2023

Apalachicola Bay Charter School, Inc.

Financial Statements and Independent Auditor's Report

June 30, 2023

PURVIS GRAY

CERTIFIED PUBLIC ACCOUNTANTS

APALACHICOLA BAY CHARTER SCHOOL, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2023

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PURVIS GRAY

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, 2023, 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, 2023, 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.

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.

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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and 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.

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 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 *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2023, 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.

Purvis Gray

September 15, 2023
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 10 through 25.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2022-2023 fiscal year are as follows:

- Operating revenues exceeded expenses by $525,845 in the current year, and cumulative net position at June 30, 2023, increased to $4,766,925.
- 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 sealing and repairs, were completed on the main campus roof to extend its life.
- New custom playground equipment was installed that included new rubber surfacing. The School used PECO funding to pay for the new equipment.

NON-FINANCIAL HIGHLIGHTS

- The School offers a Pre-K program and a K-8th grade school. Average enrollment for the K-8th grade increased to 357 children this year from 331 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.

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 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.

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.

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, 2023 and 2022:

	June 30, 2023	June 30, 2022
Total Assets consist of the following elements:		
Current Assets	$ 2,113,019	$ 1,897,241
Non-Current Assets	2,876,429	2,540,787
Total Assets	$ 4,989,448	$ 4,438,028

	June 30, 2023	June 30, 2022
Total Liabilities consist of the following elements:		
Current Liabilities	$ 206,221	$ 175,956
Non-Current Liabilities	16,302	20,992
Total Liabilities	$ 222,523	$ 196,948

	June 30, 2023	June 30, 2022
Total Net Position consists of the following elements:		
Investment in Capital Assets, Net of Related Debt	$ 2,876,429	$ 2,540,787
Restricted	226,539	197,636
Unrestricted	1,663,957	1,502,657
Total Net Position	$ 4,766,925	$ 4,241,080

- The School's overall financial position increased by $525,845 this year, as noted below, showing revenues exceeding expenses. An increase of 26 student full-time equivalent (FTE) and increased PECO and Tax Levy funds were the two main factors for the increase in revenue. See significant variance explanations below. The FCSD capital outlay funds that were not awarded the previous year were approved this year in the amount of 150,000. We also began receiving sales tax revenue beginning in February 2023.

- Non-current assets at June 30, 2023, increased with the purchase of new playground equipment and flooring and the completion of the main roof renovation.

The key elements of the (decrease)/increase in the School's net position for the fiscal years ended June 30, 2023 and 2022, are as follows:

	Operating Results for the Fiscal Year Ended	
	June 30, 2023	June 30, 2022
Program Revenues:		
Operating Grants and Contributions	$ 1,040,482	$ 828,611
Capital Grants and Contributions	570,274	175,328
General Revenues:		
Grants and Contributions Not Restricted to Specific Programs	3,385,744	3,075,159
Investment Earnings	28,209	(49,956)
Total Revenues	5,024,709	4,029,142
Functions/Program Expenses:		
Instruction and Instruction-Related Services	2,840,316	2,489,482
General Administration – Board	4,905	3,412
School Administration	462,198	539,229
Facilities Acquisition and Construction	89,295	26,852
Fiscal Services	131,961	116,034
Pupil Transportation Services	70,683	73,176
Operation of Plant	381,841	349,314
Maintenance of Plant	137,683	138,163
Student Activities	127,398	108,115
Interest on Long-Term Debt	-	34
Unallocated Depreciation Expense	252,584	243,015
Total Functions/Program Expenses	4,498,864	4,086,826
Increase (Decrease) in Net Position	$ 525,845	$ (57,684)

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

- Operating Grants and Contributions - increase of $211,871 primarily occurred because of the additional grant funding the School received this year, including ARP and ESSER funds.
- Capital Gains and Contributions – increase of $394,946 due to increased PECO Funds, Sales Tax Revenue and receiving the 5% capital outlay share from the FCSD that was not shared in the previous year.
- Grants and Contributions Not Restricted to Specific Programs - increased by $310,585, in part due to increased FEFP funds and increased tax levy funds during Fiscal Year 2021-2022.
- Investment Earnings – increased by $78,165. The increase in investment earnings was associated with increasing the School's CD to its fair market value at June 30, 2023, and reducing unrealized loss from interest rate fluctuations.

