

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

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

**Financial Statements
June 30, 2023**

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The James Madison Preparatory High School, Inc. ("School"), a charter school and component unit of the District School Board of Madison County, Florida, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of The James Madison Preparatory High School, Inc., as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, historical pension information, and the budgetary comparison schedule, as shown in the table of contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2023, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Buescher & Company, LLC

Buescher & Company, LLC

Madison, Florida
October 17, 2023

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

Introduction

The Management Discussion and Analysis (MD&A) of the annual financial report of James Madison Preparatory High School (JMPHS) provides an overview of the School's activities for the fiscal year ended June 30, 2023. Because the information contained in this section is intended to highlight transactions, events, and conditions, it should be considered in conjunction with financial statements and financial statements notes found on pages 19-34.

Overview of School

JMPHS is a college preparatory high school that promotes student ownership of learning through a content-rich liberal arts curriculum emphasizing science, technology, engineering, and math (STEM). It was created to provide a public education option for parents and students that did not exist. Opening in August 2013 with a 9th grade class of 40 students, JMPHS currently serves Grades 9 - 12 with a maximum capacity of 200 students (50 students in each grade). Operations remained consistent with prior year with 190 students in Grades 9 - 12 with ten full-time instructors, school principal, finance director, office manager, school counselor, a paraprofessional/custodian, a maintenance technician, and a paraprofessional.

Financial Highlights

- For the fiscal year ended June 30, 2023, the School's revenues exceeded expenses as shown in the School's statement of activities by \$38,106.
- As shown on the statement of net position, the School's total net position was \$90,879.

Overview of Financial Statements

The basic financial statements consist of the following four components:

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

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

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

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

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

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

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

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

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. The following is a summary of the School's net position as of June 30, 2023 and 2022.

	Net Position, End of Year <u>Governmental Activities</u> <u>June 30, 2023</u>	Net Position, End of Year <u>Governmental Activities</u> <u>June 30, 2022</u>
Assets		
Current & Other Assets	\$ 418,935	\$ 408,247
Capital Assets, Net	281,953	171,049
Right-to-use lease assets, net	265,049	-
Total Assets	965,937	579,296
Deferred Outflows		
Deferred Outflows related to Pensions	305,795	298,635
Liabilities		
Current Liabilities	118,992	69,709
Long-term Liabilities	993,567	357,862
Total Liabilities	1,112,559	427,571
Deferred Inflows		
Deferred Inflows related to Pensions	68,294	397,587
Net Position		
Net Investment in Capital Assets	232,220	155,885
Restricted	59,755	149,121
Unrestricted	(201,096)	(252,233)
Total Net Position	\$ 90,879	\$ 52,773

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

The current assets of the school primarily consist of cash and cash equivalents and amounts due from other government agencies. Liabilities primarily consisted of accounts payable, accrued expenses, a loan, and the net pension liability. The School's net position was \$90,879 as of June 30, 2023, which included an unrestricted net position of \$(201,096). This net position is an increase of \$38,106 over prior year operations. The primary reasons for this increase are the significant increases in Current and Capital Assets, Net Investment in Capital Assets, and the addition of Right-to-Use Lease Assets outweighing and increases in Total Liabilities.

The key elements of changes in the School's net position as of June 30, 2023 and 2022 are as follows:

	Operating Results for the Year <u>Governmental Activities</u> <u>June 30, 2023</u>	Operating Results for the Year <u>Governmental Activities</u> <u>June 30, 2022</u>
Revenues:		
Federal Sources	\$ 341,273	\$ 180,341
State Sources	1,530,236	1,437,881
Local & Other	83,926	71,371
Total Revenues	1,955,435	1,689,593
Expenses:		
Instruction	1,073,156	838,634
Support Services	140,293	117,077
Community Services	1,719	1,242
General Support	689,534	508,839
Interest on Debt	12,627	881
Student Activity Support	-	13,078
Total Expenses	1,917,329	1,479,751
Increase (Decrease) in Net Position	\$ 38,106	\$ 209,842

The School's largest source of revenue was the State of Florida (78%), primarily received through Florida Education Finance Program (FEFP). In addition to increases in FEFP funding at the state level, the school experienced a small increase in enrollment and thus an increase in FTE, leading to higher funding from state sources. The school also received federal ESSER II and ESSER III Grant Funds. Local revenues were higher due to an increase in fundraising activities and an increase in lunch revenues.

Concentration of expenses was primarily split between Instruction (56%) and General Support (36%). General Support consisted of administration and operations expenses. Instruction consisted of teacher salaries, curriculum resources, and classroom furniture and equipment. Support Services consisted of guidance and professional development services. Increases in instruction expenses were primarily due to increases in curriculum resources, classroom furniture, and non-capitalized instructional equipment. Increases in General Support occurred primarily because of the relocation to a larger facility on larger parcel of land. This relocation increased utility and maintenance expenses, including the addition of a maintenance technician, and necessary facility upgrades, including air conditioners and windows.

Financial Analysis of School's Funds

The governmental funds reported a combined fund balance of \$367,993 as of June 30, 2023, an increase of \$24,786 from the prior year. This increase in fund balance is due to the increase in FEFP funds and the use of ESSER II and ESSER III funds to cover expenses, such as cleaning materials and equipment and instructional materials and equipment, that otherwise would have been covered by state and other funds.

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

Financial Analysis of School's Fiduciary Funds

The fiduciary funds reported funds restricted for organizations of \$22,146 as of June 30, 2023, an decrease of \$4,397 from the prior year. Extracurricular activities have returned to pre-COVID levels.

