Basic Financial Statements and Supplemental Information

June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors Walton Academy, Inc. DeFuniak Springs, Florida

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, and pension and retirement information on pages 4 to 8 and 34 to 38 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information

Required Supplementary Information (continued)

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 August 30, 2024, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School's internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida August 30, 2024

Management's Discussion and Analysis

As management of Walton Academy, Inc. (the "School"), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the school for the fiscal year ended June 30, 2024 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Since the information contained in the Management's Discussion and Analysis ("MD&A") is intended to highlight significant transactions, event, and conditions, it should be considered in conjunction with the basic financial statements, as listed in the table of contents.

Financial Highlights

- The assets and deferred outflows of resources of the School exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal 2024 by \$564,691.
- The School's total net position decreased by \$72,296.
- As of the close of the current fiscal year June 30, 2024, the School's governmental funds reported combined ending fund balance of \$1,285,781.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,170,764.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's financial statements. The School's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements.

The School as a Whole

The information in the government-wide financial statements includes all assets and liabilities using the accrual basis of accounting (and reports depreciation on capital assets), which is similar to the basis of accounting used by most private-sector companies.

The change in net position (assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources) over time is one indicator of whether the School's financial health is improving or deteriorating. However, one needs to consider other nonfinancial factors in making an assessment of the School's health, such as changes in enrollment, changes in the State's funding of educational costs, changes in the economy, etc., to assess the overall health of the School.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the School's assets, liabilities, and deferred outflows/inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected funding and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Schools that are principally supported by District, State, and Federal funding (governmental activities). Basic instruction, exceptional instruction, and school administration are examples of the School's governmental activities.

The government-wide financial statements include only the school itself, which is a component unit of the Walton County School District, Florida. The Walton County School District, Florida includes the operation of the School as a component unit in their operations.

The governmental-wide financial statements can be found listed on the table of contents of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of the School are presented in governmental fund only.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for government activities in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The School maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances. The general fund and capital outlay fund are considered to be major funds. The basic governmental fund financial statements can be found listed on the table of contents in this report. The School adopts an annual appropriated budget. A budgetary comparison statement has been provided to demonstrate compliance with this budget and can be found listed in the table of contents in this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found listed on the table of contents in this report.

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of a School's financial position. In the case of the School, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$564,691 and \$636,987 for the years ended June 30, 2024 and 2023, respectively.

A portion of the School's net position is a positive unrestricted balance. In addition, the School has a restriction related to capital outlay funds used for purchases of capital-type expenses in the amount of \$114,855. Another portion of the net position reflects its net investment in capital assets (e.g., land, buildings, improvements other than buildings, furniture, fixtures and equipment, motor vehicles, and software). The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. The net investment in capital assets totaled \$346,689 and \$352,596 at June 30, 2024 and 2023, respectively.

Comparison of the condensed statements of net position and the statement of activities are provided below:

	2024			2023	Variance		
ASSETS						_	
Current assets	\$	1,310,095	\$	1,186,819	\$	123,276	
Noncurrent assets		348,782		357,043		(8,261)	
Total assets		1,658,877		1,543,862		115,015	
Deferred outflows of resources		224,827		231,150		(6,323)	
LIABILITIES							
Current liabilities		24,314		48,222		(23,908)	
Non-current liabilities		1,181,716		1,041,778		139,938	
Total liabilities		1,206,030		1,090,000		116,030	
Deferred inflows of resources		112,983		48,025		64,958	
NET POSITION							
Net investment in capital assets		346,689		352,596		(5,907)	
Restricted		114,855		121,147		(6,292)	
Unrestricted		103,147		163,244		(60,097)	
Total net position	\$	564,691	\$	636,987	\$	(72,296)	

The increase in current assets is due to the cash increase from collections from agencies. The decrease in noncurrent assets is due to current year depreciation. The changes in deferred outflows and inflows of resources are due to the changes in assumptions, experience, investments, employer specific changes and subsequent contributions to the measurement date. The decrease in current liabilities is due to decreases in accounts payables, and due to other governments. The increase in noncurrent liabilities is due to the increase in pension liabilities. Unrestricted net position decreased due to expenses exceeding revenues.

Changes in the School's revenues were as follows:

	2024 2023			Variance		
Revenues						
Program revenues						
Operating grants and contributions	\$	357,327	\$	317,169	\$	40,158
Capital grants and contributions		254,495		121,634		132,861
General revenues		1,826,746		1,817,375		9,371
Total revenues	\$	2,438,568	\$	2,256,178	\$	182,390

The changes in revenues are due to increased federal funding for Elementary and Secondary School Emergency Relief Funds and SIP Grant, increased FEFP revenues and FEFP transfers, capital outlay and local capital improvement funding.

	2024			2023	<u>Variance</u>		
Expenses							
Basic instruction	\$	1,086,553	\$	952,956	\$	133,597	
Media services		32,370		1,800		30,570	
Board		12,096		15,811		(3,715)	
School administration		651,660		575,410		76,250	
Facilities		164,149		27,338		136,811	
Fiscal services		197,417		179,167		18,250	
Food services		-		10,771		(10,771)	
Staff services		181,552		171,633		9,919	
Transporation		30,661		24,917		5,744	
Operation of plant		154,406		126,565		27,841	
Total expenses		2,510,864		2,086,368		424,496	
Changes in net position		(72,296)		169,810		(242,106)	
Net position at July 1, 2023		636,987		467,177		169,810	
Net position at June 30, 2024	\$	564,691	\$	636,987	\$	(72,296)	

The increase in basic instruction was due to increases in group insurance and software purchases. Media service increased due to purchases of equipment and computers, hardware, and software subscriptions being capitalized. School administration increased due to increases in salaries and benefits. Facilities increased due to more expenditures related to maintenance and improvements.

Financial Analysis of the Governmental Funds

As previously noted, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the School's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School's governmental funds reported a combined ending fund balance of \$1,285,781. Of those funds, the general fund is the chief operating fund which included a total amount \$1,170,764 of unassigned fund balance, which is the amount available for spending at the School's discretion.