- Instruction and Related Services - increased by $350,834. This increase, in part, is due to the hiring of additional staff and pay raises to increase learning gains through reading and math interventions, as well as the purchase of additional curriculum and learning programs.
- School Administration – decreased by $77,031 due to a change in the Principal/CEO position, which resulted in a decreased salary for that position. There were also grant funds available to cover other positions previously paid for in this area.
- Facilities Acquisition and Construction - increased by $62,443. This increase, in part, is due to engineering plans for the new lab building that was to be constructed over the summer of 2023. These schematic plans were created only to find that we would not be able to cover the actual cost of the new building.
- Student Activities - included special end-of-year field trips for 5th and 8th grade students. This increased from the previous year by $19,283. 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 this year and positive a year ago. In the current year, actual operating revenues were $48,890 over budget and actual operating expenditures were under budget by $184,272. The total actual revenues exceeded total actual expenditures by $297,562 before the transfer out to 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 FEFP 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.

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, 2023

Assets		
Cash and Cash Equivalents	$	1,073,139
Certificates of Deposit		808,170
Interest Receivable on Investments		4,418
Due from Other Agencies		217,326
Prepaid Expenses		9,966
Capital Assets, Net		2,876,429
Total Assets		4,989,448
Liabilities		
Salaries, Benefits, and Payroll Taxes Payable		194,140
Accounts Payable		12,081
Non-Current Liabilities:		
Portion Due Within One Year:		
Liability for Compensated Absences		12,227
Portion Due After One Year:		
Liability for Compensated Absences		4,075
Total Liabilities		222,523
Net Position		
Net Investment in Capital Assets		2,876,429
Restricted		226,539
Unrestricted		1,663,957
Total Net Position	$	4,766,925

See accompanying notes.

APALACHICOLA BAY CHARTER SCHOOL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction and Instruction-Related Services	$ 2,840,316	$ 1,040,482	$ -	$ (1,799,834)
General Administration - Board	4,905	-	-	(4,905)
School Administration	462,198	-	-	(462,198)
Facilities Acquisition and Construction	89,295	-	570,274	480,979
Fiscal Services	131,961	-	-	(131,961)
Pupil Transportation Services	70,683	-	-	(70,683)
Operation of Plant	381,841	-	-	(381,841)
Maintenance of Plant	137,683	-		(137,683)
Student Activities	127,398	-	-	(127,398)
Unallocated Depreciation Expense	252,584	-	-	(252,584)
Total Governmental Activities	$ 4,498,864	$ 1,040,482	$ 570,274	(2,888,108)
	General Revenues			
	Grants and Contributions Not Restricted to Specific Purposes			3,385,744
	Investment Income			28,209
	Total General Revenues and Special Items			3,413,953
	Change in Net Position			525,845
	Net Position - Beginning of Year			4,241,080
	Net Position - End of Year			$ 4,766,925

See accompanying notes.

APALACHICOLA BAY CHARTER SCHOOL, INC.
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Capital Projects - Public Education Capital Outlay Fund	Special Revenue Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	$ 1,073,139	$ -	$ -	$ 1,073,139
Certificates of Deposit	808,170	-	-	808,170
Interest Receivable on Investments	4,418	-	-	4,418
Due from Other Agencies	-	94,356	122,970	217,326
Due from Other Funds	217,326	-	-	217,326
Prepaid Expenses	9,966	-	-	9,966
Total Assets	2,113,019	94,356	122,970	2,330,345
LIABILITIES AND FUND BALANCES				
Liabilities				
Salaries, Benefits, and Payroll Taxes Payable	194,140	-	-	194,140
Accounts Payable	12,081	-	-	12,081
Due to Other Funds	-	94,356	122,970	217,326
Total Liabilities	206,221	94,356	122,970	423,547
Fund Balances				
Non-Spendable	9,966	-	-	9,966
Restricted for:				
Mental Health	15,005	-	-	15,005
School Safety	190,213	-	-	190,213
Student Activities	21,321	-	-	21,321
Unassigned	1,670,293	-	-	1,670,293
Total Fund Balances	1,906,798	-	-	1,906,798
Total Liabilities and Fund Balances	$ 2,113,019	$ 94,356	$ 122,970	$ 2,330,345

