

**The James Madison Preparatory
High School, Inc.**

A Charter School and Component Unit of the
District School Board of Madison County, Florida

**Financial Statements
June 30, 2024**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The James Madison Preparatory High School, Inc.

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The James Madison Preparatory High School, Inc. ("School"), a charter school and component unit of the District School Board of Madison County, Florida, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of The James Madison Preparatory High School, Inc., as of June 30, 2024, and the respective changes in financial position thereof 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, historical pension information, and the budgetary comparison schedule, as shown in the table of contents, be presented to supplement the basic financial statements. Such information, although not 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 historic 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 methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2024, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Buescher & Company, LLC

Buescher & Company, LLC

Madison, Florida
November 22, 2024

The James Madison Preparatory High School, Inc. Management's Discussion and Analysis (Unaudited)

Introduction

The Management Discussion and Analysis (MD&A) of the annual financial report of James Madison Preparatory High School (JMPHS) provides an overview of the School's activities for the fiscal year ended June 30, 2024. Because the information contained in this section is intended to highlight transactions, events, and conditions, it should be considered in conjunction with financial statements and financial statements notes found on pages 18-32.

Overview of School

JMPHS is a college preparatory high school that promotes student ownership of learning through a content-rich liberal arts curriculum emphasizing science, technology, engineering, and math (STEM). It was created to provide a public education option for parents and students that did not exist. Opening in August 2013 with a 9th grade class of 40 students, JMPHS currently serves Grades 9 - 12 with a maximum capacity of 200 students (50 students in each grade). Operations remained consistent with prior year with 196 students in Grades 9 - 12 with twelve full-time instructors, school principal, finance director, office manager, school counselor, a paraprofessional/custodian, and a maintenance technician.

Financial Highlights

- For the fiscal year ended June 30, 2024, the School's expenses exceeded revenues as shown in the School's statement of activities by \$58,828.
- As shown on the statement of net position, the School's total net position was \$32,051.

Overview of Financial Statements

The basic financial statements consist of the following four components:

- Government-Wide Financial Statements
- Fund Financial Statements
- Fiduciary Financial Statements
- Notes to Financial Statements

Government-Wide Financial Statements: The government-wide financial statements provide short-term and long-term information about the School's overall financial condition, including a statement of net position and a statement of activities. These statements provide consolidated financial information on the governmental activities of the School using an accrual basis of accounting. The statement of net position provides information on the financial health of the School by providing information about the difference between assets and liabilities (i.e., net position). The statement of activities provides information on the change in net position and the results of operations during the fiscal year. A change in net position indicates improving or deteriorating financial health of the School. However, it is important to note that non-financial factors, such as changes in student funding base level, must also be considered when assessing the financial health of the School.

Fund Financial Statements: Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. These statements provide more detailed information about the School's financial activities than the government-wide statements by focusing on its most significant funds rather than fund types.

**The James Madison Preparatory High School, Inc.
Management's Discussion and Analysis (Unaudited)**

Although governmental funds are used to account for essentially the same functions as the government-wide statements, the focus is on spendable financial resources measurement rather than economic resources management. This focus allows governmental funds statements to provide information on near-term inflows and outflows of spendable resources in addition to balances of spendable resources available at the end of the fiscal year. Therefore, these statements provide a short-term view useful in evaluating the School's near-term financing requirements and in comparing to the long-term view of governmental activities in the government-wide financial statements. This comparison is facilitated using the government funds balance sheet and the government funds statement of revenues, expenditures, and changes in fund balances, which provide a reconciliation of governmental funds to governmental activities.

The School operates a General Fund to account for general operations and internal account activities, a Special Revenue Fund to account for funds from federal grant programs, and a Capital Projects Fund to account for funds earmarked for capital assets and related expenditures. The School adopts an annual budget for the General Fund. A budgetary comparison schedule, as required, has been provided for the General Fund to demonstrate compliance with the budget.

Fiduciary Financial Statements: Fiduciary financial statements report detailed information about funds held by the School in a trustee or agency capacity for others. Thus, these funds cannot be used to support the school's own programs. They are included in this report as they were deemed material.

Notes to Financial Statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. The following is a summary of the School's net position as of June 30, 2024 and 2023.

	Net Position, End of Year <u>Governmental Activities</u> <u>June 30, 2024</u>	Net Position, End of Year <u>Governmental Activities</u> <u>June 30, 2023</u>
Assets		
Current & Other Assets	\$ 475,723	\$ 418,935
Capital Assets, Net	527,043	547,002
Total Assets	1,002,766	965,937
Deferred Outflows		
Deferred Outflows related to Pensions	234,973	305,795
Liabilities		
Current Liabilities	171,862	118,992
Long-term Liabilities	880,819	993,567
Total Liabilities	1,052,681	1,112,559
Deferred Inflows		
Deferred Inflows related to Pensions	153,007	68,294
Net Position		
Net Investment in Capital Assets	280,320	232,220
Restricted	66,050	59,755
Unrestricted	(314,319)	(201,096)
Total Net Position	\$ 32,051	\$ 90,879

**The James Madison Preparatory High School, Inc.
Management's Discussion and Analysis (Unaudited)**

The current assets of the school primarily consist of cash and cash equivalents and amounts due from other government agencies. Liabilities primarily consisted of accounts payable, accrued expenses, a lease, a loan, and the net pension liability. The School's net position was \$32,051 as of June 30, 2024, which included an unrestricted net position of \$(314,319). This net position is a decrease of \$58,828 over prior year operations. The primary reasons for this decrease are increases in Current Liabilities, Deferred Inflows Related to Pensions, Right-to-Use Lease Assets, and Deferred Outflows Related to Pensions outweighing increases in Current and Capital Assets .

The key elements of changes in the School's net position as of June 30, 2024 and 2023 are as follows:

	Operating Results for the Year <u>Governmental Activities</u> <u>June 30, 2024</u>	Operating Results for the Year <u>Governmental Activities</u> <u>June 30, 2023</u>
Revenues:		
Federal Sources	\$ 184,913	\$ 341,273
State Sources	1,728,602	1,530,236
Local & Other	95,801	83,926
Total Revenues	2,009,316	1,955,435
Expenses:		
Instruction	1,179,107	1,073,156
Support Services	137,300	140,293
Community Services	1,050	1,719
General Support	723,424	689,534
Interest on Debt	27,263	12,627
Student Activity Support	-	-
Total Expenses	2,068,144	1,917,329
Increase (Decrease) in Net Position	\$ (58,828)	\$ 38,106

The School's largest source of revenue was the State of Florida (86%), primarily received through Florida Education Finance Program (FEFP). In addition to increases in FEFP funding at the state level, the school experienced a small increase in enrollment and thus an increase in FTE, leading to higher funding from state sources. The school also received federal ESSER III Grant Funds. However, significantly fewer federal funds were received compared to the prior year. Local revenues were higher due to an increase in fundraising activities and an increase in lunch revenues.

Concentration of expenses was primarily split between Instruction (57%) and General Support (35%). General Support consisted of administration and operations expenses. Instruction consisted of teacher salaries, curriculum resources, and classroom furniture and equipment. Support Services consisted of guidance and professional development services. Increases in instruction expenses were primarily due to increases in the number of faculty and salary increases for all faculty. Increases in General Support occurred primarily due to increases in facility rent and insurance.

