

**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, 2021**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2021, 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2021 the School adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

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 December 15, 2021, 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
December 15, 2021

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

Introduction

The Management and Discussion 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, 2021. 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 17-32.

Overview of School

JMPHS is a college preparatory high school that promotes student ownership of learning through a content-rich liberal arts curriculum emphasizing science, technology, engineering, and math (STEM). It was created to provide a public education option for parents and students that did not exist. Opening in August 2013 with a 9th grade class of 40 students, JMPHS currently serves Grades 9 - 12 with a maximum capacity of 200 students (50 students in each grade). Operations remained consistent with prior year with 177 students in Grades 9 - 12 with ten full-time instructors, part-time tutor, school principal, finance director, office manager, school counselor, paraprofessional, and two custodians.

Financial Highlights

- For the fiscal year ended June 30, 2021, the School's revenues exceeded expenses as shown in the School's statement of activities by \$188,928.
- As shown on the statement of net position, the School's total net position was (\$157,069).

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, 2021 and 2020.

	Net Position, End of Year <u>Governmental Activities</u> <u>June 30, 2021</u>	Net Position, End of Year <u>Governmental Activities</u> <u>June 30, 2020</u>
Assets		
Current & Other Assets	\$ 209,113	\$ 124,418
Capital Assets, Net	<u>151,617</u>	<u>65,910</u>
Total Assets	<u>360,730</u>	<u>190,328</u>
Deferred Outflows		
Deferred Outflows related to Pensions	<u>332,726</u>	<u>361,715</u>
Liabilities		
Current Liabilities	44,254	36,905
Long-term Liabilities	734,455	614,116
Noncurrent Liabilities	<u>-</u>	<u>150,353</u>
Total Liabilities	<u>778,709</u>	<u>801,374</u>
Deferred Inflows		
Deferred Inflows related to Pensions	<u>71,816</u>	<u>96,666</u>
Net Position		
Net Investment in Capital Assets	132,012	65,910
Restricted	78,371	17,613
Unrestricted	<u>(367,452)</u>	<u>(429,520)</u>
Total Net Position	<u>\$ (157,069)</u>	<u>\$ (345,997)</u>

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 \$(157,069) as of June 30, 2020, which included an unrestricted net position of \$(367,452). This net position is an increase of \$188,928 over prior year operations. The primary reasons for this increase are the significant increases in Current and Capital Assets and Net Investment in Capital Assets and decreases in Deferred Outflows and Inflows Related to Pensions and in Liabilities and the decrease in noncurrent liabilities due to forgiveness of funds received from the Paycheck Protection Program.

The key elements of changes in the School's net position as of June 30, 2021 and 2020 are as follows:

	Operating Results for the Year <u>Governmental Activities</u> <u>June 30, 2021</u>	Operating Results for the Year <u>Governmental Activities</u> <u>June 30, 2020</u>
Revenues:		
Federal Sources	\$ 311,128	\$ -
State Sources	1,233,804	1,208,543
Local & Other	112,855	105,820
Total Revenues	<u>1,657,787</u>	<u>1,314,363</u>
Expenses:		
Instruction	894,960	848,568
Support Services	118,677	117,568
Community Services	11,184	20,000
General Support	442,149	483,582
Interest on Debt	1,889	234
Total Expenses	<u>1,468,859</u>	<u>1,469,952</u>
Increase (Decrease) in Net Position	\$ <u>188,928</u>	\$ <u>(155,589)</u>

The School's largest source of revenue was the State of Florida (74%), primarily received through Florida Education Finance Program (FEFP). The school experienced an increase in enrollment and thus an increase in FTE, leading to higher funding from state sources. The school also received ESSER and other federal grant funds and received forgiveness for its Paycheck Protection Program loan forgiven.

Concentration of expenses was primarily split between Instruction (61%) and General Support (30%). 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 instructional salaries and increases in instructional equipment. Decreases in general support services expenses were primarily due to a significant decrease in property rental fees and transportation fees not paid until after the end of the fiscal year.

Financial Analysis of School's Funds

The governmental funds reported a combined fund balance of \$164,859 as of June 30, 2021, an increase of \$77,346 from the prior year. This fund balance is primarily due to the use of ESSER I and ESSER II to cover expenses, such as cleaning supplies and curriculum materials, that otherwise would have been covered by state and other funds.