See accompanying notes.

APALACHICOLA BAY CHARTER SCHOOL, INC.
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total Fund Balance - Governmental Funds	$	1,906,798
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.		2,876,429
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		(16,302)
Net Position of Governmental Activities	$	4,766,925

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, 2023

	General Fund	Capital Projects - Public Education Capital Outlay Fund	Special Revenue Fund	Total Governmental Funds
Revenues				
Intergovernmental:				
Florida Education Finance Program	$ 2,966,240	$ -	$ -	$ 2,966,240
Capital Outlay Funds	-	570,274	-	570,274
State	-	-	11,626	11,626
Federal Through State	-	-	817,929	817,929
Local	630,431	-	-	630,431
Investment Income	28,209	-	-	28,209
Total Revenues	3,624,880	570,274	829,555	5,024,709
Expenditures				
Current:				
Instruction and Instruction-Related Services	2,030,683	-	811,430	2,842,113
General Administration - Board	4,905	-	-	4,905
School Administration	465,091	-	-	465,091
Facilities and Acquisition	89,295	-	-	89,295
Fiscal Services	131,961	-	-	131,961
Pupil Transportation Services	59,057	-	11,626	70,683
Operation of Plant	364,283	-	6,499	370,782
Maintenance of Plant	40,565	97,118	-	137,683
Student Activities	127,398	-	-	127,398
Capital Outlay	14,080	585,205	-	599,285
(Total Expenditures)	(3,327,318)	(682,323)	(829,555)	(4,839,196)
Excess (Deficiency) of Revenues Over (Under) Expenditures	297,562	(112,049)	-	185,513
Other Financing Sources (Uses)				
Transfers In	-	112,049	-	112,049
Transfers Out	(112,049)	-	-	(112,049)
Total Other Financing Sources (Uses)	(112,049)	112,049	-	-
Net Change in Fund Balance	185,513	-	-	185,513
Fund Balances, Beginning of Year	1,721,285	-	-	1,721,285
Fund Balances, End of Year	$ 1,906,798	$ -	$ -	$ 1,906,798

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, 2023

Net Change in Fund Balances - Governmental Funds		$ 185,513
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	$ 599,285	
Depreciation Expense	(252,584)	346,701
In the statement of activities, the loss on disposal of fixed assets is reported, but has no impact on the governmental funds.		(11,059)
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, 2023.		4,690
Change in Net Position		$ 525,845

See accompanying notes.

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 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.

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, 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).

- *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.

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 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 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:

Description	Estimated Lives
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, as a result of employee resignations or retirements. 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

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, 2023, the School adopted new accounting guidance by implementing the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement: (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The School evaluated its SBITA's and determined that due to the short-term nature of its existing IT arrangements, there was no impact on the School's financial statements during the fiscal year ended June 30, 2023.