Financial Analysis of School's Funds

The governmental funds reported a combined fund balance of \$383,454 as of June 30, 2024, an increase of \$15,461 from the prior year. This increase in fund balance is due to the significant increase in FEFP funds and the use of ESSER III funds to cover allowable expenses, such as cleaning equipment and instructional materials and equipment, that otherwise would have been covered by state and other funds.

The James Madison Preparatory High School, Inc. Management's Discussion and Analysis (Unaudited)

Financial Analysis of School's Fiduciary Funds

The fiduciary funds reported funds restricted for organizations of \$31,632 as of June 30, 2024, an increase of \$9,486 from the prior year. Extracurricular activities have returned to pre-COVID levels.

Budgetary Highlights

The budgets for the General Fund and Special Revenue Fund developed for 2023-24 were based on anticipated revenues and expenditures and expected full-time enrollment (FTE) for the school year. The final budgets were amended in June 2024 and approved in August 2024.

Overall, the School operations were under budget for revenues and slightly over budget for expenditures. The difference in revenues is related to changes in anticipated federal grant reimbursements in June 2024. The difference in expenditures is primarily related to planned expenditures at the time of the final budget and prior to the end of the fiscal year. The operating budget also did not extinguish noncurrent liabilities as reflected in the actual. Refer to the Budgetary Comparison Schedule for additional information regarding the Operating Budget.

Capital Assets

The School's capital assets as of June 30, 2024, were \$527,043 (net of accumulated depreciation). Thus, capital assets increased over prior year operations. This increase in capital assets is primarily due to the increase in instructional equipment and facility upgrades, including air conditioning units, necessary for the school to operate. Investment in capital assets includes building, furniture, fixtures, equipment, audio-visual materials, and right-to-use lease assets. The School continued its lease of a school campus that lasts until June 30, 2027. Refer to Notes to Financial Statements for more information on capital assets and lease activities.

Long-Term Liabilities

The balance of the School's long term liabilities as of June 30, 2024, was \$880,819 (net of current portion), a decrease of \$112,748 over the prior year. This decrease in long-term liabilities is primarily due to decreases in the School's net lease liability, net pension liability, and outstanding loan principal for the school van. The lease of the school campus runs until June 30, 2027. Refer to Notes to Financial Statements for more information on the FRS reporting and lease activities.

Requests for Information

The financial report is designed to provide a general overview of the School's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Director of Finance, James Madison Preparatory High School, 2812 US Highway 90, Madison, Florida, 32340.

The James Madison Preparatory High School, Inc.
Statement of Net Position

Governmental Activities
June 30, 2024

Assets	
Current assets	
Cash and cash equivalents	\$ 465,465
Accounts receivable	10,258
Total current assets	475,723
Capital assets, net	
Building, equipment, and leasehold improvements	187,699
Motor Vehicles	5,088
Furniture, fixtures, and equipment	112,022
Right-to-use lease assets	198,787
Audio visual materials	23,447
Total capital assets, net	527,043
Total assets	1,002,766
Deferred outflows of resources	
Deferred outflows related to pensions	234,973
Total deferred outflows of resources	234,973
Liabilities	
Current liabilities	
Accounts payable	21,279
Accrued expenses	38,659
Unearned revenue	32,330
Lease liability – principal due in one year	74,434
Loan Payable – Due in one year	5,160
Total current liabilities	171,862
Long-term liabilities	
Loan payable	430
Lease liability	166,700
Net pension liability	713,689
Total long-term liabilities	880,819
Total liabilities	1,052,681
Deferred inflows of resources	
Deferred inflows related to pensions	153,007
Total deferred inflows of resources	153,007
Net position	
Invested in capital assets, net of related debt	280,320
Restricted for:	
Capital projects	6,258
Specific programs	59,792
Unrestricted	(314,319)
Total net position	\$ 32,051

See accompanying notes to financial statements

The James Madison Preparatory High School, Inc.
Statement of Activities

Governmental Activities
Year ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Instruction	\$ (1,179,107)	\$ -	\$ 181,812	\$ -	\$ (997,295)
Support services	(137,300)	-	-	-	(137,300)
Community Services	(1,050)	-	-	-	(1,050)
General support	(723,424)	46,706	3,101	115,883	(557,734)
Interest on debt	(27,263)	-	-	-	(27,263)
Total Governmental Activities	\$ (2,068,144)	\$ 46,706	\$ 184,913	\$ 115,883	\$ (1,720,642)

General Revenues:

State Revenue:

Florida Education Finance Program	\$ 1,580,197
School Recognition Funds	32,010
Other State Revenues	6,085
Unrestricted Grants and Contributions	43,203
Unrestricted Invested Earnings	211
Unrestricted Other Operating	108

Total General Revenues

1,661,814

Change in Net Position

(58,828)

Net Position – Beginning

90,879

Net Position – End

\$ 32,051

See accompanying notes to financial statements

The James Madison Preparatory High School, Inc.
Balance Sheet

Governmental Funds June 30, 2024	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Assets				
Current assets				
Cash and cash equivalents	\$ 465,465	\$ -	\$ -	\$ 465,465
Accounts receivable	4,583	-	-	4,583
Due from other funds	-	32,330	6,258	38,588
Due from fiduciary funds	5,675	-	-	5,675
Total assets	\$ 475,723	\$ 32,330	\$ 6,258	\$ 514,311
Liabilities and fund balances				
Current liabilities				
Accounts payable	\$ 21,279	\$ -	\$ -	\$ 21,279
Salaries and payroll tax payable	38,660	-	-	38,660
Unearned revenue	-	32,330	-	32,330
Due to other funds	38,588	-	-	38,588
Total liabilities	98,527	32,330	-	130,857
Fund balance				
Restricted for:				
Capital projects	-	-	6,258	6,258
Specific program	59,792	-	-	59,792
Spendable, unassigned	317,404	-	-	317,404
Total fund balances	377,196	-	6,258	383,454
Total liabilities and fund balances	\$ 475,723	\$ 32,330	\$ 6,258	\$ 514,311

See accompanying notes to financial statements

The James Madison Preparatory High School, Inc.