General Fund Budgetary Highlights

Budgeted revenues exceeded actual revenues by \$108,079 while budgeted expenditures exceeded actual expenditures by \$181,545.

The budgetary information can be found listed on the table of contents in this report.

Capital Asset and Debt Administration

Capital Assets. The School's net investment in capital assets for its governmental type activities as of June 30, 2024 amounts to \$346,689 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, furniture, fixtures and equipment, motor vehicles, and software.

Debt and Long-Term Liabilities. At the end of the current fiscal year, the School had an outstanding net pension liability of \$1,179,623 for employee's pension in the Florida Retirement System.

Economic Factor

A majority of the School's funding is determined by the number of enrolled students. The School is forecasting enrollment to be 170 students for the 2024/2025 school year compared to the 165 students for the 2023/2024 school year.

Request for Information

This financial report is designed to provide a general overview of the School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Walton Academy, Inc., 389 Dorsey Avenue, DeFuniak Springs, FL 32435.

STATEMENT OF NET POSITION

June 30, 2024

400570	_	vernmental Activities
ASSETS		
CURRENT ASSETS	Φ	4 000 040
Cash	\$	1,260,248
Due from related party Due from other agencies		6,017 42,026
Due from other agencies Deposits		1,804
Берозііз		1,004
Total current assets		1,310,095
CAPITAL ASSETS		
Capital assets not being depreciated:		
Land		13,413
Capital assets, net of accumulated depreciation:		
Buildings		164,053
Improvements other than buildings		71,449
Furniture, fixtures and equipment		58,282
Software		39,492
Total capital assets, net		346,689
OTHER ACCETS		
OTHER ASSETS		0.000
Right-of-use leased assets, net		2,093
Total noncurrent assets		348,782
Total assets		1,658,877
DEFERRED OUTFLOWS OF RESOURCES		
Related to changes in the net pension		224,827
·		
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable		5,837
Accrued payroll liabilities		18,477
Total current liabilities		24,314
NONCURRENT LIABILITIES		
Lease liabilities		2,093
Net pension liability		1,179,623
Net pension liability		1,179,025
Total liabilities		1,206,030
DEFERRED INFLOWS OF RESOURCES		
Deferred change in proportion (NPL), contributions,		
experience, and investments		112,983
		· -
NET POSITION		
Net investment in capital assets		346,689
Restricted for:		
Capital outlay		114,855
Unrestricted		103,147
Total net position	\$	564,691
Total Hot position	<u> </u>	

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

STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

					Progra	am Revenues	3			
Functions/ Programs		Expenses		Charges for Services		perating rants and ntributions	Capital Grants and Contributions		Net (Expense) Revenue and Changes in Net Position	
Governmental activities:										
Basic instruction	\$	1,086,553	\$	-	\$	357,327	\$	-	\$	(729,226)
Media services		32,370		-		-		-		(32,370)
Board		12,096		-		-		-		(12,096)
School administration		651,660		-		-		-		(651,660)
Facilities		164,149		-		-		254,495		90,346
Fiscal services		197,417		-		-		-		(197,417)
Staff services		181,552		-		-		-		(181,552)
Transportation		30,661		-		-		-		(30,661)
Operation of plant		154,406		-		-		-		(154,406)
Total governmental activities	\$	2,510,864	\$	-	\$	357,327	\$	254,495		(1,899,042)
					Genera	al revenues:				
					Floric	da education	finance	program		1,808,519
					Othe	r revenues				18,227
					Tot	al revenues				1,826,746
					Change	e in net positi	ion			(72,296)
					Ū	sition at July		3		636,987
						sition at June			\$	564,691

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2024

					(Other		Total
			Ca	pital Outlay	Gove	rnmental	Go	overnmental
	G	eneral Fund		Fund	F	unds		Funds
ASSETS								
Cash	\$	1,260,248	\$	-	\$	-	\$	1,260,248
Due from related party		6,017		-		-		6,017
Due from other agencies		42,026		-		_		42,026
Deposits		1,804		-		-		1,804
Due from other funds		-		114,855		162		115,017
Total assets	\$	1,310,095	\$	114,855	\$	162	\$	1,425,112
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	\$	5,837	\$	-	\$	_	\$	5,837
Accrued payroll liabilities		18,477		-		-		18,477
Due to other funds		115,017		-		-		115,017
Total liabilities		139,331		-		-		139,331
FUND BALANCES								
Restricted for capital outlay		_		114,855		_		114,855
Unassigned		1,170,764		_		162		1,170,926
Total fund balances		1,170,764		114,855		162		1,285,781
Total liabilities and fund balances	\$	1,310,095	\$	114,855	\$	162	\$	1,425,112

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2024

Fund balances - total governmental funds	\$ 1,285,781
The net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of: Capital assets Accumulated depreciation 1,066,4 (719,7)	346,689
Right-of-use assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	2,093
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources 224,8 Deferred inflows of resources (112,9)	111,844
Noncurrent liabilities are not due and payable in the current period and therefore are not reported in the funds.	(1,179,623)
Some liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. Lease liabilities	 (2,093)
Total net position of governmental activities	\$ 564,691

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year Ended June 30, 2024

	General Fund		Capital Outlay Fund		Go	Other vernmental Funds	Go	Total Governmental Funds	
Revenues	ф		Φ		Φ.	257 227	Ф	257 227	
Federal passed through state and local	\$	4 000 540	\$	-	\$	357,327	\$	357,327	
State passed through local school district Other local revenues		1,808,519		254,495		-		2,063,014	
		18,227		-		-		18,227	
Total revenues		1,826,746		254,495		357,327		2,438,568	
Expenditures									
Current:									
Basic instruction		792,347		-		357,165		1,149,512	
Media services		32,370		-		-		32,370	
Board expenses		12,096		-		-		12,096	
School administration		308,923		60,298		-		369,221	
Facilities		589		163,560		-		164,149	
Fiscal services		197,417		-		-		197,417	
Staff services		181,552		-		-		181,552	
Transportation		30,661		-		-		30,661	
Operation of plant		117,477		36,929		-		154,406	
Total expenditures		1,673,432		260,787		357,165		2,291,384	
Excess (deficiency) of revenues	·								
over (under) expenditures		153,314		(6,292)		162		147,184	
Other financing sources (uses):							_		
Transfers in		-		-		-		-	
Transfers out		-		-		-		-	
Total other financing sources (uses)		_		-		_		-	
Net change in fund balances		153,314		(6,292)		162		147,184	
Fund balances at July 1, 2023		1,017,450		121,147		-		1,138,597	
Fund balances at June 30, 2024	\$	1,170,764	\$	114,855	\$	162	\$	1,285,781	