Financial Analysis of School's Fiduciary Funds

The fiduciary funds reported a liability to clubs and other agencies of \$19,115 as of June 30, 2021, a decrease of \$268 from the prior year. Club activity has not returned to their pre-Covid levels.

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

Budgetary Highlights

The budgets for the General Fund and Special Revenue Fund developed for 2020-21 were based on anticipated revenues and expenditures and expected full-time enrollment (FTE) for the school year. The final budgets were approved in June 2021 and not amended the remainder of the year.

Overall, the School was under-budget for revenues and expenditures. The discrepancies between general fund revenues and expenditures are primarily related to planned revenues and expenditures at the time of the final budget that either did not occur or were not realized until the next fiscal year, primarily the school's transportation payment. The general fund budget also did not extinguish the noncurrent liabilities as reflected in the actual. The difference in special revenue expenditures from budget to actual reflect grant purchases made after final budget was approved. 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, 2021, were \$151,617 (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. Investment in capital assets includes building, furniture, fixtures, equipment, and audio-visual materials. Refer to Notes to Financial Statements for more information on capital assets.

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, 176 NW Crane Ave., Madison, Florida, 32340.

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

Governmental Activities

June 30, 2021

Assets

Current assets

Cash and cash equivalents	\$ 204,147
Due from agency funds	4,966
Total current assets	209,113

Capital assets, net

Building, equipment, and leasehold improvements	36,488
Motor Vehicles	19,178
Furniture, fixtures, and equipment	88,921
Audio visual materials	7,030
Total capital assets, net	151,617

Total assets	360,730
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Deferred outflows of resources

Deferred outflows related to pensions	332,726
Total deferred outflows of resources	332,726

Liabilities

Current liabilities

Accounts payable	10,424
Accrued expenses	33,830
Loan Payable – Due in one year	4,451
Total current liabilities	48,705

Long-term liabilities

Loan payable	15,154
Net pension liability	714,850
Total long-term liabilities	730,004

Total liabilities	778,709
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Deferred inflows of resources

Deferred inflows related to pensions	71,816
Total deferred inflows of resources	71,816

Net position

Invested in capital assets, net of related debt	132,012
Restricted for:	
Capital projects	77,871
Specific programs	500
Unrestricted	(367,452)
Total net position	\$ (157,069)

See accompanying notes to financial statements

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

Governmental Activities
Year ended June 30, 2021

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	\$ (894,960)	\$ -	\$ 153,887	\$ -	\$ (741,073)
Support services	(118,677)	-	-	-	(118,677)
Community Services	(11,184)	-	10,000	-	(1,184)
General support	(442,149)	22,295	6,499	113,859	(299,496)
Interest on debt	(1,889)	-	-	-	(1,889)
Total Governmental Activities	\$ (1,468,859)	\$ 22,295	\$ 170,386	\$ 113,859	\$ (1,162,319)

General Revenues:

Federal Revenue:

Gain on Forgiveness of PPP Loan \$ 151,242

State Revenue:

Florida Education Finance Program 1,143,454

Other State Revenues 1,490

Unrestricted Grants and Contributions 54,778

Unrestricted Invested Earnings 77

Unrestricted Other Operating 206

Total General Revenues 1,351,247

Change in Net Position 188,928

Net Position – Beginning (345,997)

Net Position – End \$ (157,069)

See accompanying notes to financial statements

The James Madison Preparatory High School, Inc.
Balance Sheet

Governmental Funds June 30, 2021	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Assets				
Current assets				
Cash and cash equivalents	\$ 204,147	\$ -	\$ -	\$ 204,147
Due from other funds	8,484	-	77,871	86,355
Due from agency funds	4,966	-	-	4,966
Total assets	\$ 217,597	\$ -	\$ 77,871	\$ 295,468
Liabilities and fund balances				
Current liabilities				
Accounts payable	\$ 10,424	\$ -	\$ -	\$ 10,424
Salaries and payroll tax payable	33,830	-	-	33,830
Due to other funds	77,871	8,484	-	86,355
Total liabilities	122,125	8,484	-	130,609
Fund balance				
Restricted for:				
Capital projects	-	-	77,871	77,871
Specific program	500	-	-	500
Spendable, unassigned	94,972	(8,484)	-	86,488
Total fund balances	95,472	(8,484)	77,871	164,859
Total liabilities and fund balances	\$ 217,597	\$ -	\$ 77,871	\$ 295,468