Budgetary Highlights

The budgets for the General Fund and Special Revenue Fund developed for 2022-23 were based on anticipated revenues and expenditures and expected full-time enrollment (FTE) for the school year. The final budgets were amended in June 2023 and approved in August 2023.

Overall, the School general fund was under budget for revenues and slightly over budget for expenditures. The difference in general fund revenues is related to changes in FEFP revenue worksheet and year-end reconciliation that occurred after the budget was amended. The difference in expenditures is primarily related to planned expenditures at the time of the final budget and prior to the end of the fiscal year that either did not occur or were not realized until the next fiscal year. The general fund budget also did not extinguish the noncurrent liabilities as reflected in the actual. The difference in special revenue fund revenues and expenditures from budget to actual reflect grant purchases made after final budget was approved. Some planned expenditures may not have been realized until the next fiscal year. Refer to the Budgetary Comparison Schedules for additional information regarding the General Fund and Special Revenue budgets.

Capital Assets

The School's capital assets as of June 30, 2023, were \$281,953 (net of accumulated depreciation). Thus, capital assets increased over prior year operations. This increase in capital assets is primarily due to the increase in instructional equipment purchased using federal grant funds and facility upgrades, including air conditioning units and windows, necessary for the school to operate. Investment in capital assets includes building, furniture, fixtures, equipment, and audio-visual materials. The School also began its lease of a school campus that lasts until June 30, 2027. Refer to Notes to Financial Statements for more information on capital assets and lease activities.

Long-Term Liabilities

The balance of the School's long term liabilities as of June 30, 2023, was \$993,567 (net of current portion), an increase of \$635,705 over the prior year. This increase in long-term liabilities is primarily due to the increase in the School's net pension liability related to FRS reporting and the recognition of the lease liability related to the new campus. The lease of the school campus runs until June 30, 2027. Refer to Notes to Financial Statements for more information on the FRS reporting and lease activities.

Requests for Information

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

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

Governmental Activities
 June 30, 2023

Assets	
Current assets	
Cash and cash equivalents	\$ 403,368
Accounts receivable	15,567
Total current assets	418,935
Capital assets, net	
Building, equipment, and leasehold improvements	130,397
Motor Vehicles	9,785
Furniture, fixtures, and equipment	108,784
Audio visual materials	32,987
Total capital assets, net	281,953
Right-to-use lease assets, net	265,049
Total assets	965,937
Deferred outflows of resources	
Deferred outflows related to pensions	305,795
Total deferred outflows of resources	305,795
Liabilities	
Current liabilities	
Accounts payable	840
Accrued expenses	33,643
Unearned revenue	16,459
Lease liability – principal due in one year	63,150
Loan Payable – Due in one year	4,900
Total current liabilities	118,992
Long-term liabilities	
Loan payable	5,598
Lease liability	241,133
Net pension liability	746,836
Total long-term liabilities	993,567
Total liabilities	1,112,559
Deferred inflows of resources	
Deferred inflows related to pensions	68,294
Total deferred inflows of resources	68,294
Net position	
Invested in capital assets, net of related debt	232,220
Restricted for:	
Capital projects	24,534
Specific programs	35,221
Unrestricted	(201,096)
Total net position	\$ 90,879

See accompanying notes to financial statements

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

Governmental Activities
Year ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Instruction	\$ (1,073,156)	\$ -	\$ 334,224	\$ -	\$ (738,932)
Support services	(140,293)	-	-	-	(140,293)
Community Services	(1,719)	-	-	-	(1,719)
General support	(689,534)	41,355	7,049	98,999	(542,131)
Interest on debt	(12,627)	-	-	-	(12,627)
Total Governmental Activities	\$ (1,917,329)	\$ 41,355	\$ 341,273	\$ 98,999	\$ (1,435,702)

General Revenues:

State Revenue:

Florida Education Finance Program	\$ 1,392,837
School Recognition Funds	33,216
Other State Revenues	5,184
Unrestricted Grants and Contributions	40,802
Unrestricted Invested Earnings	187
Unrestricted Other Operating	1,582

Total General Revenues

1,473,808

Change in Net Position

38,106

Net Position – Beginning

52,773

Net Position – End

\$ 90,879

See accompanying notes to financial statements

The James Madison Preparatory High School, Inc.
Balance Sheet

Governmental Funds June 30, 2023	General Fund		Special Revenue Fund		Capital Projects Fund		Total Governmental Funds
Assets							
Current assets							
Cash and cash equivalents	\$	397,665	\$	-	\$	-	\$ 397,665
Accounts receivable		15,567		-		-	15,567
Due from other funds		-		16,459		24,534	40,993
Due from fiduciary funds		5,703		-		-	5,703
Total assets	\$	418,935	\$	16,459	\$	24,534	\$ 459,928
Liabilities and fund balances							
Current liabilities							
Accounts payable	\$	840	\$	-	\$	-	\$ 840
Salaries and payroll tax payable		33,643		-		-	33,643
Unearned revenue		-		16,459		-	16,459
Due to other funds		40,993		-		-	40,993
Total liabilities		75,476		16,459		-	91,935
Fund balance							
Restricted for:							
Capital projects		-		-		24,534	24,534
Specific program		35,221		-		-	35,221
Spendable, unassigned		308,238		-		-	308,238
Total fund balances		343,459		-		24,534	367,993
Total liabilities and fund balances	\$	418,935	\$	16,459	\$	24,534	\$ 459,928

See accompanying notes to financial statements

The James Madison Preparatory High School, Inc.