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Total Fund Balances – Governmental Funds	\$ 383,454
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources, therefore, are not reported as assets in governmental funds	527,043
Deferred outflows and inflows of resources are not available in the current period and not reported in the governmental funds	81,967
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds	
Net pension liability	(713,689)
Noncurrent liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds	
Lease liability	(241,134)
Note payable	<u>(5,590)</u>
Total Net Position – Governmental Activities	\$ <u><u>32,051</u></u>

See accompanying notes to financial statements

The James Madison Preparatory High School, Inc.
Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds Year ended June 30, 2024	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenue				
State sources	\$ 1,618,292	\$ -	\$ 110,310	\$ 1,728,602
Federal through state and local	-	181,812	-	181,812
Local sources	-	-	5,573	5,573
Gifts, grants, bequests	46,303	-	-	46,303
Student lunches	46,598	-	-	46,598
Miscellaneous revenue	215	-	-	215
Investment Income	211	-	-	211
Total revenue	1,711,619	181,812	115,883	2,009,314
Instruction Expenditures				
Salaries	558,582	-	-	558,582
Additions to teacher salaries	34,542	-	-	34,542
Teacher bonuses	24,499	12,000	-	36,499
Teacher FRS	77,908	-	-	77,908
Teacher FICA	46,764	918	-	47,682
Teacher group insurance	9,978	-	-	9,978
Teacher worker's compensation	8,713	-	-	8,713
Teacher unemployment taxes	342	3	-	345
Instructional stipends	3,600	-	-	3,600
Subscriptions	18,767	32,899	-	51,666
Supplies	4,885	5,740	-	10,625
Textbooks	15,146	28,086	-	43,232
Other equipment & supplies	1,447	3,834	-	5,281
Noncapital audio-visual equipment	-	-	-	-
Noncapital furniture, fixtures & equipment	344	30,096	-	30,440
Noncapital computer hardware	382	28,988	-	29,370
Noncapital software	-	1,180	-	1,180
Dues & fees	-	3,200	-	3,200
Other services	80,830	-	-	80,830
Instruction capital outlay	-	6,298	4,752	11,050
Total instruction expenditures	886,729	153,242	4,752	1,044,723

See accompanying notes to financial statements

The James Madison Preparatory High School, Inc.
Statement of Revenues, Expenditures and Changes in Fund Balances

Support Services Expenditures

Guidance services	55,000	-	-	55,000
Guidance salary addition	4,875	-	-	4,875
Guidance bonus	1,652	1,000	-	2,652
Guidance FRS	8,142	-	-	8,142
Guidance FICA	4,638	77	-	4,715
Guidance group insurance	839	-	-	839
Guidance worker's compensation	739	-	-	739
Guidance unemployment taxes	26	-	-	26
Pupil personnel stipends	300	-	-	300
Pupil personnel professional services	3,286	-	-	3,286
Pupil personnel licenses / rental	77	-	-	77
Pupil personnel supplies	175	-	-	175
Pupil personnel noncapital furniture, fixtures & equipment	-	-	-	-
Pupil personnel dues & fees	-	-	-	-
Media magazine subscriptions	-	-	-	-
Teacher training	506	2,400	-	2,906
Travel & conferences	846	-	-	846
Instruction-related technology professional services	33,514	1,500	-	35,014
Instruction-related technology supplies	195	-	-	195
Instruction-related noncapital computer hardware	1,587	-	-	1,587
Total support services expenditures	116,397	4,977	-	121,374

Administrative Expenditures

Administration salaries	105,000	-	-	105,000
Additions to administration salaries	8,500	-	-	8,500
Administration bonuses	8,304	2,000	-	10,304
Administration FRS	14,761	-	-	14,761
Administration FICA	9,237	153	-	9,390
Administration group insurance	76	-	-	76
Administration worker's compensation	1,477	-	-	1,477
Administration unemployment taxes	52	-	-	52
Administration professional services	3,500	-	-	3,500
Administration rentals & licenses	2,007	-	-	2,007

See accompanying notes to financial statements

The James Madison Preparatory High School, Inc.
Statement of Revenues, Expenditures and Changes in Fund Balances

Administration purchased services	5,397	-	-	5,397
Administration office supplies	2,604	-	-	2,604
Administration dues & fees	2,866	-	-	2,866
Administration miscellaneous expenditures	20,409	-	-	20,409
Board professional services	18,425	-	-	18,425
Board insurance	1,549	-	-	1,549
Fiscal administrative salaries	33,500	-	-	33,500
Fiscal administrative bonus	1,652	1,000	-	2,652
Fiscal services FRS	4,357	-	-	4,357
Fiscal services FICA	2,615	77	-	2,692
Fiscal services group insurance	421	-	-	421
Fiscal services worker's compensation	739	-	-	739
Fiscal services unemployment taxes	26	-	-	26
Professional services	7,157	-	-	7,157
Fiscal services subscriptions	649	-	-	649
Fiscal services supplies	271	-	-	271
Fiscal services dues & fees	35	-	-	35
Food service expenditures	55,406	-	-	55,406
Food service supplies	570	-	-	570
IS rentals	60	-	-	60
IS purchased services	2,258	-	-	2,258
IS supplies & equipment	5,097	-	-	5,097
IS miscellaneous services	31,045	-	-	31,045
Transportation insurance	4,082	-	-	4,082
Transportation other purchases	56,522	-	-	56,522
Transportation oil & grease	1,017	-	-	1,017
Operations salaries	64,464	-	-	64,464
Operations salary additions	11,000	-	-	11,000
Operations bonus	3,304	2,000	-	5,304
Operations FRS	9,731	-	-	9,731
Operations FICA	5,884	153	-	6,037
Operations group insurance	2,630	-	-	2,630
Operations worker's compensation	1,477	-	-	1,477
Operations unemployment taxes	52	-	-	52
Property & liability insurance	-	-	27,788	27,788

See accompanying notes to financial statements

The James Madison Preparatory High School, Inc.
Statement of Revenues, Expenditures and Changes in Fund Balances

Operations repairs & maintenance	3,221	570	-	3,791
Operations rentals	81	-	-	81
Telephone / internet expense	9,765	-	-	9,765
Water / sewer expense	2,499	-	-	2,499
Operations purchased services	30,975	10,900	-	41,875
Electricity expense	27,569	-	-	27,569
Operations supplies	13,913	909	297	15,119
Operations noncapital audio-visual equipment	785	-	-	785
Operations noncapital furniture & equipment	1,135	2,131	-	3,266
Administrative capital outlay	73,583	3,700	6,000	83,283
Total administrative expenditures	673,711	23,593	34,085	731,389
Debt Service Expenditures				
Payments on long-term debt	-	-	4,909	4,909
Lease financing principal	-	-	63,150	63,150
Interest payments	-	-	27,263	27,263
Total debt service expenditures	-	-	95,322	95,322
Community Service Expenditures				
Dues & fees	1,045	-	-	1,045
Total community service expenditures	1,045	-	-	1,045
Total Expenditures	1,677,882	181,812	134,159	1,993,853
Excess(Deficiency) of Revenues Over/(Under) Expenditures	33,737	-	(18,276)	15,461
Increase (Decrease) in Fund Balance	33,737	-	(18,276)	15,461
Fund Balance – beginning of the year	343,459	-	24,534	367,993
Fund Balance – end of the year	\$ 377,196	-	6,258	\$ 383,454

See accompanying notes to financial statements

The James Madison Preparatory High School, Inc.

