

**LIZA JACKSON  
PREPARATORY  
SCHOOL, INC.**

**Basic Financial Statements and  
Supplemental Information**

Year ended June 30, 2007

**RECEIVED**

OCT 4 2007

**AUDITOR GENERAL**

**BERMAN HOPKINS  
WRIGHT & LAHAM**  
CPAS AND ASSOCIATES, LLP

## TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Assets	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet - Governmental Funds	11
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	12
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	14
Notes to Financial Statements	15
REQUIRED SUPPLEMENTAL INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	26
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Capital Outlay Fund	28
Notes to Required Supplemental Information	29
SUPPLEMENTAL INFORMATION	
Schedule of Functional Expenditures - General Fund	31
Schedule of Functional Expenditures - Capital Outlay Fund	32
Schedule of Revenue and Expenditures - Categorical Funds	33

**TABLE OF CONTENTS (continued)**

	Page
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	34
MANAGEMENT LETTER	36

Partners:

John R. Hopkins  
James A. Wright, Jr.  
James S. LaHam  
Ross A. Whitley  
W. Ed Moss, Jr.  
Phillip J. Hayes  
Brian L. Nemcrock

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Liza Jackson Preparatory School, Inc.  
Ft. Walton Beach, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Liza Jackson Preparatory School, Inc. (a Charter School and a component unit of Okaloosa County District School Board) as of and for the year ended June 30, 2007, which collectively comprise Liza Jackson Preparatory School, Inc.'s basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Liza Jackson Preparatory School, Inc.'s management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

BREVARD OFFICE

8035 Spyglass Hill Rd.  
Melbourne, FL 32940  
phone 321-757-2020  
fax 321-242-4844

ORLANDO OFFICE

480 N. Orlando Ave.  
Suite 218  
Winter Park, FL 32789  
phone 407-644-5811  
fax 407-644-6022

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 Liza Jackson Preparatory School, Inc. as of June 30, 2007, and the respective changes in financial position for the year then ended in conformity with auditing standards generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2007, on our consideration of Liza Jackson Preparatory School, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Liza Jackson Preparatory School, Inc.'s basic financial statements. The accompanying supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

September 6, 2007  
Melbourne, Florida

*Berman Hopkins Wright & LaHam*  
*CPAs and Associates, LLP*

## **Management's Discussion and Analysis**

As management of the Liza Jackson Preparatory School, Inc., (the "School") we offer readers of Liza Jackson Preparatory School, Inc.'s financial statements this narrative overview and analysis of the financial activities of the Liza Jackson Preparatory School, Inc. for the fiscal year ended June 30, 2007 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.

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events and conditions, it should be considered in conjunction with the basic financial statements found on pages 9 - 24.

### **Financial Highlights**

- The assets of the Liza Jackson Preparatory School, Inc. exceeded its liabilities at the close of the most recent fiscal year by \$938,583 (net assets).
- As of the close of the current fiscal year, the Liza Jackson Preparatory School, Inc.'s governmental funds reported combined ending fund balances of \$681,591.
- At the end of the current fiscal year, unreserved fund surplus for the general fund was \$681,591, or 15.6 percent of total general fund expenditures.
- At the end of the current fiscal year, total capital lease obligations decreased by \$12,153.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Liza Jackson Preparatory School, Inc.'s financial statements. Liza Jackson Preparatory School, Inc.'s 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 supplementary information in addition to the basic financial statements.

#### **The School as a Whole**

The information in the government-wide financial statements include 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 assets (the difference between total assets and total liabilities) over time is one indicator of whether the School's financial health is improving or deteriorating. However, you need 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.

Changes in the School's net assets were as follows:

	<u>2007</u>	<u>2006</u>	<u>Change</u>
Current and other assets	\$ 772,268	\$ 498,120	\$ 274,148
Capital assets, net of accumulated depreciation	270,367	309,883	(39,516)
Total assets	<u>1,042,635</u>	<u>808,003</u>	<u>234,632</u>
Current and other liabilities	90,677	22,067	68,610
Long-term liabilities outstanding	13,375	25,528	(12,153)
Total liabilities	<u>104,052</u>	<u>47,595</u>	<u>56,457</u>
Net assets	<u>\$ 938,583</u>	<u>\$ 760,408</u>	<u>\$ 178,175</u>
Net assets consisted of :			
Invested in capital assets, net of related debt	\$ 256,992	\$ 284,355	\$ (27,363)
Restricted	-	2,642	(2,642)
Unrestricted	681,591	473,411	208,180
Total net assets	<u>\$ 938,583</u>	<u>\$ 760,408</u>	<u>\$ 178,175</u>

Net assets invested in capital assets decreased due to depreciation expense in the current fiscal year. The capital assets consist primarily of improvements other than buildings and furniture, fixtures and equipment. The increase in current and other liabilities is primarily attributable to payroll liabilities paid after year end. The increase in unrestricted net assets was caused primarily by the increase in capital outlay funding. In 2007 funding increased by 85%.