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

Total Fund Balances – Governmental Funds	\$ 367,993
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources, therefore, are not reported as assets in governmental funds	547,002
Deferred outflows and inflows of resources are not available in the current period and not reported in the governmental funds	237,501
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds	
Net pension liability	(746,836)
Noncurrent liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds	
Lease liability	(304,283)
Note payable	<u>(10,498)</u>
Total Net Position – Governmental Activities	\$ <u><u>90,879</u></u>

See accompanying notes to financial statements

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

Governmental Funds Year ended June 30, 2023	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenue				
State sources	\$ 1,431,237	\$ -	\$ 98,999	\$ 1,530,236
Federal through state and local	-	334,224	-	334,224
Gifts, grants, bequests	47,850	-	-	47,850
Student lunches	41,256	-	-	41,256
Miscellaneous revenue	1,682	-	-	1,682
Investment Income	187	-	-	187
Total revenue	1,522,212	334,224	98,999	1,955,435
Instruction Expenditures				
Salaries	471,452	-	-	471,452
Additions to teacher salaries	30,953	-	-	30,953
Teacher bonuses	20,056	21,000	-	41,056
Teacher FRS	58,601	-	-	58,601
Teacher FICA	39,561	1,606	-	41,167
Teacher group insurance	9,876	-	-	9,876
Teacher worker's compensation	1,869	-	-	1,869
Teacher unemployment taxes	120	-	-	120
Instructional stipends	2,763	-	-	2,763
Instructional travel	1,354	-	-	1,354
Subscriptions	2,988	65,938	-	68,926
Supplies	1,384	1,633	-	3,017
Textbooks	13,384	16,961	-	30,345
Other equipment & supplies	2,511	5,587	-	8,098
Noncapital audio-visual equipment	793	14,900	-	15,693
Noncapital furniture, fixtures & equipment	1,019	41,070	-	42,089
Noncapital computer hardware	232	62,201	-	62,433
Noncapital software	110	2,796	-	2,906
Dues & fees	2,175	6,400	-	8,575
Other services	69,249	-	-	69,249
Instruction capital outlay	-	48,919	-	48,919
Total instruction expenditures	730,450	289,011	-	1,019,461

See accompanying notes to financial statements

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

Support Services Expenditures

Guidance services	55,000	-	-	55,000
Guidance salary addition	1,917	-	-	1,917
Guidance bonus	2,060	3,000	-	5,060
Guidance FRS	6,789	-	-	6,789
Guidance FICA	4,443	230	-	4,673
Guidance group insurance	1,102	-	-	1,102
Guidance worker's compensation	149	-	-	149
Guidance unemployment taxes	9	-	-	9
Pupil personnel stipends	276	-	-	276
Pupil personnel professional services	16,171	-	-	16,171
Pupil personnel licenses / rental	77	-	-	77
Pupil personnel supplies	384	-	-	384
Pupil personnel noncapital furniture, fixtures & equipment	397	-	-	397
Pupil personnel dues & fees	75	-	-	75
Media magazine subscriptions	236	-	-	236
Teacher training	270	-	-	270
Travel & conferences	50	-	-	50
Instruction-related technology professional services	29,008	5,100	-	34,108
Instruction-related technology supplies	10	-	-	10
Instruction-related noncapital computer hardware	-	1,039	310	1,349
Total support services expenditures	118,423	9,369	310	128,102

Administrative Expenditures

Administration salaries	102,500	-	-	102,500
Additions to administration salaries	8,500	-	-	8,500
Administration bonuses	9,120	6,000	-	15,120
Administration FRS	12,210	-	-	12,210
Administration FICA	9,119	459	-	9,578
Administration group insurance	234	-	-	234
Administration worker's compensation	299	-	-	299
Administration unemployment taxes	18	-	-	18
Administration rentals	1,321	-	-	1,321
Administration purchased services	3,940	-	-	3,940

See accompanying notes to financial statements

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

Administration office supplies	2,145	-	-	2,145
Administration other equipment & supplies	502	-	-	502
Administration noncapital furniture, fixtures & equipment	2,181	-	-	2,181
Administration dues & fees	3,074	-	-	3,074
Administration miscellaneous expenditures	3,185	-	-	3,185
Board professional services	17,295	-	-	17,295
Board insurance	1,549	-	-	1,549
Noncapital remodel & renovate	-	-	1,000	1,000
Fiscal administrative salaries	31,000	-	-	31,000
Fiscal administrative bonus	4,560	3,000	-	7,560
Fiscal services FRS	3,728	-	-	3,728
Fiscal services FICA	2,646	230	-	2,876
Fiscal services group insurance	420	-	-	420
Fiscal services worker's compensation	149	-	-	149
Fiscal services unemployment taxes	9	-	-	9
Professional services	6,359	-	-	6,359
Fiscal services subscriptions	753	-	-	753
Fiscal services supplies	346	-	-	346
Food service expenditures	56,272	-	-	56,272
Food service supplies	1,125	-	-	1,125
IS rentals	557	-	-	557
IS purchased services	4,995	-	-	4,995
IS supplies & equipment	2,065	-	-	2,065
IS miscellaneous services	29,292	-	-	29,292
Transportation insurance	3,192	-	-	3,192
Transportation other purchases	56,690	-	-	56,690
Transportation oil & grease	2,351	-	-	2,351
Transportation dues & fees	92	-	-	92
Operations salaries	53,423	-	-	53,423
Operations salary additions	10,500	-	-	10,500
Operations bonus	2,560	3,500	-	6,060
Operations FRS	8,191	-	-	8,191
Operations FICA	5,003	268	-	5,271
Operations group insurance	1,256	-	-	1,256
Operations worker's compensation	74	-	-	74