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
For the Fiscal Year Ended June 30, 2024

Net Change in Fund Balances – Governmental Funds	\$ 15,461
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. Depreciation expense (\$114,293) are in excess of capital expenditures (\$94,336) in the current period.	(19,957)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	68,059
Net effect of various transactions in the statement of activities that do not require the use of current financial resources are not reported in the government funds:	
Pension Expense (calculated for net pension liability)	(198,167)
Pension contributions made subsequent to the pension liability measurement date of 6/30/23	<u>75,776</u>
Change in Net Position – Governmental Activities	\$ <u>(58,828)</u>

See accompanying notes to financial statements

The James Madison Preparatory High School, Inc.
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2024

Assets	Custodial Funds
Current assets	
Cash and cash equivalents	\$ 37,307
Total current assets	37,307
Total assets	37,307
Liabilities	
Current liabilities	
Due to general fund	5,675
Total current liabilities	5,675
Total liabilities	5,675
Net Position	
Restricted for organizations	31,632
Total net position	\$ 37,307

See accompanying notes to financial statements

The James Madison Preparatory High School, Inc.
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the year ended June 30, 2024

		Custodial Funds
Additions		
Clay Target Team	\$	3,000
Bass Fishing		11,210
9 th Grade		1,125
FCA		617
SGA		6,209
Beta		3,968
Yearbook / Journalism Club		7,523
FFA Club		9,408
National Honor Society		1,373
Book Club		150
English Department		272
Biology Department		1,700
Scholarships		10,000
School Field Trips		2,700
Investment Earnings		105
Total additions		59,360
Deductions		
Clay Target Team		3,817
Bass Fishing		5,447
9 th Grade		800
11 th Grade		4,216
SGA		5,204
FCA		424
Beta Club		1,545
Yearbook / Journalism Club		5,273
FFA Club		9,374
National Honor Society		1,144
Biology Department		1,241
Scholarships		11,000
School field trips		389
Total deductions		49,874
Change in Net Position		9,486
Net Position – Beginning		22,146
Net Position – Ending	\$	31,632

See accompanying notes to financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The James Madison Preparatory High School, Inc. ("School"), is a component unit of the District School Board of Madison County ("District"). The School is sponsored by the District and is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-for-Profit Corporation Act and Section 1002.33, Florida Statutes. The governing body of the School is comprised of seven members. The financial information presented is that of the School.

The basic financial statements of the School present only the balances, activity, and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of the District School Board of Madison County, Florida as of June 30, 2024, and its changes in financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The current charter is effective until June 30, 2038. The District may choose not to renew or terminate the charter for good cause or in following the procedures in Section 1002.33(8), Florida Statutes. In the event of termination of the charter, the District shall assume operation of the School. The School is considered a component unit of the District; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units which should be reported within the School's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

Basis of Presentation

Government-wide Financial Statements – The government-wide financial statements, including the statement of net position and the statement of activities, present information about the school as a whole, except that the government-wide financial statements do not include fiduciary activities of the School.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program and 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. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements – Fund financial statements report detailed information about the School in governmental funds and are prepared using the current financial resources measurement focus. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, reconciliation is presented with each of the governmental fund financial statements.

The School's major governmental funds are as follows:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue Fund – to account for federal programs.
- Capital Projects Fund – to account for all resources for the acquisition of capital assets and related items purchased by the School with capital outlay funds.

Fiduciary Fund Financial Statements – The fiduciary fund financial statements report detailed information about funds held by the School in an agency capacity for others, including student club funds, other student activities and funds held for other School-related organizations and purposes; therefore, these funds cannot be used to support the School's own programs.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Revenues are measurable when the amount of the transaction can be determined. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for Federal, State, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

The fiduciary fund financial statements are prepared using the modified accrual basis of accounting. Additions are recognized when they become measurable and available. Additions are measurable when the amount of the transaction can be determined. Additions are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers additions to be available if they are collected within 30 days of the end of the current fiscal year. Deductions are recorded when the related fund liability is incurred.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

The budget is presented on the modified accrual basis of accounting and is aggregated for all of the funds. The School does not separately adopt a budget for the General, Special Revenue and Capital Projects funds as presented in the financial statements. During the fiscal year, expenditures are controlled at the object level (e.g. salaries and benefits, purchased services, materials and supplies) within each activity (e.g. instruction, support services and administration). Budgets may be amended by resolution at any Board meeting prior to the date for the annual report.

The Actual (Budgetary Basis) amounts differ from the Statement of Revenues, Expenditures and Changes in Fund Balance prepared in accordance with GAAP due to the reporting of certain lease payments. The School includes certain lease payments in the amount of \$90,000 as expenditures for General Support in the Operating Budget, but the expenditures are reported as Debt Service Expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balance. There was no variance in the dollar amount of the certain lease payment expenditures between the final budget and actual amounts.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, money in interest bearing checking and savings accounts, time deposits, money market funds, and short-term investments with original maturities of three months or less.

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2024, the School's uninsured cash balances total approximately \$136,000.

Capital Assets

Expenditures for capital assets acquired or constructed for general school purposes are reported in the governmental fund that financed the acquisition. The capital assets acquired are reported at cost in the statement of net position. Capital assets are defined by the School as those assets whose useful life extends beyond one year and costing more than \$1,500. Such assets are recorded at historical cost. Donated property and equipment are recorded at fair value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture, Fixtures and Equipment	3 – 7 years
Software and Licenses	3 years
Audio Visual Equipment	5 years
Buildings, Equipment and Leasehold Improvements	10 – 40 years

Right of use assets are being amortized over the life of the lease on a straight-line basis.

Net Pension Liability

As a participating employer in the Florida Retirement System, the School recognizes its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. As of June 30, 2024, the School's proportionate share of the net pension liability totaled \$713,689. A subsequent note includes a complete discussion of defined benefit pension plans and related amounts.

Long Term Liabilities

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net position.

The James Madison Preparatory High School, Inc.
Notes to the Financial Statements
June 30, 2024

In the governmental fund financial statements, long-term obligations are not recognized as liabilities until due.

Changes in long-term liabilities for the current year are reported in a subsequent note.

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

Net Position and Fund Balance Classifications

Government-wide and Fiduciary financial statements – net position is classified and reported in three components:

- Invested in capital assets, net of related debt- consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.
- Restricted net position – consists of net assets with constraints placed on their use either by external groups such as creditors, contributors, or laws and regulations of other governments.
- Unrestricted net position – all other net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted”.

Fund financial statements – GASB Codification Section 1800.165, *Fund Balance Reporting*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- Non-spendable - fund balance associated with inventories, prepaid expenses, long-term loans, notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School’s Board of Governance.
- Assigned – fund balance that is intended to be used by the School’s management for specific purposes but does not meet the criteria to be classified as restricted or committed.
- Unassigned – fund balance that is the residual amount for the School’s general fund and includes all spendable amounts not contained in the other classifications.

Net position flow assumption

Sometimes the School will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund balance flow assumptions

Sometimes the School will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the School fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Revenue Sources

Revenues for current operations are received primarily from the District 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 students and related data to the District.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent students (FTE) and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect revised calculations by the FDOE under the FEFP and the actual weighted FTE students during designated survey periods. The FDOE may also adjust subsequent fiscal period allocations based upon an audit of the School's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)(2), Florida Statutes. For the fiscal year ended June 30, 2024, the School reported 182.98 unweighted and 182.80 weighted FTE.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Florida Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC)
- Teacher certification documentation (Rule 6A-1.0503, FAC)
- Documentation for instructors teaching out-of-field (Rule 6A-1.0503, FAC)
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC)
- Evaluation and planning documents for weighted programs (Section 1010.305, Florida Statutes, and Rule 6A-6.03411, FAC)

The School receives federal or state awards for the enhancement of various Education programs. This assistance is generally received based on applications submitted to and approved by various granting agencies.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition, the School received state funds through the Charter School Capital Outlay Program pursuant to Section 1013.62, Florida Statutes, and the School Recognition Program pursuant to Section 1008.36, Florida Statutes. Funds received through the Charter School Capital Outlay Program are to be used for lease, rent or construction of School facilities. The School also receives donations through fundraising efforts and school lunch sales.

