration salaries shifting from instructional and fiscal services.

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

- Facilities Acquisitions and Construction, Operation and Maintenance of Plant - all decreased due to budgeted projects not being completed in the Fiscal year such as the Triumph building and PreK playground.
- Student Activities - included special end-of-year field trips for 5th and 8th grade students. This increased from the previous year by \$39,509. This increase may be due to increased costs for 5th and 8th grade field trips.

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 for both FY2024 and FY2023. In the current year, actual operating revenues were \$290,170 over budget and actual operating expenditures were under budget by \$146,175. The total actual revenues exceeded total actual expenditures by \$1,001,300 before the transfer from capital outlay. See page 26 for further detail.

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 FEPF administered by the Florida Department of Education (the Department) under the provisions of Section 236.081, Florida Statutes. In accordance with this law, the School determines and reports the number of 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.
- **COVID-19 Federal Grant Funding** - To support the mitigation of Covid-19 and learning loss, ESSER II and ESSER III Grants were awarded funding of \$1,812,672 to be spent over three years ending 2024.

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

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, 2024

Assets	
Cash and Cash Equivalents	\$ 1,838,271
Certificates of Deposit	1,490,127
Interest Receivable on Investments	9,811
Due from Other Agencies	272,581
Prepaid Expenses	109,957
Capital Assets, Net	<u>2,994,800</u>
Total Assets	<u><u>6,715,547</u></u>
 Liabilities	
Salaries, Benefits, and Payroll Taxes Payable	194,637
Accounts Payable	61,103
Non-Current Liabilities:	
Portion Due Within One Year:	
Liability for Compensated Absences	12,555
Portion Due After One Year:	
Liability for Compensated Absences	<u>4,185</u>
Total Liabilities	<u><u>272,480</u></u>
 Net Position	
Investment in Capital Assets	2,994,800
Restricted	850,143
Unrestricted	<u>2,598,124</u>
Total Net Position	<u><u>\$ 6,443,067</u></u>

See accompanying notes.

APALACHICOLA BAY CHARTER SCHOOL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses)</u>
		<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Grants and</u>	<u>Grants and</u>	<u>Changes in</u>
		<u>Contributions</u>	<u>Contributions</u>	<u>Net Position</u>
				<u>Governmental</u>
				<u>Activities</u>
Governmental Activities				
Instruction and Instruction-Related Services	\$ 3,096,731	\$ 1,627,699	\$ -	\$ (1,469,032)
General Administration - Board	10,516	-	-	(10,516)
School Administration	536,850	-	-	(536,850)
Facilities Acquisition and Construction	47,584	-	837,046	789,462
Fiscal Services	121,214	-	-	(121,214)
Pupil Transportation Services	63,265	-	-	(63,265)
Operation of Plant	344,927	-	-	(344,927)
Maintenance of Plant	123,766	-	-	(123,766)
Student Activities	166,907	-	-	(166,907)
Unallocated Depreciation Expense	283,125	-	-	(283,125)
Total Governmental Activities	<u>\$ 4,794,885</u>	<u>\$ 1,627,699</u>	<u>\$ 837,046</u>	<u>(2,330,140)</u>
General Revenues				
Grants and Contributions Not Restricted to Specific Purposes				3,940,738
Investment Income				65,544
Total General Revenues and Special Items				<u>4,006,282</u>
Change in Net Position				1,676,142
Net Position - Beginning of Year				<u>4,766,925</u>
Net Position - End of Year				<u>\$ 6,443,067</u>

See accompanying notes.