See accompanying notes to financial statements

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

Operations unemployment taxes	23	-	-	23
Operations rentals	579	-	-	579
Telephone / internet expense	8,462	-	-	8,462
Water / sewer expense	2,481	-	-	2,481
Operations purchased services	39,809	2,174	318	42,301
Electricity expense	24,037	-	-	24,037
Operations supplies	13,908	-	1,585	15,493
Operations noncapital audio-visual equipment	1,125	-	-	1,125
Operations noncapital furniture & equipment	2,044	1,624	1,041	4,709
Property and liability insurance	-	-	21,787	21,787
Operations repairs & maintenance	-	-	4,812	4,812
Operations miscellaneous	200	-	-	200
Lease capital outlay	-	-	331,311	331,311
Administrative capital outlay	-	18,589	113,191	131,780
Total administrative expenditures	557,468	35,844	475,045	1,068,357
Debt Service Expenditures				
Payments on long-term debt	-	-	4,666	4,666
Lease financing principal	-	-	27,028	27,028
Interest payments	-	-	12,627	12,627
Total debt service expenditures	-	-	44,321	44,321
Community Service Expenditures				
Dues & fees	969	-	-	969
Miscellaneous	750	-	-	750
Total community service expenditures	1,719	-	-	1,719
Total Expenditures	1,408,060	334,224	519,676	2,261,960
Excess(Deficiency) of Revenues Over/(Under) Expenditures	114,152	-	(420,677)	(306,525)
Other Financing Sources / (Uses)				
Lease financing	-	-	331,311	331,311

See accompanying notes to financial statements

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

Total other financing sources / (uses)	-	-	331,311	331,311
Increase (Decrease) in Fund Balance	114,152	-	(89,366)	24,786
Fund Balance – beginning of the year	229,307	-	113,900	343,207
Fund Balance – end of the year	\$ 343,459	-	24,534	\$ 367,993

See accompanying notes to financial statements

The James Madison Preparatory High School, Inc.

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
For the Fiscal Year Ended June 30, 2023

Net Change in Fund Balances – Governmental Funds	\$	24,786
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. Capital expenditures (\$512,009) are in excess of depreciation expense (\$109,145) in the current period.		402,864
Lease financing is a source of funds in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position		(331,311)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		31,694
Net effect of various transactions in the statement of activities that do not require the use of current financial resources are not reported in the government funds:		
Pension Expense (calculated for net pension liability)		(125,302)
Pension contributions made subsequent to the pension liability measurement date of 6/30/22		62,287
Loss on disposition of assets		<u>(26,912)</u>
Change in Net Position – Governmental Activities	\$	<u>38,106</u>

The James Madison Preparatory High School, Inc.
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2023

Assets	Custodial Funds
Current assets	
Cash and cash equivalents	\$ 27,849
Total current assets	27,849
Total assets	27,849
Liabilities	
Current liabilities	
Due to general fund	5,703
Total current liabilities	5,703
Total liabilities	5,703
Net Position	
Restricted for organizations	22,146
Total net position	\$ 22,146

See accompanying notes to financial statements

The James Madison Preparatory High School, Inc.
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the year ended June 30, 2023

		Custodial Funds
<hr/>		
Additions		
Clay Target Team	\$	4,190
11 th Grade		4,435
SGA		399
Beta		6,516
Yearbook / Journalism Club		7,529
FFA Club		8,207
National Honor Society		559
Book Club		550
English Department		1,043
Scholarships		11,750
Investment Earnings		45
Total additions		45,223
<hr/>		
Deductions		
Clay Target Team		5,436
11 th Grade		3,369
SGA		325
Beta Club		5,861
Yearbook / Journalism Club		11,323
FFA Club		9,997
National Honor Society		425
English Department		776
Scholarships		12,000
Fiscal Services Supplies		108
Total deductions		49,620
<hr/>		
Change in Net Position		(4,397)
<hr/>		
Net Position – Beginning		26,543
<hr/>		
Net Position – Ending	\$	22,146
<hr/>		

See accompanying notes to financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

The basic financial statements of the School present only the balances, activity, and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of the District School Board of Madison County, Florida as of June 30, 2023, and its changes in financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

Basis of Presentation

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

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

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the school.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The School's major governmental funds are as follows:

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

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

Basis of Accounting

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

Budgets are presented on the modified accrual basis of accounting for the general fund and special revenue fund. During the fiscal year, expenditures are controlled at the object level (e.g. salaries and benefits, purchased services, materials and supplies) within each activity (e.g. instruction, support services and administration). Budgets may be amended by resolution at any Board meeting prior to the date for the annual report. A capital projects fund budget is not presented since such activity occurs over multiple years.

Cash and Cash Equivalents

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

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2023, the School's uninsured cash balances total approximately \$76,000.

Capital Assets

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

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

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

Net Pension Liability

As a participating employer in the Florida Retirement System, the School recognizes its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. As of June 30, 2023, the School's proportionate share of the net pension liability totaled \$746,836. A subsequent note includes a complete discussion of defined benefit pension plans and related amounts.

Long Term Liabilities

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows / Inflows of Resources

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

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

Net Position and Fund Balance Classifications

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

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

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

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

Net position flow assumption

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund balance flow assumptions

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

Revenue Sources

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent students and related data to the District.