The School follows the policy of applying restricted resources prior to applying unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

Income Taxes

The School is exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related notes to financial statements. The School's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

Interfund Transfers

Interfund receivables/payables are short-term balances that represent reimbursements between funds for payments made by or on behalf of another fund. See Note 13.

Use of Estimates

In preparing the financial statements in conformity with generally accepted accounting principles in the United States, management is required to make estimates and assumptions that affect reported amounts of assets and liabilities as of the date of the statement of net position and affect revenues and expenditures for the period presented. Actual results could differ from those estimates.

Unearned Revenue

The School is eligible for certain grants to address the impact of the Novel Coronavirus 2019 ("COVID-19"). The School recognizes these revenues as the grant criteria are met. As of June 30, 2024, the School had received \$32,330 from the granting agency that had not been earned. This amount is reported as Unearned Revenue in the government-wide statement of net position and the Special Revenue Fund balance sheet.

NOTE 2 – RISK MANAGEMENT PROGRAMS

The School is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial insurance. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Worker's compensation and general liability coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. The School recognizes no liabilities in relation to claims existing at the end of fiscal year 2024.

NOTE 3 – FUNDING AND CREDIT CONCENTRATIONS

The School receives substantially all of its support and revenue from federal, state, and local funding sources, passed through the District. Continuing operation of the School is greatly dependent upon the continued support of these governmental agencies.

The School maintains the majority of its cash and cash equivalents in deposit accounts at a single financial institution. See Note 10 – Custodial Credit Risk.

The James Madison Preparatory High School, Inc.
Notes to the Financial Statements
June 30, 2024

NOTE 4 – SHORT TERM DEBT ACTIVITY

The School maintains a line of credit from the James Madison Preparatory High School Foundation, Inc. (“the Foundation”), a related party, to offset timing differences between receipts and expenditures. There were no borrowings or payments related to the line of credit for the year ended June 30, 2024.

NOTE 5 – CAPITAL ASSETS

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the period ended June 30, 2024:

	Beginning	Additions	Deletions	Ending
Capital assets being depreciated or amortized				
Improvements other than buildings	\$ 3,325	\$ 20,625	\$ -	\$ 23,950
Buildings and fixed equipment	129,564	40,709	-	170,273
Furniture, fixtures and equipment	261,414	33,000	(2,651)	291,763
Motor vehicles	23,483	-	-	23,483
Audio visual equipment	50,809	-	-	50,809
Right-to-use assets	331,311	-	-	331,311
Software & licenses	1,295	-	-	1,295
Total capital assets	801,201	94,334	(2,651)	892,884
Less accumulated depreciation & amortization for:				
Improvements other than buildings	(42)	(255)	-	(297)
Buildings and fixed equipment	(2,449)	(3,778)	-	(6,227)
Furniture, fixtures and equipment	(152,630)	(29,762)	2,651	(179,741)
Motor vehicles	(13,699)	(4,697)	-	(18,396)
Audio visual equipment	(17,822)	(9,539)	-	(27,361)
Right-to-use assets	(66,262)	(66,262)	-	(132,524)
Software & licenses	(1,295)	-	-	(1,295)
Total accumulated depreciation & amortization	(254,199)	(114,293)	2,651	(365,841)
Total capital assets - net	\$ 547,002	\$ (19,959)	\$ -	\$ 527,043

Depreciation & amortization expense for the year ended June 30, 2024 was \$114,293. It was allocated among the functions in the following amounts:

Function	Amount
Instruction	\$ 62,447
Support	7,255
Administrative	44,591
Total	\$ 114,293

The School leases the educational facility from an unrelated party. The lease is for 5 years, commencing on July 1, 2022, and ending June 30, 2027. Per the lease agreement, lease payments did not begin until the six months after the later of the lessor vacating the premises or the lessee occupying the premises. The lease called for monthly payments of \$6,500 in year one and \$7,500 thereafter. If the School’s enrollment reaches 225 students, the monthly lease payments increase to \$8,500. The School recognized a right-to-use asset of \$331,311 for school buildings and grounds which is being amortized on a straight-line basis.

The amortization expense for right-to-use leased assets was \$66,262 for the year ended June 30, 2024.

The James Madison Preparatory High School, Inc.
Notes to the Financial Statements
June 30, 2024

NOTE 6 – LEASE LIABILITY

Future principal and interest requirements for the lease liability as of June 30, 2024 are approximately the following:

Fiscal year ending June 30,	Principal	Interest	Total
2025	\$ 74,434	\$ 15,566	\$ 90,000
2026	80,212	9,788	90,000
2027	86,487	3,513	90,000
2028	-	-	-
2029 and thereafter	-	-	-
Total Minimum Lease Payments	\$ 241,133	28,867	270,000

The discount rate used for the lease liability is 7.50%. The lease is for school buildings and grounds.

NOTE 7 – COMMITMENTS AND CONTINGENT LIABILITIES

The school participates in Federal and State grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivables at June 30, 2024 may be impaired. In the opinion of the School, there are no significant liabilities relating to compliance with the rules and regulations governing the respective grants. No provision has been recorded in the accompanying financial statements for such contingencies.

NOTE 8 – LEGAL MATTERS

In the normal course of conducting its operations, the School could become party to various legal actions and proceedings. The School has no legal actions or pending proceedings in progress.

NOTE 9 – FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENEFIT PENSION PLAN

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the School are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. An annual comprehensive financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com).

The School's pension expense totaled \$198,167 for the fiscal year ended June 30, 2024.

NOTE 9 – FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENEFIT PENSION PLAN (CONTINUED)

FRS Pension Plan

Plan Description. The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

Regular Class – Members of the FRS who do not qualify for membership in the other classes.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service.

The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS-participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
<i>Regular Class members initially enrolled before July 1, 2011</i>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<i>Regular Class members initially enrolled on or after July 1, 2011</i>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68

The James Madison Preparatory High School, Inc.
Notes to the Financial Statements
June 30, 2024

NOTE 9 – FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENEFIT PENSION PLAN (CONTINUED)

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2023-24 fiscal year were as follows:

Class	Percent of Gross Salary	
	Employee	Employer (A)
FRS, Regular	3.00	13.57
FRS, Reemployed Retiree	(B)	(B)

- Notes:
- (A) Employer rates include 2.00 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.
 - (B) Contribution rates are dependent upon retirement class in which reemployed.