Changes in the Schools revenues were as follows:

	<u>2007</u>	<u>2006</u>	<u>Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 529,460	\$ 492,659	\$ 36,801
Operating grants and contributions	45,247	122,076	(76,829)
Capital grants and contributions	492,228	286,459	205,769
General revenues			
Federal passed through local school district	95,361	87,037	8,324
State passed through local school district	4,064,202	3,527,196	537,006
Other revenues	55,252	51,650	3,602
Total revenues	<u>\$ 5,281,750</u>	<u>\$ 4,567,077</u>	<u>\$ 714,673</u>

In addition to the increase in capital outlay funding discussed above, the FEFP state and local funding per student increased approximately 12 percent.

Changes in the Schools expenses were as follows:

	<u>2007</u>	<u>2006</u>	<u>Change</u>
Expenses:			
Basic instruction	\$ 2,618,579	\$ 2,160,843	\$ 457,736
Exceptional instruction	69,316	99,724	(30,408)
Other instruction	116,545	85,141	31,404
Health services	38,532	33,265	5,267
Media services	30,970	24,288	6,682
Curriculum development	198,189	174,582	23,607
Staff development	26,596	15,283	11,313
Board of directors	33,784	20,027	13,757
General administration	77,431	63,751	13,680
School administration	326,429	226,135	100,294
Facilities	11,811	624,903	(613,092)
Fiscal	73,637	64,295	9,342
Food	211,947	185,678	26,269
Planning and evaluation	8,880	2,350	6,530
Staff services	24,603	49,040	(24,437)
Transportation	193,398	207,463	(14,065)
Operation of plant	854,249	284,581	569,668
Maintenance of plant	10,995	10,233	762
Before / after	175,120	123,482	51,638
Interest on long-term debt	2,564	3,673	(1,109)
Total expenses	<u>\$ 5,103,575</u>	<u>\$ 4,458,737</u>	<u>\$ 644,838</u>

The increase in expense relates primarily to increased salaries in order to be competitive with the School Board's pay.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of Liza Jackson Preparatory School, Inc.'s finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of Liza Jackson Preparatory School, Inc.'s assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Liza Jackson Preparatory School, Inc. is improving or deteriorating.

The statement of activities presents information showing how the School's net assets changed during the most recent fiscal year. All changes in net assets 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 Liza Jackson Preparatory School, Inc. that are principally supported by school board, state, and federal funding (governmental activities) and charges for services from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Liza Jackson Preparatory School, Inc. include but are not limited to basic instruction, exceptional instruction, health services, media services, transportation and food services.

The government-wide financial statements include only Liza Jackson Preparatory School, Inc. itself, which is a component unit of the Okaloosa County District School Board. The Okaloosa County District School Board includes the operations of Liza Jackson Preparatory School, Inc. in their operations.

The government-wide financial statements can be found on pages 9 and 10 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. Liza Jackson Preparatory School, Inc., like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of Liza Jackson Preparatory School, Inc. are presented in governmental funds only.

**Government funds.** Government 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 governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Liza Jackson Preparatory School, Inc. maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and capital outlay fund, both of which are considered to be major funds.

Liza Jackson Preparatory School, Inc. adopts an annual appropriated budget. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 11 - 14 of this report.

**Notes to the 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 starting on page 15 of this report.

### **Government-wide financial analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Liza Jackson Preparatory School, Inc., assets did exceed liabilities by \$938,583 and \$760,408, respectively, for the years ended June 30, 2007 and 2006.

**Governmental activities.** Governmental activities increased Liza Jackson Preparatory School, Inc. net assets by \$178,175 and \$108,340 respectively, for the years ended June 30, 2007 and 2006.

### **Financial Analysis of the Government's Funds**

As noted earlier, Liza Jackson Preparatory School, Inc. uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of Liza Jackson Preparatory School, Inc.'s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Liza Jackson Preparatory School, Inc.'s financing requirements. In particular, the unreserved 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, Liza Jackson Preparatory School, Inc.'s governmental funds reported a combined ending fund surplus of \$681,591. Of this amount \$681,591 constitutes unreserved fund surplus, which is the amount available for spending at the government's discretion.

