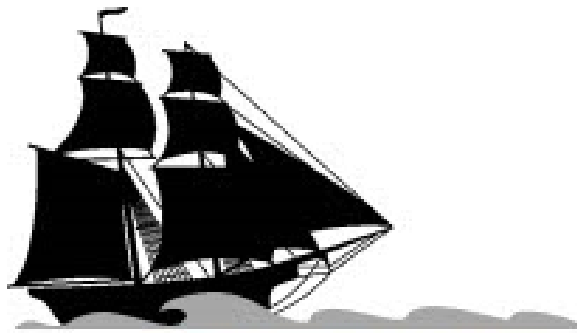


**TYBEE ISLAND CHARTER SCHOOL, INC.
TYBEE ISLAND, GEORGIA**



 **TYBEE ISLAND
MARITIME ACADEMY**

**REPORT ON AUDIT
OF THE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

TYBEE ISLAND CHARTER SCHOOL, INC.
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**To the Members of the Board
of Tybee Island Charter School, Inc.
DBA Tybee Island Maritime Academy
Tybee Island, Georgia**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of **Tybee Island Charter School, Inc.** (the "School"), as of and for the fiscal 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the School, as of June 30, 2023, and the respective changes in financial position, and the respective budgetary comparison for the General Fund, for the fiscal 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with 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.

Other Matters

Management has omitted the Management’s Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 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.

Mauldin & Jenkins, LLC

Savannah, Georgia
October 30, 2023

BASIC FINANCIAL STATEMENTS

TYBEE ISLAND CHARTER SCHOOL, INC.

**STATEMENT OF NET POSITION
JUNE 30, 2023**

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 32,694
Investments	2,785,217
Accrued interest	14,639
Prepaid items	1,175
Lease assets, net of accumulated amortization	20,832
Capital assets, depreciable, net of accumulated depreciation	<u>1,463,715</u>
Total assets	<u>\$ 4,318,272</u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Non-current liabilities: due within one year	<u>\$ 21,616</u>
Total liabilities	<u>21,616</u>
NET POSITION	
Net investment in capital assets	1,462,931
Unrestricted	<u>2,833,725</u>
Total net position	<u>4,296,656</u>
Total liabilities and net position	<u>\$ 4,318,272</u>

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

TYBEE ISLAND CHARTER SCHOOL, INC.

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Operating Grants and Contributions	Capital Grants and Contributions	Net (Position) Revenues and Changes in Net Position
Governmental Activities				
Instruction	\$ 3,811,161	\$ 17,700	\$ -	\$ (3,793,461)
Support services:				
School administration	693,889	-	-	(693,889)
Maintenance and operation of plant	253,932	-	126,700	(127,232)
Student transportation	288,135	-	-	(288,135)
Interest and fiscal charges	2,844	-	-	(2,844)
Total governmental activities	<u>\$ 5,049,961</u>	<u>\$ 17,700</u>	<u>\$ 126,700</u>	<u>(4,905,561)</u>
General revenues:				
Contributions and programs not restricted for program purposes				4,888,830
Investment loss				<u>(454,533)</u>
Total general revenues				<u>4,434,297</u>
Change in net position				(471,264)
Net position - beginning of fiscal year				<u>4,767,920</u>
Net position - end of fiscal year				<u>\$ 4,296,656</u>

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

TYBEE ISLAND CHARTER SCHOOL, INC.

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 32,694
Investments	2,785,217
Accrued interest	14,639
Prepaid items	<u>1,175</u>
Total assets	<u>\$ 2,833,725</u>
FUND BALANCES	
Nonspendable - prepaid items	1,175
Unassigned	<u>2,832,550</u>
Total fund balances	<u>2,833,725</u>
Total liabilities and fund balances	<u>\$ 2,833,725</u>

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

TYBEE ISLAND CHARTER SCHOOL, INC.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

Total fund balance - governmental fund	\$ 2,833,725
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital and leased assets used in governmental activities are not financial resources and, therefore, are not reported in the fund. These assets consist of:

Historical cost of capital assets	\$ 2,156,841	
Leased asset	459,131	
Less accumulated depreciation	(693,126)	
Less accumulated amortization	<u>(438,299)</u>	
Total capital assets		<u>1,484,547</u>

Long-term and lease liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Leased liabilities	<u>(21,616)</u>
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Net position of governmental activities	<u>\$ 4,296,656</u>
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The accompanying notes are an integral part of these financial statements.

