STATE OF FLORIDA AUDITOR GENERAL

Financial and Federal Single Audit

Report No. 2027-007
July 2026

MADISON COUNTY
DISTRICT SCHOOL BOARD

For the Fiscal Year Ended
June 30, 2025

Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2024-25 fiscal year, Dr. Karen Pickles served as Superintendent of the Madison County Schools from November 19, 2024, Shirley Joseph served as Superintendent before that date, and the following individuals served as School Board Members:

	District No.
Katie Knight	1
Carol Gibson	2
VeEtta L. Hagan, Chair through 11-18-24	3
Frankie Carroll, Chair from 11-19-24, Vice Chair through 11-18-24	4
Devin K. Thompson, Vice Chair from 11-19-24	5

The Auditor General conducts audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

Please address inquiries regarding this report to Edward A. Waller, CPA, Audit Manager, by e-mail at tedwaller@aud.state.fl.us or by telephone at (850) 412-2887.

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MADISON COUNTY DISTRICT SCHOOL BOARD

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MADISON COUNTY DISTRICT SCHOOL BOARD

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SUMMARY

SUMMARY OF REPORT ON FINANCIAL STATEMENTS

Our audit disclosed that the basic financial statements of the Madison County District School Board (District) were presented fairly, in all material respects, in accordance with prescribed financial reporting standards.

SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

Material Weakness and Material Noncompliance

We noted a certain matter involving the District's internal control over financial reporting and its operation that we consider to be a material weakness. The results of our tests also disclosed that the matter is material noncompliance required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States. The material weakness and material noncompliance is summarized below.

Finding No. 2025-001: In our audit report No. 2025-164, we reported unauthorized ad valorem tax levy uses totaling $247,683 and recommended that the District restore that amount from allowable unrestricted resources. Although we requested, District records were not provided to demonstrate restoration of that amount.

During our 2024-25 fiscal year audit, we identified additional unauthorized tax levy uses totaling $113,141. Consequently, the District had unauthorized tax levy uses totaling $360,824, resulting in questioned costs of that amount and material noncompliance with ad valorem tax levy requirements.

Significant Deficiency

We also noted a certain matter involving the District's internal control over financial reporting and its operation that we consider to be a significant deficiency, as summarized below. However, this significant deficiency is not considered to be a material weakness.

Finding No. 2025-002: District controls did not ensure the timely and accurate completion of the District annual financial report (AFR); timely completion of the AFR audit report; and submittal of the AFR audit report by the March 31, 2026, due date to the Federal Audit Clearinghouse, contrary to Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Additional Matters

We also noted certain additional matters as summarized below.

Finding AM 2025-001: The District did not always timely complete monthly bank account reconciliations.

Finding AM 2025-002: District procedures did not always limit expenditures to budgeted amounts, contrary to State law and State Board of Education rules.

SUMMARY OF REPORT ON FEDERAL AWARDS

We audited the District's compliance with applicable Federal awards requirements. The Title I Program, Education Stabilization Fund, and Disaster Grants – Public Assistance (Presidentially Declared Disasters) were audited as major Federal programs. The results of our audit indicated that the District materially complied with the requirements that could have a direct and material effect on each of its major Federal programs. However, we did note a noncompliance and control deficiency finding as summarized below.

Federal Award Finding No. 2025-003: The District incorrectly calculated the Federal indirect cost rate, resulting in excessive indirect costs charged to the Title I grant and questioned costs totaling $71,563.

AUDIT OBJECTIVES AND SCOPE

Our audit objectives were to obtain reasonable assurance about whether the financial statements as a whole were free from material misstatements, whether due to fraud or error, and to issue an auditor's report that included our opinions. Our audit objectives were also to obtain reasonable assurance about whether material noncompliance with applicable Federal awards requirements occurred, whether due to fraud or error, and to express an opinion on the District's compliance based on our audit. In doing so, we:

- Exercised professional judgment and maintained professional skepticism throughout the audit.
- Identified and assessed the risks of material misstatement of the financial statements and material noncompliance with Federal awards requirements, whether due to fraud or error, and designed and performed audit procedures responsive to those risks.
- Obtained 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 District's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluated the overall presentation of the financial statements and accompanying Schedule of Expenditures of Federal Awards.
- Concluded whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.
- Examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.
- Determined whether corrective actions were taken for findings included in our report No. 2025-164.
- Assessed the reasonableness of the Summary Schedule of Prior Audit Findings prepared by the District.

AUDIT METHODOLOGY

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL
STATE OF FLORIDA

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The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Madison County District School Board, as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Madison County District School Board, as of June 30, 2025, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the school internal funds, which represent 29 percent, 0 percent, 43 percent, 24 percent, and 26 percent, respectively, of the assets, liabilities, net position and fund balance, additions and revenues, and deductions and expenditures of the aggregate remaining fund information as of June 30, 2025. In addition, we did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units columns as of June 30, 2025. The financial statements of the school internal funds and the aggregate discretely presented component units were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the financial statements of the school internal funds and the aggregate discretely presented component units, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 District, 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 District's ability to continue as a going concern for 12 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 GAAS 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 GAAS 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 District'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 District'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 **MANAGEMENT'S DISCUSSION AND ANALYSIS**, the **Budgetary Comparison Schedule – General and Major Special Revenue Funds**, **Schedule of Changes in the District's Total OPEB Liability and Related Ratios**, **Schedule of the District's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan**, **Schedule of District Contributions – Florida Retirement System Pension Plan**, **Schedule of the District's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan**, **Schedule of District Contributions – Health Insurance Subsidy Pension Plan**, and **Notes to Required Supplementary Information** be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **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***. 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 District'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 District's internal control over financial reporting and compliance.

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
July 29, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Madison County District School Board has prepared the following discussion and analysis to provide an overview of the District's financial activities for the fiscal year ended June 30, 2025. The information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions and should be considered in conjunction with the District's financial statements and notes to financial statements found immediately following the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2024-25 fiscal year are as follows:

- As of June 30, 2025, the assets and deferred outflows of resources exceed the liabilities and deferred inflows of resources by $31,488,647.
- In total, net position increased $312,087, which represents a 1 percent increase over the 2023-24 fiscal year.
- General revenues total $30,386,344, or 93.7 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total $2,041,212, or 6.3 percent of all revenues.
- At the end of the current fiscal year, the fund balance of the General Fund totals $4,644,298, which is $207,823 less than the prior fiscal year balance. The General Fund assigned and unassigned fund balances total $3,979,682, or 18.8 percent of total General Fund revenues.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements consist of three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to financial statements. This report also includes supplementary information intended to furnish additional details to support the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the District's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net position and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the District presented on the accrual basis of accounting. The statement of net position provides information about the District's financial position, its assets, liabilities, and deferred inflows/outflows of resources, using an economic resources measurement focus. Assets plus deferred outflows of resources, less liabilities and deferred inflows of resources, equals net position, which is a measure of the District's financial health. The statement of activities presents information about the change in the District's net position, the results of operations, during the fiscal year. An increase or decrease in net position is an indication of whether the District's financial health is improving or deteriorating.

The government-wide statements present the District's activities in the following categories:

- Governmental activities – This represents most of the District's services, including its educational programs such as basic, vocational, adult, and exceptional education. Support functions such as transportation and administration are also included. Local property taxes and the State's education finance program provide most of the resources that support these activities.

- Component units – The District presents two separate legal entities in this report, the James Madison Preparatory High School, Inc. and Madison Creative Arts Academy, Inc. charter schools. Although legally separate organizations, the component units are included in this report because they meet the criteria for inclusion provided by generally accepted accounting principles. Financial information for these component units is reported separately from the financial information presented for the primary government.

Fund Financial Statements

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

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the District's most significant funds. The District's major funds are the General Fund, Special Revenue – Other Fund, Special Revenue – Federal Education Stabilization Fund, Capital Projects – Capital Outlay and Debt Service Fund, Capital Projects – Local Capital Improvement Fund, and Capital Projects – Other Fund. Data from the other governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule has been provided for the General and major Special Revenue Funds to demonstrate compliance with the budget.

Fiduciary Funds: Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of external parties, such as student activity funds. Fiduciary funds are not reflected in the government-wide statements because the resources are not available to support the District's own programs. In its fiduciary capacity, the District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes.

The District uses custodial funds to account for resources held for student activities and groups.

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.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District's total other postemployment benefits (OPEB) and net pension liabilities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government's financial health. The following is a summary of the District's net position as of June 30, 2025, compared to net position as of June 30, 2024:

Net Position, End of Year

	Governmental Activities	
	6-30-25	**6-30-24**
Current and Other Assets	$ 9,803,025	$ 9,853,883
Capital Assets	40,011,078	41,485,422
Total Assets	49,814,103	51,339,305
Deferred Outflows of Resources	4,055,075	3,977,447
Long-Term Liabilities	17,346,089	16,834,917
Other Liabilities	1,947,400	5,437,161
Total Liabilities	19,293,489	22,272,078
Deferred Inflows of Resources	3,087,042	1,868,114
Net Position:		
Net Investment in Capital Assets	37,331,336	40,890,422
Restricted	3,822,037	3,897,022
Unrestricted (Deficit)	(9,664,726)	(13,610,884)
Total Net Position	$ 31,488,647	$ 31,176,560

The largest portion of the District's net position is investment in capital assets (e.g., land; buildings; furniture, fixtures, and equipment), less any related debt still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, the resources used to repay the debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The deficit unrestricted net position was primarily the result of accruing $2,853,237 in deferred inflows of resources related to pensions and $12,489,091 in net pension liability.

Other liabilities decreased primarily due to the estimated insurance claims payable associated with Hurricane Idalia damages reported in the prior year.

The key elements of the changes in the District's net position for the fiscal years ended June 30, 2025, and June 30, 2024, are as follows:

Operating Results for the Fiscal Year Ended

	Governmental Activities	
	6-30-25	**6-30-24**
Program Revenues:		
Charges for Services	$ 101,425	$ 132,630
Operating Grants and Contributions	1,455,351	1,599,817
Capital Grants and Contributions	484,436	471,805
General Revenues:		
Property Taxes, Levied for Operational Purposes	5,142,601	4,896,761
Property Taxes, Levied for Capital Projects	2,008,643	1,868,350
Grants and Contributions Not Restricted to Specific Programs	22,255,935	23,022,262
Unrestricted Investment Earnings	384,319	301,620
Miscellaneous	594,846	775,897
Total Revenues	32,427,556	33,069,142
Functions/Program Expenses:		
Instruction	14,884,235	15,934,085
Student Support Services	1,111,512	1,208,915
Instructional Media Services	161,112	181,266
Instruction and Curriculum Development Services	686,391	800,353
Instructional Staff Training Services	412,304	725,138
Instruction-Related Technology	313,348	479,940
Board	408,259	441,092
General Administration	883,851	887,543
School Administration	1,637,509	2,051,678
Facilities Acquisition and Construction	2,772,001	1,215,413
Fiscal Services	361,622	445,889
Food Services	1,591,292	1,845,232
Central Services	387,038	429,422
Student Transportation Services	1,356,197	1,580,062
Operation of Plant	2,785,875	7,472,366
Maintenance of Plant	509,481	304,472
Administrative Technology Services	211,773	116,572
Community Services	22,916	19,481
Unallocated Interest on Long-Term Debt	33,037	44,137
Unallocated Depreciation Expense	1,585,716	1,585,716
Total Functions/Program Expenses	32,115,469	37,768,772
Change in Net Position	312,087	(4,699,630)
Net Position - Beginning	31,176,560	35,876,190
Net Position - Ending	$ 31,488,647	$ 31,176,560

The largest revenue source is the State of Florida (49.8 percent). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP funding formula utilizes student enrollment data and is designed to maintain equity in funding across all Florida school districts, taking into consideration the District's funding ability based on the local property tax base.

Grants and contributions not restricted to specific programs revenues decreased by $766,327, or 3.3 percent, primarily due to a decrease in Federal Education Stabilization funds awarded in response to the COVID-19 pandemic which was partially offset by an increase in FEMA reimbursements.

Instruction expenses decreased by $1,049,850, or 6.6 percent in the 2024-25 fiscal year due to cost cutting measures implemented by the District. A decrease in operations of plant expenses was also substantial, resulting in a decrease of $4,686,491, or 62.7 percent, due to prior year expenses reflecting $4,532,793 in insurance deductible payments associated with stabilization efforts and damages from Hurricane Idalia.

Facilities acquisition and construction expenses increased by $1,556,588, or 128.1 percent, as the result of repairs related to Hurricane Idalia and the heating, ventilation, and air conditioning chiller project.

School administration expenses decreased by $414,169, or 20.2 percent, due to the elimination of administrative positions and employee resignations.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. Specifically, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as it represents the portion of fund balance that has not been limited to a particular purpose by an external party, the District, or a group or individual delegated authority by the Board to assign resources for particular purposes.