APALACHICOLA BAY CHARTER SCHOOL, INC.
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	Capital Projects - Public Education Capital Outlay Fund	Special Revenue Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 1,838,271	\$ -	\$ -	\$ 1,838,271
Certificates of Deposit	1,490,127	-	-	1,490,127
Interest Receivable on Investments	9,811	-	-	9,811
Due from Other Agencies	-	-	272,581	272,581
Due from Other Funds	272,581	-	-	272,581
Prepaid Expenses	109,957	-	-	109,957
Total Assets	3,720,747	-	272,581	3,993,328
LIABILITIES AND FUND BALANCES				
Liabilities				
Salaries, Benefits, and Payroll Taxes Payable	194,637	-	-	194,637
Accounts Payable	61,103	-	-	61,103
Due to Other Funds	-	-	272,581	272,581
Total Liabilities	255,740	-	272,581	528,321
Fund Balances				
Non-Spendable	109,957	-	-	109,957
Restricted for:				
Mental Health	34,193	-	-	34,193
School Safety	242,323	-	-	242,323
Student Activities	16,718	-	-	16,718
Capital Outlay	556,909	-	-	556,909
Unassigned	2,504,907	-	-	2,504,907
Total Fund Balances	3,465,007	-	-	3,465,007
Total Liabilities and Fund Balances	\$ 3,720,747	\$ -	\$ 272,581	\$ 3,993,328

See accompanying notes.

APALACHICOLA BAY CHARTER SCHOOL, INC.
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total Fund Balance - Governmental Funds	\$	3,465,007
 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.		2,994,800
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 at year-end consist of:		
Liability for Compensated Absences		<u>(16,740)</u>
Net Position of Governmental Activities	\$	<u><u>6,443,067</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, 2024

	General Fund	Capital Projects - Public Education Capital Outlay Fund	Special Revenue Fund	Total Governmental Funds
Revenues				
Intergovernmental:				
Florida Education Finance Program	\$ 3,410,294	\$ -	\$ -	\$ 3,410,294
Capital Outlay Funds	-	837,046	-	837,046
State	-	-	44,929	44,929
Federal Through State	-	-	1,301,207	1,301,207
Local	812,007	-	-	812,007
Investment Income	65,544	-	-	65,544
Total Revenues	4,287,845	837,046	1,346,136	6,471,027
Expenditures				
Current:				
Instruction and Instruction-Related				
Services	1,985,226	-	1,111,355	3,096,581
General Administration - Board	10,516	-	-	10,516
School Administration	536,562	-	-	536,562
Facilities and Acquisition	8,736	38,848	-	47,584
Fiscal Services	121,214	-	-	121,214
Pupil Transportation Services	62,408	-	857	63,265
Operation of Plant	344,927	-	-	344,927
Maintenance of Plant	22,387	101,379	-	123,766
Student Activities	166,907	-	-	166,907
Capital Outlay	27,662	139,910	233,924	401,496
(Total Expenditures)	(3,286,545)	(280,137)	(1,346,136)	(4,912,818)
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,001,300	556,909	-	1,558,209
Other Financing Sources (Uses)				
Transfers In	556,909	-	-	556,909
Transfers Out	-	(556,909)	-	(556,909)
Total Other Financing Sources (Uses)	556,909	(556,909)	-	-
Net Change in Fund Balance	1,558,209	-	-	1,558,209
Fund Balances, Beginning of Year	1,906,798	-	-	1,906,798
Fund Balances, End of Year	\$ 3,465,007	\$ -	\$ -	\$ 3,465,007

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, 2024

Net Change in Fund Balances - Governmental Funds \$ 1,558,209

**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	\$ 401,496	
Depreciation Expense	<u>(283,125)</u>	118,371

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, 2024.

(438)

Change in Net Position \$ 1,676,142

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 position 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 position 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 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 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 Fund** – 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 Fund** – 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 Fund** – 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, 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, generally only current assets and current liabilities 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 how 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.

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.

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

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 include 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 six months to five years. Certificates of deposit which are non-negotiable and have an original maturity of one year or less are carried at cost. Certificates of deposit that are negotiable are carried at fair value.

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 \$1,000 or more and an estimated useful life exceeding 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 policy permits select employees to accumulate earned but unused paid time off, which is eligible for payment upon separation from service. The liability for such leave is reported in the government-wide financial statements to the extent that it is probable that the benefits will result in termination payments. A liability for those amounts is recorded in the governmental funds only if the liability has matured, for example, if an employee resigns or retires. The liability for compensated absences includes salary-related benefits, where applicable. Payments for compensated absences are generally paid out of the General Fund.

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

APALACHICOLA BAY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

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 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.

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.