TYBEE ISLAND CHARTER SCHOOL, INC.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	General Fund
Revenues	
Local and state funds	\$ 5,015,530
Federal funds	17,700
Investment loss	(454,533)
Total revenues	4,578,697
Expenditures	
Current:	
Instruction	3,811,161
Support services:	
School administration	394,542
Maintenance and operation of plant	253,932
Student transportation	288,135
Capital outlays - instruction	130,941
Debt service:	
Principal	99,543
Interest	2,844
Total expenditures	4,981,098
Net change in fund balance	(402,401)
Fund balance - beginning of fiscal year	3,236,126
Fund balance - end of fiscal year	\$ 2,833,725

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

TYBEE ISLAND CHARTER SCHOOL, INC.

**RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Total net change in fund balance - governmental fund	\$ (402,401)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported as expenditures in the governmental fund. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense and amortization expense for lease assets. In the current period, these amounts are:

Capital outlay	130,941
Depreciation expense	(202,418)
Amortization expense	(96,929)

The issuance of long-term debt provides current financial resources to the governmental fund, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental fund. Neither transaction, however, has any effect on net position. Also, the governmental fund reports the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payment on leased liabilities	<u>99,543</u>
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Change in net position of governmental activities	<u>\$ (471,264)</u>
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The accompanying notes are an integral part of these financial statements.

TYBEE ISLAND CHARTER SCHOOL, INC.

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues				
Local and state funds	\$ 5,586,430	\$ 5,586,430	\$ 5,015,530	\$ (570,900)
Federal funds	-	-	17,700	17,700
Investment loss	-	-	(454,533)	(454,533)
Total revenues	<u>5,586,430</u>	<u>5,586,430</u>	<u>4,578,697</u>	<u>(1,007,733)</u>
Expenditures				
Current:				
Instruction	4,174,698	4,174,698	3,811,161	363,537
Support services:				
School administration	363,537	363,537	394,542	(31,005)
Maintenance and operation of plant	503,595	503,595	253,932	249,663
Student transportation	324,000	324,000	288,135	35,865
Capital outlay - instruction	-	-	130,941	(130,941)
Debt service:				
Principal	-	-	99,543	(99,543)
Interest	-	-	2,844	(2,844)
Total expenditures	<u>5,365,830</u>	<u>5,365,830</u>	<u>4,981,098</u>	<u>384,732</u>
Net change in fund balance	220,600	220,600	(402,401)	(623,001)
Fund balance - beginning	<u>3,236,126</u>	<u>3,236,126</u>	<u>3,236,126</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,456,726</u>	<u>\$ 3,456,726</u>	<u>\$ 2,833,725</u>	<u>\$ (623,001)</u>

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

NOTES TO FINANCIAL STATEMENTS

TYBEE ISLAND CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 1. DESCRIPTION OF SCHOOL AND REPORTING ENTITY

Tybee Island Charter School, Inc. (the "School"), doing business as Tybee Island Maritime Academy, was organized in 2012. The State of Georgia and the Savannah-Chatham County Public School System have approved the School to operate as a public charter school for students in kindergarten through fifth grade living in Chatham County, Georgia.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The School's basic financial statements are collectively comprised of the government-wide financial statements, fund financial statements and notes to the basic financial statements of the School.

Government-wide Statements

The Statement of Net Position and the Statement of Activities display information about the financial activities of the overall School. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School's governmental activities:

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses (expenses of the School related to the administration and support of the School's programs, such as office and maintenance personnel and accounting) are not allocated to programs.
- Program revenues include: a) charges paid by the recipients of goods or services offered by the programs, and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

In the Statement of Net Position, equity is reported as net position and consists of net investment in capital assets (if any), amounts restricted by outside parties for specific purposes (if any) and unrestricted amounts. The net investment in capital assets (if any) is calculated by taking the capital assets, net of accumulated depreciation, and lease assets, net of accumulated amortization, less any related long-term financing arrangements, less lease liabilities, and adding back any unspent bond or contract proceeds.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Fund Financial Statements

The fund financial statements provide information about the School's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The School reports one major governmental fund:

- The **General Fund** is the School's primary operating fund. It accounts for all financial resources of the School.