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

Net change in fund balances - total government funds			\$ 147,184
The change in net position reported for governmental activities in the statement of activities is different because:			
Governmental funds report fixed capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlay Provision for depreciation	\$	62,959 (68,866)	(5,907)
Some expenses reported in the statement of activities require the use of currer financial resources and, therefore, are not reported as expenditures i governmental funds. Decrease in pension expense Amortization of the right-of-use asset			(213,573) 2,355
Some expenses reported in governmental funds are to be reported in a long-terr basis; therefore are not reported in the statement of activities. Payment of lease principal	n		(2,355)
Change in net position of governmental activities			\$ (72,296)

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE A – SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

Walton Academy, Inc. (the "School"), 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 Charter School provides educational services to students at-risk in grades six through twelve. The governing body of the School is the Board of Directors, which is composed of four members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The school operates under a charter of the sponsoring school district, which is the Walton County District School Board, Florida (the "District"). The current charter is effective until June 30, 2025, and may be renewed in increments of five years by mutual agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the Walton County District School Board. The financial information presented is that of Walton Academy, Inc. only.

2. Government-wide and fund financial statements

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the School. Governmental activities are reported separately from business-type activities, which rely on fees charged to external parties as their primary revenues. The School has no business-type activities. Any internal activity has been eliminated from the government-wide financial statements.

Net position, the difference between assets, liabilities, and deferred outflows/inflows of resources, as presented in the statement of net position, is subdivided into three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, laws or regulations of other governments, or enabling legislation.

The statement of activities presents a comparison between the direct and indirect expenses of a given function and its program revenues, and displays the extent to which each function contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function.

Indirect expenses are costs the School has allocated to various functions. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE A – SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide financial statements (continued)

Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

Separate fund financial statements report detailed information about the School's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. Two of the School's funds were deemed major funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

3. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period, or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within sixty days of the current fiscal period.

When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources, revenue is recognized at the time the expenditure is made.

Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. However, principal and interest on general long-term debt are recorded as expenditures only when payment is due.

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures and other financing sources and uses.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE A – SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement focus, basis of accounting, and financial statement presentation (continued)

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The School reports the following major governmental funds:

<u>General Fund</u> – is the general operating fund of the School and is used to account for all resources not required to be accounted for in another fund.

<u>Capital Outlay Fund</u> – in accordance with guidelines established by the Walton County District School Board. This fund accounts for all resources for the leasing or acquisition of capital facilities by the School to the extent funded by capital outlay funds.

4. Cash

Cash consists of cash on hand at the School and checking accounts held at a financial institution. The School has no cash equivalents.

5. Receivables

The School's receivables consist of receivables from service programs and amounts due from other agencies. After reviewing the individual account balances, the School's management has determined, based on prior experience, that 100% of receivables are fully collectible. Therefore, no allowance for doubtful accounts has been provided.

6. Interfund activity

Activity between the funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. At the end of the year, the general fund owed the capital outlay fund \$114,855 and the other governmental funds \$162.

Transfers are used to move unrestricted fund revenues to finance programs and debt service activities that the School must account for in other funds. During the year, the general fund did not transfer any amounts to other funds.

7. Capital assets

Capital assets are reported in the applicable governmental columns on the government-wide financial statements. Capital assets are defined by the School as assets with an initial individual cost of more than \$1,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market values at the date of donation.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE A – SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Capital assets (continued)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

	Estimated Useful
Asset Class	Lives
Buildings	5-15
Improvements other than buildings	5-15
Furniture, fixtures and equipment	5-10
Motor vehicles	5
Software	3

8. Revenue sources

Revenues for current operations are received primarily from the State of Florida passed through 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 ("FTE") students and related data to the District.

Under the provisions of Section 1011.62, Florida Statutes the District reports the number of FTE students and related data to the Florida Department of Education ("FDOE") for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and actual weighted FTE students reported by the School during designated FTE student survey periods.

The School receives federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have requirements whereby the issuance of grant funds is withheld until qualifying eligible expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred.

Additionally, other revenues may be derived from various fundraising activities and certain other programs.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE A – SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (continued)

9. Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

10. Income taxes

The school is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

The School recognizes the financial statement effects from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position.

Examples of tax positions include the tax-exempt status of the School and various positions related to the potential sources of unrelated business taxable income. The assessment of the technical merits of a tax position is a matter of judgment. The School believes that all of its tax positions are more likely than not to be sustained upon examination. The School files Form 990 in the U.S. federal jurisdiction.

11. Fund balance classifications

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

<u>Non-Spendable fund balance</u> – amounts that are not spendable (such as inventory and prepaid expenses) or are required to be maintained intact.

<u>Restricted fund balance</u> – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

<u>Committed fund balance</u> – amounts constrained to specific purposes by the School itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the School takes the same highest level action to remove or change the constraint.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE A – SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Fund balance classifications (continued)

<u>Assigned fund balance</u> – amounts the School intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority.

<u>Unassigned fund balance</u> – amounts that are available for any purpose. No other fund except the General Fund can report positive amounts of unassigned fund balance.

The School would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

12. Budget

An operating budget is adopted and maintained by the governing board of the School pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in the preparation of the basic financial statements.

13. Accounting pronouncements implemented

GASB issued Statement No. 101, *Compensated Absences*, in June 2022. GASB 101 increases the usefulness of governments' financial statements by requiring recognition of liabilities for compensated absences that previously were not recognized as an obligation of the government. It establishes a criteria for the recognition and measurement of the government. The provisions in GASB 101 were early implemented in the year ended June 30, 2024. The implementation of the new pronouncement did not have any impact on the financial statements as the School does not have any compensated absences that match the criteria.