Adoption of New Accounting Pronouncement

During the year ended June 30, 2024, the School adopted new accounting guidance by implementing provisions of GASB Statement No. 100, *Accounting Changes and Error Corrections*. The statement enhances accounting and financial reporting requirements for accounting changes and error corrections. The statement defines accounting changes as: (a) changes in accounting principles, (b) changes in accounting estimates, or (c) changes to or within the financial reporting entity, each with its own financial reporting requirements. New principles or methodologies should be preferable to the prior principle or methodology with respect to qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. Disclosure requirements include descriptions of accounting changes and error corrections and their quantitative effects on account balances. Adopting this standard resulted in no impact to the School's financial statements for the year ended June 30, 2024.

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

Note 2 - Capital Assets

Capital assets activity for the fiscal year ended June 30, 2024, is as follows:

	<u>June 30, 2023</u>	<u>Additions</u>	<u>Adjustments</u>	<u>June 30, 2024</u>
Non-Depreciable Capital Assets:				
Land	\$ 331,400	\$ -	\$ -	\$ 331,400
Land Improvements - Non-Depreciable	19,919	-	-	19,919
Construction in Progress	-	14,783	-	14,783
Total Non-Depreciable Capital Assets	<u>351,319</u>	<u>14,783</u>	<u>-</u>	<u>366,102</u>
Depreciable Capital Assets:				
Building and Improvements	2,673,982	329,429	-	3,003,411
Improvements Other Than Building	288,751	12,068	-	300,819
Motor Vehicles	231,369	-	-	231,369
Library Books	12,842	-	-	12,842
Furniture, Fixtures, and Equipment	771,666	45,216	-	816,882
Computer Software	17,720	-	-	17,720
Total Depreciable Capital Assets	<u>3,996,330</u>	<u>386,713</u>	<u>-</u>	<u>4,383,043</u>
Less Accumulated Depreciation and Amortization:				
Building and Improvements	(829,782)	(165,003)	-	(994,785)
Improvements Other Than Building	(96,303)	(18,184)	-	(114,487)
Motor Vehicles	(75,060)	(25,740)	-	(100,800)
Library Books	(12,842)	-	-	(12,842)
Furniture, Fixtures, and Equipment	(447,757)	(70,654)	-	(518,411)
Computer Software	(9,476)	(3,544)	-	(13,020)
Total Accumulated Depreciation and Amortization	<u>(1,471,220)</u>	<u>(283,125)</u>	<u>-</u>	<u>(1,754,345)</u>
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>2,525,110</u>	<u>103,588</u>	<u>-</u>	<u>2,628,698</u>
Government Activities Capital Assets, Net	<u>\$ 2,876,429</u>	<u>\$ 118,371</u>	<u>\$ -</u>	<u>\$ 2,994,800</u>

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:

	<u>Interfund Transfers</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>
Funds		
Major Funds:		
General	\$ 556,909	\$ -
Capital Projects Fund	-	556,909
Total	<u>\$ 556,909</u>	<u>\$ 556,909</u>

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

The above interfund transfers from the Capital Outlay Fund to the General Fund were to transfer excess funding related to 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	\$ 272,581	\$ -
Special Revenue Fund	-	272,581
Total	\$ 272,581	\$ 272,581

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 ended June 30, 2024:

- **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, 2026. Monthly payments of interest are required. Interest is calculated at an annual interest rate of 2.35%. 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. As of June 30, 2024, the School had no outstanding debt related to this Line of Credit.

	Balance June 30, 2023	Additions	Retirements and Payments	Balance June 30, 2024	Due Within One Year
Compensated Absences	\$ 16,302	\$ 438	\$ -	\$ 16,740	\$ 12,555
Total Long-Term Obligations	\$ 16,302	\$ 438	\$ -	\$ 16,740	\$ 12,555

Note 5 - Schedule of State FEFP Revenue Sources

The following is a schedule of the School’s state revenues for the 2023-2024 fiscal year:

Source	
FEFP	\$ 1,926,037
ESE Guarantee	74,533
Educational Enrichment	72,989
Safe Schools Allocation	108,897

APALACHICOLA BAY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

Mental Health Assistance Allocation	\$	47,894
Discretionary Local Effort		790,702
Class Size Reduction		338,967
Student Transportation		44,275
Teachers Lead		6,000
Total	\$	<u>3,410,294</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 (the 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, 2024, 2023, and 2022 were \$141,657, \$152,487, and \$140,773, respectively.