Basis of Accounting/Measurement Focus

The basis of accounting determines when transactions are reported on the financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. On an accrual basis, revenues are recognized in the fiscal year in which they are earned. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The School uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School considers all revenues reported in the governmental funds to be available if they are collected within 60 days after fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, including lease liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions, including entering into contracts giving the School the right to use leased assets, are reported as expenditures in governmental funds. Proceeds from general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

The School funds certain programs by a combination of specific cost-reimbursement grants, categorical grants and general revenues. Thus, when program costs are incurred, there are both restricted and unrestricted net position available to finance the program. It is the School's policy to first apply grant resources to such programs, followed by cost-reimbursement grants, then general revenues.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables

Receivables, which include amounts due from other governments, consist of amounts due from the various entities disclosed from information available. Receivables are recorded when either the asset or revenue recognition criteria has been met. Receivables recorded in the basic financial statements do not include any amounts which would necessitate the need for an allowance for uncollectible receivables.

Capital Assets

Capital assets purchased, including capital outlay costs and right to use leased assets, are recorded as expenditures in the fund financial statements at the time of purchase (including ancillary charges). The cost of normal maintenance and repairs that does not add to the value of assets or materially extend the useful lives of the assets is not capitalized. Donated capital assets are recorded at the acquisition value at the date of donation. The School does not capitalize book collections or works of art. Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

The capitalization threshold for all classes of assets is \$1,000. The estimated useful lives of capital assets reported in the government-wide statements are as follows:

	<u>Estimated Useful Life</u>
Equipment	5 years
Right-to-use leased equipment	3 – 5 years
Leasehold improvements	15 years
Right-to-use leased leasehold improvements	3 – 5 years

Leases – Lessee

The School is a lessee for noncancellable leases of equipment and leasehold improvements. The School recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The School recognizes lease liabilities with an initial, individual value of \$1,000 or more.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases – Lessee (Continued)

At the commencement of a lease, the School initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the School determines: 1) the discount rate it uses to discount the expected lease payments to present value, 2) lease term, and 3) lease payments:

- The School uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

The School monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Fund Balance – Fund balance is a measurement of available financial resources defined as the difference between total assets/deferred outflows and total liabilities/deferred inflows in each fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity (Continued)

Fund Balance (Continued)

Governmental Accounting Standards Board (“GASB”) Statement No. 54 distinguishes fund balance classifications based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported in the following classifications:

Nonspendable – Fund balance reported as “nonspendable” represents amounts not in a spendable form (e.g., inventory) or are legally or contractually required to be maintained intact (e.g., permanent fund principal).

Restricted – Fund balance reported as “restricted” represents amounts that can be spent only on the specific purposes stipulated by external parties, either constitutionally or through enabling legislation (e.g., grants and donations).

Committed – Fund balance reported as “committed” includes amounts that can be used only for the specific purposes determined by a formal action of the Board. Commitments may be changed or lifted only by referring to the formal action that imposed the constraint originally. Actions to constrain resources should occur prior to the end of the School’s fiscal year, though the exact amount may be determined subsequently.

Assigned – Fund balance reported as “assigned” represents amounts intended to be used for specific purposes, but not meeting the criteria to be reported as committed or restricted fund balance. The intent is expressed either by the Board or by a designee to whom the Board delegates the authority. If these funds should have a deficit fund balance, those deficits are required to be reported as unassigned fund balance.

Unassigned – Fund balance reported as “unassigned” represents the residual classification of fund balance and includes all spendable amounts not contained within the other classifications. Unassigned amounts are available for any legal purpose.

The responsibility for designating funds to specific classifications shall be as follows:

Committed Fund Balance – The Governing Board (the “Board”) is the School’s highest level of decision making authority, and the formal action that is required to be taken to establish, modify or rescind a fund balance commitment is a resolution approved by the Board.

Assigned Fund Balance – The Governing Board has authorized the Principal or his/her designee as officials authorized to assign fund balance to a specific purpose as approved by this fund balance policy.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity (Continued)

Spending Policy – When multiple categories of fund balance are available for expenditure (e.g., a project is being funded partly by a grant, funds set aside by the Board and unassigned fund balance), the School will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The School adopts an annual budget for its General Fund. After the School has tentatively adopted the budget, such budget is advertised at least one time in a local newspaper of general circulation. At the next regular meeting of the Board after advertisement, the budget is revised as necessary and adopted as the final budget.

The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual, as included in the basic financial statements, is presented on the modified accrual basis of accounting, which is the basis of accounting used in the presentation of the fund financial statements.