The total fund balances of governmental funds increased by $3,448,366 during the fiscal year to $7,833,782 at June 30, 2025. Of the total fund balance, $1,922,498, or 24.5 percent, is unassigned which is available for spending at the District's discretion; $244,343 is nonspendable, $3,666,941 is restricted, and $2,000,000 is assigned.

Major Governmental Funds

The General Fund is the District's chief operating fund. At the end of the current fiscal year, unassigned fund balance is $1,979,682, while the total fund balance is $4,644,298. As a measure of the General Fund's liquidity, it may be useful to compare the total assigned and unassigned fund balances to General Fund total revenues. The total assigned and unassigned fund balance is 18.8 percent of the total General Fund revenues, while total fund balance represents 21.9 percent of total General Fund revenues. The total fund balance for the General Fund decreased by $207,823 during the fiscal year primarily due to an increase in expenditures that were covered in the prior year by Federal Education Stabilization Fund moneys.

The Special Revenue – Other Fund has total revenues and expenditures of $2,864,533 each and the funding was mainly used for instruction and instruction and curriculum development services. Because grant revenues are not recognized until expenditures are incurred, this fund generally does not accumulate a fund balance.

The Special Revenue – Federal Education Stabilization Fund has total revenues and expenditures of $1,473,648 each and the funding was mainly used to mitigate the impact of COVID-19. Because grant revenues are not recognized until expenditures are incurred, this fund generally does not accumulate a fund balance.

The Capital Projects – Capital Outlay and Debt Service Fund has a total fund balance of $1,049,826 and is used to account for the financial resources generated from the sale of state automobile license tags to be used to fund projects such as construction of new schools, including capital equipment and additions to existing schools.

The Capital Projects – Local Capital Improvement Fund has a total fund balance of $1,554,663. These funds are restricted, in part, for the acquisition, construction, and maintenance of capital assets. The fund balance decreased by $477,337 in the current fiscal year due to an increase in facilities and maintenance cost expenditures.

The Capital Projects – Other Fund has a total fund balance of $258,774 as compared to a deficit fund balance of $3,814,232 in the prior fiscal year. The District recognized Federal revenue of $2,207,565 and proceeds from insurance deductible loan of $4,532,793 to offset insurance claim deductibles recorded as expenditures in the prior fiscal year.

General Fund Budgetary Highlights

During the 2024-25 fiscal year, the District amended its General Fund budget several times, which resulted in an increase in total budgeted revenues of $163,482, or 0.8 percent. At the same time, final appropriations are more than the original budgeted amounts by $1,265,007, or 5.7 percent. Budget revisions occurred primarily from changes in estimated State funding levels and corresponding adjustments to planned expenditures to ensure maintenance of an adequate fund balance.

Actual revenues totaled $298,701 less than budgeted, or 1.4 percent, and actual expenditures were $735,837 less than final budgeted amounts, primarily due to continued cost containment measures implemented by the District. The actual ending fund balance exceeded the estimated fund balance contained in the final amended budget by $896,601.

Capital Assets and Long-Term Debt

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2025, is $40,011,078 (net of accumulated depreciation). This investment in capital assets includes land; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; audio-visual materials and computer software.

Additional information on the District's capital assets can be found in Notes I.F.4. and III.C. to the financial statements.

Long-Term Debt

At June 30, 2025, the District had total long-term debt outstanding of $2,679,741, composed of $2,283,074 for the Insurance Deductible Loan Payable, and $396,667 of bonds payable for the District's Qualified School Construction Bonds. During the current fiscal year, retirement of debt was $2,448,052.

Additional information on the District's long-term debt can be found in Notes III.G.1. through III.G.3. to the financial statements.

OTHER MATTERS OF SIGNIFICANCE

In August of 2023, the District experienced substantial damage to education facilities from the effects of Hurricane Idalia. The total estimated cost of repairs is approximately $5,000,000 and most repairs have been completed as of the date of this report. The District has secured public disaster assistance through Federal Emergency Management Agency (FEMA) to offset much of the cost of these repairs. In addition, the District has been approved to participate in the FEMA Community Disaster Loan (CDL) program. These funds can be used to replace revenue loss as the result of a public disaster.

Student enrollment has been consistently declining over the past few years due to school choice and students migrating from traditional public schools to charter public schools. This trend has accelerated with the proliferation of the Family Empowerment Scholarship program. We have prepared for related funding decreases by building reserves in the General Fund primarily through the utilization of Federal Educational Stabilization funds as allowed to minimize the effects of State funding losses on District operations. The District will continue to monitor the student counts and consider cost saving measures where they are perceived necessary.

REQUESTS FOR INFORMATION

This report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Chief Financial Officer, Madison County District School Board, 210 NE Duval Avenue, Madison, Florida, 32340.

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Madison County District School Board
Statement of Net Position
June 30, 2025

	Primary Government Governmental Activities	Component Units
ASSETS		
Cash and Cash Equivalents	$ 8,440,080.39	$ 2,301,352.00
Accounts Receivable	52,466.49	13,381.00
Due from Other Agencies	1,066,136.26	50,714.00
Prepaid Items	89,246.88	54,761.00
Inventories	155,095.87	-
Deposit Held in Custody	-	1,000.00
Capital Assets:		
Nondepreciable Capital Assets	709,829.03	-
Depreciable Capital Assets, Net	39,301,248.52	7,940,793.00
TOTAL ASSETS	49,814,103.44	10,362,001.00
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	3,703,685.00	861,537.00
OPEB	351,390.00	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,055,075.00	861,537.00
LIABILITIES		
Accounts Payable	486,396.41	227,905.00
Construction Contracts Payable	287,657.51	-
Construction Contracts Payable - Retained Percentage	27,510.75	-
Due to Other Agencies	10,823.91	-
Matured Bonds Payable	198,333.33	-
Matured Interest Payable	16,035.25	-
Unearned Revenue	103,000.00	-
Estimated Insurance Claims Payable	817,642.95	-
Long-Term Liabilities:		
Portion Due Within 1 Year	433,198.58	217,886.00
Portion Due After 1 Year	16,912,890.44	8,550,529.00
TOTAL LIABILITIES	19,293,489.13	8,996,320.00
DEFERRED INFLOWS OF RESOURCES		
Pensions	2,853,237.00	351,268.00
OPEB	233,805.00	-
TOTAL DEFERRED INFLOWS OF RESOURCES	3,087,042.00	351,268.00
NET POSITION		
Net Investment in Capital Assets	37,331,336.55	1,641,249.00
Restricted for:		
State Required Carryover Programs	495,434.10	-
Debt Service	226,576.36	-
Capital Projects	2,864,994.95	4,261.00
Food Service	155,095.87	-
Other Purposes	79,935.43	58,536.00
Unrestricted	(9,664,725.95)	171,904.00
TOTAL NET POSITION	$ 31,488,647.31	$ 1,875,950.00

The accompanying notes to financial statements are an integral part of this statement.

Madison County District School Board
Statement of Activities
For the Fiscal Year Ended June 30, 2025

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary Government				
Governmental Activities:				
Instruction	$ 14,884,235.37	$ 5,705.00	$ -	$ -
Student Support Services	1,111,511.87	-	-	-
Instructional Media Services	161,112.01	-	-	-
Instruction and Curriculum Development Services	686,390.72	-	-	-
Instructional Staff Training Services	412,304.44	-	-	-
Instruction-Related Technology	313,347.96	-	-	-
Board	408,258.77	-	-	-
General Administration	883,850.67	-	-	-
School Administration	1,637,509.04	-	-	-
Facilities Acquisition and Construction	2,772,000.94	-	-	484,436.09
Fiscal Services	361,622.22	-	-	-
Food Services	1,591,291.98	57,180.75	1,455,350.58	-
Central Services	387,037.96	-	-	-
Student Transportation Services	1,356,197.27	38,539.74	-	-
Operation of Plant	2,785,875.56	-	-	-
Maintenance of Plant	509,480.66	-	-	-
Administrative Technology Services	211,772.92	-	-	-
Community Services	22,915.95	-	-	-
Unallocated Interest on Long-Term Debt	33,037.22	-	-	-
Unallocated Depreciation Expense*	1,585,715.83	-	-	-
Total Primary Government	$ 32,115,469.36	$ 101,425.49	$ 1,455,350.58	$ 484,436.09
Component Units				
Charter Schools	$ 6,073,224.00	$ 306,329.00	$ 464,663.00	$ 371,476.00

General Revenues:
Taxes:
Property Taxes, Levied for Operational Purposes
Property Taxes, Levied for Capital Projects
Grants and Contributions Not Restricted to Specific Programs
Unrestricted Investment Earnings
Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning
Adjustment to Beginning Net Position
Net Position - Beginning, as Restated

Net Position - Ending

* This amount excludes the depreciation that is included in the direct expenses of the various functions.

The accompanying notes to financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position	
Primary Government	
Governmental Activities	Component Units
$ (14,878,530.37)	$ -
(1,111,511.87)	-
(161,112.01)	-
(686,390.72)	-
(412,304.44)	-
(313,347.96)	-
(408,258.77)	-
(883,850.67)	-
(1,637,509.04)	-
(2,287,564.85)	-
(361,622.22)	-
(78,760.65)	-
(387,037.96)	-
(1,317,657.53)	-
(2,785,875.56)	-
(509,480.66)	-
(211,772.92)	-
(22,915.95)	-
(33,037.22)	-
(1,585,715.83)	-
(30,074,257.20)	-
-	(4,930,756.00)
5,142,601.00	-
2,008,643.25	-
22,255,934.89	4,618,959.00
384,319.49	25,610.00
594,845.91	82,943.00
30,386,344.54	4,727,512.00
312,087.34	(203,244.00)
31,176,559.97	2,046,863.00
-	32,331.00
31,176,559.97	2,079,194.00
$ 31,488,647.31	$ 1,875,950.00

Madison County District School Board
Balance Sheet – Governmental Funds
June 30, 2025

	General Fund	Special Revenue - Other Fund	Special Revenue - Federal Education Stabilization Fund
ASSETS			
Cash and Cash Equivalents	$ 4,315,642.59	$ -	$ -
Accounts Receivable	52,466.49	-	-
Due from Other Funds	310,000.13	-	-
Due from Other Agencies	128,170.59	404,747.68	264,294.45
Prepaid Items	89,246.88	-	-
Inventories	-	-	-
TOTAL ASSETS	$ 4,895,526.68	$ 404,747.68	$ 264,294.45
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts Payable	$ 206,136.07	$ 152,520.18	$ -
Construction Contracts Payable	-	-	236,783.70
Construction Contracts Payable - Retained Percentage	-	-	27,510.75
Due to Other Funds	45,092.39	252,227.50	-
Due to Other Agencies	-	-	-
Matured Bonds Payable	-	-	-
Matured Interest Payable	-	-	-
Unearned Revenue	-	-	-
Estimated Insurance Claims Payable	-	-	-
Total Liabilities	251,228.46	404,747.68	264,294.45
Deferred Inflows of Resources:			
Unavailable Revenue - State Capital Outlay	-	-	-
Fund Balances:			
Nonspendable:			
Prepaid Items	89,246.88	-	-
Inventories	-	-	-
Total Nonspendable Fund Balance	89,246.88	-	-
Restricted for:			
State Required Carryover Programs	495,434.10	-	-
Debt Service	-	-	-
Capital Projects	-	-	-
Fuel Tax Rebate	79,935.43	-	-
Total Restricted Fund Balance	575,369.53	-	-
Assigned for:			
Other Purposes	2,000,000.00	-	-
Unassigned Fund Balance	1,979,681.81	-	-
Total Fund Balances	4,644,298.22	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 4,895,526.68	$ 404,747.68	$ 264,294.45

The accompanying notes to financial statements are an integral part of this statement.