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

The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)(2), Florida Statutes. For the fiscal year ended June 30, 2023, the School reported 182.98 unweighted and 182.80 weighted FTE.

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Income Taxes

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

Interfund Transfers

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

Use of Estimates

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

Unearned Revenue

The School is eligible for certain grants to address the impact of the Novel Coronavirus 2019 ("COVID-19"). The School recognizes these revenues as the grant criteria are met. As of June 30, 2023, the School had received \$16,459 from the granting agency that had not been earned. This amount is reported as Unearned Revenue in the government-wide statement of net position and the Special Revenue Fund balance sheet.

New Accounting Pronouncements

GASB Statement No. 87, Leases establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset (RTU), and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The School has implemented this Statement and its various provisions in the fiscal year June 30, 2023. No restatement of beginning net position for the cumulative adjustment due to the adoption of GASB 87, as required by the Statement was necessary as there were no qualifying leases in the prior year. See Note 6 – Leases.

NOTE 2 – RISK MANAGEMENT PROGRAMS

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

The James Madison Preparatory High School, Inc.
Notes to the Financial Statements
June 30, 2023

NOTE 2 – RISK MANAGEMENT PROGRAMS (CONTINUED)

Worker’s compensation and general liability coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. The School recognizes no liabilities in relation to claims existing at the end of fiscal year 2023.

NOTE 3 – FUNDING AND CREDIT CONCENTRATIONS

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

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

NOTE 4 – SHORT TERM DEBT ACTIVITY

The School maintains a line of credit from the James Madison Preparatory High School Foundation, Inc. (“the Foundation”), a related party, to offset timing differences between receipts and expenditures. There were no borrowings or payments related to the line of credit for the year ended June 30, 2023.

NOTE 5 – CAPITAL ASSETS

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the period ended June 30, 2023:

	Beginning	Additions	Deletions	Ending
Capital assets being depreciated				
Improvements other than buildings	\$ -	\$ 3,325	\$ -	\$ 3,325
Buildings and fixed equipment	42,772	116,966	(30,174)	129,564
Furniture, fixtures and equipment	239,467	60,408	(38,461)	261,414
Motor vehicles	23,483	-	-	23,483
Audio visual equipment	84,565	-	(33,756)	50,809
Software & licenses	1,295	-	-	1,295
Total capital assets	391,582	180,699	(102,391)	469,890
Less accumulated depreciation for:				
Improvements other than buildings	-	(42)	-	(42)
Buildings and fixed equipment	(5,606)	(1,642)	4,799	(2,449)
Furniture, fixtures and equipment	(162,591)	(26,963)	36,924	(152,630)
Motor vehicles	(9,002)	(4,697)	-	(13,699)
Audio visual equipment	(42,039)	(9,539)	33,756	(17,822)
Software & licenses	(1,295)	-	-	(1,295)
Total accumulated depreciation	(220,533)	(42,883)	75,479	(187,937)
Total capital assets - net	\$ 171,049	\$ 137,816	\$ (26,912)	\$ 281,953

Depreciation expense for the year ended June 30, 2023 was \$42,883. It was allocated among the functions in the following amounts:

Function	Amount
Instruction	\$ 23,887
Support	3,143
Administrative	15,853
Total	\$ 42,883

The James Madison Preparatory High School, Inc.
Notes to the Financial Statements
June 30, 2023

NOTE 6 –LEASES

The School leases the educational facility from an unrelated party. The lease is for 5 years, commencing on July 1, 2022, and ending June 30, 2027. Per the lease agreement, lease payments did not begin until the six months after the later of the lessor vacating the premises or the lessee occupying the premises. The lease calls for monthly payments of \$6,500 in year one and \$7,500 thereafter. If the School's enrollment reaches 225 students, the monthly lease payments increase to \$8,500.

As of June 30, 2023, total lease-related assets by major class and the related accumulated amortization:

	Beginning	Additions	Deletions	Ending
Right-to-use leased assets being amortized				
School buildings and grounds	-	331,311	-	331,311
Total capital assets	-	331,311	-	331,311
Less accumulated amortization for:				
School buildings and grounds	-	(66,262)	-	(66,262)
Total accumulated depreciation	-	(66,262)	-	(66,262)
Total capital assets - net	\$ -	\$ 265,049	\$ -	\$ 265,049

The amortization expense for right-to-use leased assets was \$66,262 for the year ended June 30, 2023.

Future principal and interest requirements for the lease liability as of June 30, 2023 are approximately the following:

Fiscal year ending June 30,	Principal	Interest	Total
2024	\$ 63,150	\$ 20,850	\$ 84,000
2025	74,434	15,566	90,000
2026	80,212	9,788	90,000
2027	86,487	3,513	90,000
2028 and thereafter	-	-	-
Total Minimum Lease Payments	\$ 304,283	49,717	354,000

NOTE 7 – COMMITMENTS AND CONTINGENT LIABILITIES

The school participates in Federal and State grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivables at June 30, 2023 may be impaired. In the opinion of the School, there are no significant liabilities relating to compliance with the rules and regulations governing the respective grants. No provision has been recorded in the accompanying financial statements for such contingencies.

NOTE 8 – LEGAL MATTERS

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

The James Madison Preparatory High School, Inc.
Notes to the Financial Statements
June 30, 2023

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

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

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

The School's pension expense totaled \$125,303 for the fiscal year ended June 30, 2023.