NOTE B - CASH

Cash is made up of deposits and cash on hand totaling \$1,260,248 at June 30, 2024. The School's deposits must be placed with a financial institution designated by the Treasurer of the State of Florida as a "qualified public depository", as defined in Chapter 280, Florida Statutes. The School deposits are held with a qualified depository and are covered by the collateral pool as the School has identified itself as a public entity. As of June 30, 2024, \$1,048,363 of the School's balances held were exposed to custodial credit risk.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE C - CAPITAL ASSETS

Changes in capital assets activity were as follows:

	Balance at July 1, 2023 Additions		Dele	etions	alance at e 30, 2024	
Capital assets not depreciated:	 <u>, </u>	1				 <u> </u>
Land	\$ 13,413	\$	-	\$	-	\$ 13,413
Total capital assets not depreciated:	13,413				-	13,413
Capital assets depreciated:					_	
Buildings	461,038		-		-	461,038
Improvements other than buildings	389,596				-	389,596
Furniture, fixtures, and equipment	88,222		26,339		-	114,561
Motor vehicles	14,000		-		-	14,000
Computer software	37,184		36,620			 73,804
Total capital assets depreciated:	990,040		62,959		-	1,052,999
Less accumulated depreciation:					_	
Buildings	273,278		23,707		-	296,985
Improvements other than buildings	307,068		11,079		-	318,147
Furniture, fixtures, and equipment	48,701		7,578		-	56,279
Motor vehicles	11,200		2,800		-	14,000
Computer software	10,610		23,702		-	 34,312
Total accumulated depreciation	650,857		68,866		-	719,723
Total capital assets, net	\$ 352,596		(5,907)			\$ 346,689

Depreciation expense for the year ended June 30, 2024 was charged to functions of the School as follows:

School administration \$ 68,866

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE D - CONCENTRATIONS

As stated in Note A-8, the School receives revenues for current operations primarily from the State of Florida through the local school district.

The following is a schedule of revenue sources and amounts:

Revenue sources passed through the Walton County District School Board, Florida:	
FTE funding	\$ 1,677,463
FEFP transfers	72,622
Teachers' raises by state	56,334
Lead teachers' funds	2,100
Total from local school district	1,808,519
Capital outlay	98,430
Title 1	154,048
ESSER	160,530
SIP Grant	42,749
Captial Improvement funding	156,065
Donations	11,096
Miscellaneous revenue	3,728
Uniforms	2,152
Interest	1,251
	\$ 2,438,568

NOTE E - COMMITMENT AND CONTINGENCIES

1. Operating leases

On August 16, 2018, the Charter holder entered into an addendum to a third-party non-cancelable lease agreement, originally dated August 7, 2013, for a modular classroom unit. The current month-to-month payment is \$1,259 for a total annual payment of \$14,586.

On May 26, 2015, the School entered into an extension to a third-party non-cancelable lease agreement, originally dated May 29, 2012, for two modular classroom units. The lease requires monthly payments of \$237 and expires July 9, 2019. The School has extended the lease with a month-to-month renewal with current payments of \$237 for the total annual payment for the two units of \$5,697.

On June 20, 2018, the School entered into a third-party non-cancelable lease agreement, for a modular classroom. The School has extended the lease with a month-to-month renewal with current payments of \$3,449 for a total annual payment of \$40,013.

On January 2, 2024, the School entered into a lease agreement for three buses with the Walon County District School Board, Florida. The lease requires annual payments of \$36.

Rent expense for the year ended June 30, 2024 was \$60,298.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE E – COMMITMENT AND CONTINGENCIES (continued)

2. Management agreement

As of July 8, 2015, the School entered into a management agreement with a third party ("Management Company") to provide financial, human resources and administration related assistance to the School at a fee which the School's Board shall approve annually and shall be part of the annual and amended budget (See Note H-1). The agreement will remain in effect during the current term and subsequent terms of the charter contract between the School and Walton County District School Board, Florida, unless terminated in accordance with the terms of the contact. Current year management fees charged to operations totaled \$362,634.

NOTE F - EMPLOYEE RETIREMENT SYSTEMS COST-SHARING

Florida Retirement System

General Information – Each qualified and participating employee of the School is included in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services. Division of Retirement, including the FRS Pension Plan ("Pension Plan") and the Retiree Health Insurance Subsidy ("HIS Plan"). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan ("Investment Plan") alternative to the FRS Pension Plan, which is administered by the State Board of Administration ("SBA").

As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district with in the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site:

www.dms.myflorida.com/workforce operations/retirement/publications.

1. Pension description

The pension plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE F - EMPLOYEE RETIREMENT SYSTEMS COST-SHARING (continued)

1. Pension description (continued)

Benefits under the pension plan are computed on the basis of age, average final compensation, and service credit. For pension plan members enrolled before July 1, 2011, regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service.

Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service.

For plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular and Senior Management Service class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three 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 three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with an FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

2. Funding policy

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE F - EMPLOYEE RETIREMENT SYSTEMS COST-SHARING (continued)

2. Funding policy (continued)

These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from July 1, 2022 through June 30, 2023, were as follows: Regular – 13.57%; Senior Management Service – 34.52%; and DROP participants – 21.13%. These employer contribution rates include 1.66% HIS Plan subsidy for the periods July 1, 2021 through June 30, 2023.

3. <u>Pension, liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions</u>

The School's contributions, including employee contributions, to the pension plan totaled \$16,143 for the fiscal year ended June 30, 2024.

At June 30, 2024, the School reported a liability of \$736,002 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The School's proportionate share of the net pension liability was based on the School's 2022-2023 fiscal year contributions relative to the 2022-2023 fiscal year contributions of all participating members. At June 30, 2024, the School's proportionate share was 0.001847079 percent, which was an decrease of 6.57 percent from its proportionate share measured as of June 30, 2022.