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

Total Fund Balances – Governmental Funds \$ 164,859

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 151,617

Deferred outflows and inflows of resources are not available in the current period and not reported in the governmental funds 260,910

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 (714,850)

Noncurrent liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds
Note payable (19,605)

Total Net Position – Governmental Activities \$ (157,069)

See accompanying notes to financial statements

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

Fund Financial Statements Year ended June 30, 2021	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenue				
State sources	\$ 1,144,944	\$ -	\$ 88,859	\$ 1,233,803
Federal through state and local	158,180	152,948	-	311,128
Gifts, grants, bequests	65,277	-	25,000	90,277
Student lunches	22,065	-	-	22,065
Miscellaneous revenue	436	-	-	436
Investment Income	77	-	-	77
Total revenue	1,390,979	152,948	113,859	1,657,786
Instruction Expenditures				
Salaries	454,535	-	-	454,535
Additions to teacher salaries	47,699	973	-	48,672
Teacher bonuses	2,150	-	-	2,150
Teacher FRS	50,897	-	-	50,897
Teacher FICA	38,155	-	-	38,155
Teacher group insurance	9,499	-	-	9,499
Teacher worker's compensation	3,138	-	-	3,138
Teacher unemployment taxes	132	-	-	132
Instructional stipends	3,077	-	-	3,077
Subscriptions	34,175	-	-	34,175
Supplies	3,374	-	-	3,374
Textbooks	25,159	-	-	25,159
Other equipment & supplies	2,135	-	-	2,135
Noncapital furniture, fixtures & equipment	1,864	6,085	-	7,949
Noncapital computer hardware	210	50,512	-	50,722
Noncapital software	-	6,810	-	6,810
Dues and fees	4,008	250	-	4,258
Instructional miscellaneous	60	-	-	60
Other teacher services	63,558	-	-	63,558
Instruction capital outlay	-	79,433	-	79,433
Total instruction expenditures	743,825	144,063	-	887,888

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	53,917	-	-	53,917
Additions to guidance services	1,300	-	-	1,300
Guidance bonus	1,500	-	-	1,500
Guidance FRS	5,583	-	-	5,583
Guidance FICA	4,290	-	-	4,290
Guidance group insurance	1,132	-	-	1,132
Guidance worker's compensation	282	-	-	282
Guidance unemployment taxes	7	-	-	7
Pupil personnel stipends	308	-	-	308
Pupil personnel supplies	417	735	-	1,152
Pupil personnel other services	12,448	-	-	12,448
Pupil personnel miscellaneous	51	-	-	51
Media magazine subscriptions	39	-	-	39
Teacher training	2,742	351	-	3,093
Technology professional services	20,493	3,170	-	23,663
Instruction-related noncapital computer hardware	29	-	-	29
Total support services expenditures	104,538	4,256	-	108,794

Administrative Expenditures

Administration salaries	100,500	-	-	100,500
Additions to administration salaries	8,500	-	-	8,500
Administration bonuses	20,000	-	-	20,000
Administration FRS	10,980	-	-	10,980
Administration FICA	9,731	-	-	9,731
Administration group insurance	375	-	-	375
Administration worker's compensation	561	-	-	561
Administration unemployment taxes	14	-	-	14
Administration professional services	1,330	-	-	1,330
Administration rentals	3,488	-	-	3,488
Administration purchased services	4,753	-	-	4,753
Administration office supplies	1,175	-	-	1,175
Administration miscellaneous expenditures	2,678	-	-	2,678
Administration noncapital expenses	118	400	-	518