FRS Pension Plan

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

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

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

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

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

The James Madison Preparatory High School, Inc.
Notes to the Financial Statements
June 30, 2023

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

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

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

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2022-23 fiscal year were as follows:

Class	Percent of Gross Salary	
	Employee	Employer (A)
FRS, Regular	3.00	11.91
FRS, Reemployed Retiree	(B)	(B)

- Notes:
- (A) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.
 - (B) Contribution rates are dependent upon retirement class in which reemployed.

The School's contributions, including employee contributions, to the Plan totaled \$49,818 for the fiscal year ended June 30, 2023.

The James Madison Preparatory High School, Inc.
Notes to the Financial Statements
June 30, 2023

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2023, the School reported a liability of \$519,493 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The School's proportionate share of the net pension liability was based on the School's 2021-22 fiscal year contributions relative to the 2021-22 fiscal year contributions of all participating members. At June 30, 2022, the School's proportionate share was .001396185 percent, which was an decrease of .000097818 percent from its proportionate share measured as of June 30, 2021. For the fiscal year ended June 30, 2023, the School recognized pension expense of \$93,227. In addition, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,673	\$ -
Change in assumptions	63,978	-
Net difference between projected and actual earnings on FRS pension plan investments	34,302	-
Changes in proportion and differences between School FRS contributions and proportionate share of contributions	64,044	15,341
School FRS contributions subsequent to the measurement date	49,818	-
Total	\$ 236,815	\$ 15,341

The deferred outflows of resources related to pensions, totaling \$49,818, resulting from School contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2024.

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
2024	\$ 29,734
2025	11,220
2026	(10,041)
2027	87,368
2028	4,672
Thereafter	-

Actuarial Assumptions. The total pension liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The James Madison Preparatory High School, Inc.
Notes to the Financial Statements
June 30, 2023

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

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

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

Asset Class	Target Allocation (A)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.6%	2.6%	1.1%
Fixed Income	19.8%	4.4%	4.4%	3.2%
Global Equity	54.0%	8.8%	7.3%	17.8%
Real Estate	10.3%	7.4%	6.3%	15.7%
Private Equity	11.1%	12.0%	8.9%	26.3%
Strategic Investments	3.8%	6.2%	5.9%	7.8%
Total	<u>100%</u>			

Assumed inflation - Mean 2.4% 1.3%

Note: (A) As outlined in the Plan's Investment policy and presented in the Plan's 2021-2022 CAFR

Discount Rate. The discount rate used to measure the total pension liability was 6.70 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2022 valuation was decreased .10 percent from the prior year.

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

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
School's proportionate share of the net pension liability	\$ 898,427	\$ 519,493	\$ 202,659

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

The James Madison Preparatory High School, Inc.
Notes to the Financial Statements
June 30, 2023

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

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, 2023, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2023, the contribution rate was 1.66 percent of payroll pursuant to section 112.363, Florida Statutes. The School contributed 100 percent of its statutorily required contributions for the current and preceding year. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The School's contributions to the HIS Plan totaled \$12,469 for the fiscal year ended June 30, 2023.

The School's proportionate share of the net pension liability was based on the School's 2021-22 fiscal year contributions relative to the total 2021-22 fiscal year contributions of all participating members. At June 30, 2022, the School's proportionate share was .002146345 percent, which was an increase of .000114154 percent from its proportionate share measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the School recognized pension expense of \$32,706. In addition, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,900	\$ 1,000
Change in assumptions	13,031	35,168
Net difference between projected and actual earnings on HIS pension plan investments	329	-
Changes in proportion and differences between School HIS contributions and proportionate share of contributions	36,249	16,785
School HIS contributions subsequent to the measurement date	12,469	-
Total	\$ 68,978	\$ 52,953

The James Madison Preparatory High School, Inc.
Notes to the Financial Statements
June 30, 2023

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

The deferred outflows of resources totaling \$12,469, resulting from School contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2024. 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
2024	\$ (3,810)
2025	(2,054)
2026	(939)
2027	(2,079)
2028	(4,826)
Thereafter	(2,199)

Actuarial Assumptions. The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	3.54 percent

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

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

Discount Rate. The discount rate used to measure the total pension liability was 3.54 percent, an increase of 1.38 percent from the prior year. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 3.54 percent, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54 percent) or 1 percentage point higher (4.54 percent) than the current rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
School's proportionate share of the net pension liability	\$ 260,087	\$ 227,332	\$ 200,229

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

The James Madison Preparatory High School, Inc.
Notes to the Financial Statements
June 30, 2023

NOTE 10 – CUSTODIAL CREDIT RISK

In the case of deposits, this is the risk that in the event of a bank failure, the School's deposits may not be returned to the School. The School does not have a custodial credit risk policy. Deposits on hand at financial institutions are insured by the Federal Deposit Insurance Company (FDIC) up to \$250,000. As of June 30, 2023, the School's uninsured cash balances total approximately \$173,000.

NOTE 11 – CHANGES IN LONG-TERM AND NONCURRENT LIABILITIES

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

	Beginning Balance	Additions	Deductions	Ending Balance	Due in One Year
Governmental Activities:					
Net Pension Liability	\$ 347,367	\$ 399,469	\$ -	\$ 746,836	\$ -
Note Payable, Capital City Bank	15,164	-	(4,666)	10,498	4,900
Total Governmental Activities	<u>\$ 362,531</u>	<u>\$ 399,469</u>	<u>\$ (4,666)</u>	<u>\$ 757,334</u>	<u>\$ 4,900</u>

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

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

Year Ending June 30:	
2024	\$ 4,900
2025	5,160
2026	438
2027	-
2028 and thereafter	-
	<u>\$ 10,498</u>

Interest expense on notes payable incurred during the year ended June 30, 2023 was \$665. There was no interest capitalized for the year ended June 30, 2023.