Capital Projects - Capital Outlay and Debt Service Fund	Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
$ 941,672.57	$ 1,566,856.19	$ 1,173,023.45	$ 442,885.59	$ 8,440,080.39
-	-	-	-	52,466.49
-	45,092.39	-	-	355,092.52
108,153.70	29,778.53	124,843.88	6,147.43	1,066,136.26
-	-	-	-	89,246.88
-	-	-	155,095.87	155,095.87
$ 1,049,826.27	$ 1,641,727.11	$ 1,297,867.33	$ 604,128.89	$ 10,158,118.41
$ -	$ 36,189.94	$ 85,782.57	$ 5,767.65	$ 486,396.41
-	50,873.81	-	-	287,657.51
-	-	-	-	27,510.75
-	-	-	57,772.63	355,092.52
-	-	10,823.91	-	10,823.91
-	-	-	198,333.33	198,333.33
-	-	-	16,035.25	16,035.25
-	-	103,000.00	-	103,000.00
-	-	817,642.95	-	817,642.95
-	87,063.75	1,017,249.43	277,908.86	2,302,492.63
-	-	21,843.88	-	21,843.88
-	-	-	-	89,246.88
-	-	-	155,095.87	155,095.87
-	-	-	155,095.87	244,342.75
-	-	-	-	495,434.10
-	-	-	226,576.36	226,576.36
1,049,826.27	1,554,663.36	258,774.02	1,731.30	2,864,994.95
-	-	-	-	79,935.43
1,049,826.27	1,554,663.36	258,774.02	228,307.66	3,666,940.84
-	-	-	-	2,000,000.00
-	-	-	(57,183.50)	1,922,498.31
1,049,826.27	1,554,663.36	258,774.02	326,220.03	7,833,781.90
$ 1,049,826.27	$ 1,641,727.11	$ 1,297,867.33	$ 604,128.89	$ 10,158,118.41

Madison County District School Board
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2025

Total Fund Balances - Governmental Funds		$ 7,833,781.90
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		40,011,077.55
Revenues earned but not received within the availability period are reported as unavailable revenue in the governmental funds, but are recorded as revenue in the government-wide statements.		21,843.88
The deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits (OPEB) are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred Outflows Related to Pensions	$ 3,703,685.00	
Deferred Outflows Related to OPEB	351,390.00	
Deferred Inflows Related to Pensions	(2,853,237.00)	
Deferred Inflows Related to OPEB	(233,805.00)	968,033.00
Long-term liabilities are not due and payable in the fiscal year and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:		
Insurance Deductible Loan Payable	$ (2,283,074.32)	
Bonds Payable	(396,666.68)	
Compensated Absences Payable	(1,124,891.02)	
Net Pension Liability	(12,489,091.00)	
Total OPEB Liability	(1,052,366.00)	(17,346,089.02)
Net Position - Governmental Activities		$ 31,488,647.31

The accompanying notes to financial statements are an integral part of this statement.

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Madison County District School Board
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2025

	General Fund	Special Revenue - Other Fund	Special Revenue - Federal Education Stabilization Fund
Revenues			
Intergovernmental:			
Federal Direct	$ -	$ -	$ -
Federal Through State and Local	47,998.74	2,864,533.25	1,473,647.81
State	15,366,630.82	-	-
Local:			
Property Taxes	5,142,601.00	-	-
Charges for Services	44,244.74	-	-
Miscellaneous	622,897.03	-	-
Total Local Revenues	5,809,742.77	-	-
Total Revenues	21,224,372.33	2,864,533.25	1,473,647.81
Expenditures			
Current - Education:			
Instruction	12,634,601.51	1,675,359.21	788,467.98
Student Support Services	877,691.29	193,889.15	65,595.64
Instructional Media Services	165,168.88	-	-
Instruction and Curriculum Development Services	291,602.42	413,537.35	-
Instructional Staff Training Services	81,150.57	301,918.23	40,985.89
Instruction-Related Technology	313,362.27	-	7,955.60
Board	412,228.00	1,632.00	-
General Administration	650,939.89	217,514.94	23,495.54
School Administration	1,645,245.29	29,867.85	11,016.09
Facilities Acquisition and Construction	332,891.00	-	264,294.45
Fiscal Services	370,808.40	-	311.75
Food Services	2,039.08	-	5,699.34
Central Services	372,264.46	21,924.85	-
Student Transportation Services	1,235,384.89	1,389.18	9,553.70
Operation of Plant	2,794,876.20	-	15,269.18
Maintenance of Plant	278,859.80	-	237,306.70
Administrative Technology Services	211,772.92	-	-
Community Services	19,220.00	-	3,695.95
Fixed Capital Outlay:			
Facilities Acquisition and Construction	-	-	-
Other Capital Outlay	6,553.28	7,500.49	-
Debt Service:			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	22,696,660.15	2,864,533.25	1,473,647.81
Excess (Deficiency) of Revenues Over Expenditures	(1,472,287.82)	-	-
Other Financing Sources (Uses)			
Transfers In	1,111,027.17	-	-
Proceeds from Insurance Deductible Loan	-	-	-
Loss Recoveries	153,437.44	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	1,264,464.61	-	-
Net Change in Fund Balances	(207,823.21)	-	-
Fund Balances, Beginning	4,852,121.43	-	-
Adjustments to Beginning Fund Balances	-	-	-
Fund Balances, Beginning, as Restated	4,852,121.43	-	-
Fund Balances, Ending	$ 4,644,298.22	$ 0.00	$ 0.00

The accompanying notes to financial statements are an integral part of this statement.

Capital Projects - Capital Outlay and Debt Service Fund	Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
$ -	$ -	$ -	$ 33,193.31	$ 33,193.31
-	-	2,207,564.64	1,442,596.08	8,036,340.52
108,250.12	-	93,325.56	567,443.00	16,135,649.50
-	2,008,643.25	-	-	7,151,244.25
-	-	-	57,180.75	101,425.49
55,392.08	45,092.39	79,790.17	22,556.29	825,727.96
55,392.08	2,053,735.64	79,790.17	79,737.04	8,078,397.70
163,642.20	2,053,735.64	2,380,680.37	2,122,969.43	32,283,581.03
-	-	-	-	15,098,428.70
-	-	-	-	1,137,176.08
-	-	-	-	165,168.88
-	-	-	-	705,139.77
-	-	-	-	424,054.69
-	-	-	-	321,317.87
-	-	-	-	413,860.00
-	-	-	-	891,950.37
-	-	-	-	1,686,129.23
-	1,663,382.92	463,034.49	48,398.08	2,772,000.94
-	-	-	-	371,120.15
-	-	-	1,604,206.16	1,611,944.58
-	-	-	-	394,189.31
-	-	-	-	1,246,327.77
-	-	-	-	2,810,145.38
-	-	-	-	516,166.50
-	-	-	-	211,772.92
-	-	-	-	22,915.95
-	-	19,233.40	-	19,233.40
-	89,554.00	108,480.29	9,226.01	221,314.07
-	-	2,249,719.08	198,333.33	2,448,052.41
116.72	-	-	32,920.50	33,037.22
116.72	1,752,936.92	2,840,467.26	1,893,084.08	33,521,446.19
163,525.48	300,798.72	(459,786.89)	229,885.35	(1,237,865.16)
-	-	-	101.85	1,111,129.02
-	-	4,532,793.40	-	4,532,793.40
-	-	-	-	153,437.44
-	(778,136.17)	-	(332,992.85)	(1,111,129.02)
-	(778,136.17)	4,532,793.40	(332,891.00)	4,686,230.84
163,525.48	(477,337.45)	4,073,006.51	(103,005.65)	3,448,365.68
-	2,032,000.81	(3,814,232.49)	1,315,526.47	4,385,416.22
886,300.79	-	-	(886,300.79)	-
886,300.79	2,032,000.81	(3,814,232.49)	429,225.68	4,385,416.22
$ 1,049,826.27	$ 1,554,663.36	$ 258,774.02	$ 326,220.03	$ 7,833,781.90

Madison County District School Board
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, 2025

Net Change in Fund Balances - Governmental Funds		$ 3,448,365.68
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation expense in excess of capital outlays in the current fiscal year.		(1,474,344.56)
Long-term debt proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceed repayments in the current fiscal year.		
Debt Issued	$ (4,532,793.40)	
Debt Repayments	2,448,052.41	(2,084,740.99)
In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds, expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences earned in excess of the amount paid in the current fiscal year.		(199,912.02)
Governmental funds report District OPEB contributions as expenditures. However, in the statement of activities, the cost of OPEB benefits earned net of employee contributions, as determined through an actuarial valuation, is reported as an OPEB expense.		
Increase in Total OPEB Liability	$ (124,418.00)	
Increase in Deferred Outflows of Resources - OPEB	149,515.00	
Increase in Deferred Inflows of Resources - OPEB	(47,044.00)	(21,947.00)
Governmental funds report District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as a pension expense.		
FRS Pension Contribution	$ 1,238,579.00	
HIS Pension Contribution	239,502.00	
FRS Pension Expense	(881,367.00)	
HIS Pension Expense	57,414.00	654,128.00
Governmental funds recognize revenues when they are measurable and available to pay liabilities in the current period. However, in the statement of activities, revenue is recognized as soon as it is earned regardless of availability. This is the effect of the timing difference between the two methods of revenue recognition.		(9,461.77)
Change in Net Position - Governmental Activities		$ 312,087.34

The accompanying notes to financial statements are an integral part of this statement.

Madison County District School Board
Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2025

	Custodial Funds
ASSETS	
Cash and Cash Equivalents	$ 250,669.34
NET POSITION	
Restricted for Student Groups	$ 250,669.34

The accompanying notes to financial statements are an integral part of this statement.

Madison County District School Board
Statement of Changes in Fiduciary Net Position – Fiduciary Funds
For the Fiscal Year Ended June 30, 2025

	Custodial Funds
ADDITIONS	
Student Group Collections	$ 656,749.57
DEDUCTIONS	
Student Group Disbursements	674,740.52
Change in Net Position	(17,990.95)
Net Position - Beginning	268,660.29
Net Position - Ending	$ 250,669.34

The accompanying notes to financial statements are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities are supported by taxes, intergovernmental revenues, and other nonexchange transactions. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Madison County School District's (District) 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. Depreciation expense associated with the District's transportation department is allocated to the student transportation services, while remaining depreciation expense is not readily associated with a particular function and is reported as unallocated.

B. Reporting Entity

The Madison County District School Board (Board) has direct responsibility for operation, control, and supervision of District schools and is considered a primary government for financial reporting. The District is considered part of the Florida system of public education, operates under the general direction of the Florida Department of Education (FDOE), and is governed by State law and State Board of Education (SBE) rules. The governing body of the District is the Board, which is composed of five elected members. The elected Superintendent of Schools is the executive officer of the Board. Geographic boundaries of the District correspond with those of Madison County.

Criteria for determining if other entities are potential component units that should be reported within the District'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 legally separate entities for which the Board is financially accountable and other organizations for which the nature and significance of their relationship with the Board are such that exclusion would cause the District's basic financial statements to be misleading.

Based on the application of these criteria, the following component units are included within the District's reporting entity:

Discretely Presented Component Units. The component units columns in the government-wide financial statements include the financial data of the District's other component units. A separate column is used to emphasize that they are legally separate from the District.

The District's charter schools, James Madison Preparatory High School, Inc. and Madison Creative Arts Academy, Inc. are not-for-profit corporations organized pursuant to Chapter 617, Florida

Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The charter schools operate under a charter approved by their sponsor, the Madison County District School Board. The charter schools are considered to be component units of the District because the District is financially accountable for the charter schools as the District established the charter schools by approval of the charter, which is tantamount to the initial appointment of the charter schools, and there is the potential for the charter schools to impose specific financial burdens on the District. In addition, pursuant to the Florida Constitution, the charter schools are public schools and the District is responsible for the operation, control, and supervision of public schools within the District.

The financial data reported on the accompanying statements was derived from the charter schools' audited financial statements for the fiscal year ended June 30, 2025. The audit reports are filed in the District's administrative offices at 210 NE Duval Avenue, Madison, Florida 32340.

C. Basis of Presentation: Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

The effects of interfund activity have been eliminated from the government-wide financial statements except for interfund services provided and used.

D. Basis of Presentation: Fund Financial Statements

The fund financial statements provide information about the District's funds, including the fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

- <u>General Fund</u> – 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.
- <u>Special Revenue – Other Fund</u> – to account for certain Federal grant program resources.
- <u>Special Revenue – Federal Education Stabilization Fund</u> – to account for certain Federal grant program resources provided as emergency relief to address the impact of COVID-19 on elementary and secondary schools.
- <u>Capital Projects – Capital Outlay and Debt Service Fund</u> – to account for the financial resources generated from the sale of State automobile license tags to be used to fund projects such as construction of new schools, including capital equipment and additions to existing schools.
- <u>Capital Projects – Local Capital Improvement Fund</u> – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, new and replacement equipment, motor vehicle purchases, and debt service payments on leased buses.

- Capital Projects – Other Fund – to account for various financial resources (e.g., Education Facilities Security Grant and Federal Emergency Management Agency (FEMA) reimbursements) to be used to improve the physical security of school buildings and reimburse the Florida Department of Emergency Management for the public assistance loan.

Additionally, the District reports the following fiduciary fund types:

- Custodial Funds – to account for resources of the school internal funds, which are used to administer moneys collected at several schools in connection with school, student athletic, class, and club activities.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at fiscal year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in and out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and 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. Property taxes are recognized in the year for which they are levied. Revenues from grants, entitlements, and donations are recognized as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized as soon as they are both measurable and available. 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. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, claims and judgments, pension benefits, other postemployment benefits, and compensated absences, are only recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as other financing sources. Allocations of cost, such as depreciation, are not recognized in governmental funds.

The fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

The charter schools are accounted for as governmental organizations and follow the same accounting model as the District's governmental activities.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term liquid investments with original maturities of 3 months or less from the date of acquisition. Investments classified as cash equivalents include amounts placed with the State Board of Administration (SBA) in Florida PRIME.