The following General Fund functions had an excess of actual expenditures over appropriations in the amount shown for the fiscal year ended June 30, 2023:

Support services:		
School administration	\$	31,005
Capital outlay		130,941
Debt Service:		
Principal		99,543
Interest		2,844

These excesses were funded from fund balance.

NOTE 4. DEPOSITS AND INVESTMENTS

Collateralization of Deposits

Official Code of Georgia Annotated (“O.C.G.A.”) §45-8-12, provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by surety bond, by guarantee of insurance or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to or not less than 110% of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (O.C.G.A. §45-8-13.1), the aggregate of the market value of the securities pledged to secure a pool of public funds shall be not less than 110% of the daily pool balance.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Collateralization of Deposits (Continued)

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the School will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than Federal or State government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2023, all of the School's cash and cash equivalent accounts were properly collateralized as required by State statutes.

Acceptable security for deposits consists of any one of or any combination of the following:

- (1) Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,
- (2) Insurance on accounts provided by the Federal Deposit Insurance Corporation,
- (3) Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia,
- (4) Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia,
- (5) Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose,
- (6) Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia, and
- (7) Bonds, bills, notes, certificates of indebtedness or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest or debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association and the Federal National Mortgage Association.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Collateralization of Deposits (Continued)

As of June 30, 2023, the School had the following investments:

Investment	Maturities	Cost
Certificates of deposit	1 – 5 years	\$ 1,309,730
Certificates of deposit	6 – 10 years	333,649
Municipal bonds	N/A	1,141,838
Total		\$ 2,785,217

Fair Value Measurements. The School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. As of June 30, 2023, the School had the following investments in fixed income securities:

Investment	Level 1	Level 2	Level 3	Fair Value
Fixed income securities:				
Certificate of deposits	\$ -	\$ 330,262	\$ 1,313,117	\$ 1,643,379
Municipal bonds	-	1,141,838	-	1,141,838
Total fixed income securities	\$ -	\$ 1,472,100	\$ 1,313,117	\$ 2,785,217

NOTE 5. RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; job related illness or injuries to employees; and acts of God.

The School has obtained commercial insurance for risks of loss associated with torts, assets, errors or omissions, job related illness or injuries to employees and acts of God. The School has neither significantly reduced coverage for these risks nor incurred losses (settlements) which exceeded the School's insurance coverage in any of the past three fiscal years.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

The following is a summary of changes in the capital assets during the fiscal year:

	<u>Balances July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balances June 30, 2023</u>
Governmental Activities					
Capital assets, being depreciated:					
Leasehold improvements	\$ 1,370,091	\$ 5,000	\$ -	\$ -	\$ 1,375,091
Equipment	655,809	125,941	-	-	781,750
Total	<u>2,025,900</u>	<u>130,941</u>	<u>-</u>	<u>-</u>	<u>2,156,841</u>
Less accumulated depreciation for:					
Leasehold improvements	(152,175)	(91,478)	-	-	(243,653)
Equipment	(338,533)	(110,940)	-	-	(449,473)
Total	<u>(490,708)</u>	<u>(202,418)</u>	<u>-</u>	<u>-</u>	<u>(693,126)</u>
Total assets being depreciated, net	<u>1,535,192</u>	<u>(71,477)</u>	<u>-</u>	<u>-</u>	<u>1,463,715</u>
Governmental activities capital assets, net, excluding leases	<u>\$ 1,535,192</u>	<u>\$ (71,477)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,463,715</u>

In the current year, depreciation expense was charged to the following function:

School administration	<u>\$ 202,418</u>
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NOTE 7. LEASES

Lessee – Lease Assets

A summary of lease asset activity for the School for the year ended June 30, 2023 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Remeasure</u>	<u>Ending Balance</u>
Leased equipment	\$ 20,591	\$ -	\$ -	\$ -	\$ 20,591
Leased buildings	438,540	-	-	-	438,540
Less accumulated amortization for leased equipment	(12,812)	(3,889)	-	-	(16,701)
Less accumulated amortization for leased buildings	<u>(328,558)</u>	<u>(93,040)</u>	<u>-</u>	<u>-</u>	<u>(421,598)</u>
Total leased equipment and buildings, net	<u>\$ 117,761</u>	<u>\$ (96,929)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,832</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LEASES (CONTINUED)

Lessee – Lease Liabilities

The School's lease liabilities activity for the year ended June 30, 2023 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Lease liabilities	\$ 121,159	\$ -	\$ (99,543)	\$ 21,616	\$ 21,616

The School enters into lease agreements for periods between three and five years as lessee for the use of certain equipment and buildings. The leases have an imputed interest rate of 3.50% – 4.50%.