NOTE 12 – SCHEDULE OF STATE REVENUE SOURCES

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

Source	Amount
Florida Education Finance Program	\$ 1,392,837
Charter School Capital Outlay	98,999
School Recognition Program	33,216
Miscellaneous	5,184
Total	<u>\$ 1,530,236</u>

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

NOTE 13 – INTERFUND RECEIVABLES / PAYABLES AND TRANSFERS

Interfund Receivables / Payables

Interfund balances exist due to resources of the general fund being used to cover expenditures of the fiduciary funds. These funds are expected to be repaid within one year. The total amount due to the General Fund from the Fiduciary Fund was \$5,703 at June 30, 2023.

At June 30, 2023, the General Fund owed the Special Revenue Fund and Capital Projects Fund \$16,459 and \$24,534, respectively, representing revenues of the Special Revenue Fund and Capital Projects Fund held by the General Fund. These amounts are netted together and not reported in the statement of net position.

NOTE 14 – SUBSEQUENT EVENTS

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

NOTE 15 – EXCESS OF EXPENDITURES OVER BUDGET

Expenditures exceeded amounts in the General Revenue Budget by \$36,151 for instructional support services. Expenditures exceeded amounts in the Special Revenue Budget by \$24,834 for instructional services.

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

Budgetary Comparison Schedule – General Fund (Unaudited)
For the Fiscal Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final
Revenues				
State Revenue:				
Florida Education Finance Program	\$ 1,266,710	\$ 1,412,180	\$ 1,392,837	\$ (19,343)
School Recognition Program	-	33,216	33,216	-
Other Miscellaneous	-	5,184	5,184	-
Local Revenue:				
Food Service	36,000	36,000	41,256	5,256
Fundraising	-	40,000	40,587	587
Other Miscellaneous	7,049	7,049	9,132	2,083
Total Revenue	1,309,759	1,533,629	1,522,212	(11,417)
Expenditures and Changes in Fund Balances				
Current Expenditures:				
Instructional	675,184	740,471	730,450	(10,021)
Instructional Support Services	74,957	82,272	118,423	36,151
General Support	502,790	578,389	557,468	(20,921)
Community Support	5,321	5,321	1,719	(3,602)
Total Expenditures	1,258,252	1,406,453	1,408,060	1,607
Excess (Deficiency of Revenues Over / (Under) Expenditures	51,507	127,176	114,152	(13,024)
Increase (Decrease) in Fund Balance	51,507	127,176	114,152	(13,024)
Fund Balances, July 1, 2022	229,307	229,307	229,307	-
Fund Balances, June 30, 2023	\$ 280,814	\$ 356,483	\$ 343,459	\$ (13,024)

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

Budgetary Comparison Schedule – Special Revenue Fund (Unaudited)
For the Fiscal Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final
Revenues				
Federal Revenue:				
Federal through State & Local	\$ 220,307	\$ 350,000	\$ 334,224	\$ (15,776)
Total Revenue	220,307	350,000	334,224	(15,776)
Expenditures and Changes in Fund Balances				
Current Expenditures:				
Instructional	175,672	264,177	289,011	24,834
Instructional Support Services	46,399	53,539	9,369	(44,170)
General Support	28,438	178,405	35,844	(142,561)
Total Expenditures	250,509	496,121	334,224	(161,897)
Excess (Deficiency of Revenues Over / (Under) Expenditures	(30,202)	(146,121)	-	146,121
Increase (Decrease) in Fund Balance	(30,202)	(146,121)	-	146,121
Fund Balances, July 1, 2022	-	-	-	-
Fund Balances, June 30, 2023	\$ (30,202)	\$ (146,121)	\$ -	\$ 146,121

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

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

	<u>As of 6/30/22</u>	<u>As of 6/30/21</u>	<u>As of 6/30/20</u>	<u>As of 6/30/19</u>
Proportion of the net pension liability / (asset)	.001396185%	.001298367%	.001106933%	.001163233%
Proportionate share of the net pension liability / (asset)	\$ 519,493	\$ 98,077	\$ 479,761	\$ 400,601
Covered-employee payroll	\$ 750,958	\$ 782,202	\$ 719,445	\$ 668,233
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	69.18%	12.54%	66.68%	59.95%
Plan fiduciary net position as a percentage of the total pension liability	82.89%	96.40%	78.85%	82.61%
	<u>As of 6/30/18</u>	<u>As of 6/30/17</u>	<u>As of 6/30/16</u>	<u>As of 6/30/15</u>
Proportion of the net pension liability / (asset)	.001235346%	.001308220%	.000973673%	.000572798%
Proportionate share of the net pension liability / (asset)	\$ 372,093	\$ 386,963	\$ 245,853	\$ 73,985
Covered-employee payroll	\$ 695,112	\$ 694,127	\$ 517,998	\$ 224,070
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	53.53%	55.75%	47.46%	33.02%
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%
	<u>As of 6/30/14</u>			
Proportion of the net pension liability / (asset)	.000171596%			
Proportionate share of the net pension liability / (asset)	\$ 10,470			
Covered-employee payroll	\$ 134,317			
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	7.79%			
Plan fiduciary net position as a percentage of the total pension liability	6.09%			