See accompanying notes to financial statements

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

Administration noncapital computer hardware	385	-	-	385
Dues and fees	2,484	-	-	2,484
Board professional services	14,795	-	-	14,795
Board insurance	1,524	-	-	1,524
Fiscal administrative salaries	30,000	-	-	30,000
Fiscal services FRS	3,029	-	-	3,029
Fiscal services FICA	2,220	-	-	2,220
Fiscal services group insurance	346	-	-	346
Fiscal services worker's compensation	282	-	-	282
Fiscal services unemployment taxes	7	-	-	7
Professional services	5,786	-	-	5,786
Fiscal services subscriptions	300	-	-	300
Fiscal services supplies	281	-	-	281
Food service expenditures	36,104	-	-	36,104
Food service supplies	253	-	-	253
IS purchased services	3,458	-	-	3,458
IS rentals	1,750	-	-	1,750
IS supplies & equipment	394	-	-	394
IS miscellaneous services	24,974	-	-	24,974
Transportation insurance	3,286	-	-	3,286
Transportation oil & grease	809	-	-	809
Transportation dues & fees	394	-	-	394
Operations salaries	22,200	-	-	22,200
Operations FRS	2,242	-	-	2,242
Operations FICA	1,597	-	-	1,597
Operations group insurance	691	-	-	691
Operations worker's compensation	561	-	-	561
Operations unemployment taxes	14	-	-	14
Operations supplies	3,649	7,705	123	11,477
Operations noncapital equipment	853	2,808	455	4,116
Operations miscellaneous	67	-	-	67
Property and liability insurance	-	-	13,484	13,484
Property repairs and maintenance	-	-	3,839	3,839
Property rentals	-	-	24,000	24,000

See accompanying notes to financial statements

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

Property telephone	5,693	-	-	5,693
Property water	3,609	-	-	3,609
Property purchased services	2,636	-	2,240	4,876
Property electricity	16,125	-	-	16,125
Administrative capital outlay	2,200	2,200	23,483	27,883
Total administrative expenditures	359,201	13,113	67,624	439,938
Debt Service Expenditures				
Interest payments	890	-	999	1,889
Community Service Expenditures				
Dues & fees	1,184	-	-	1,184
Scholarship payments	10,000	-	-	10,000
Total community service expenditures	11,184	-	-	11,184
Total Expenditures	1,219,638	161,432	68,623	1,449,693
Excess(Deficiency) of Revenues Over/(Under) Expenditures	171,341	(8,484)	45,236	208,093
Other Financing Sources / (Uses)				
Proceeds from debt issuance	-	-	23,483	23,483
Forgiveness of PPP loan	(150,352)	-	-	(150,352)
Payments on long-term debt	-	-	(3,878)	(3,878)
Total other financing sources / (uses)	(150,352)	-	19,605	(130,747)
Increase (Decrease) in Fund Balance	20,989	(8,484)	64,841	77,346
Fund Balance – beginning of the year	74,483	-	13,030	87,513
Fund Balance – end of the year	\$ 95,472	(8,484)	77,871	\$ 164,859

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, 2021*

Net Change in Fund Balances – Governmental Funds	\$ 77,346
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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 (\$107,316) are in excess of depreciation expense (\$21,611) in the current period.	85,705
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The proceeds from debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Proceeds from debt issuance (\$23,483) are in excess of repayments (\$3,878) in the current period.	(19,605)
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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)	(166,277)
Pension contributions made subsequent to the pension liability measurement date of 6/30/20	61,407
Forgiveness of PPP Loan	<u>150,352</u>

Change in Net Position – Governmental Activities	\$ <u>188,928</u>
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The James Madison Preparatory High School, Inc.
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2021

Assets	Custodial Funds
Current assets	
Cash and cash equivalents	\$ 24,081
Total current assets	24,081
Total assets	24,081
Liabilities	
Current liabilities	
Due to general fund	4,966
Total current liabilities	4,966
Total liabilities	4,966
Net Position	
Restricted for organizations	19,115
Total net position	\$ 19,115

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, 2021

	Custodial Funds
Additions	
Clay Target Team	\$ 210
11 th Grade	2,160
12 th Grade	3,814
Beta Club	160
Yearbook / Journalism Club	5,217
FFA Club	1,834
National Honor Society	272
Art Department	10
Total additions	13,677
Deductions	
Clay Target Team	2,154
11 th Grade	2,508
12 th Grade	4,367
Student Council	156
Beta Club	463
Yearbook / Journalism Club	2,253
FFA Club	2,044
Total deductions	13,945
Change in Net Position	(268)
Net Position – Beginning	-
Adjustment to Beginning Net Position	19,383
Net Position – Beginning, as Restated	19,383
Net Position – Ending	\$ 19,115

See accompanying notes to financial statements

The James Madison Preparatory High School, Inc.
Notes to the Financial Statements
June 30, 2021

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, 2021, 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, 2023. 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.