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

2. Investments

Investments consist of amounts placed with the SBA for participation in the Florida PRIME investment pool created by Section 218.405, Florida Statutes. The investment pool operates under investment guidelines established by Section 215.47, Florida Statutes.

The District's investment in Florida PRIME, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. This investment is reported at fair value, which is amortized cost.

Types and amounts of investments held at fiscal year end are described in a subsequent note.

3. Inventories and Prepaid Items

Inventories consist of expendable supplies held for consumption in the course of District operations. Inventories are stated at last invoice, which approximates the first-in, first-out basis, except that United States Department of Agriculture donated foods are stated at their fair value as determined at the time of donation to the District's food service program by the Florida Department of Agriculture and Consumer Services, Bureau of Food Distribution. The costs of inventories are recorded as expenditures when purchased during the year and are adjusted at year end to reflect year-end physical inventories.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital Assets

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing more than $1,500. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at acquisition value at the date of donation. Land and buildings acquired or constructed prior to July 1, 1989, are stated at estimated historical cost using price levels at the time of acquisition and, as a result, $182,565 of stated land values and $6,213,707 of stated undepreciated building values are based on these estimates.

Capital assets are depreciated using the composite method over the following estimated useful lives:

Description	Estimated Useful Lives
Improvements Other Than Buildings	15 - 35 years
Buildings and Fixed Equipment	20 - 50 years
Furniture, Fixtures, and Equipment	5 - 15 years
Motor Vehicles	5 - 10 years
Audio Visual Materials and Computer Software	5 years

Current year information relative to changes in capital assets is described in a subsequent note.

5. Pensions

In the government-wide statement of net position, liabilities are recognized for the District's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from the FRS and the HIS fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The District's retirement plans and related amounts are described in a subsequent note.

6. 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.

In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due. The face amount of debt issued is reported as other financing sources.

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

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The District has two items that qualify for reporting in this category. The deferred outflows of resources related to pensions and OPEB are discussed in subsequent notes.

In addition to liabilities, the statement of net position and the governmental funds balance sheet report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first two items, deferred inflows of resources related to pensions and OPEB, are reported in the statement of net position and discussed in subsequent notes. The remaining item is reported on the governmental funds balance sheet as unavailable revenue related to State capital outlay funding and will be recognized as an inflow of resources in the period that it becomes available.

8. Net Position Flow Assumption

The District occasionally funds outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. 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. Consequently, it is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

9. Fund Balance Flow Assumptions

The District may fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). To calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when 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.

10. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District reported no committed fund balances at June 30, 2025.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has by resolution authorized the finance director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as 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. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than program revenues. 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 District.

2. State Revenue Sources

Significant revenues from State sources for current operations include the Florida Education Finance Program administered by the FDOE under the provisions of Section 1011.62, Florida Statutes. In accordance with this law, the District determines and reports the number of full-time equivalent (FTE) students and related data to the FDOE. The FDOE performs certain edit checks on the reported number of FTE and related data and calculates the allocation of funds to the District. The District is permitted to amend its original reporting during specified time periods following the date of the original reporting. The FDOE may also adjust subsequent fiscal period allocations based upon an audit of the District's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the fiscal year when the adjustments are made.

The State provides financial assistance to administer certain educational programs. SBE rules require that revenue earmarked for certain programs be expended only for the program for which the money is provided, and require that the money not expended as of the close of the fiscal year be carried forward into the following fiscal year to be expended for the same educational programs. The FDOE generally requires that these educational program revenues be accounted for in the General Fund. A portion of the fund balance of the General Fund is restricted in the governmental fund financial statements for the balance of categorical and earmarked educational program resources.

The District received an allocation from the State under the School Hardening Grant program. The District is authorized to expend these funds only upon applying for and receiving an encumbrance authorization from the FDOE. Accordingly, the District recognizes the allocation of these funds as unearned revenue until such time as an encumbrance authorization is received.

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

3. District Property Taxes

The Board is authorized by State law to levy property taxes for district school operations, capital improvements, and debt service.

Property taxes consist of ad valorem taxes on real and personal property within the District. Property values are determined by the Madison County Property Appraiser, and property taxes are collected by the Madison County Tax Collector.

The Board adopted the 2024 tax levy on September 3, 2024. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

Taxes become a lien on the property on January 1 and are delinquent on April 1 of the year following the year of assessment. State law provides for enforcement of collection of personal property taxes by seizure of the property to satisfy unpaid taxes and for enforcement of collection of real property taxes by the sale of interest-bearing tax certificates to satisfy unpaid taxes. The procedures result in the collection of essentially all taxes prior to June 30 of the year following the year of assessment.

Property tax revenues are recognized in the government-wide financial statements when the Board adopts the tax levy. Property tax revenues are recognized in the governmental fund financial statements when taxes are received by the District, except that revenue is accrued for taxes collected by the Madison County Tax Collector at fiscal year end but not yet remitted to the District.

Millages and taxes levied for the current year are presented in a subsequent note.

4. Federal Revenue Sources

The District receives Federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to, and approved by, various granting agencies. For Federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. The FDOE may require adjustments to subsequent fiscal period expenditures and related revenues based upon an audit of the District's compliance with applicable Federal awards requirements. Normally, such adjustments are treated as reductions of expenditures and related revenues in the fiscal year when the adjustments are made.

5. Compensated Absences

A compensated absence is leave (e.g., employee vacation leave and sick leave) for which employees may receive one or more (a) cash payments when the leave is used for time off; (b) other cash payments, such as payment for unused leave upon termination of employment; or (c) noncash settlements, such as conversion to defined benefit postemployment benefits. In the government-wide financial statements, compensated absences are estimated and accrued as liabilities to the extent that it is more likely than not that the leave will be used for time off or otherwise paid in cash or settled through noncash means. A liability for these amounts is reported in the governmental fund financial statements only if it has matured, such as for occurrences of employee resignations and retirements. The liability for compensated absences includes salary-related benefits, where applicable.

II. ACCOUNTING CHANGES

A. Changes to or within the Financial Reporting Entity.

Change from Nonmajor to Major Fund. The Capital Projects – Capital Outlay and Debt Service Fund meets the quantitative requirements for reporting as a major fund in the current fiscal year whereas it did not meet those requirements in the previous fiscal year. The effect of this change to or within the financial reporting entity is shown in the table below.

	Reporting Units Affected by Restatements of Beginning Balances	
	Funds	
	Capital Projects - Capital Outlay and Debt Service	Nonmajor Governmental
Beginning Balances, as previously reported	$ -	$ 1,315,526.47
Change from nonmajor to major fund	886,300.79	(886,300.79)
Beginning Balances, as restated	$ 886,300.79	$ 429,225.68

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash Deposits with Financial Institutions

Custodial Credit Risk. In the case of deposits, this is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District does not have a policy for custodial credit risk. All bank balances of the District are fully insured or collateralized as required by Chapter 280, Florida Statutes.

B. Investments

The District's investments at June 30, 2025, are reported as follows:

Investments	Maturities	Fair Value
SBA:		
Florida PRIME (1)	47 Days	$ 7,417,739.89

(1) This investment is reported as a cash equivalent for financial statement reporting purposes.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Florida PRIME uses a weighted average days to maturity (WAM). A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes.

For Florida PRIME, with regard to redemption gates, Section 218.409(8)(a), Florida Statutes, states, "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the board [State Board of Administration] can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days." As of June 30, 2025, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Section 218.415(17), Florida Statutes, limits investments to the Local Government Surplus Funds Trust Fund [Florida PRIME], or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Section 163.01, Florida Statutes; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits or savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; and direct obligations of the United States Treasury. The District does not have a formal investment policy that further limits its investment choices.

The District's investment in Florida PRIME is rated AAAm by Standard & Poor's.

C. Changes in Capital Assets

Changes in capital assets are presented in the following table:

	Beginning Balance	Additions	Deletions	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	$ 709,829.03	$ -	$ -	$ 709,829.03
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	3,459,695.68	19,233.40	-	3,478,929.08
Buildings and Fixed Equipment	62,702,312.52	-	-	62,702,312.52
Furniture, Fixtures, and Equipment	4,991,590.36	131,760.07	-	5,123,350.43
Motor Vehicles	4,197,194.15	89,554.00	-	4,286,748.15
Audio Visual Materials and Computer Software	204,756.10	-	-	204,756.10
Total Capital Assets Being Depreciated	75,555,548.81	240,547.47	-	75,796,096.28
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	2,966,073.29	147,383.04	-	3,113,456.33
Buildings and Fixed Equipment	25,406,702.52	1,254,642.26	-	26,661,344.78
Furniture, Fixtures, and Equipment	3,699,829.20	183,690.53	-	3,883,519.73
Motor Vehicles	2,502,594.62	129,176.20	-	2,631,770.82
Audio Visual Materials and Computer Software	204,756.10	-	-	204,756.10
Total Accumulated Depreciation	34,779,955.73	1,714,892.03	-	36,494,847.76
Total Capital Assets Being Depreciated, Net	40,775,593.08	(1,474,344.56)	-	39,301,248.52
Governmental Activities Capital Assets, Net	$ 41,485,422.11	$ (1,474,344.56)	$ 0.00	$ 40,011,077.55

Depreciation expense was charged to functions as follows:

Function	Amount
GOVERNMENTAL ACTIVITIES	
Student Transportation Services	$ 129,176.20
Unallocated	1,585,715.83
Total Depreciation Expense – Governmental Activities	$ 1,714,892.03

D. Retirement Plans

1. FRS – Defined Benefit Pension Plans

General Information about the FRS

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 (DROP) 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 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 District 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 District's FRS and HIS pension expense totaled $823,953 for the fiscal year ended June 30, 2025.

FRS Pension Plan

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

- *Regular* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers* – Members who hold specified elective offices in local government.

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.

The 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 96 months after electing to participate, except that certain instructional personnel may participate for up to 120 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 table shows the percentage value for each year of service credit earned:

Class, Initial Enrollment, and Retirement Age/Years of Service	Percent Value
Regular Members Initially Enrolled Before July 1, 2011	
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
Regular Members Initially Enrolled On or After July 1, 2011	
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
Elected County Officers	3.00

As provided in Section 121.101, Florida Statutes, if the member was initially enrolled in the Plan 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 was 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 2024-25 fiscal year were as follows:

	Percent of Gross Salary	
Class	**Employee**	**Employer (1)**
FRS, Regular	3.00	13.63
FRS, Elected County Officers	3.00	58.68
DROP – Applicable to Members from All of the Above Classes	0.00	21.13
FRS, Reemployed Retiree	(2)	(2)

(1) Employer rates include 2 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.

(2) Contribution rates are dependent upon retirement class in which reemployed.

The District's contributions to the Plan totaled $1,238,579 for the fiscal year ended June 30, 2025.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2025, the District reported a liability of $8,350,907 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The District's proportionate share of the net pension liability was based on the District's 2023-24 fiscal year contributions relative to the total 2023-24 fiscal year contributions of all participating members. At June 30, 2024, the District's proportionate share was 0.021587105 percent, which was a decrease of 0.002440815 from its proportionate share measured as of June 30, 2023.

For the fiscal year ended June 30, 2025, the District recognized a Plan pension expense of $881,367. In addition, the District 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	$ 843,666	$ -
Change of Assumptions	1,144,568	-
Net Difference Between Projected and Actual Earnings on FRS Pension Plan Investments	-	555,045
Changes in Proportion and Differences Between District FRS Contributions and Proportionate Share of Contributions	124,177	1,139,622
District FRS Contributions Subsequent to the Measurement Date	1,238,579	-
Total	$ 3,350,990	$ 1,694,667

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling $1,238,579, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. 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
2026	$ (460,439)
2027	1,148,844
2028	(142,863)
2029	(159,512)
2030	31,714
Total	$ 417,744

Actuarial Assumptions. The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.50 percent, average, including inflation
Investment Rate of Return	6.70 percent, net of pension plan investment expense, including inflation

Salary increases were changed from 3.25 percent in the previous valuation to 3.50 percent.

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2021. This is a change from the previous valuation in which the mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2024, valuation were based on the results of an actuarial experience study for the period July 1, 2018, through June 30, 2023.

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 (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.3%	3.3%	1.1%
Fixed Income	29.0%	5.7%	5.6%	3.9%
Global Equity	45.0%	8.6%	7.0%	18.2%
Real Estate	12.0%	8.1%	6.8%	16.6%
Private Equity	11.0%	12.4%	8.8%	28.4%
Strategic Investments	2.0%	6.6%	6.2%	8.7%
Total	100%			
Assumed inflation - Mean			2.4%	1.5%

(1) As outlined in the Plan's investment policy.