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

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

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

	<u>As of 6/30/23</u>	<u>As of 6/30/22</u>	<u>As of 6/30/21</u>	<u>As of 6/30/20</u>
Contractually required contribution	\$ 49,818	\$ 59,578	\$ 49,462	\$ 36,778
Contributions in relation to the contractually required contribution	<u>(49,818)</u>	<u>(59,578)</u>	<u>(49,462)</u>	<u>(36,778)</u>
Contribution deficiency / (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 750,958	\$ 782,202	\$ 719,445	\$ 668,233
Contributions as a percentage of covered-employee payroll	6.63%	7.62%	6.88%	5.50%
	<u>As of 6/30/19</u>	<u>As of 6/30/18</u>	<u>As of 6/30/17</u>	<u>As of 6/30/16</u>
Contractually required contribution	\$ 36,069	\$ 35,206	\$ 34,056	\$ 23,745
Contributions in relation to the contractually required contribution	<u>(36,069)</u>	<u>(35,206)</u>	<u>(34,056)</u>	<u>(23,745)</u>
Contribution deficiency / (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 638,210	\$ 695,112	\$ 694,127	\$ 517,998
Contributions as a percentage of covered-employee payroll	5.65%	5.06%	4.91%	4.58%
	<u>As of 6/30/15</u>	<u>As of 6/30/14</u>		
Contractually required contribution	\$ 13,965	\$ 3,759		
Contributions in relation to the contractually required contribution	<u>(13,965)</u>	<u>(3,759)</u>		
Contribution deficiency / (excess)	<u>\$ -</u>	<u>\$ -</u>		
Covered-employee payroll	\$ 224,070	\$ 134,317		
Contributions as a percentage of covered-employee payroll	6.23%	2.80%		

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

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

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

	<u>As of 6/30/22</u>	<u>As of 6/30/21</u>	<u>As of 6/30/20</u>	<u>As of 6/30/19</u>
Proportion of the net pension liability / (asset)	.002146345%	.002032191%	.001925315%	.001908259%
Proportionate share of the net pension liability / (asset)	\$ 227,332	\$ 249,279	\$ 235,078	\$ 213,515
Covered-employee payroll	\$ 750,958	\$ 782,202	\$ 719,445	\$ 668,233
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	30.27%	31.87%	32.67%	31.95%
Plan fiduciary net position as a percentage of the total pension liability	4.81%	3.56%	3.00%	2.63%
	<u>As of 6/30/18</u>	<u>As of 6/30/17</u>	<u>As of 6/30/16</u>	<u>As of 6/30/15</u>
Proportion of the net pension liability / (asset)	.002128227%	.002342772%	.001479019%	.000758359%
Proportionate share of the net pension liability / (asset)	\$ 225,254	\$ 250,500	\$ 172,374	\$ 77,341
Covered-employee payroll	\$ 695,112	\$ 694,127	\$ 517,998	\$ 224,070
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	32.41%	36.09%	33.28%	34.52%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%
	<u>As of 6/30/14</u>			
Proportion of the net pension liability / (asset)	.000297960%			
Proportionate share of the net pension liability / (asset)	\$ 27,860			
Covered-employee payroll	\$ 134,317			
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	20.74%			
Plan fiduciary net position as a percentage of the total pension liability	0.99%			

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

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

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

	<u>As of 6/30/23</u>	<u>As of 6/30/22</u>	<u>As of 6/30/21</u>	<u>As of 6/30/20</u>
Contractually required contribution	\$ 12,469	\$ 12,987	\$ 11,945	\$ 11,095
Contributions in relation to the contractually required contribution	<u>(12,469)</u>	<u>(12,987)</u>	<u>(11,945)</u>	<u>(11,095)</u>
Contribution deficiency / (excess)	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	<u><u>-</u></u>
Covered-employee payroll	\$ 750,958	\$ 782,202	\$ 719,445	\$ 668,233
Contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.66%	1.66%
	<u>As of 6/30/19</u>	<u>As of 6/30/18</u>	<u>As of 6/30/17</u>	<u>As of 6/30/16</u>
Contractually required contribution	\$ 10,596	\$ 11,541	\$ 12,399	\$ 7,581
Contributions in relation to the contractually required contribution	<u>(10,596)</u>	<u>(11,541)</u>	<u>(12,399)</u>	<u>(7,581)</u>
Contribution deficiency / (excess)	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	<u><u>-</u></u>
Covered-employee payroll	\$ 638,210	\$ 695,112	\$ 694,127	\$ 517,998
Contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.79%	1.46%
	<u>As of 6/30/15</u>	<u>As of 6/30/14</u>		
Contractually required contribution	\$ 2,899	\$ 1,021		
Contributions in relation to the contractually required contribution	<u>(2,899)</u>	<u>(1,021)</u>		
Contribution deficiency / (excess)	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>		
Covered-employee payroll	\$ 224,070	\$ 134,317		
Contributions as a percentage of covered-employee payroll	1.29%	0.76%		

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

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of The James Madison Preparatory High School, Inc. (School), a component unit of the District School Board of Madison County, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated October 17, 2023.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Buescher & Company, LLC

Buescher & Company, LLC

Madison, Florida
October 17, 2023

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

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

Report on the Financial Statements

We have audited the financial statements of The James Madison Preparatory High School, Inc. (School), a charter school and component unit of the District School Board of Madison County, Florida, as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated October 17, 2023.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in this report, which is dated October 17, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are The James Madison Preparatory High School, Inc., and 400121.

Financial Condition and Management

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

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

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

Transparency

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

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, applicable management, and the District School Board of Madison County, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Buescher & Company, LLC

Buescher & Company, LLC

Madison, Florida
October 17, 2023