For the fiscal year ended June 30, 2024, the School recognized pension expense of \$80,421. In addition, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Οι	eferred atflows of esources	Inf	eferred flows of sources
Differences between expected and				
actual experience	\$	69,104	\$	-
Change in assumptions		47,979		-
Net difference between projected and actual earnings on pension plan investments		30,737		-
Changes in proportion and differences between school pension plan contributions and proportionate share of contributions		29,720		45,525
School pension plan contributions subsequent to the measurement date		16,143		
	\$	193,683	\$	45,525

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE F - EMPLOYEE RETIREMENT SYSTEMS COST-SHARING (continued)

3. <u>Pension, liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions (continued)</u>

The deferred outflows of resources related to the Pension Plan, totaling \$16,143 resulting from School contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Years End	ding	
June 30:		4mount
	2024	\$ 16,808
	2025	(11,100)
	2026	120,701
	2027	4,407
	2028	1,199
	Thereafter	
		\$ 132,015

4. Actuarial assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumption. Applied to all periods included in the measurement:

Inflation 2.40%

Salary increases 3.25%, average, including inflation

Investment rate of return 6.70%, net of pension plan investment

Expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE F - EMPLOYEE RETIREMENT SYSTEMS COST-SHARING (continued)

4. Actuarial assumptions

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 for the 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:

			Compound	
		Annual	Annual	
	Target	Arithmetic	(Geometric)	Standard
Asset Class	Allocation (1)	Return	Return	Deviation
Cash	1.0%	2.9%	2.9%	1.1%
Fixed income	19.8%	4.5%	4.4%	3.4%
Global equity	54.0%	8.7%	7.1%	18.1%
Real estate (property)	10.3%	7.6%	6.6%	14.8%
Private equity	11.1%	11.9%	8.8%	26.5%
Strategic investments	3.8%	6.3%	6.1%	7.7%
	100.0%			
Assumed Inflation - Mear	n		2.4%	1.4%

5. Discount rate

The discount rate used to measure the total pension liability was 6.70%. The pension 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.

6. Sensitivity of net pension liability to changes in the discount rate

The following represents the School's proportionate share of the net pension liability calculated using the discount rate of (6.70%), 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 one percentage point lower (5.70%) or one percentage point higher (7.70%) than the current rate:

		Current	
	1% Decrease	Discount Rate	1% Increase
	(5.70%)	(6.70%)	(7.70%)
School's proportionate share of			
the net pension liability	\$1,257,241	\$ 736,002	\$ 299,923

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE F - EMPLOYEE RETIREMENT SYSTEMS COST-SHARING (continued)

7. Pension plan fiduciary net position

Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRD Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

8. Payables to the pension plan

The School reported zero payables for outstanding contributions to the Pension Plan required for the fiscal year ended June 30, 2024.

NOTE G - EMPLOYEE RETIREMENT SYSTEMS COST-SHARING SUBSIDY

Health Insurance Subsidy (HIS)

1. Plan description

The HIS plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statues, 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.

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

2. Funding policy

The HIS plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2024, the HIS contribution for the period July 1, 2022 through June 30, 2023 was 1.66%. The School contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The School's contributions to the HIS Plan totaled \$3,942 for the fiscal year ended June 30, 2024.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE G – EMPLOYEE RETIREMENT SYSTEMS COST-SHARING SUBSIDY (continued)

3. <u>Pension, liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions</u>

At June 30, 2024, the School reported a liability of \$443,621 for its proportionate share of the HIS plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The School's proportionate share of the net pension liability was based on the School's 2022-2023 fiscal year contributions relative to the 2022-2023 fiscal year contributions of all participating members. At June 30, 2023, the School's proportionate share was 0.00279382 percent, which was an decrease of 1.98 percent from its proportionate share measured as of June 30, 2022.

For the fiscal year ended June 30, 2024, the School recognized pension expense of \$153,059. In addition, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Ou	eferred tflows of sources	Deferred Inflows o Resource		
Differences between expected and actual experience	\$	6,494	\$	1,041	
Change in assumptions		11,663		38,442	
Net difference between projected and actual earnings on pension plan investments		229		-	
Changes in proportion and differences between school pension plan contributions and proportionate share of contributions		8,816		27,975	
School pension plan contributions subsequent to the measurement date		3,942			
	\$	31,144	\$	67,458	

The deferred outflows of resources related to the HIS plan, totaling \$3,942 resulting from School contributions to the HIS plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2025.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE G – EMPLOYEE RETIREMENT SYSTEMS COST-SHARING SUBSIDY (continued)

3. <u>Pension, liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions (continued)</u>

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

Fiscal Years E	nding	
June 30:		 Amount
	2024	\$ (8,161)
	2025	(7,191)
	2026	(8,306)
	2027	(10,527)
	2028	(5,731)
	Thereafter	 (610)
		\$ (40.526)

4. Actuarial assumptions

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

Inflation 2.40%
Salary increases 3.25%, average, including inflation
Municipal bond rate 3.65%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

5. Discount rate

The discount rate used to measure the total pension liability was 3.65%. 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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE G – EMPLOYEE RETIREMENT SYSTEMS COST-SHARING SUBSIDY (continued)

6. Sensitivity of net pension liability to changes in the discount rate

The following represents the School's proportionate share of the net pension liability calculated using the discount rate of (3.65%), 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 one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current rate:

	Current							
	1%	Decrease	e 1% Increase					
	((2.65%)		(3.65%)	((4.65%)		
School's proportionate share of				_				
the net pension liability	\$	506,108	\$	443,621	\$	391,833		

7. Pension plan fiduciary net position

Detailed information regarding 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.

8. Payables to the pension plan

The School reported zero for outstanding contributions to the HIS plan required for the fiscal year ended June 30, 2024.

NOTE H - RELATED PARTY

1. Management company

The management company provides financial, human resource, and administration services based on a contractual arrangement with the School. The management company manages the finances and operations and makes the final determinations regarding policies and contracts (See E-2). Total management fees charged to operations for the year ended June 30, 2024 are \$362,634.