Discount Rate. The discount rate used to measure the total pension liability was 6.7 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 2024 valuation was unchanged from the previous valuation.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.7 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.7 percent) or 1 percentage point higher (7.7 percent) than the current rate:

	1% Decrease (5.7%)	Current Discount Rate (6.7%)	1% Increase (7.7%)
District's Proportionate Share of the Net Pension Liability	$ 14,688,954	$ 8,350,907	$ 3,041,449

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 Annual Comprehensive 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, 2025, eligible retirees and beneficiaries received a monthly HIS payment of $7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $45 and a maximum HIS payment of $225 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 Federal 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, 2025, the contribution rate was 2 percent of payroll pursuant to Section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. 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 District's contributions to the HIS Plan totaled $239,502 for the fiscal year ended June 30, 2025.

__Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions__. At June 30, 2025, the District reported a net pension liability of $4,138,184 for its proportionate share of the HIS Plan's net pension liability. The current portion of the net pension liability is the District's proportionate share of benefit payments expected to be paid within 1 year, net of the District's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The District's proportionate share of the net pension liability was based on the District's 2023-24 fiscal year contributions relative to the total 2023-24 fiscal year contributions of all participating members. At June 30, 2024, the District's proportionate share was 0.027586099 percent, which was a decrease of 0.002717555 from its proportionate share measured as of June 30, 2023.

For the fiscal year ended June 30, 2025, the District recognized a negative HIS Plan pension expense of $57,414. In addition, the District 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	$ 39,957	$ 7,946
Change of Assumptions	73,236	489,908
Net Difference Between Projected and Actual Earnings on HIS Pension Plan Investments	-	1,497
Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of Contributions	-	659,219
District HIS Contributions Subsequent to the Measurement Date	239,502	-
Total	$ 352,695	$ 1,158,570

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling $239,502, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. 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**
2026	$ (248,085)
2027	(253,193)
2028	(229,727)
2029	(164,879)
2030	(115,983)
Thereafter	(33,510)
Total	$ (1,045,377)

Actuarial Assumptions. The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.50 percent, average, including inflation
Municipal Bond Rate	3.93 percent

Salary increases were changed from 3.25 percent in the previous valuation to 3.50 percent.

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2021. This is a change from the previous valuation in which the mortality rates were based on the PUB-2010 base table, projected generationally with 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 3.93 percent. 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 discount rate changed from 3.65 percent to 3.93 percent.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 3.93 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.93 percent) or 1 percentage point higher (4.93 percent) than the current rate:

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
District's Proportionate Share of the Net Pension Liability	$ 4,710,791	$ 4,138,184	$ 3,662,828

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 Annual Comprehensive Financial Report.

2. FRS – Defined Contribution Pension Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State's Annual Comprehensive Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2024-25 fiscal year were as follows:

Class	**Percent of Gross Compensation**
FRS, Regular	11.30
FRS, Elected County Officers	16.34

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings, regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2025, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided in which the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan or remain in the Investment Plan and rely upon that account balance for retirement income.

The District's Investment Plan pension expense totaled $565,567.90 for the fiscal year ended June 30, 2025.

E. Other Postemployment Benefit Obligations

Plan Description. The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the District that provides OPEB for all employees who satisfy the District's retirement eligibility provisions. Pursuant to Section 112.0801, Florida Statutes, former employees who retire from the District are eligible to participate in the District's health and hospitalization plan for medical and prescription drug coverage. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The District subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because retiree healthcare costs are generally greater than active employee healthcare costs. The OPEB Plan contribution requirements and benefit terms of the District and the OPEB Plan members are established and may be amended through recommendations of the Insurance Committee and action from the Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided. The OPEB Plan provides healthcare insurance benefits for retirees and their dependents. In addition to the implicit subsidy described above, certain retirees receive insurance coverage at a lower (explicitly subsidized) premium rate than active employees pursuant to Board Policy 6.193. Under this retirement incentive, retirees receive $100 per month rate subsidy for 24 months following their date of retirement.

Employees Covered by Benefit Terms. At June 30, 2024, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	13
Active Employees	186
Total	199

Total OPEB Liability. The District's total OPEB liability of $1,052,366 was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2024.

Actuarial Assumptions and Other Inputs. The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary Increases	3.65 to 6.35 percent, including inflation
Discount Rate	3.93 percent
Healthcare Cost Trend Rates	Based on Getzen Model, with trend rate starting at 5 percent for 2024 followed by 7 percent for 2025, gradually decreasing to an ultimate rate of 4 percent in 2050.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs – From Birth to Death."
Expenses	Administrative expenses are included in the per capita health costs.

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation municipal bonds with an average AA credit rating as of the measurement date. For the purpose of this OPEB Plan actuarial valuation, the municipal bond rate of 3.93 percent based on the daily rate of the Bond Buyer General Obligation 20-Bond Municipal Index closest to but not later than the measurement date.

Demographic assumptions employed in the actuarial valuation were the same as those employed in the July 1, 2024, actuarial valuation of the FRS Defined Benefit Pension Plan. These demographic assumptions were developed by FRS from an actuarial experience study, and therefore are appropriate for use in the OPEB Plan actuarial valuation. These include assumed rates of future termination, mortality, disability, and retirement. In addition, salary increase assumptions (for development of the pattern of the normal cost increases) were the same as those used in the July 1, 2024, actuarial valuation of the FRS Defined Benefit Pension Plan. Assumptions used in valuation of benefits for participants of the FRS Investment Plan are the same as for similarly situated participants of the FRS Defined Benefit Pension Plan.

Changes in the Total OPEB Liability.

	Amount
Balance at June 30, 2024	$ 927,948
Changes for the year:	
Service Cost	35,439
Interest	35,774
Differences Between Expected and Actual Experience	(89,279)
Changes of Assumptions or Other Inputs	215,671
Benefit Payments	(73,187)
Net Changes	124,418
Balance at June 30, 2025	$ 1,052,366

The changes of assumptions or other inputs was based on the following:

- The discount rate increased from 3.86 percent to 3.93 percent.
- The medical claims costs and premiums were updated based on actual claims experience and premium information provided for the valuation.
- The mortality, withdrawal, disability, salary increases, retirement, and DROP entry rates were updated to align with the Florida Retirement Systems' July 1, 2024, Actuarial Valuation, which were based on the results of a statewide experience study covering the period 2018 through 2023.
- The healthcare cost trend assumption rates were updated.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.93 percent) or 1 percentage point higher (4.93 percent) than the current rate:

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB Liability	$ 1,170,951	$ 1,052,366	$ 950,279

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	$ 920,067	$ 1,052,366	$ 1,216,299

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the fiscal year ended June 30, 2025, the District recognized OPEB expense of $68,222. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ -	$ 165,299
Changes of Assumptions or Other Inputs	305,115	68,506
Benefits Paid Subsequent to the Measurement Date	46,275	-
Total	$ 351,390	$ 233,805

The deferred outflows of resources related to OPEB resulting from benefits paid subsequent to the measurement date, totaling $46,275 will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Amount
2026	$ (2,991)
2027	1,726
2028	10,093
2029	16,782
2030	16,274
Thereafter	29,426
Total	$ 71,310

F. Risk Management Programs

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in a group self-insurance program administered by the Florida School Boards Association, Inc. The

District’s covered risks relating to comprehensive property and liability insurance, general liability, worker’s compensation, money and securities, employee fidelity and faithful performance, are included in the group program. Section 1001.42(12)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. The program is self-sustaining through member assessments (premiums), and purchases coverage through commercial companies for claims in excess of specified amounts.

Employee group health and hospitalization coverage is being provided through purchased commercial insurance with minimum deductibles for each line of coverage.

Settled claims resulting from these risks have not exceeded commercial coverage in any of the past 3 fiscal years.

G. Long-Term Liabilities

1. Public Assistance Insurance Deductible Loan

In July 2024, the District received a zero percent Public Assistance (PA) Insurance Deductible Loan from the Florida Division of Emergency Management (Division) totaling $4,532,793.40 to support the recovery of school buildings damaged by Hurricane Idalia. The period of the agreement extends until such time as all loaned funds have been returned to the Division. The District plans to obtain PA funding from Federal Emergency Management Assistance (FEMA), which if obligated will then be used to pay back the loan. During the 2024-25 fiscal year, the District obtained funding from FEMA to pay back a portion of the loan, totaling $2,249,719.08. The liability is expected to be retired by the close of the 2026-27 fiscal year.

2. Bonds Payable

Bonds payable at June 30, 2025, are as follows:

Bond Type	Amount Outstanding	Interest Rate (Percent)	Annual Maturity To
District Revenue Bonds:			
Series 2010B, Refunding	$ 396,666.68	5.39	2027

District Revenue Bonds

On September 22, 2010, the Board issued District Revenue Bonds, Series 2010B Qualified School Construction Bonds (QSCBs). A portion of the interest paid on the Series 2010 Bond will be rebated to the Board by the United States Treasury pursuant to the American Reinvestment and Recovery Act of 2009 (ARRA). The ARRA, signed into law on February 17, 2009, created a new category of direct subsidy debt for school districts, QSCBs. The QSCB does not represent incremental Federal Funding; it must be repaid by the District.

The Series 2010B-QSCBs are designated as “qualified school construction bonds” as defined in Section 54F of the Internal Revenue Code (Code) and, pursuant to Section 6431 of the Code, the Board has elected to receive Federal subsidy payments on each interest payment date for the Series 2010B-QSCB in an amount equal to the lessor of the amount of interest payable with respect to the Series 2010B-QSCBs on such date or the amount of interest which would have been payable with respect to the Series 2010B-QSCB if the interest were determined at the applicable tax credit rate for Series 2010B-QSCB pursuant to Section 54A(b)(3) of the Code. The interest rate of 5.39 percent with an allowed Federal subsidy of 5 percent, yielding a net amount of 0.39 percent. This bond is authorized by Chapter 65-1869, Laws of Florida. The bond is secured by pari-mutuel replacement revenues distributed annually to Madison County from the State pursuant to Section 212.20(6)(d)6.a., Florida Statutes, as a replacement for moneys distributed under Section 550.135, Florida Statutes, prior to July 1, 2000. As required by the bond resolution, the District has established a sinking fund and reserve account and has accumulated and maintained adequate resources in the sinking fund and reserve account.

The District pledged a total of $428,737.18 of sales tax revenues in connection with the District Revenue Bonds of 2021, described above. During the 2024-25 fiscal year, the District recognized sales tax revenues totaling $217,000 and expended 100 percent of these revenues for debt service directly collateralized by these revenues.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2025, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
District Revenue Bonds:			
2026	$ 219,713.67	$ 198,333.33	$ 21,380.34
2027	209,023.51	198,333.35	10,690.16
Total District Revenue Bonds	$ 428,737.18	$ 396,666.68	$ 32,070.50

3. Changes in Long-Term Liabilities

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

Description	Beginning Balance	Additions	Deductions	Ending Balance	Due In One Year
GOVERNMENTAL ACTIVITIES					
Insurance Deductible Loan Payable	$ -	$ 4,532,793.40	$ 2,249,719.08	$ 2,283,074.32	$ -
Bonds Payable	595,000.01	-	198,333.33	396,666.68	198,333.33
Compensated Absences Payable	924,979.00	428,763.66	228,851.64	1,124,891.02	174,187.25
Net Pension Liability	14,386,990.00	4,533,689.00	6,431,588.00	12,489,091.00	14,403.00
Total OPEB Liability	927,948.00	286,884.00	162,466.00	1,052,366.00	46,275.00
Total Governmental Activities	$ 16,834,917.01	$ 9,782,130.06	$ 9,270,958.05	$ 17,346,089.02	$ 433,198.58

For the governmental activities, pensions and other postemployment benefits are generally liquidated with resources of the General Fund.

H. Fund Balance Reporting

In addition to committed and assigned fund balance categories discussed in Note I.F.10., fund balances may be classified as follows:

- **Nonspendable Fund Balance**. Nonspendable fund balance is the net current financial resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Generally, not in spendable form means that an item is not expected to be converted to cash.

- **Restricted Fund Balance**. Restricted fund balance is the portion of fund balance on which constraints have been placed by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. Restricted fund balance places the most binding level of constraint on the use of fund balance.
- **Unassigned Fund Balance**. The unassigned fund balance is the portion of fund balance that is the residual classification for the General Fund. This balance represents amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned for specific purposes.

I. Interfund Receivables and Payables

The following is a summary of interfund receivables and payables reported in the fund financial statements:

	Interfund	
Funds	**Receivables**	**Payables**
Major:		
General	$ 310,000.13	$ 45,092.39
Special Revenue:		
Other	-	252,227.50
Capital Projects:		
Local Capital Improvement	45,092.39	-
Nonmajor Governmental	-	57,772.63
Total	$ 355,092.52	$ 355,092.52

The interfund receivables and payables represent temporary loans between funds to cover expenditures incurred prior to reimbursement from outside parties. All balances are expected to be repaid within 1 year.