The James Madison Preparatory High School, Inc.
Notes to the Financial Statements
June 30, 2021

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 and other student activities; 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.

The James Madison Preparatory High School, Inc.
Notes to the Financial Statements
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

Budgets are presented on the modified accrual basis of accounting. 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.

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.

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 \$750. 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, 2021, the School's proportionate share of the net pension liability totaled \$714,850. 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, 2021, the School reported 170.29 unweighted and 172.33 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.

The James Madison Preparatory High School, Inc.
Notes to the Financial Statements
June 30, 2021

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 Best and Brightest Teacher Scholarship Program pursuant to Section 1012.731, 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.

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.

Change in Accounting Principles

During the year ended June 30, 2021, the School adopted new accounting guidance by implementing the provisions of GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements by including ending net position to custodial funds not previously reported. Beginning net position has been restated to reflect this change.

		<u>Custodial Funds</u>
Net Position, July 1, 2020, as previously reported	\$	-
Change in accounting principles		<u>19,383</u>
Net Position, July 1, 2020, as restated	\$	<u>19,383</u>

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, 2021

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 2021.

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.

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, 2021.

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, 2021:

	Beginning	Additions	Deletions	Ending
Capital assets being depreciated				
Buildings and fixed equipment	\$ 38,624	\$ 2,200	\$ -	\$ 40,824
Furniture, fixtures and equipment	153,211	75,281	-	228,492
Motor vehicles	-	23,483	-	23,483
Software & licenses	1,295	-	-	1,295
Audio visual equipment	36,868	6,352	-	43,220
Total capital assets	229,998	107,316	-	337,314
Less accumulated depreciation for:				
Buildings and fixed equipment	(3,311)	(1,026)	-	(4,336)
Furniture, fixtures and equipment	(126,533)	(13,039)	-	(139,571)
Motor vehicles	-	(4,305)	-	(4,305)
Software & licenses	(1,295)	-	-	(1,295)
Audio visual equipment	(32,949)	(3,241)	-	(36,190)
Total accumulated depreciation	(164,088)	(21,611)	-	(185,697)
Total capital assets - net	\$ 65,910	\$ (85,705)	\$ -	\$ 151,617

Depreciation expense for the year ended June 30, 2021 was \$21,611. It was allocated among the functions in the following amounts:

Function	Amount
Instruction	\$ 13,138
Support	1,814
Administrative	<u>6,659</u>
Total	\$ <u>21,611</u>

The James Madison Preparatory High School, Inc.
Notes to the Financial Statements
June 30, 2021

NOTE 6 – OPERATING LEASES

The School rents the educational facility from the Foundation, a related party, for \$2,500 per month. The original lease was for 5 years, commencing on August 31, 2013, and ending July 31, 2018. It was extended prior to expiration for an additional 5 years, ending July 31, 2023. In addition to the minimum lease payments, the School may pay such additional amounts as additional lease payments up to and including the amount expended by the Lessor in the construction and remodeling of the school building. The total amount of rent is determined by the Board. For the fiscal year 2020-21, the Foundation charged no rent for use of the facility. No amount is expected to be paid in future years.

The School rents an ancillary educational facility from an unaffiliated party for \$2,000 per month. The facility houses a computer lab, engineering classroom, and other administrative offices. The lease is for one year with annual options to renew on each subsequent July 1st. The lease may be terminated by the lessor or the School upon receipt of 60-day notice.

Future minimum lease payments under operating leases are approximately the following:

Fiscal year ending June 30,	Amount
2022	\$ 30,000
2023	30,000
2024	2,500
2025	-
2026	-
2027 and thereafter	-
Total Minimum Lease Payments	<u>\$ 62,500</u>

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, 2021 may be impaired. In the opinion of the School, there are no significant liabilities relating to compliance with the rules and regulations governing the respective grants. No provision has been recorded in the accompanying financial statements for such contingencies.

NOTE 8 – LEGAL MATTERS

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

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

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

The James Madison Preparatory High School, Inc.
Notes to the Financial Statements
June 30, 2021

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

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. A comprehensive annual 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 \$166,277 for the fiscal year ended June 30, 2021.