2. Shared operating expenses

The School shares various operating expenses with schools operated by the same management company. During the year, the School has \$0 of reimbursed shared operating expenses.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE H – RELATED PARTY (continued)

2. Shared operating expenses (continued)

The School also provides educational services under a contract with the Department of Juvenile Justice ("DJJ") Residential Community Facility in DeFuniak Springs, Florida. Under this contract, the School provides educational personnel and their salaries directly on behalf of the DJJ School which is operated by the same management company. During the year ended June 30, 2024, the School incurred expense on behalf of the DJJ School of payroll for \$399,250, insurance for \$5,268, and tax return for \$750. As of July 1, 2024, these services were ceased and the State of Florida has taken over the DJJ services.

NOTE I – RISK MANAGEMENT

The School is exposed to various risks 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. Under the policy for property insurance, the School's liability is \$1,000 per occurrence. There have been no significant reductions in insurance coverage during fiscal year 2024. Settled claims resulting for the risks described above have not exceeded the insurance coverage for each of the prior three years.

NOTE J - LEASE LIABILITIES AND RIGHT-OF-USE ASSETS

1. Lease Liabilities – Right-of-Use

The School entered into leases for copiers for use in the School. The leases are noncancellable 60-month terms. The leases have nonrenewal clauses and the copies revert to the lessor at the end of the lease. The payment schedule for reducing the lease liabilities is as follows:

													Cui	rrent Portion
														of Lease
Type	Start Date	July	1, 2023	Ac	ditions	Intere	est Paid	Princ	cipal Paid	Totals	July	1, 2024		Liabilities
Copier	5/26/2020	\$	4,448	\$	-	\$	237	\$	2,355	\$ 2,592	\$	2,093	\$	2,093
Totals		\$	4,448	\$	-	\$	237	\$	2,355	\$ 2,592	\$	2,093	\$	2,093

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE J – LEASE LIABILITIES AND RIGHT-OF-USE ASSETS (continued)

2. Right-of-Use Assets

In relationship to the lease liabilities, the School chooses to amortize the lease assets on a straight-line basis. Changes in right-of-use assets are presented in the table below:

Right-of-Use Assets	July 1, 2023		Additions		Decreases		June 30, 2024	
Copiers	\$	14,276	\$	-	\$	-	\$	14,276
Total right-of-use assets, being amortized		14,276				-		14,276
Less accumulated depreciation:								
Copiers		9,828		2,355		-		12,183
Total accumulated depreciation		9,828		2,355		-		12,183
Total right-of-use assets being amortized, net	\$	4,448	\$	(2,355)	\$	-	\$	2,093

NOTE K - SUBSEQUENT EVENTS

The School has evaluated subsequent events through August 30, 2024, the date which the financial statements were available for issuance; and has determined that no material events occurred that would require additional disclosure in the financial statements.



SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE OF NET PENSION LIABILITY FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY

LAST 10 FISCAL YEARS AS OF JUNE 30

FLORIDA RETIREMENT SYSTEM

	School's proportion of the net pension liability (asset)	School's proportionate share of the net pension liability (asset)	School's covered- employee payroll	School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.001847079%	\$ 736,002	\$ 1,217,981	60.43%	82.38%
2022	0.001977156%	735,661	1,226,574	59.98%	82.89%
2021	0.001981344%	149,667	1,061,088	14.11%	96.40%
2020	0.001799088%	779,751	1,054,122	73.97%	78.85%
2019	0.001971851%	679,078	1,001,033	67.84%	82.61%
2018	0.001909773%	575,234	804,384	71.51%	84.26%
2017	0.001967710%	582,035	1,040,894	55.92%	83.89%
2016	0.001704266%	430,329	1,008,902	42.65%	84.88%
2015	0.001350565%	174,444	853,233	20.45%	92.00%
2014	0.001347008%	82,187	676,979	12.14%	96.09%

HEALTH INSURANCE SUBSIDY

				School's	
				proportionate share	
				of the net pension	
		School's		liability (asset) as a	Plan fiduciary net
	School's proportion	proportionate share		percentage of its	position as a
	of the net pension	of the net pension	School's covered-	covered-employee	percentage of the
	liability (asset)	liability (asset)	employee payroll	payroll	total pension liability
2023	0.002793382%	\$ 443,626	\$ 1,217,981	36.42%	4.12%
2022	0.002849930%	301,853	1,226,574	24.61%	4.81%
2021	0.002969248%	364,223	1,061,088	34.33%	3.56%
2020	0.002838095%	346,527	1,054,122	32.87%	3.00%
2019	0.003085574%	345,245	1,001,033	34.49%	2.63%
2018	0.003104449%	328,578	804,384	40.85%	2.15%
2017	0.003157559%	337,621	1,040,894	32.44%	1.64%
2016	0.002763909%	322,122	1,008,902	31.93%	0.97%
2015	0.002241697%	228,618	853,233	26.79%	0.50%
2014	0.002245976%	210,004	676,979	31.02%	0.99%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the School will present information for only those years for which information is available.

SCHEDULE OF SCHOOL'S PENSION CONTRIBUTIONS FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY

LAST 10 FISCAL YEARS AS OF JUNE 30

FLORIDA RETIREMENT SYSTEM

	Contractually required contribution	Contribution in relation to the contractually required contribution	Contribution deficiency (excess)	Co	vered-employee payroll	Contributions as a percentage of covered-employee payroll
2023 \$	16,143	\$ 16,143	\$ -	\$	1,217,981	1.33%
2022	18,595	18,595	-		1,226,574	1.52%
2021	84,369	84,369	-		1,061,088	7.95%
2020	75,481	75,481	-		1,054,122	7.16%
2019	59,766	59,766	-		1,001,033	5.97%
2018	61,142	61,142	-		804,384	7.60%
2017	54,427	54,427	-		1,040,894	5.23%
2016	51,224	51,224	-		1,008,902	5.08%
2015	41,561	41,561	-		853,233	4.87%
2014	32,928	32,928	-		676,979	4.86%

HEALTH INSURANCE SUBSIDY

	Contractually required contribution	Contribution in relation to the contractually required contribution	_	ntribution	Cov	ered-employee payroll	Contributions as a percentage of covered-employee payroll
2023 \$	3,942	\$ 3,942	\$	-	\$	1,217,981	0.32%
2022	3,713	3,713		-		1,226,574	0.30%
2021	17,244	17,244		-		1,061,088	1.63%
2020	17,453	17,453		-		1,054,122	1.66%
2019	16,355	16,355		-		1,001,033	1.63%
2018	17,134	17,134		-		804,384	2.15%
2017	16,836	16,836		-		1,040,894	1.62%
2016	16,711	16,711		-		1,008,902	1.66%
2015	14,176	14,176		-		853,233	1.66%
2014	8,569	8,569		-		676,979	1.27%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the School will present information for only those years for which information is available.