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. The School’s investment policy doesn’t address its exposure to interest rate risk; however, the School invests in certificates of deposit with varying maturities to mitigate this risk. Certain certificates are market linked with a target return of 5% and have long-term maturities. All cash deposits and individual certificates of deposit are insured by the FDIC up to \$250,000 for each institution. Management intends to hold all certificates to maturity. As of June 30, 2024, 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, 2024:

	Carrying Amount	Investment Maturity		
		0 to 1 Year	1-5 Years	6-10 Years
Certificates of Deposit	\$ 1,490,127	\$ 1,016,844	\$ 473,283	\$ -

APALACHICOLA BAY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

Fair Value Measurements

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

- **Level 1 Inputs**—are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- **Level 2 Inputs**—are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- **Level 3 Inputs**—are unobservable inputs for an asset or liability. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

Fair value measurements are categorized based on the valuation inputs used to measure an asset’s fair value in the hierarchy described above. The fair value measurements for the School’s investments are as follows at June 30, 2024:

	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Certificates of Deposit (at Cost)	\$ 106,053	N/A	N/A	N/A
Certificates of Deposit (at Fair Value)	1,384,074	-	1,384,074	-
Total Investments	\$ 1,490,127	\$ -	\$ 1,384,074	\$ -

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.

APALACHICOLA BAY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

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.

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 - 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).

REQUIRED SUPPLEMENTARY INFORMATION

APALACHICOLA BAY CHARTER SCHOOL, INC.
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	<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	\$ 3,351,055	\$ 3,351,055	\$ 3,410,294	\$ 59,239
Local	606,620	616,620	812,007	195,387
Investment Income	30,000	30,000	65,544	35,544
Total Revenues	<u>3,987,675</u>	<u>3,997,675</u>	<u>4,287,845</u>	<u>290,170</u>
Expenditures				
Current:				
Instruction and Instruction-Related Services	2,178,987	2,187,284	1,985,226	202,058
General Administration - Board	10,190	10,190	10,516	(326)
School Administration	564,563	578,563	536,562	42,001
Facilities and Acquisition	12,000	12,000	8,736	3,264
Fiscal Services	133,322	130,322	121,214	9,108
Pupil Transportation Services	82,343	82,443	62,408	20,035
Operation of Plant	343,718	349,918	344,927	4,991
Maintenance of Plant	45,000	45,000	22,387	22,613
Student Activities	-	-	166,907	(166,907)
Capital Outlay	37,000	37,000	27,662	9,338
(Total Expenditures)	<u>(3,407,123)</u>	<u>(3,432,720)</u>	<u>(3,286,545)</u>	<u>146,175</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	580,552	564,955	1,001,300	436,345
Other Financing Sources (Uses)				
Transfers In	-	-	556,909	556,909
Net Change in Fund Balances	580,552	564,955	1,558,209	993,254
Beginning Fund Balance	<u>1,906,798</u>	<u>1,906,798</u>	<u>1,906,798</u>	<u>-</u>
Ending Fund Balance	<u>\$ 2,487,350</u>	<u>\$ 2,471,753</u>	<u>\$ 3,465,007</u>	<u>\$ 993,254</u>

APALACHICOLA BAY CHARTER SCHOOL, INC.
BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Intergovernmental:				
Federal through State	\$ 1,384,630	\$ 1,590,675	\$ 1,301,207	\$ (289,468)
State	12,180	57,020	44,929	(12,091)
Total Revenues	<u>1,396,810</u>	<u>1,647,695</u>	<u>1,346,136</u>	<u>(301,559)</u>
Expenditures				
Current:				
Instruction and Instruction-Related Services	1,185,373	1,374,413	1,111,355	263,058
Pupil Transportation Services	2,022	2,022	857	1,165
Capital Outlay	203,490	271,260	233,924	37,336
(Total Expenditures)	<u>(1,390,885)</u>	<u>(1,647,695)</u>	<u>(1,346,136)</u>	<u>301,559</u>
Net Change in Fund Balances	5,925	-	-	-
Beginning Fund Balance	<u>(5,925)</u>	-	-	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ADDITIONAL INFORMATION