The School's contributions, including employee contributions, to the Plan totaled \$59,214 for the fiscal year ended June 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2024, the School reported a liability of \$412,643 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The School's proportionate share of the net pension liability was based on the School's 2022-23 fiscal year contributions relative to the 2022-23 fiscal year contributions of all participating members. At June 30, 2023, the School's proportionate share was .001035573 percent, which was a decrease of .000360612 percent from its proportionate share measured as of June 30, 2022. For the fiscal year ended June 30, 2024, the School recognized pension expense of \$78,027. In addition, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 38,744	\$ -
Change in assumptions	26,899	-
Net difference between projected and actual earnings on FRS pension plan investments	17,233	-
Changes in proportion and differences between School FRS contributions and proportionate share of contributions	45,428	91,705
School FRS contributions subsequent to the measurement date	59,214	-
Total	<u>\$ 187,518</u>	<u>\$ 91,705</u>

The James Madison Preparatory High School, Inc.
Notes to the Financial Statements
June 30, 2024

NOTE 9 – FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENEFIT PENSION PLAN (CONTINUED)

The deferred outflows of resources related to pensions, totaling \$59,214, resulting from School contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Amount
2025	\$ 11,295
2026	(4,475)
2027	67,775
2028	6,438
2029	1,843
Thereafter	-

Actuarial Assumptions. The total pension liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.25 percent, average, including inflation
Investment rate of return	6.70 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (A)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.9%	2.9%	1.1%
Fixed Income	19.8%	4.5%	4.4%	3.4%
Global Equity	54.0%	8.7%	7.1%	18.1%
Real Estate	10.3%	7.6%	6.6%	14.8%
Private Equity	11.1%	11.9%	8.8%	26.3%
Strategic Investments	3.8%	6.3%	6.1%	7.7%
Total	100%			

Assumed inflation - Mean 2.4% 1.4%

Note: (A) As outlined in the Plan's Investment policy and presented in the Plan's 2022-2023 CAFR

The James Madison Preparatory High School, Inc.
Notes to the Financial Statements
June 30, 2024

NOTE 9 – FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate. The discount rate used to measure the total pension liability was 6.70 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2023 valuation was unchanged from the prior year.

Sensitivity of the School's Proportionate Share of the Net Position Liability to Changes in the Discount Rate. The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 6.70 percent, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.70 percent) or 1 percentage-point higher (7.70 percent) than the current rate:

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
School's proportionate share of the net pension liability	\$ 704,878	\$ 412,643	\$ 168,153

Pension Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

HIS Pension Plan

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided. For the fiscal year ended June 30, 2024, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2024, the contribution rate was 2.00 percent of payroll pursuant to section 112.363, Florida Statutes. The School contributed 100 percent of its statutorily required contributions for the current and preceding year. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The School's contributions to the HIS Plan totaled \$16,562 for the fiscal year ended June 30, 2024.

The School's proportionate share of the net pension liability was based on the School's 2022-23 fiscal year contributions relative to the total 2022-23 fiscal year contributions of all participating members. At June 30, 2023, the School's proportionate share was .001895526 percent, which was an increase of .000250819 percent from its proportionate share measured as of June 30, 2022.

The James Madison Preparatory High School, Inc.
Notes to the Financial Statements
June 30, 2024

**NOTE 9 – FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENEFIT PENSION PLAN
(CONTINUED)**

For the fiscal year ended June 30, 2024, the School recognized pension expense of \$120,135. In addition, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,407	\$ 707
Change in assumptions	7,914	26,086
Net difference between projected and actual earnings on HIS pension plan investments	155	-
Changes in proportion and differences between School HIS contributions and proportionate share of contributions	18,417	34,509
School HIS contributions subsequent to the measurement date	16,562	-
Total	\$ 47,455	\$ 61,302

The deferred outflows of resources totaling \$16,562, resulting from School contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Amount
2025	\$ (2,501)
2026	(1,517)
2027	(2,523)
2028	(4,949)
2029	(2,622)
Thereafter	(204)

Actuarial Assumptions. The total pension liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	3.65 percent

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018.

While an experience study had not been completed for the HIS Plan, the actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the FRS plan.

Discount Rate. The discount rate used to measure the total pension liability was 3.65 percent, an increase of 0.11 percent from the prior year. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

The James Madison Preparatory High School, Inc.
Notes to the Financial Statements
June 30, 2024

NOTE 9 – FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 3.65 percent, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.65 percent) or 1 percentage point higher (4.65 percent) than the current rate:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
School's proportionate share of the net pension liability	\$ 343,434	\$ 301,035	\$ 265,889

Pension Plan Fiduciary Net Position. Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

NOTE 10 – CUSTODIAL CREDIT RISK

In the case of deposits, this is the risk that in the event of a bank failure, the School's deposits may not be returned to the School. The School does not have a custodial credit risk policy. Deposits on hand at financial institutions are insured by the Federal Deposit Insurance Company (FDIC) up to \$250,000. As of June 30, 2024, the School's uninsured cash balances total approximately \$136,000.

NOTE 11 – CHANGES IN LONG-TERM AND NONCURRENT LIABILITIES

The following is a summary of changes in long-term and noncurrent liabilities:

	Beginning Balance	Additions	Deductions	Ending Balance	Due in One Year
Governmental Activities:					
Net Pension Liability	\$ 746,836	\$ -	\$ (33,147)	\$ 713,689	\$ -
Lease Liability	304,284	-	(63,150)	241,134	74,434
Note Payable, Capital City Bank	10,498	-	(4,908)	5,590	5,160
Total Governmental Activities	\$ 1,061,618	\$ -	\$ (101,205)	\$ 960,413	\$ 79,594

In July 2020, the School executed a note payable to Capital City Bank for the principal amount of \$23,483. The note charges interest at 4.95%, and is to be repaid in 59 monthly payments of \$443.42 beginning August 16, 2020 and ending with 1 payment estimated at \$443.26 on July 16, 2025. The note is collateralized by the School's transit van.

Following are maturities of long-term debt for each of the next five years:

Year Ending June 30:	
2025	\$ 79,594
2026	80,642
2027	86,487
2028	-
2029 and thereafter	-
	\$ 246,723

The James Madison Preparatory High School, Inc.
Notes to the Financial Statements
June 30, 2024

NOTE 11 – CHANGES IN LONG-TERM AND NONCURRENT LIABILITIES (CONTINUED)

Interest expense on notes payable incurred during the year ended June 30, 2024 was \$412. Interest expense on lease payable incurred during the year ended June 30, 2024 was \$26,850. There was no interest capitalized for the year ended June 30, 2024.

NOTE 12 – SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the School's state revenue:

Source	Amount
Florida Education Finance Program	\$ 1,580,197
Charter School Capital Outlay	110,310
School Recognition Program	32,010
Miscellaneous	6,085
Total	\$ 1,728,602

Accounting policies relating to certain State revenue sources are described in Note 1.

NOTE 13 – INTERFUND RECEIVABLES / PAYABLES AND TRANSFERS

Interfund Receivables / Payables

Interfund balances exist due to resources of the general fund being used to cover expenditures of the fiduciary funds. These funds are expected to be repaid within one year. The total amount due to the General Fund from the Fiduciary Fund was \$5,675 at June 30, 2024.

At June 30, 2024, the General Fund owed the Special Revenue Fund and Capital Projects Fund \$32,330 and \$6,258, respectively, representing revenues of the Special Revenue Fund and Capital Projects Fund held by the General Fund. These amounts are netted together and not reported in the statement of net position.