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND

Year Ended June 30, 2024

	Budgeted Amounts								
Povonuos		Original		Final		Actual		Variance with Final Budget	
Revenues FEFP	\$	1,764,166	\$	1,764,166	\$	1,750,085	\$	(14,081)	
Teacher raises	Ψ	1,704,100	Ψ	1,704,100	Ψ	56,334	Ψ	56,334	
Lead teacher funds		_		_		2,100		2,100	
Referral billing		80,000		80.000		-		(80,000)	
Interest		850		850		1,251		401	
Uniforms		6,100		6,100		2,152		(3,948)	
Donations		1,000		1,000		11,096		10,096	
Miscellaneous		3,000		3,000		3,728		728	
E-Rate		9,709		9,709		-		(9,709)	
SIP grant		70,000		70,000		-		(70,000)	
Total revenues		1,934,825		1,934,825		1,826,746		(108,079)	
Expenditures									
Salaries		801,328		725,328		691,187		34,141	
FFCRA lease expense		-		-		12,701		(12,701)	
Retirement		111,386		93,886		88,992		4,894	
Social security		62,099		62,099		56,040		6,059	
Group insurance		163,850		137,730		104,415		33,315	
Worker's compensation		6,000		6,000		7,351		(1,351)	
Unemployment compensation		3,000		3,000		1,471		1,529	
School resource officer		32,000		32,000		41,351		(9,351)	
Curriculum development		4,500		4,500		-		4,500	
Management fee		362,634		362,634		362,634		-	
Curriculum/staff development		4,500		4,500		-		4,500	
Audit/accounting		15,000		16,500		16,100		400	
Professional services - other		2,000		2,000		1,887		113	
Insurance		43,241		2 000		19,620		(19,620)	
Travel		2,900		2,900		1,244		1,656	
Repairs/maintenance		12,000		-		4,525		(4,525)	
Vehicle/maintenance		- 17 000		257		257		(064)	
Computer repair		17,000 870		20,000		20,964 1,464		(964)	
Inspections/fire extinguisher Lease-copier		5,500		1,464 5,500		4,673		- 827	
Rental - other		2,000		2,000		2,592		(592)	
Postage		1,500		1,500		1,011		489	
Telephone		16,500		20,820		15,569		5,251	
Water/sewer		8,300		12,000		10,814		1,186	
Garbage		4,000		4,000		3,265		735	
Internet		-		-		4,320		(4,320)	
Advertising		220		220		39		181	
Custodial services		40,000		40.000		-		40,000	
Pest control		1,500		1,500		1,345		155	
Security monitoring		800		4,000		3,320		680	
Lawn service		16,600		18,175		16,800		1,375	
Non-professional services - other		5,000		5,000		6,142		(1,142)	
Electricity		45,000		45,000		42,652		2,348	
Gasoline		600		600		475		125	
Uniforms		12,000		5,000		2,562		2,438	
Supplies		55,000		55,000		52,821		2,179	
Textbooks		-		-		9,639		(9,639)	
Instructional material		500		500		-		500	
Lunches		4,000		4,000		5,151		(1,151)	
Other material and supplies		2,000		2,000		614		1,386	
Equipment and furniture - other		3,000		3,000		-		3,000	
Computer equipment		13,500		26,339		-		26,339	
Software		45,000		45,000		37,947		7,053	
Dues and fees		3,000		3,000		2,778		222	
Auto tags and fees		25		25		20		5	
Substitutes/temporary		33,000		33,000		16,680		16,320	
Total expenditures		1,962,853		1,811,977		1,673,432		138,545	
Excess (deficiency) of revenues		(00.00=)		100 015		450.04:		00.400	
over (under) expenditures		(28,028)		122,848	-	153,314		30,466	
Transfers in		-		-		-			
Total other financing sources (uses)		(20,000)		100.040	. —	152 214		20.400	
Net change in fund balance		(28,028)		122,848		153,314		30,466	
Fund balance at July 1, 2023 Fund balance at June 30, 2024	\$	1,017,450 989,422	\$	1,017,450 1,140,298	\$	1,017,450 1,170,764	\$	30,466	
runu palance at June 30, 2024	Φ	303,422	φ	1, 140,290	Ψ	1,170,704	Ψ	30,400	

See note to required supplemental information.