FRS Pension Plan

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

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

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

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

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

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

The James Madison Preparatory High School, Inc.
Notes to the Financial Statements
June 30, 2021

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

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

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 2020-21 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (A)</u>
FRS, Regular	3.00	10.00
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 \$49,462 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the School reported a liability of \$479,761 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The School's proportionate share of the net pension liability was based on the School's 2019-20 fiscal year contributions relative to the 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the School's proportionate share was .001106933 percent, which was an decrease of .0000563 percent from its proportionate share measured as of June 30, 2019. For the fiscal year ended June 30, 2021, the School recognized pension expense of \$122,288. In addition, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

The James Madison Preparatory High School, Inc.
Notes to the Financial Statements
June 30, 2021

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,361	\$ -
Change in assumptions	86,852	-
Net difference between projected and actual earnings on FRS pension plan investments	28,565	-
Changes in proportion and differences between School FRS contributions and proportionate share of contributions	34,775	28,804
School FRS contributions subsequent to the measurement date	49,462	-
Total	<u>\$ 218,015</u>	<u>\$ 28,804</u>

The deferred outflows of resources related to pensions, totaling \$49,462, 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, 2022.

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
2022	\$ 27,569
2023	42,936
2024	36,496
2025	21,817
2026	4,961
Thereafter	-

Actuarial Assumptions. The total pension liability in the July 1, 2020 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	6.80 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 2020, 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:

The James Madison Preparatory High School, Inc.
Notes to the Financial Statements
June 30, 2021

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

Asset Class	Target Allocation (A)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.2%	2.2%	1.2%
Fixed Income	19.0%	3.0%	2.9%	3.5%
Global Equity	54.2%	8.0%	6.7%	17.1%
Real Estate	10.3%	6.4%	5.8%	11.7%
Private Equity	11.1%	10.8%	8.1%	25.7%
Strategic Investments	4.4%	5.5%	5.3%	6.9%
Total	100%			

Assumed inflation - Mean 2.4% 1.7%

Note: (A) As outlined in the Plan's Investment policy and presented in the Plan's 2019-2020 CAFR

Discount Rate. The discount rate used to measure the total pension liability was 6.80 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 2020 valuation was updated from 6.90 percent to 6.80 percent.

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 6.80 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 (5.80 percent) or 1 percentage-point higher (7.80 percent) than the current rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
School's proportionate share of the net pension liability	\$ 766,098	\$ 479,761	\$ 240,611

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

HIS Pension Plan

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

The James Madison Preparatory High School, Inc.
Notes to the Financial Statements
June 30, 2021

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

Benefits Provided. For the fiscal year ended June 30, 2021, 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, 2021, 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 \$11,945 for the fiscal year ended June 30, 2021.

The School's proportionate share of the net pension liability was based on the School's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the School's proportionate share was .001925315 percent, which was an increase of .000017056 percent from its proportionate share measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the School recognized pension expense of \$43,989. 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	\$ 9,616	\$ 181
Change in assumptions	25,278	13,669
Net difference between projected and actual earnings on HIS pension plan investments	188	-
Changes in proportion and differences between School HIS contributions and proportionate share of contributions	67,682	29,162
School HIS contributions subsequent to the measurement date	11,945	-
Total	\$ 114,709	\$ 43,012

The deferred outflows of resources totaling \$11,945, 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

The James Madison Preparatory High School, Inc.
Notes to the Financial Statements
June 30, 2021

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

Fiscal Year Ending June 30,	Amount
2022	\$ 5,876
2023	4,359
2024	1,191
2025	2,766
2026	3,766
Thereafter	3,274

Actuarial Assumptions. The total pension liability in the July 1, 2020, 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	2.21 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 2.21 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

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 2.21 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 (1.21 percent) or 1 percentage point higher (3.21 percent) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
School's proportionate share of the net pension liability	\$ 271,739	\$ 235,078	\$ 205,070

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, 2021

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, 2021, the School was not exposed to custodial credit risk.

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	614,116	100,734	-	714,850	-
Note Payable, Madison County Community Bank	150,352	-	(150,352)	-	-
Note Payable, Capital City Bank	-	23,483	(3,878)	19,605	4,451
Total Governmental Activities	<u>\$ 764,468</u>	<u>\$ 124,217</u>	<u>\$ (154,230)</u>	<u>\$ 734,455</u>	<u>\$ 4,451</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.

The Note Payable, Madison County Community Bank is described in Note 15 – PPP Funds.