NOTE 14 – SUBSEQUENT EVENTS

The School performed an evaluation of events subsequent to the balance sheet date and through the report date, which is the date the financial statements were available to be issued.

NOTE 15 – EXCESS OF EXPENDITURES OVER BUDGET

Actual expenditures exceeded amounts in the final Operating Budget in the following functions / programs:

Function / Program	Variance
Instructional	\$ 25,411
General Support	27,613
Community Support	45
Debt Service	1

NOTE 16 – RELATED PARTY TRANSACTIONS

A Board Member withdrew funds from the School's bank account and deposited funds in the same amount four days later.

The James Madison Preparatory High School, Inc.
Required Supplementary Information

Budgetary Comparison Schedule – Operating Budget (Unaudited)

For the Fiscal Year Ended June 30, 2024

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final
Revenues				
Federal Revenue:				
Federal through State & Local	\$ 350,000	\$ 215,685	\$ 181,812	\$ (33,873)
State Revenue:				
Florida Education Finance Program	\$ 1,430,031	\$ 1,580,197	\$ 1,580,197	\$ -
School Recognition Program	-	32,010	32,010	-
Capital Outlay Program	100,000	110,310	110,310	
Other Miscellaneous	-	6,085	6,085	-
Local Revenue:				
Food Service	42,000	42,000	46,598	4,598
Fundraising	-	42,000	42,677	677
Other Miscellaneous	3,100	8,673	9,625	952
Total Revenue	1,925,131	2,036,960	2,009,314	(27,646)
Expenditures and Changes in Fund Balances				
Current Expenditures:				
Instructional	940,910	1,019,312	1,044,723	25,411
Instructional Support Services	130,685	139,937	121,374	(18,563)
General Support	686,241	793,776	821,389	27,613
Community Support	1,000	1,000	1,045	45
Debt Service	5,321	5,321	5,322	1
Total Expenditures	1,764,157	1,959,346	1,993,853	34,507
Excess (Deficiency of Revenues Over / (Under) Expenditures	160,974	77,614	15,461	(62,153)
Increase (Decrease) in Fund Balance	160,974	77,614	15,461	(62,153)
Fund Balances, July 1, 2023	367,993	367,993	367,993	-
Fund Balances, June 30, 2024	\$ 528,967	\$ 445,607	\$ 383,454	\$ (62,153)

See Budgets and Budgetary Accounting section of Note 1.

The James Madison Preparatory High School, Inc.
Required Supplementary Information

Schedule of Proportionate Share of Net Pension Liability
Florida Retirement System (FRS)
(Unaudited)

	<u>As of 6/30/23</u>	<u>As of 6/30/22</u>	<u>As of 6/30/21</u>	<u>As of 6/30/20</u>
Proportion of the net pension liability / (asset)	.001035573%	.001396185%	.001298367%	.001106933%
Proportionate share of the net pension liability / (asset)	\$ 412,643	\$ 519,493	\$ 98,077	\$ 479,761
Covered-employee payroll	\$ 750,958	\$ 782,202	\$ 719,445	\$ 668,233
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	54.95%	66.41%	13.63%	71.80%
Plan fiduciary net position as a percentage of the total pension liability	82.38%	82.89%	96.40%	78.85%
	<u>As of 6/30/19</u>	<u>As of 6/30/18</u>	<u>As of 6/30/17</u>	<u>As of 6/30/16</u>
Proportion of the net pension liability / (asset)	.001163233%	.001235346%	.001308220%	.000973673%
Proportionate share of the net pension liability / (asset)	\$ 400,601	\$ 372,093	\$ 386,963	\$ 245,853
Covered-employee payroll	\$ 638,210	\$ 695,112	\$ 694,127	\$ 517,998
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	62.77%	53.53%	55.75%	47.46%
Plan fiduciary net position as a percentage of the total pension liability	82.61%	84.26%	83.89%	84.88%
	<u>As of 6/30/15</u>	<u>As of 6/30/14</u>		
Proportion of the net pension liability / (asset)	.000572798%	.000171596%		
Proportionate share of the net pension liability / (asset)	\$ 73,985	\$ 10,470		
Covered-employee payroll	\$ 224,070	\$ 134,317		
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	33.02%	7.79%		
Plan fiduciary net position as a percentage of the total pension liability	92.00%	6.09%		

Note: Schedule is intended to show information for ten years. Additional years will be displayed as the information is available.

The James Madison Preparatory High School, Inc.
Required Supplementary Information

Schedule of Contributions
Florida Retirement System (FRS)
(Unaudited)

	<u>As of 6/30/24</u>	<u>As of 6/30/23</u>	<u>As of 6/30/22</u>	<u>As of 6/30/21</u>
Contractually required contribution	\$ 59,214	\$ 49,818	\$ 59,578	\$ 49,462
Contributions in relation to the contractually required contribution	<u>(59,214)</u>	<u>(49,818)</u>	<u>(59,578)</u>	<u>(49,462)</u>
Contribution deficiency / (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 827,902	\$ 750,958	\$ 782,202	\$ 719,445
Contributions as a percentage of covered-employee payroll	7.15%	6.63%	7.62%	6.88%
	<u>As of 6/30/20</u>	<u>As of 6/30/19</u>	<u>As of 6/30/18</u>	<u>As of 6/30/17</u>
Contractually required contribution	\$ 36,778	\$ 36,069	\$ 35,206	\$ 34,056
Contributions in relation to the contractually required contribution	<u>(36,778)</u>	<u>(36,069)</u>	<u>(35,206)</u>	<u>(34,056)</u>
Contribution deficiency / (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 668,233	\$ 638,210	\$ 695,112	\$ 694,127
Contributions as a percentage of covered-employee payroll	5.50%	5.65%	5.06%	4.91%
	<u>As of 6/30/16</u>	<u>As of 6/30/15</u>		
Contractually required contribution	\$ 23,745	\$ 13,965		
Contributions in relation to the contractually required contribution	<u>(23,745)</u>	<u>(13,965)</u>		
Contribution deficiency / (excess)	<u>\$ -</u>	<u>\$ -</u>		
Covered-employee payroll	\$ 517,998	\$ 224,070		
Contributions as a percentage of covered-employee payroll	4.58%	6.23%		

Note: Schedule is intended to show information for ten years. Additional years will be displayed as the information is available.