Note 2 - Capital Assets

Capital assets activity for the fiscal year ended June 30, 2023, is as follows:

	Balance June 30, 2022	Additions	Disposals and Adjustments	Balance June 30, 2023
Non-Depreciable Capital Assets:				
Land	$ 331,400	$ -	$ -	$ 331,400
Land Improvements - Non-Depreciable	29,544	-	(9,625)	19,919
Total Non-Depreciable Capital Assets	360,944	-	(9,625)	351,319
Depreciable Capital Assets:				
Building and Improvements	2,297,361	380,687	(4,066)	2,673,982
Improvements Other Than Building	208,428	80,323	-	288,751
Motor Vehicles	231,369	-	-	231,369
Library Books	12,842	-	-	12,842
Furniture, Fixtures, and Equipment	638,535	138,275	(5,144)	771,666
Computer Software	17,720	-	-	17,720
Total Depreciable Capital Assets	3,406,255	599,285	(9,210)	3,996,330
Less Accumulated Depreciation and Amortization:				
Building and Improvements	(691,206)	(142,609)	4,033	(829,782)
Improvements Other Than Building	(80,713)	(15,590)	-	(96,303)
Motor Vehicles	(49,320)	(25,740)	-	(75,060)
Library Books	(12,842)	-	-	(12,842)
Furniture, Fixtures, and Equipment	(386,399)	(65,101)	3,743	(447,757)
Computer Software	(5,932)	(3,544)	-	(9,476)
Total Accumulated Depreciation and Amortization	(1,226,412)	(252,584)	7,776	(1,471,220)
Depreciable Capital Assets, Net of Accumulated Depreciation	2,179,843	346,701	(1,434)	2,525,110
Government Activities Capital Assets, Net	$ 2,540,787	$ 346,701	$ (11,059)	$ 2,876,429

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:

	Interfund Transfers	
	Transfers In	Transfers Out
Funds		
Major Funds:		
General	$ -	$ 112,049
Capital Projects Fund	112,049	-
Total	$ 112,049	$ 112,049

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:

	Interfund Borrowings	
	Due from Other funds	Due to Other funds
Funds		
Major Funds:		
General	$ 217,326	$ -
Capital Projects Fund	-	94,356
Special Revenue Fund	-	122,970
Total	$ 217,326	$ 217,326

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, 2023:

- **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.

	Balance June 30, 2022	Additions	Retirements and Payments	Balance June 30, 2023	Due Within One Year
Compensated Absences	$ 20,992	$ -	$ (4,690)	$ 16,302	$ 12,227
Total Long-Term Obligations	$ 20,992	$ -	$ (4,690)	$ 16,302	$ 12,227

Note 5 - Schedule of State FEFP Revenue Sources

The following is a schedule of the School's state revenues for the 2022-2023 fiscal year:

Source	
FEFP	$ 1,517,233
ESE Guarantee	60,811
Supplemental Academic Instruction	69,750
Safe Schools Allocation	95,954

Instructional Materials Allocation	$	24,322
Mental Health Assistance Allocation		43,605
Total Funds Compression and Hold Harmless Allocation		1,629
Reading Allocation		49,826
Discretionary Local Effort		656,696
Teacher Salary Increase		80,349
Class Size Reduction		310,823
Student Transportation		49,280
Teachers Lead		5,962
Total	$	2,966,240

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, 2023, 2022, and 2021 were $152,487, $140,773, and $135,242, 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, 2023, 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, 2023:

			Investment Maturity					
	Carrying Amount		0 to 1 year		1-5 Years		6-10 Years	
Certificates of Deposit	$	808,170	$	599,120	$	209,050	$	-

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, 2023:

		Fair Value Measurements Using		
Investments	**Amount**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Certificates of Deposit (at Cost)	$ 105,083	N/A	N/A	N/A
Certificates of Deposit (at Fair Value)	703,087	-	703,087	-
Total Investments	$ 808,170	$ -	$ 703,087	$ -

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.