Principal and interest requirements to maturity for the lease liabilities as of June 30, 2023 are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 21,616	\$ 442	\$ 22,058
Total	\$ 21,616	\$ 442	\$ 22,058



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 Members of the Board
of Tybee Island Charter School, Inc.
DBA Tybee Island Maritime Academy
Tybee Island, Georgia**

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 the major fund of Tybee Island Charter School, Inc. (the "School"), as of and for the fiscal 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 October 30, 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal controls, described in the accompanying Schedule of Findings and Responses as items 2023 – 001 and 2023 – 002 that we considered to be material weaknesses.

Report on Compliance and Other Matters

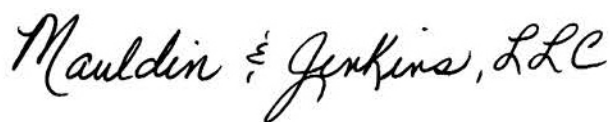
As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect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

Tybee Island Charter School's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Tybee Island Charter School's responses to the findings identified in our audit and are described in the accompanying Schedule of Findings and Responses. The School's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

A handwritten signature in cursive script that reads "Mauldin & Jenkins, LLC".

Savannah, Georgia
October 30, 2023

TYBEE ISLAND CHARTER SCHOOL, INC.

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SECTION I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? Yes No

Significant deficiencies identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

SECTION II FINANCIAL STATEMENT FINDINGS

2023 – 001. Maintenance of Capital Assets

Criteria: Generally accepted accounting principles ("GAAP") require the reporting of all capital assets at their historical costs, which is written off periodically, or depreciated, in a systematic and rational manner.

Condition: The School did not properly record capital asset activity during the year ended June 30, 2023.

Context: Adjustments to the general ledger were made to record prior year audit adjustments and some current year capital asset activity.

Effect: Several audit adjustments were required to properly reflect the current year and prior year capital asset activity. The effect of these adjustments resulted in an increase to capital assets of \$11,171, a decrease to revenue of \$89,629, an increase to accumulated depreciation of \$202,418, and an increase to expenses of \$101,618.

Cause: Management oversight.

Recommendation: The School should consider reviewing capital asset activity more frequently in order to properly record all activity.

Views of Responsible Officials and Planned Corrective Action: We concur. We will strengthen internal controls to ensure proper reporting of capital assets.

TYBEE ISLAND CHARTER SCHOOL, INC.

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SECTION II FINANCIAL STATEMENT FINDINGS (CONTINUED)

2023 – 002. Investments

Criteria: Internal controls should be in place to provide reasonable assurance that investment accounts are reconciled to the general ledger and outstanding items, if any, are properly classified.

Condition: During our audit of investments, we noted that all of the activity within the School's investment accounts had not been reflected within the School's general ledger.

Context: See condition above.

Effect: An adjustment was required to properly reflect the current year activity. The effect of these adjustments resulted in a net decrease to cash and investments of \$427,451, a decrease in accrued interest of \$41,584, an increase to interest income of \$43,814 and an increase to investment loss of \$512,849.

Cause: Management oversight.

Recommendation: The School should consider reviewing all investment activity more frequently in order to assure all activity is properly recorded during the year.

Views of Responsible Officials and Planned Corrective Action: We concur. We will strengthen internal controls to ensure proper reporting of investments.

SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There was not an audit of major federal award programs as of June 30, 2023, due to the total amount of federal funds expended being less than \$750,000.

TYBEE ISLAND CHARTER SCHOOL, INC.

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

2022 – 001. Maintenance of Capital Assets

Criteria: Generally accepted accounting principles (“GAAP”) require the reporting of all capital assets at their historical costs, which is written off periodically, or depreciated, in a systematic and rational manner.

Condition: The School did not properly record capital asset activity during the year ended June 30, 2022.

Auditee Response/Status: Unresolved – See current year financial audit finding 2023 – 001.

2022 – 002. Investments

Criteria: Internal controls should be in place to provide reasonable assurance that investment accounts are reconciled to the general ledger and outstanding items, if any, are properly classified.

Condition: During our audit of investments, we noted that all of the activity within the School’s investment accounts had not been reflected within the School’s general ledger.

Auditee Response/Status: Partially resolved – See current year financial audit finding 2023 – 002.