The James Madison Preparatory High School, Inc.
Required Supplementary Information

Schedule of Proportionate Share of Net Pension Liability
Health Insurance Subsidy Program (HIS)
(Unaudited)

	<u>As of 6/30/23</u>		<u>As of 6/30/22</u>		<u>As of 6/30/21</u>		<u>As of 6/30/20</u>
Proportion of the net pension liability / (asset)	.001895526%		.002146345%		.002032191%		.001925315%
Proportionate share of the net pension liability / (asset)	\$ 301,035	\$	227,332	\$	249,279	\$	235,078
Covered-employee payroll	\$ 750,958	\$	782,202	\$	719,445	\$	668,233
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	40.09%		29.06%		34.65%		35.18%
Plan fiduciary net position as a percentage of the total pension liability	4.12%		4.81%		3.56%		3.00%
	<u>As of 6/30/19</u>		<u>As of 6/30/18</u>		<u>As of 6/30/17</u>		<u>As of 6/30/16</u>
Proportion of the net pension liability / (asset)	.001908259%		.002128227%		.002342772%		.001479019%
Proportionate share of the net pension liability / (asset)	\$ 213,515	\$	225,254	\$	250,500	\$	172,374
Covered-employee payroll	\$ 638,210	\$	695,112	\$	694,127	\$	517,998
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	33.46%		32.41%		36.09%		33.28%
Plan fiduciary net position as a percentage of the total pension liability	2.63%		2.15%		1.64%		0.97%
	<u>As of 6/30/15</u>		<u>As of 6/30/14</u>				
Proportion of the net pension liability / (asset)	.000758359%		.000297960%				
Proportionate share of the net pension liability / (asset)	\$ 77,341	\$	27,860				
Covered-employee payroll	\$ 224,070	\$	134,317				
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	34.52%		20.74%				
Plan fiduciary net position as a percentage of the total pension liability	0.50%		0.99%				

Note: Schedule is intended to show information for ten years. Additional years will be displayed as the information is available.

The James Madison Preparatory High School, Inc.
Required Supplementary Information

Schedule of Contributions
Health Insurance Subsidy Program (HIS)
(Unaudited)

	<u>As of 6/30/24</u>	<u>As of 6/30/23</u>	<u>As of 6/30/22</u>	<u>As of 6/30/21</u>
Contractually required contribution	\$ 16,562	\$ 12,469	\$ 12,987	\$ 11,945
Contributions in relation to the contractually required contribution	<u>(16,562)</u>	<u>(12,469)</u>	<u>(12,987)</u>	<u>(11,945)</u>
Contribution deficiency / (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 827,902	\$ 750,958	\$ 782,202	\$ 719,445
Contributions as a percentage of covered-employee payroll	2.00%	1.66%	1.66%	1.66%
	<u>As of 6/30/20</u>	<u>As of 6/30/19</u>	<u>As of 6/30/18</u>	<u>As of 6/30/17</u>
Contractually required contribution	\$ 11,095	\$ 10,596	\$ 11,541	\$ 12,399
Contributions in relation to the contractually required contribution	<u>(11,095)</u>	<u>(10,596)</u>	<u>(11,541)</u>	<u>(12,399)</u>
Contribution deficiency / (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 668,233	\$ 638,210	\$ 695,112	\$ 694,127
Contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.66%	1.79%
	<u>As of 6/30/16</u>	<u>As of 6/30/15</u>		
Contractually required contribution	\$ 7,581	\$ 2,899		
Contributions in relation to the contractually required contribution	<u>(7,581)</u>	<u>(2,899)</u>		
Contribution deficiency / (excess)	<u>\$ -</u>	<u>\$ -</u>		
Covered-employee payroll	\$ 517,998	\$ 224,070		
Contributions as a percentage of covered-employee payroll	1.46%	1.29%		

Note: Schedule is intended to show information for ten years. Additional years will be displayed as the information is available.

**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**

Board of Directors
The James Madison Preparatory High School, Inc.

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, the major funds, and the aggregate remaining fund information of The James Madison Preparatory High School, Inc. (School), a component unit of the District School Board of Madison County, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated November 22, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as item 2024-01 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2024-02 to be a significant deficiency.

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 determination of financial statement amounts. 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 are required to be reported under *Government Auditing Standards*.

School's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the findings identified in our audit and 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 the response.

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 black ink that reads "Buescher & Company, LLC". The signature is written in a cursive style with a vertical line separating "Buescher" and "Company".

Buescher & Company, LLC

Madison, Florida
November 22, 2024

The James Madison Preparatory High School, Inc.
Schedule of Findings and Responses

2024-01 – Board Member made unauthorized withdrawal and deposit

Condition: A board member who was authorized on the School's bank accounts made an unauthorized direct EFT / ACH withdrawal from the School bank account to a personal account on May 13, 2024. On May 17, 2024, the board member made a corresponding deposit for the same amount.

Criteria: JMPHS Accounting and Business Policy Manual Chapter III Section A.13 states, "Two signatures are required on checks over \$500." There is no mention in the School's policy manual of procedures for bank EFT / ACH transfers. The School is responsible for creating and implementing internal controls sufficient to prevent or detect non-authorized use of funds and correct misstatements on a timely basis.

Cause: An individual was able to independently move funds from the School's accounts. Controls were not in place to prevent non-authorized use of funds.

Effect: Funds were misused by an individual for a period of time.

Recommendation: The School needs at least two people involved in authorization of wire transfers. This should be clearly stated in the Accounting and Business Policy Manual. Further, the School should coordinate with the bank to ensure the dual authorization procedures are effective at the bank.

Management Response: The school has amended its policy to include two signatures on checks, EFT, and ACH transactions over \$500. The school currently treats EFT/ACH transfers similar to checks in that the finance director obtains proper signatures on invoices/payment receipts based on the check signature policy. The school detected the non-authorized use of funds and resolved the dual authorization procedures with the bank when the incident occurred and followed proper procedures for addressing the issue to ensure funds were replaced quickly.

2024-02 – Checks were stolen from the mail system and cashed

Condition: The School mailed two checks to a vendor. One of the checks was stolen and altered and later cashed. The second check was never received by the vendor and the School issued a stop payment on the check.

Criteria: The School is responsible for creating and implementing internal controls sufficient to prevent or detect and correct misstatements on a timely basis.

Cause: The stolen check was able to be cashed and funds misappropriated.

Effect: Funds were misappropriated.

Recommendation: The School should consider implementing a "positive pay" system with their bank. This service helps prevent fraud by providing the bank with information that must be verified before allowing the transaction to continue.

Management Response: The stolen checks were reported as soon as they were discovered. The school took the proper procedures to close the affected bank account and worked with the bank to determine the cause at the bank that allowed the check to be cashed and to have the funds replaced. The bank contacted the school on previous occasions when large checks were requested to be cashed to verify their validity. However, the bank did not contact the school in this instance. The school is currently working with the bank regarding the implementation of the recommended "positive pay" system to reduce the chances of a similar incident in the future.

**MANAGEMENT LETTER AS REQUIRED BY THE RULES OF THE FLORIDA AUDITOR GENERAL,
CHAPTER 10.850, FLORIDA STATUTES, *CHARTER SCHOOL AUDITS***

Board of Directors
The James Madison Preparatory High School, Inc.

Report on the Financial Statements

We have audited the financial statements of The James Madison Preparatory High School, Inc. (School), a charter school and component unit of the District School Board of Madison County, Florida, as of and for the fiscal year ended June 30, 2024, and have issued our report thereon dated November 22, 2024.

Auditors' Responsibility

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

Other 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 Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in this report, which is dated November 22, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that 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 The James Madison Preparatory High School, Inc., and 400121.

Financial Condition and Management

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

Board of Directors
The James Madison Preparatory High School, Inc.
Page Two

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

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

Transparency

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

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or fraud, waste, 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 District School Board of Madison County, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Buescher & Company, LLC

Buescher & Company, LLC

Madison, Florida
November 22, 2024