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

Year Ending June 30:	
2022	\$ 4,451
2023	4,676
2024	4,913
2025	5,162
2026	403
	<u>\$ 19,605</u>

Interest expense incurred during the year ended June 30, 2021 was \$1,889. There was no interest capitalized for the year ended June 30, 2021.

NOTE 12 – SCHEDULE OF STATE REVENUE SOURCES

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

Source	Amount
Florida Education Finance Program	\$ 1,143,454
Charter School Capital Outlay	88,859
Miscellaneous	<u>1,490</u>
Total	<u>\$ 1,233,803</u>

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

The James Madison Preparatory High School, Inc.
Notes to the Financial Statements
June 30, 2021

NOTE 13 – 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 \$4,966 at June 30, 2021.

At June 30, 2021, the Special Revenue Fund owed the General Fund \$8,484 for grant expenditures awaiting reimbursement from other agencies. In addition, the General Fund owed the Capital Projects Fund \$77,871 representing revenues of the 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. Management is currently evaluating the impact of the ongoing COVID-19 pandemic on the industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the School's financial position, results of its operations, and/or cash flows, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 15 – PPP FUNDS

The School was granted a loan from Madison County Community Bank in April 2020 in the amount of \$150,352 pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

On November 20, 2020, the full amount of the Company's indebtedness pursuant to the PPP loan was forgiven. The Small Business Administration (the "SBA") remitted the amount of outstanding principal and interest to Madison County Community Bank. Principal forgiven was \$150,352, and interest forgiven was \$890.

The gross amount of forgiveness of \$151,242 is reported as a Gain on Extinguishment of Debt in the Statement of Activities. The interest expense of \$890 is also reported in the Statement of Activities. The loan portion of the forgiveness of \$150,352 is reported as an Other Financing Use in the Statement of Revenues, Expenditures and Changes in Fund Balance. The interest expense is also reported in the Revenues, Expenditures and Changes in Fund Balance.

NOTE 16 – EXCESS OF EXPENDITURES OVER BUDGET

Expenditures exceeded amounts in the Special Revenue Budget by \$8,891 and \$2,806 for instructional and instructional support services, respectively.

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

Budgetary Comparison Schedule – General Fund (Unaudited)

For the Fiscal Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final
Revenues				
Federal Revenue:				
Federal through State & Local	\$ -	\$ 150,353	\$ 158,180	\$ 7,827
State Revenue:				
Florida Education Finance Program	1,118,622	1,151,467	1,144,944	(6,523)
Local Revenue:				
Local Revenue	84,938	95,544	87,855	(7,689)
Total Revenue	1,203,560	1,397,364	1,390,979	(6,385)
Expenditures and Changes in Fund Balances				
Current Expenditures:				
Instructional	766,618	751,305	743,825	7,480
Instructional Support Services	108,647	109,643	104,538	5,105
General Support	434,233	424,735	359,201	65,534
Community Support	10,000	11,200	11,184	16
Interest Payments	1,200	1,100	890	210
Total Expenditures	1,320,698	1,297,983	1,219,638	78,345
Excess (Deficiency of Revenues Over / (Under) Expenditures	(117,138)	99,381	171,341	71,960
Other Financing Sources (Uses):				
Extinguishment of noncurrent liabilities	-	-	(150,352)	(150,352)
Increase (Decrease) in Fund Balance	(117,138)	99,381	20,989	(78,392)
Fund Balances, July 1, 2020	74,483	74,483	74,483	-
Fund Balances, June 30, 2021	\$ (42,655)	\$ 173,864	\$ 95,472	\$ (78,392)

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

Budgetary Comparison Schedule – Special Revenue Fund (Unaudited)
For the Fiscal Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final
Revenues				
Federal Revenue:				
Federal through State & Local	\$ 81,570	\$ 152,948	\$ 152,948	\$ -
Total Revenue	81,570	152,948	152,948	-
Expenditures and Changes in Fund Balances				
Current Expenditures:				
Instructional	29,100	135,172	144,063	(8,891)
Instructional Support Services	26,200	1,450	4,256	(2,806)
General Support	31,700	17,300	13,113	4,187
Community Support	-	-	-	-
Interest Payments	-	-	-	-
Total Expenditures	87,000	153,922	161,432	(7,510)
Excess (Deficiency of Revenues Over / (Under) Expenditures	(5,430)	(974)	(8,484)	(7,510)
Increase (Decrease) in Fund Balance	(5,430)	(974)	(8,484)	(7,510)
Fund Balances, July 1, 2020	-	-	-	-
Fund Balances, June 30, 2021	\$ (5,430)	\$ (974)	\$ (8,484)	\$ (7,510)