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024
APALACHICOLA BAY CHARTER SCHOOL, INC.**

Federal Awards	Assistance Listing Number	Grant/ Contract Number	Passed Through to Subrecipients	Total Expenditures
Special Education Cluster				
U.S. Department of Education				
Passed through the Franklin County School Board:				
Special Education - Grants to States	84.027	263	\$ -	\$ 75,462
Special Education - Grants to States	COVID-19, 84.027	263	-	2,059
Total for Assistance Listing Number 84.027			-	77,521
Special Education - Preschool Grants	84.173	267	-	7,998
Total Special Education Cluster			-	85,519
Not Clustered				
U.S. Department of Education				
Passed through the Franklin County School Board:				
Title I Grants to Local Educational Agencies	84.010	212	-	226,482
Supporting Effective Instruction State Grants	84.367	224	-	17,723
Student Support and Academic Enrichment Program	84.424	241	-	12,908
Elementary and Secondary School Emergency Relief Fund	COVID-19, 84.425D	124,128	-	84,491
American Rescue Plan Elementary and Secondary School Relief Fund	COVID-19, 84.425U	121	-	874,084
Total for Assistance Listing Number 84.425			-	958,575
Total U.S. Department of Education			-	1,301,207
Total Expenditure of Federal Awards			\$ -	\$ 1,301,207

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024
APALACHICOLA BAY CHARTER SCHOOL, INC.**

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Apalachicola Bay Charter School, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 - Indirect Cost Rate

The Apalachicola Bay Charter School, Inc. did not elect the de minimus rate of 10% for determining indirect cost amounts.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024
APALACHICOLA BAY CHARTER SCHOOL, INC.**

Summary of Auditor’s Results

Financial Statements

Type of Auditor’s Report Issued:	Unmodified
Internal Control Over Financial Reporting: Material Weakness(es) Identified?	No
Significant Deficiency(ies) Identified	None Reported
Non-Compliance Material to the Financial Statements Noted?	No

Federal Awards

Internal Control Over Major Programs: Material Weakness(es) Identified?	No
Significant Deficiency(ies) Identified?	None Reported

Type of Auditor’s Report Issued on Compliance for Major Programs:	Unmodified
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Identification of Major Programs: Federal Program or Cluster	Federal Assistance Listing No.
Education Stabilization Fund	<hr/> 84.425

Dollar Threshold Used to Distinguish Between Type A and Type B Federal Programs	\$750,000
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Auditee Qualified as Low-Risk Auditee Pursuant to the Uniform Guidance?	No
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Other Issues

(a) No summary schedule of prior audit findings is required because there were no prior audit findings related to federal programs.

(b) The audit disclosed no findings which are required to be reported under the Uniform Guidance.

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Apalachicola Bay Charter School, Inc.’s (the School) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School’s major federal programs for the year ended June 30, 2024. The School’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School’s federal programs.

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

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School’s compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School’s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material non-compliance, 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 School’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control*

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



September 12, 2024
Tallahassee, Florida

**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**

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. (the School) as of and for the year ended June 30, 2024, 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 12, 2024.

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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not 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 FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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, 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 the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



September 12, 2024
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. (the School) as of and for the fiscal year ended June 30, 2024, and have issued our report thereon dated September 12, 2024.

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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.850, *Rules of the Auditor General*.

Other Reporting Requirements

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* and Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance required by the Uniform Guidance. Disclosures in those reports, which are dated September 12, 2024, 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.

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

MANAGEMENT LETTER

Financial Condition and Management

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 School 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 the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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 School. It is management's responsibility to monitor the School'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 School maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its website 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 fraud, waste, or abuse that has occurred, or is likely to have occurred, that has an effect on the financial statements that is less than material but 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.



September 12, 2024
Tallahassee, Florida

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