J. Revenues

1. Schedule of State Revenue Sources

The following is a schedule of the District's State revenue sources for the 2024-25 fiscal year:

Source	**Amount**
Florida Education Finance Program	$ 12,979,339.00
Categorical Educational Program - Class Size Reduction	2,091,069.00
Charter School Capital Outlay	332,891.00
Sales Tax Distribution	217,000.00
Motor Vehicle License Tax (Capital Outlay and Debt Service)	109,835.74
Voluntary Prekindergarten Program	98,650.97
Workforce Development Program	88,061.00
Miscellaneous	218,802.79
Total	$ 16,135,649.50

Accounting policies relating to certain State revenue sources are described in Note I.G.2.

2. Property Taxes

The following is a summary of millages and taxes levied on the 2024 tax roll for the 2024-25 fiscal year:

	Millages	Taxes Levied
General Fund		
Nonvoted School Tax:		
Required Local Effort	3.090	$ 4,242,884.00
Basic Discretionary Local Effort	0.748	1,027,079.84
Capital Projects - Local Capital Improvement Fund		
Nonvoted Tax:		
Local Capital Improvements	1.500	2,059,652.55
Total	5.338	$ 7,329,616.39

K. Interfund Transfers

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

	Interfund	
Funds	**Transfers In**	**Transfers Out**
Major:		
General	$ 1,111,027.17	$ -
Capital Projects:		
Local Capital Improvement	-	778,136.17
Nonmajor Governmental	101.85	332,992.85
Total	$ 1,111,129.02	$ 1,111,129.02

Interfund transfers were primarily to move restricted capital outlay revenues to offset eligible expenditures in the General Fund and to reimburse the General Fund for charter school capital outlay payments.

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Budgetary Comparison Schedule
General and Major Special Revenue Funds
For the Fiscal Year Ended June 30, 2025

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental:				
Federal Through State and Local	$ 54,140.68	$ 54,792.79	$ 47,998.74	$ (6,794.05)
State	15,442,608.64	15,587,455.53	15,366,630.82	(220,824.71)
Local:				
Property Taxes	5,040,257.00	5,040,257.00	5,142,601.00	102,344.00
Charges for Services	-	44,244.74	44,244.74	-
Miscellaneous	822,584.28	796,322.88	622,897.03	(173,425.85)
Total Local Revenues	5,862,841.28	5,880,824.62	5,809,742.77	(71,081.85)
Total Revenues	21,359,590.60	21,523,072.94	21,224,372.33	(298,700.61)
Expenditures				
Current - Education:				
Instruction	12,053,922.60	12,880,840.14	12,634,601.51	246,238.63
Student Support Services	640,006.68	880,917.47	877,691.29	3,226.18
Instructional Media Services	158,166.40	167,779.38	165,168.88	2,610.50
Instruction and Curriculum Development Services	264,171.99	283,853.49	291,602.42	(7,748.93)
Instructional Staff Training Services	157,790.22	94,289.61	81,150.57	13,139.04
Instruction-Related Technology	301,523.74	313,796.46	313,362.27	434.19
Board	421,564.25	376,757.42	412,228.00	(35,470.58)
General Administration	1,324,222.90	1,501,160.34	650,939.89	850,220.45
School Administration	1,648,109.91	1,694,708.10	1,645,245.29	49,462.81
Facilities Acquisition and Construction	330,000.00	326,489.00	332,891.00	(6,402.00)
Fiscal Services	397,470.12	364,934.78	370,808.40	(5,873.62)
Food Services	7,634.34	2,384.60	2,039.08	345.52
Central Services	321,935.83	344,225.47	372,264.46	(28,038.99)
Student Transportation Services	1,312,139.25	1,365,197.25	1,235,384.89	129,812.36
Operation of Plant	2,303,694.29	2,287,213.70	2,794,876.20	(507,662.50)
Maintenance of Plant	274,266.77	280,275.76	278,859.80	1,415.96
Administrative Technology Services	100,871.46	115,196.46	211,772.92	(96,576.46)
Community Services	150,000.00	145,924.86	19,220.00	126,704.86
Fixed Capital Outlay:				
Other Capital Outlay	-	6,553.28	6,553.28	-
Total Expenditures	22,167,490.75	23,432,497.57	22,696,660.15	735,837.42
Deficiency of Revenues Over Expenditures	(807,900.15)	(1,909,424.63)	(1,472,287.82)	437,136.81
Other Financing Sources				
Transfers In	805,000.00	805,000.00	1,111,027.17	306,027.17
Loss Recoveries	-	-	153,437.44	153,437.44
Total Other Financing Sources	805,000.00	805,000.00	1,264,464.61	459,464.61
Net Change in Fund Balances	(2,900.15)	(1,104,424.63)	(207,823.21)	896,601.42
Fund Balances, Beginning	4,852,121.43	4,852,121.43	4,852,121.43	-
Fund Balances, Ending	$ 4,849,221.28	$ 3,747,696.80	$ 4,644,298.22	$ 896,601.42

Special Revenue - Other Fund				Special Revenue - Federal Education Stabilization Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
$ 6,035,369.86	$ 3,650,083.70	$ 2,864,533.25	$ (785,550.45)	$ 3,635,207.89	$ 3,036,972.76	$ 1,473,647.81	$ (1,563,324.95)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
6,035,369.86	3,650,083.70	2,864,533.25	(785,550.45)	3,635,207.89	3,036,972.76	1,473,647.81	(1,563,324.95)
3,540,430.13	1,988,443.62	1,675,359.21	313,084.41	1,476,906.22	788,467.98	788,467.98	-
557,354.45	247,846.68	193,889.15	53,957.53	48,328.13	65,705.46	65,595.64	109.82
-	-	-	-	-	-	-	-
976,921.92	572,002.15	413,537.35	158,464.80	1,621.05	-	-	-
287,311.64	407,237.50	301,918.23	105,319.27	100,713.32	40,985.89	40,985.89	-
-	-	-	-	5,527.91	8,266.95	7,955.60	311.35
-	10,000.00	1,632.00	8,368.00	-	-	-	-
453,292.06	298,169.45	217,514.94	80,654.51	426,656.78	157,823.96	23,495.54	134,328.42
15,000.00	29,867.85	29,867.85	-	309,684.51	11,250.26	11,016.09	234.17
-	-	-	-	-	264,294.45	264,294.45	-
-	-	-	-	1,107.19	311.75	311.75	-
-	-	-	-	18,907.97	5,705.21	5,699.34	5.87
47,785.82	37,288.47	21,924.85	15,363.62	907.03	-	-	-
157,273.84	51,727.49	1,389.18	50,338.31	52,299.42	99,107.70	9,553.70	89,554.00
-	-	-	-	40,823.45	15,313.18	15,269.18	44.00
-	-	-	-	1,151,724.91	1,576,044.02	237,306.70	1,338,737.32
-	-	-	-	-	-	-	-
-	-	-	-	-	3,695.95	3,695.95	-
-	7,500.49	7,500.49	-	-	-	-	-
6,035,369.86	3,650,083.70	2,864,533.25	785,550.45	3,635,207.89	3,036,972.76	1,473,647.81	1,563,324.95
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

	2025	2024	2023	2022	2021
Total OPEB Liability					
Service Cost	$ 35,439	$ 35,245	$ 50,906	$ 43,870	$ 42,086
Interest	35,774	34,958	20,901	25,225	28,573
Differences Between Expected and Actual Experience	(89,279)	-	(104,521)	-	(15,252)
Changes of Assumptions or Other Inputs	215,671	(15,640)	(17,422)	57,319	136,682
Benefit Payments	(73,187)	(77,484)	(73,349)	(75,571)	(78,761)
Net Change in Total OPEB Liability	124,418	(22,921)	(123,485)	50,843	113,328
Total OPEB Liability - Beginning	927,948	950,869	1,074,354	1,023,511	910,183
Total OPEB Liability - Ending	$ 1,052,366	$ 927,948	$ 950,869	$ 1,074,354	$ 1,023,511
Covered-Employee Payroll	$ 10,212,339	$ 12,105,414	$ 11,132,291	$ 11,162,959	$ 10,837,824
Total OPEB Liability as a Percentage of Covered-Employee Payroll	10.30%	7.67%	8.54%	9.62%	9.44%

	2020	2019	2018
Total OPEB Liability			
Service Cost	$ 38,622	$ 47,886	$ 50,891
Interest	32,800	37,526	33,040
Differences Between Expected and Actual Experience	-	(326)	-
Changes of Assumptions or Other Inputs	9,706	(136,441)	(54,193)
Benefit Payments	(76,828)	(97,960)	(110,325)
Net Change in Total OPEB Liability	4,300	(149,315)	(80,587)
Total OPEB Liability - Beginning	905,883	1,055,198	1,135,785
Total OPEB Liability - Ending	$ 910,183	$ 905,883	$ 1,055,198
Covered-Employee Payroll	$ 12,359,742	$ 12,126,687	$ 8,168,741
Total OPEB Liability as a Percentage of Covered-Employee Payroll	7.36%	7.47%	12.92%

Schedule of the District's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan (1)

Fiscal Year Ending June 30	District's Proportion of the FRS Net Pension Liability	District's Proportionate Share of the FRS Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered Payroll	FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.037873707%	$ 4,891,898	$ 13,663,167	35.80%	92.00%
2016	0.034309700%	8,663,217	13,552,590	63.92%	84.88%
2017	0.031087980%	9,195,616	12,752,009	72.11%	83.89%
2018	0.029128143%	8,773,548	12,126,687	72.35%	84.26%
2019	0.028250723%	9,729,156	12,359,742	78.72%	82.61%
2020	0.025315825%	10,972,252	11,211,117	97.87%	78.85%
2021	0.026647918%	2,012,947	11,312,197	17.79%	96.40%
2022	0.025123697%	9,348,034	11,132,291	83.97%	82.89%
2023	0.024027920%	9,574,366	12,005,637	79.75%	82.38%
2024	0.021587105%	8,350,907	11,696,202	71.40%	83.70%

(1) The amounts presented for each fiscal year were determined as of June 30.

Schedule of District Contributions – Florida Retirement System Pension Plan (1)

Fiscal Year Ending June 30	Contractually Required FRS Contribution	FRS Contributions in Relation to the Contractually Required Contribution	FRS Contribution Deficiency (Excess)	District's Covered Payroll	FRS Contributions as a Percentage of Covered Payroll
2016	$ 836,696	$ (836,696)	$ -	$ 13,552,590	6.17%
2017	809,297	(809,297)	-	12,752,009	6.35%
2018	830,129	(830,129)	-	12,126,687	6.85%
2019	875,976	(875,976)	-	12,359,742	7.09%
2020	841,133	(841,133)	-	11,211,117	7.50%
2021	1,015,171	(1,015,171)	-	11,312,197	8.97%
2022	1,072,074	(1,072,074)	-	11,132,291	9.63%
2023	1,155,898	(1,155,898)	-	12,005,637	9.63%
2024	1,222,399	(1,222,399)	-	11,696,202	10.45%
2025	1,238,579	(1,238,579)	-	12,185,464	10.16%

(1) The amounts presented for each fiscal year were determined as of June 30.

Schedule of the District's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan (1)

Fiscal Year Ending June 30	District's Proportion of the HIS Net Pension Liability	District's Proportionate Share of the HIS Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll	HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.044675692%	$ 4,556,218	$ 13,663,167	33.35%	0.50%
2016	0.043891706%	5,115,397	13,552,590	37.74%	0.97%
2017	0.039666845%	4,241,362	12,752,009	33.26%	1.64%
2018	0.037096417%	3,926,326	12,126,687	32.38%	2.15%
2019	0.036896153%	4,128,310	12,359,742	33.40%	2.63%
2020	0.032287093%	3,942,202	11,211,117	35.16%	3.00%
2021	0.031950134%	3,919,164	11,312,197	34.65%	3.56%
2022	0.030548799%	3,235,606	11,132,291	29.07%	4.81%
2023	0.030303654%	4,812,624	12,005,637	40.09%	4.12%
2024	0.027586099%	4,138,184	11,696,202	35.38%	4.80%

(1) The amounts presented for each fiscal year were determined as of June 30.

Schedule of District Contributions – Health Insurance Subsidy Pension Plan (1)

Fiscal Year Ending June 30	Contractually Required HIS Contribution	HIS Contributions in Relation to the Contractually Required Contribution	HIS Contribution Deficiency (Excess)	District's Covered Payroll	HIS Contributions as a Percentage of Covered Payroll
2016	$ 224,973	$ (224,973)	$ -	$ 13,552,590	1.66%
2017	209,928	(209,928)	-	12,752,009	1.65%
2018	201,175	(201,175)	-	12,126,687	1.66%
2019	204,881	(204,881)	-	12,359,742	1.66%
2020	186,055	(186,055)	-	11,211,117	1.66%
2021	187,803	(187,803)	-	11,312,197	1.66%
2022	184,846	(184,846)	-	11,132,291	1.66%
2023	199,343	(199,343)	-	12,005,637	1.66%
2024	233,552	(233,552)	-	11,696,202	2.00%
2025	239,502	(239,502)	-	12,185,464	1.97%

(1) The amounts presented for each fiscal year were determined as of June 30.