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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental:				
Florida Education Finance Program	$ 2,912,585	$ 2,912,585	$ 2,966,240	$ 53,655
Local	508,025	655,405	630,431	(24,974)
Investment Income	8,800	8,800	28,209	19,409
Total Revenues	3,429,410	3,576,790	3,624,880	48,090
Expenditures				
Current:				
Instruction and Instruction-Related Services	2,146,240	2,141,240	2,030,683	110,557
General Administration - Board	5,975	5,975	4,905	1,070
School Administration	495,185	488,420	465,091	23,329
Facilities and Acquisition	29,945	19,945	89,295	(69,350)
Fiscal Services	159,855	144,855	131,961	12,894
Pupil Transportation Services	78,005	66,325	59,057	7,268
Operation of Plant	363,135	360,135	364,283	(4,148)
Maintenance of Plant	50,000	50,000	40,565	9,435
Student Activities	-	127,380	127,398	(18)
Capital Outlay	127,315	107,315	14,080	93,235
(Total Expenditures)	(3,455,655)	(3,511,590)	(3,327,318)	184,272
Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,245)	65,200	297,562	232,362
Other Financing Sources (Uses)				
Transfers Out	-	-	(112,049)	(112,049)
Net Change in Fund Balances	(26,245)	65,200	185,513	120,313
Beginning Fund Balance	1,721,285	1,721,285	1,721,285	-
Ending Fund Balance	$ 1,695,040	$ 1,786,485	$ 1,906,798	$ 120,313

APALACHICOLA BAY CHARTER SCHOOL, INC.
BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
Revenues				
Intergovernmental:				
Federal through State	$ 1,055,715	$ 1,079,830	$ 817,929	$ (261,901)
State	-	-	11,626	11,626
Total Revenues	1,055,715	1,079,830	829,555	(250,275)
Expenditures				
Current:				
Instruction and Instruction-Related Services	847,535	917,903	811,430	106,473
Facilities and Acquisition	122,070	122,070	-	122,070
Pupil Transportation Services	-	16,102	11,626	4,476
Operation of Plant	86,110	23,755	6,499	17,256
(Total Expenditures)	(1,055,715)	(1,079,830)	(829,555)	250,275
Net Change in Fund Balances	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	$ -	$ -	$ -	$ -

ADDITIONAL INFORMATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023
APALACHICOLA BAY CHARTER SCHOOL

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	$ -	$ 77,972
Special Education - Grants to States	COVID-19, 84.027	263	-	12,950
Total for Assistance Listing Number 84.027			-	90,922
Special Education - Preschool Grants	84.173	267	-	7,740
Total Special Education Cluster			-	98,662
Not Clustered				
U.S. Department of Education				
Passed through the Franklin County School Board:				
Title I Grants to Local Educational Agencies	84.010	212	-	113,827
Supporting Effective Instruction State Grants	84.367	224	-	9,980
Student Support and Academic Enrichment Program	84.424	241	-	13,413
Elementary and Secondary School Emergency Relief Fund	COVID-19, 84.425D	124,128	-	232,620
American Rescue Plan Elementary and Secondary School Relief Fund	COVID-19, 84.425U	121	-	349,427
Total for Assistance Listing Number 84.425			-	582,047
Total U.S. Department of Education			-	817,929
Total Expenditure of Federal Awards			$ -	$ 817,929

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023
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, 2023
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
Identification of Major Programs:	
Federal Program or Cluster	**Federal Assistance Listing No.**
Education Stabilization Fund	84.425
Dollar Threshold Used to Distinguish Between Type A and Type B Federal Programs	$750,000
Auditee Qualified as Low-Risk Auditee Pursuant to the Uniform Guidance?	No

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.

PURVIS GRAY

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS 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, 2023. 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, 2023.

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.

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS 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 FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS 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.

Purvis Gray

September 15, 2023
Tallahassee, 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*

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, 2023, 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 15, 2023.

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.

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*

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.

Purvis Gray

September 15, 2023
Tallahassee, Florida

PURVIS GRAY

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, 2023, and have issued our report thereon dated September 15, 2023.

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 Gudance); 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 15, 2023, 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.

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 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.

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 Apalachicola Bay Charter School, Inc. It is management's responsibility to monitor 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 website 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 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 abuse that have occurred, or are likely to have occurred, that have 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.

Purvis Gray

September 15, 2023
Tallahassee, Florida