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - CAPITAL OUTLAY FUND

Year Ended June 30, 2024

Revenues 194,095 \$ 238,879 \$ 254,495 \$ 15,616 Charter school capital outlay Total revenues 194,095 238,879 254,495 15,616 Expenditures Insurance 18,825 65,800 36,929 28,871 Repairs/maintenance 100,000 133,000 163,560 (30,560) Lease-facility 52,000 62,000 60,298 1,702 Total expenditures 170,825 260,800 260,787 13 Net change in fund balance 23,270 (21,921) (6,292) 15,629 Fund balance at July 1, 2023 121,147 121,147 121,147 - Fund balance at June 30, 2024 \$ 144,417 99,226 \$ 114,855 \$ 15,629			Budgeted	Am	ounts					
Charter school capital outlay \$ 194,095 \$ 238,879 \$ 254,495 \$ 15,616 Total revenues 194,095 238,879 254,495 15,616 Expenditures 18,825 65,800 36,929 28,871 Repairs/maintenance 100,000 133,000 163,560 (30,560) Lease-facility 52,000 62,000 60,298 1,702 Total expenditures 170,825 260,800 260,787 13 Net change in fund balance 23,270 (21,921) (6,292) 15,629 Fund balance at July 1, 2023 121,147 121,147 121,147 -		Original			Final		Actual			
Total revenues 194,095 238,879 254,495 15,616 Expenditures Insurance 18,825 65,800 36,929 28,871 Repairs/maintenance 100,000 133,000 163,560 (30,560) Lease-facility 52,000 62,000 60,298 1,702 Total expenditures 170,825 260,800 260,787 13 Net change in fund balance 23,270 (21,921) (6,292) 15,629 Fund balance at July 1, 2023 121,147 121,147 121,147 -	. 10 10 11 11 11	Φ	404.005	Φ	000 070	Φ	054.405	Φ.	45.040	
Expenditures 18,825 65,800 36,929 28,871 Repairs/maintenance 100,000 133,000 163,560 (30,560) Lease-facility 52,000 62,000 60,298 1,702 Total expenditures 170,825 260,800 260,787 13 Net change in fund balance 23,270 (21,921) (6,292) 15,629 Fund balance at July 1, 2023 121,147 121,147 121,147 -	Charter school capital outlay	<u>\$</u>	194,095	<u>\$</u>		<u> </u>		\$		
Insurance 18,825 65,800 36,929 28,871 Repairs/maintenance 100,000 133,000 163,560 (30,560) Lease-facility 52,000 62,000 60,298 1,702 Total expenditures 170,825 260,800 260,787 13 Net change in fund balance 23,270 (21,921) (6,292) 15,629 Fund balance at July 1, 2023 121,147 121,147 121,147 -	Total revenues		194,095		238,879		254,495		15,616	
Repairs/maintenance 100,000 133,000 163,560 (30,560) Lease-facility 52,000 62,000 60,298 1,702 Total expenditures 170,825 260,800 260,787 13 Net change in fund balance 23,270 (21,921) (6,292) 15,629 Fund balance at July 1, 2023 121,147 121,147 121,147 -	Expenditures									
Lease-facility 52,000 62,000 60,298 1,702 Total expenditures 170,825 260,800 260,787 13 Net change in fund balance 23,270 (21,921) (6,292) 15,629 Fund balance at July 1, 2023 121,147 121,147 121,147 -	Insurance		18,825		65,800		36,929		28,871	
Total expenditures 170,825 260,800 260,787 13 Net change in fund balance 23,270 (21,921) (6,292) 15,629 Fund balance at July 1, 2023 121,147 121,147 121,147 -	Repairs/maintenance		100,000		133,000		163,560		(30,560)	
Net change in fund balance 23,270 (21,921) (6,292) 15,629 Fund balance at July 1, 2023 121,147 121,147 121,147 -	Lease-facility		52,000		62,000		60,298		1,702	
Fund balance at July 1, 2023	Total expenditures		170,825		260,800		260,787		13	
	Net change in fund balance		23,270		(21,921)		(6,292)		15,629	
Fund balance at June 30, 2024 \$ 144,417 \$ 99,226 \$ 114,855 \$ 15,629	Fund balance at July 1, 2023		121,147		121,147		121,147		-	
	Fund balance at June 30, 2024	\$	144,417	\$	99,226	\$	114,855	\$	15,629	

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2024

NOTE A – SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

1. Ten-year trend

GASB 68 requires information for 10 years. However, until a full 10-year trend is completed, the School is presenting information for only those years for which information is available for the Florida Retirement System (FRS) and the Health Insurance Subsidy (HIS) plans.

2. Fiduciary net position

The FRS and HIS plans' fiduciary net position as a percentage of the total pension liability is published in the FRS Annual Comprehensive Financial Report (See FRS ACFR information).

NOTE B - SCHEDULE OF CONTRIBUTIONS

Ten-year trend

GASB 68 requires information for 10 years. However, until a full 10-year trend is completed, the School is presenting information for only those years for which information is available for the Florida Retirement System (FRS) and the Health Insurance Subsidy (HIS) plans.

NOTE C - BUDGETARY INFORMATION

The School's annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are adopted for the general and capital outlay funds and may be amended by the School's Board of Directors (the "Board"). The budgets presented for the fiscal year ended June 30, 2024, have been amended according to Board Procedures.

Budgets are presented on the modified accrual basis of accounting. The legal level of budgetary control is the object level.





Partners

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Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
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American Institute of Certified Public Accountants

Florida Institute of Certified Public Accountants

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

To the Board of Directors of Walton Academy, Inc.
DeFuniak Springs, Florida

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, each major fund, and the aggregate remaining fund information of Walton Academy, Inc. (the "School"), a component unit of the Walton County School District, Florida, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated August 30, 2024.

Report on Internal Control over Financial Reporting

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

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 or significant deficiencies. However, material weaknesses may exist that were not identified.

Report on Compliance and Other Matters

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

Moss, Krusick & Associates, LLC

Winter Park, Florida August 30, 2024



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Florida Institute of Certified Public Accountants

MANAGEMENT LETTER

To the Board of Directors of Walton Academy, Inc.
DeFuniak Springs, Florida

Report on the Financial Statements

We have audited the financial statements of Walton Academy, Inc. (the "School"), a component unit of the Walton County School District, Florida, as of and for the fiscal year ended June 30, 2024, and have issued our report thereon dated August 30, 2024.

Auditor's 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 the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated August 30, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. In connection with our audit, the School did not have prior year findings.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires 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 is *Walton Academy, Inc. and* 1111.

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 conditions 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.

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 the review of financial information provided by same.

Section 10.854(1)(e)3., Rules of the Auditor General, required 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 which 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 Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, Florida Auditor General, Federal and other granting agencies, the Board of Directors, applicable management, and the Walton County District School Board, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Krusick & Associates, LLC

Winter Park, Florida August 30, 2024

MANAGEMENT FINDINGS, RECOMMENDATIONS AND RESPONSES

For the year ended June 30, 2024, there were no management finding, recommendations or responses.