1. Budgetary Basis of Accounting

The Board follows procedures established by State law and State Board of Education (SBE) rules in establishing budget balances for governmental funds, as described below:

- Budgets are prepared, public hearings are held, and original budgets are adopted annually for all governmental fund types in accordance with procedures and time intervals prescribed by State law and SBE rules.
- Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g., instruction, student transportation services, and school administration) and may be amended by resolution at any Board meeting prior to the due date for the annual financial report.
- Budgets are prepared using the same modified accrual basis as is used to account for governmental funds.
- Budgetary information is integrated into the accounting system and, to facilitate budget control, budget balances are encumbered when purchase orders are issued. Appropriations lapse at fiscal year end and encumbrances outstanding are honored from the subsequent year's appropriations.

2. Excess of Expenditures Over Appropriations in Individual Funds

For the fiscal year ended June 30, 2025, expenditures exceeded appropriations by function (the legal level of budgetary control) for the following individual fund:

	Expenditures		
Fund/Activity	**Budget**	**Actual**	**Variance**
General:			
Current Education:			
Instruction and Curriculum Development Services	$ 283,853.49	$ 291,602.42	$ (7,748.93)
Board	376,757.42	412,228.00	(35,470.58)
Facilities Acquisition and Construction	326,489.00	332,891.00	(6,402.00)
Fiscal Services	364,934.78	370,808.40	(5,873.62)
Central Services	344,225.47	372,264.46	(28,038.99)
Operation of Plant	2,287,213.70	2,794,876.20	(507,662.50)
Administrative Technology Services	115,196.46	211,772.92	(96,576.46)

The District will implement new procedures, including a detailed monthly review of budget-to-actual expenditures, to detect and prevent budgetary overexpenditures going forward.

3. Schedule of Changes in the District's Total Other Postemployment Benefits Liability and Related Ratios

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Changes of Assumptions. In 2025, the discount rate was changed from 3.86 percent to 3.93 percent; the medical claims cost and premiums were updated based on actual premium information provided for the valuation; the mortality, withdrawal, disability, salary increases, retirement, and DROP entry rates were updated to align with the FRS July 1, 2024, actuarial valuations, which were based on the results of a statewide experience study covering the period 2018 through 2023; and the healthcare cost trend rates were updated.

4. Schedule of Net Pension Liability and Schedule of Contributions – Florida Retirement System Pension Plan

Changes of Assumptions. In 2024, salary increases including inflation increased from 3.25 percent to 3.5 percent and the mortality assumptions were updated.

5. Schedule of Net Pension Liability and Schedule of Contributions – Health Insurance Subsidy Pension Plan

Changes of Assumptions. In 2024, the municipal bond rate used to determine total pension liability was increased from 3.65 percent to 3.93 percent and the demographic and coverage election assumptions were updated.

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Madison County District School Board
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster	Federal Assistance Listing Number	Pass - Through Entity Identifying Number	Total Expenditures
Clustered			
Child Nutrition Cluster			
United States Department of Agriculture:			
Florida Department of Agriculture and Consumer Services:			
School Breakfast Program	10.553	25002	$ 334,435.56
National School Lunch Program	10.555	25001, 25003	1,016,030.55
Summer Food Service Program for Children	10.559	24006, 24007, 25006, 25007	15,759.91
Fresh Fruit and Vegetable Program	10.582	25004	71,572.56
Total Child Nutrition Cluster			1,437,798.58
Special Education Cluster			
United States Department of Education:			
Florida Department of Education:			
Special Education - Grants to States	84.027	263	727,297.85
Special Education - Preschool Grants	84.173	267	58,815.42
Total Special Education Cluster			786,113.27
Not Clustered			
United States Department of Agriculture			
Florida Department of Agriculture and Consumer Services:			
Child Nutrition Discretionary Grants	10.579	None	4,797.50
United States Department of Education			
Florida Department of Education:			
Title I Grants to Local Educational Agencies	84.010	212, 223, 226	1,574,977.93
Migrant Education - State Grant Program	84.011	217	13,005.78
Career and Technical Education - Basic Grants to States	84.048	161	49,254.51
Education for Homeless Children and Youth	84.196	127	21,795.87
Rural Education	84.358	110	73,932.04
Supporting Effective Instruction State Grants	84.367	224	259,994.08
Student Support and Academic Enrichment Program	84.424	241	85,459.77
Education Stabilization Fund:	84.425		
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	COVID-19, 84.425U	121	1,456,961.66
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund - Homeless Children & Youth Fund	COVID-19, 84.425W	122	16,686.15
Total Education Stabilization Fund	84.425		1,473,647.81
Total United States Department of Education			3,552,067.79
United States Department of Homeland Security			
Florida Division of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z3903	2,207,564.64
Total Expenditures of Federal Awards			$ 7,988,341.78

The accompanying notes are an integral part of this Schedule.

Notes: (1) Basis of Presentation. The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of the Madison County District School Board under programs of the Federal Government for the fiscal year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position.

(2) Summary of Significant Accounting Policies. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Rate. The District has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.

(4) Noncash Assistance – National School Lunch Program. Includes $113,769.11 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.

(5) Disaster Grants – Public Assistance (Presidentially Declared Disaster). The District incurred $2,207,564.64 in expenditures for the Disaster Grants – Public Assistance (Presidentially Declared Disaster) grant in the 2023-24 fiscal year.

Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL
STATE OF FLORIDA

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The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

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*

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 (*Government Auditing Standards*), the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Madison County District School Board as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated July 29, 2026, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the school internal funds and the aggregate discretely presented component units, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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**

QUESTIONED COSTS, we identified a certain deficiency in internal control that we consider to be a material weakness and another deficiency in internal control that we consider to be a significant deficiency.

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 District's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** as Financial Statement Finding No. 2025-001 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 QUESTIONED COSTS** as Financial Statement Finding No. 2025-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** as Financial Statement Finding No. 2025-001.

We identified certain additional matters which are described as Finding Nos. AM 2025-001 and AM 2025-002 on pages 74 and 75, respectively.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**. The District is responsible for preparing a corrective action plan to address each financial statement finding included in our auditor's report. The District's response to the additional matters identified in our audit are included as the District Response on pages 74 and 75 in Finding Nos. AM 2025-001 and AM 2025-002, respectively. The District's responses and **CORRECTIVE ACTION PLAN** were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Sherrill F. Norman, CPA
Tallahassee, Florida
July 29, 2026

Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL
STATE OF FLORIDA

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The President of the Senate, the Speaker of the
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Madison County District School Board's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the fiscal year ended June 30, 2025. The District's major Federal programs are identified in **SECTION I – SUMMARY OF AUDITOR'S RESULTS** of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the fiscal year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards)*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the ***Auditor's Responsibilities for the Audit of Compliance*** section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major Federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major Federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying

SCHEDULE OF FINDINGS AND QUESTIONED COSTS as Federal Award Finding No. 2025-003. Our opinion on each major Federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance finding identified in our compliance audit described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**. The District is responsible for preparing a corrective action plan to address the Federal Award finding included in our auditor's report. The District's response and **CORRECTIVE ACTION PLAN** were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the ***Auditor's Responsibilities for the Audit of Compliance*** section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** as Federal Award Finding No. 2025-003, to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance finding identified in our compliance audit described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**. The District is responsible for preparing a corrective action plan to address the Federal Award finding included in our auditor's report. The District's response and **CORRECTIVE ACTION PLAN** were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

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

Respectfully submitted,

Sherrill F. Norman, CPA
Tallahassee, Florida
July 29, 2026

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	Yes

Federal Awards

Internal control over major Federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
Type of auditor's report issued on compliance for major Federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes
Identification of major Federal programs:	
Assistance Listing Numbers:	Name of Federal Program or Cluster:
84.010	Title I Grants to Local Educational Agencies
84.425	Education Stabilization Fund
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)
Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low risk auditee?	No

SECTION II – FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESS AND MATERIAL NONCOMPLIANCE

CAPITAL OUTLAY – RESTRICTED PROCEEDS

Finding Number	**2025-001**
Opinion Unit	Capital Projects – Local Capital Improvement Fund (LCI Fund)
Financial Statements Account Title	Other Financing Uses: Transfers Out
Fund Name	LCI Fund
Adjustment Amounts	Not Applicable
Statistically Valid Sample	No
Prior Year Finding	Auditor General Report No. 2025-164, Finding AM 2024-002

Finding

In our audit report No. 2025-164, we reported unauthorized ad valorem tax levy uses totaling $247,683 and recommended that the District restore that amount from allowable unrestricted resources. Although we requested, District records were not provided to demonstrate restoration of that amount.

During our 2024-25 fiscal year audit, we identified additional unauthorized tax levy uses totaling $113,141. Consequently, the District had unauthorized tax levy uses totaling $360,824, resulting in questioned costs of that amount and material noncompliance with ad valorem tax levy requirements.

Criteria

Section 1011.71(2), Florida Statutes, allows the District to levy ad valorem taxes for capital outlay purposes within specified millage rates subject to certain precedent conditions.

Allowable uses of tax levy proceeds include, among other things, up to $200 per unweighted full-time equivalent (UFTE) student for premiums for property and casualty insurance to insure school district educational and ancillary plants. For the 2024-25 fiscal year, the District had 2,291.98 UFTE students, which limited the use of ad valorem tax levy proceeds to $458,396 for property and casualty insurance premiums.

Condition

The District accounts for ad valorem tax levy proceeds and uses in the LCI Fund. For the 2024-2025 fiscal year, LCI Fund transfers totaled $778,136 and we examined District records to determine the propriety of those transfers. We found that the transfers included $571,537 for reimbursements to the General Fund for risk management insurance premiums, exceeding the authorized limit by $113,141.

In our audit report No. 2025-164, we similarly reported unauthorized tax levy uses totaling $247,683, including $234,500 for disaster consulting services and $13,183 for pest control services, and recommended that the District restore those amounts from allowable unrestricted resources. Although we requested, District records were not provided to demonstrate restoration of the unauthorized tax levy uses totaling $247,683 cited in our audit report No. 2025-164.

Cause

In response to our inquiry, District personnel stated that District personnel overlooked restoration of the unauthorized tax levy uses cited during the previous audit and were unfamiliar with the restrictions on the use of ad valorem tax proceeds for risk management insurance premiums.

Effect	The District had total unauthorized tax levy uses of $360,824, resulting in questioned costs of that amount and material noncompliance with ad valorem tax levy requirements. Without an appropriate understanding of the ad valorem tax levy restrictions, there is an increased risk that the District will use the proceeds for unauthorized purposes.
Recommendation	The District should enhance procedures to ensure that ad valorem tax levy proceeds are used only for authorized purposes. Such enhancements should include appropriate training to ensure that District employees responsible for LCI Fund transfers understand the restrictions governing the use of ad valorem tax levy proceeds. The District should also restore tax levy proceeds totaling $360,824 to the LCI Fund from allowable unrestricted resources.
District Response	The district will restore the $360,824 in questioned costs to the LCI Fund for correct reporting at June 30, 2026. District finance staff will confirm a correct understanding of allowed utilization of ad valorem tax proceeds to ensure accurate and allowable utilization of such funds moving forward.

SIGNIFICANT DEFICIENCY

FINANCIAL REPORTING

Finding Number	**2025-002**
Opinion Unit	Major Fund: Capital Projects – Other Fund (CPO Fund)
Financial Statements Account Titles	Various
Fund Name	CPO Fund
Adjustment Amounts	CPO Fund: Increased Debt Service Expenditures (Debit - $2,249,719) and Various Revenues (Credit - same amount)
Statistically Valid Sample	Not Applicable
Prior Year Finding	Not Applicable
Finding	District controls did not ensure the timely and accurate completion of the District annual financial report (AFR); timely completion of the AFR audit report; and the submittal of the audit report by the March 31, 2026 due date to the Federal Audit Clearinghouse, contrary to Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).
Criteria	The District accepted and agreed to the requirements specified in our engagement letter, including the requirement for the District to complete the AFR containing various components such as the District financial statements and Schedule of Expenditures of Federal Awards (SEFA) by September 11, 2025. The date was established to provide ample opportunity to complete the AFR audit report, including audit opinions on the financial statements, SEFA, and Federal awards program compliance, and submit that report to the Federal Audit Clearinghouse by the March 31, 2026, due date established by Uniform Guidance. Generally accepted accounting principles (GAAP) require that account balances and transactions be properly presented. In addition to GAAP financial reporting requirements, Federal guidance requires the District to prepare a SEFA, included in the AFR as supplementary information (SI), that reports Federal award expenditures for each individual Federal award program and the total expenditures for all Federal awards. Federal guidance also requires the auditor

to use a risk-based approach to determine major programs for audit, including the larger Type A Federal award programs, which must be audited as major programs at least once every 3 audit periods.