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

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

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

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

	<u>As of 6/30/21</u>	<u>As of 6/30/20</u>	<u>As of 6/30/19</u>	<u>As of 6/30/18</u>
Contractually required contribution	\$ 49,462	\$ 36,778	\$ 36,069	\$ 35,206
Contributions in relation to the contractually required contribution	<u>(49,462)</u>	<u>(36,778)</u>	<u>(36,069)</u>	<u>(35,206)</u>
Contribution deficiency / (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered-employee payroll	\$ 719,445	\$ 668,233	\$ 638,210	\$ 695,112
Contributions as a percentage of covered-employee payroll	6.88%	5.50%	5.65%	5.06%
	<u>As of 6/30/17</u>	<u>As of 6/30/16</u>	<u>As of 6/30/15</u>	<u>As of 6/30/14</u>
Contractually required contribution	\$ 34,056	\$ 23,745	\$ 13,965	\$ 3,759
Contributions in relation to the contractually required contribution	<u>(34,056)</u>	<u>(23,745)</u>	<u>(13,965)</u>	<u>(3,759)</u>
Contribution deficiency / (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered-employee payroll	\$ 694,127	\$ 517,998	\$ 224,070	\$ 134,317
Contributions as a percentage of covered-employee payroll	4.91%	4.58%	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 6/30/20</u>	<u>As of 6/30/19</u>	<u>As of 6/30/18</u>	<u>As of 6/30/17</u>
Proportion of the net pension liability / (asset)	.001925315%	.001908259%	.002128227%	.002342772%
Proportionate share of the net pension liability / (asset)	\$ 235,078	\$ 213,515	\$ 225,254	\$ 250,500
Covered-employee payroll	\$ 719,445	\$ 668,233	\$ 695,112	\$ 694,127
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	32.67%	31.95%	32.41%	36.09%
Plan fiduciary net position as a percentage of the total pension liability	3.00%	2.63%	2.15%	1.64%
	<u>As of 6/30/16</u>	<u>As of 6/30/15</u>	<u>As of 6/30/14</u>	
Proportion of the net pension liability / (asset)	.001479019%	.000758359%	.000297960%	
Proportionate share of the net pension liability / (asset)	\$ 172,374	\$ 77,341	\$ 27,860	
Covered-employee payroll	\$ 517,998	\$ 224,070	\$ 134,317	
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	33.28%	34.52%	20.74%	
Plan fiduciary net position as a percentage of the total pension liability	0.97%	0.50%	0.99%	

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

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

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

	<u>As of 6/30/21</u>	<u>As of 6/30/20</u>	<u>As of 6/30/19</u>	<u>As of 6/30/18</u>
Contractually required contribution	\$ 11,945	\$ 11,095	\$ 10,596	\$ 11,541
Contributions in relation to the contractually required contribution	<u>(11,945)</u>	<u>(11,095)</u>	<u>(10,596)</u>	<u>(11,541)</u>
Contribution deficiency / (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	<u>-</u>
Covered-employee payroll	\$ 719,445	\$ 668,233	\$ 638,210	\$ 695,112
Contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.66%	1.66%
	<u>As of 6/30/17</u>	<u>As of 6/30/16</u>	<u>As of 6/30/15</u>	<u>As of 6/30/14</u>
Contractually required contribution	\$ 12,399	\$ 7,581	\$ 2,899	\$ 1,021
Contributions in relation to the contractually required contribution	<u>(12,399)</u>	<u>(7,581)</u>	<u>(2,899)</u>	<u>(1,021)</u>
Contribution deficiency / (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	<u>-</u>
Covered-employee payroll	\$ 694,127	\$ 517,998	\$ 224,070	\$ 134,317
Contributions as a percentage of covered-employee payroll	1.79%	1.46%	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, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated December 15, 2021.

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 may exist that have not been identified.

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*.

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
December 15, 2021

**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 basic 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, 2021, and have issued our report thereon dated December 15, 2021.

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 December 15, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title

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

Financial Condition and Management

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

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

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

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

Transparency

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

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or 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
December 15, 2021