Condition

On June 19, 2026, 9 months after the AFR completion date required by the engagement letter, the District AFR was finalized and provided to us for audit. Because AFR completion was delayed, the Federal Single Audit was also not timely submitted to the Federal Audit Clearinghouse. In addition, our audit procedures disclosed that the District:

- Did not comply with GAAP by properly reporting on the AFR. For example, revenues and expenditures for the Florida Division of Emergency Management grant, were each understated by $2,249,719.
- Understated Federal award expenditure amounts totaling $2,018,191 for four Federal award programs, including $1,487,607 for the Disaster Grants – Public Assistance (Presidentially Declared Disasters) Program, or 34 percent of the SEFA total expenditures. The understated program expenditure amounts ranged from $113,769 to $1,487,607.

Cause

District personnel did not always understand how to properly record and timely report financial information, resulting in several inaccuracies and the delayed AFR. Additionally, the District had not established effective verification procedures to detect and timely correct financial recordkeeping and reporting errors.

Effect

The inaccurate and untimely completion of the AFR and untimely completion of the AFR audit report and submittal of the audit report to the Federal Audit Clearinghouse decreases the relevance and usefulness of financial reporting and is contrary to the Uniform Guidance requirements and agreed-upon engagement letter terms.

Reporting errors may cause financial statement users to misunderstand the District's financial activities and incorrectly assess the District's financial position. We extended our audit procedures to determine the adjustments necessary to properly report the accounts, transactions, and SEFA, and District personnel accepted these adjustments as presented. As a result, the Disaster Grants – Public Assistance (Presidentially Declared Disasters) Program became a major Federal award program and was subjected to our Federal award audit procedures. However, our audit procedures cannot substitute for management's responsibility to implement adequate controls over preparation of the AFR.

Recommendation

The District should improve procedures to ensure that the AFR is accurately and timely completed so that the AFR audit report can be completed and timely submitted to the Federal Audit Clearinghouse. Individuals responsible for preparing the AFR and those responsible for verifying the accuracy of the AFR should be properly trained to ensure the completeness of the AFR and timely submittal of the AFR for audit and the AFR audit report to the Federal Audit Clearinghouse.

District Response

The district recognizes the late completion of the 2024-25 annual financial report (AFR), the late completion of the AFR audit report, and the late submittal of the AFR audit report to the Federal Audit Clearinghouse. Moving forward, district leadership will commit to the timely completion of each fiscal year AFR, AFR audit report and submittal of the AFR audit report to the Federal Audit Clearinghouse.

The district also concurs with the reporting errors reported in the 2024-25 district prepared AFR with specific attention to errors related to the SEFA presented and to the accounting for Disaster Grants – Public Assistance Program. District finance staff will ensure proper training and understanding of these areas as well as any other area of question to prepare a more accurate and complete AFR beginning with the 2025-26 fiscal year.

SECTION III – FEDERAL AWARD FINDING AND QUESTIONED COSTS

U.S. DEPARTMENT OF EDUCATION

Finding Number	**2025-003**
Assistance Listing Number	84.010
Program Title	Title I Grants to Local Educational Agencies
Compliance Requirement	Allowable Costs/Cost Principles
Pass-Through Entity	Florida Department of Education
Federal Grant/Contract Number and Grant Year	S010A240009 – 2025
Statistically Valid Sample	Not Applicable
Finding Type	Noncompliance and Significant Deficiency
Questioned Costs	$71,563
Prior Year Finding	Not Applicable
Finding	The District incorrectly calculated the Federal indirect cost rate, resulting in excessive indirect costs charged to the Title I grant and questioned costs totaling $71,563.
Criteria	Title 2, Part 200, Code of Federal Regulations, provides principles for determining allowable costs, including indirect costs that may be allocated to a Federal award program. Indirect costs are costs that are incurred for a common or joint purpose, are not readily identified with a particular final cost objective without effort disproportionate to the results achieved and are calculated by multiplying allowed costs by an approved indirect cost rate. The Florida Department of Education (FDOE) Indirect Cost Plan Instructions specify that certain expenditures, such transfers, debt service, and food services, are to be excluded from the indirect cost rate calculation and that other expenditures should remain in the calculation such as charter school expenditures.
Condition	During the 2024-25 fiscal year, the District charged the Title I program $117,750 based on the District-calculated and FDOE-approved indirect cost rate of 8.69 percent. However, our examination of District records supporting the District-calculated indirect cost rate disclosed that the calculated amounts incorrectly omitted consideration of charter school expenditures.
Cause	District personnel misunderstood how to properly calculate the indirect cost rate.
Effect	The District indirect cost rate of 8.69 percent exceeded the correct rate of 3.35 percent by 5.34 percent, resulting in excessive indirect costs charged to the Title I grant and questioned costs totaling $71,563.
Recommendation	The District should enhance procedures to ensure that the amounts used in the indirect cost rate calculation are accurate and comply with FDOE instructions. Such enhancements should include appropriate training for those responsible for calculating the indirect cost rate. Absent documented justification supporting the questioned costs, the District should restore amounts totaling $71,563 to the Title I program from allowable unrestricted resources.
District Response	The district recognizes and understands the incorrect calculation of the Federal indirect cost rate applicable to the 2024-25 fiscal year and has prepared subsequent indirect rate calculations for fiscal years 2025-26 and 2026-27 that included other expenditures (i.e. charter school expenditures) that were incorrectly omitted in the rate calculation for the 2024-25 fiscal year.

BANK ACCOUNT RECONCILIATIONS

Finding Number	**AM 2025-001**
Opinion Unit	Not Applicable
Financial Statements Account Title	Not Applicable
Fund Name	Not Applicable
Adjustment Amounts	Not Applicable
Statistically Valid Sample	Not Applicable
Prior Year Finding	Not Applicable

Finding

The District did not always properly and timely complete bank account reconciliations.

Criteria

Section 1010.01(5), Florida Statutes, requires each school district to establish and maintain internal controls designed to, among other things, detect fraud, ensure reliability of financial records and reports, and safeguard assets. Effective internal controls require that reconciliations of bank account balances to general ledger account balances be performed on a timely, routine basis.

Properly and timely prepared bank account reconciliations are necessary to provide reasonable assurance that cash assets agree with recorded amounts, promptly detect and correct unrecorded and improperly recorded cash transactions or bank errors, and provide for the efficient and economic management of cash resources.

Condition

During the 2024-25 fiscal year, the District maintained five bank accounts. However, monthly reconciliations of the general ledger and bank account balances for November 2024 through June 2025 were not completed until March 2026. As of June 30, 2025, the District's general ledger cash account balances and District adjusting entries agreed with the financial statement cash account balance of $8,440,080, while the bank account balances totaled $9,314,547.

Cause

District personnel indicated that due to staff turnover, the reconciliations were not always timely prepared, reviewed, and approved.

Effect

Absent effective controls over bank account reconciliations, there is an increased risk for cash transaction errors or fraud to occur and not be timely detected and resolved. Additionally, the reliability of the general ledger financial information throughout the year and the Board's ability to effectively monitor the District's financial position is diminished.

Recommendation

The District should enhance procedures to ensure that monthly reconciliations of general ledger cash account and bank account balances are timely prepared, reviewed, and approved with reconciling items promptly identified, thoroughly investigated, adequately documented, and resolved.

District Response

The district has implemented processes within the finance department to ensure timely bank reconciliations. Bank reconciliations prepared within the finance department are reviewed and approved by both the deputy finance director and the finance director monthly. The district is current with all bank reconciliations through June of 2026.

BUDGETARY CONTROLS

Finding Number	**AM 2025-002**
Opinion Unit	Major Fund: General Fund
Financial Statements Account Title	Not Applicable
Fund Name	General Fund
Adjustment Amounts	Not Applicable
Statistically Valid Sample	Not Applicable
Prior Year Finding	Not Applicable
Finding	District procedures did not always limit expenditures to budgeted amounts, contrary to State law and State Board of Education (SBE) rules.
Criteria	Section 1011.05, Florida Statutes, provides that the official budget shall not be altered, amended, or exceeded except as authorized. In addition, SBE Rule 6A-1.007(2), Florida Administrative Code, provides that no expenditure shall be authorized or obligation incurred that is in excess of budgetary appropriation and requires that the Board approve amendments to the budget whenever the function amounts are changed from the original budget. However, Board Policy 6220, *Budget Preparation*, allows the Superintendent to exceed budgeted amounts, provided that the Board approves the expenditure by amending the budget at the next scheduled public meeting. An effective process for adopting and amending the budget should provide the District with a mechanism to plan a level of expenditures to meet obligations and remain within available financial resources.
Condition	District records show that expenditures were not always limited to budgeted amounts. As of June 30, 2025, expenditures exceeded the budgeted amounts in seven functional categories of the General Fund by $5,874 to $507,663 or a total of $687,773, and the Board did not amend the budget for the over-expended amounts by the next scheduled Board meeting.
Cause	District personnel indicated that, due to staff turnover, certain budget amounts were not increased during preparation of the budget schedule for the 2024-25 fiscal year AFR. In addition, budget amendments to authorize the over-expended amounts were not presented to the Board for approval.
Effect	The District did not comply with State law, SBE rules, and Board policies governing the over-expended budgeted amounts. In addition, without properly monitoring and amending the budget to meet changing financial circumstances, the District's ability to meet future financial obligations could be hindered.
Recommendation	District personnel should enhance budgetary procedures by closely monitoring financial activities to ensure that expenditures are limited to budgeted amounts as required by State law and SBE rules. Pursuant to Board policies, the budget should be amended at the next scheduled public meeting for any over-expended amounts approved by the Board.
District Response	The district has implemented procedures to ensure budget adjustments/ amendments are prepared and board approved on a monthly basis moving forward. The district is preparing budget amendments for board approval with the presentation/approval of the AFR for the fiscal year ending June 2026.

ADDITIONAL MATTERS PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for additional matters included in our report No. 2025-164, except as discussed in Financial Statement Finding No. 2025-001.

District School Board of Madison County
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Dr. Karen Todd Pickles
Superintendent
Karen.Pickles@mcsbfl.us

Audit Report No. (Finding No.)	Program/Area	Brief Description	Status	Comments
2025-164 (2024-001)	Accounting Records and Financial Reporting	District controls need improvement to ensure that the accounting records and the annual financial report are accurate	Partially Corrected	The District has enacted training and procedures to address this finding; however, all processes are not complete and additional procedures are being implemented during the 2025-26 fiscal year to ensure accounting records and the annual financial report are accurate.
2025-164 (2024-002)	Education Stabilization Fund (ALN 84.425U)	The District did not comply with Federal regulations by maintaining property records to identify the location of equipment funded by the Education Stabilization Fund Program, resulting in questioned costs totaling $2,186,066.	Partially Corrected	The District is completing procedures during the 2025-26 fiscal year to maintain a complete subsidiary fixed asset schedule and to complete and maintain a physical inventory that identifies the location and status of all equipment/property to include equipment/ property funded by the Education Stabilization Fund Program.

District School Board of Madison County

Dr. Karen Todd Pickles
Superintendent
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July 27, 2026

Madison County District School Board
Management's Corrective Action Plans
For the Fiscal Year Ended June 30, 2025

Finding Number:	*2025-001*.
Planned Corrective Action:	The district concurs with this finding and will restore $360,824 of questioned costs from allowable unrestricted resources to fund 370-Nonvoted Capital Improvement Fund.
Anticipated Completion Date:	July 31, 2026
Responsible Contact Person:	Walter Copeland, CFO

Finding Number:	*2025-002*.
Planned Corrective Action:	The district recognizes the late completion of the 2024-25 annual financial report (AFR), the late completion of the AFR audit report, and the late submittal of the AFR audit report to the Federal Audit Clearinghouse. Moving forward, district leadership will commit to the timely completion of each fiscal year AFR, AFR audit report and submittal of the AFR audit report to the Federal Audit Clearinghouse. The district also concurs with the reporting errors reported in the 2024-25 district prepared AFR with specific attention to errors related to the SEFA presented and to the accounting for Disaster Grants – Public Assistance Program. District finance staff will ensure proper training and understanding of these areas as well as any other area of question to prepare a more accurate and complete AFR beginning with the 2025-26 fiscal year.
Anticipated Completion Date:	August 31, 2026
Responsible Contact Person:	Walter Copeland, CFO

Federal Award Finding Number:	*2025-003*.
Planned Corrective Action:	The district recognizes and understands the incorrect calculation of the Federal indirect cost rate applicable to the 2024-25 fiscal year and has prepared subsequent indirect rate calculations for fiscal years 2025-26 and 2026-27 that included other expenditures (i.e. charter school expenditures) that were incorrectly omitted in the rate calculation for the 2024-25 fiscal year.
Anticipated Completion Date:	July 1, 2025
Responsible Contact Person:	Walter Copeland, CFO