The general fund is the chief operating fund of Liza Jackson Preparatory School, Inc. At the end of the current fiscal year, the unreserved fund surplus of the general fund was \$681,591.

The fund surplus of Liza Jackson Preparatory School, Inc.'s general fund increased by \$205,538 during the current fiscal year.

### **General Fund Budgetary Highlights**

Actual revenue exceeded budgeted revenue by \$32,885 while budgeted expenditures exceed actual expenditures by \$41,849.

### **Capital Asset and Debt Administration**

**Capital assets.** Liza Jackson Preparatory School, Inc.'s investment in capital assets for its governmental activities as of June 30, 2007, amounts to \$256,992 (net of accumulated depreciation and related debt). This investment in capital assets includes buildings and fixed equipment, furniture, fixtures, and computer software.

**Debt.** At the end of the current fiscal year, Liza Jackson Preparatory School, Inc. had a capital lease payable in the amount of \$13,375.

## **Economic Factors**

School District, state, and federal funding from School Districts determined by the number of enrolled students principally support Liza Jackson Preparatory School, Inc. Enrollment for the 2006/2007 school year has increased by 2 percent, from the 2005/2006 school year. As the School is operating at capacity, no increase in enrollment is projected for the 2007/2008 school year.

## **Request for Information**

This financial report is designed to provide a general overview of Liza Jackson Preparatory School, Inc. finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Liza Jackson Preparatory School, Inc., 546 Mary Esther, Ft. Walton Beach, FL 32548.

Liza Jackson Preparatory School, Inc.

STATEMENT OF NET ASSETS

June 30, 2007

	<u>Governmental Activities</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash	\$ 650,944
Accounts receivable	14,713
Deposits	44,930
Prepaid expenses	<u>61,681</u>
Total current assets	<u>772,268</u>
<b>CAPITAL ASSETS</b>	
Capital assets, net of accumulated depreciation	
Improvements other than buildings	122,314
Furniture, fixtures and equipment	74,758
Information technology equipment	69,411
Computer software	380
Motor vehicles	<u>3,504</u>
Total capital assets	<u>270,367</u>
Total assets	<u>1,042,635</u>
<b>LIABILITIES AND NET ASSETS</b>	
<b>LIABILITIES</b>	
Accounts payable	15,769
Accrued payroll and payroll taxes	74,908
Noncurrent liabilities:	
Due within one year	<u>13,375</u>
Total liabilities	<u>104,052</u>
<b>NET ASSETS</b>	
Investment in capital assets, net of related debt	256,992
Unrestricted	<u>681,591</u>
Total net assets	<u>\$ 938,583</u>

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

**Liza Jackson Preparatory School, Inc.**

**STATEMENT OF ACTIVITIES**

**For the year ended June 30, 2007**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Basic instruction	\$ 2,618,579	\$ -	\$ -	\$ -	\$ (2,618,579)
Exceptional instruction	69,316	-	-	-	(69,316)
Other instruction	116,545	138,147	-	-	21,602
Health services	38,532	-	-	-	(38,532)
Media services	30,970	-	-	-	(30,970)
Curriculum development	198,189	-	-	-	(198,189)
Staff development	26,596	-	-	-	(26,596)
Board	33,784	-	-	-	(33,784)
General administration	77,431	-	-	-	(77,431)
School administration	326,429	-	-	-	(326,429)
Facilities	11,811	-	-	-	(11,811)
Fiscal services	73,637	-	-	-	(73,637)
Food services	211,947	156,934	45,247	-	(9,766)
Planning and evaluation	8,880	-	-	-	(8,880)
Staff services	24,603	-	-	-	(24,603)
Transportation	193,398	-	-	-	(193,398)
Operation of plant	854,249	-	-	492,228	(362,021)
Maintenance of plant	10,995	-	-	-	(10,995)
Before / after	175,120	234,379	-	-	59,259
Interest expense	2,564	-	-	-	(2,564)
<b>Total governmental activities</b>	<b>\$ 5,103,575</b>	<b>\$ 529,460</b>	<b>\$ 45,247</b>	<b>\$ 492,228</b>	<b>(4,036,640)</b>
General revenues:					
Grants and entitlements not restricted to specific programs					4,159,563
Interest income					20,760
Other revenues					34,492
<b>Total revenues</b>					<b>4,214,815</b>
Change in net assets					178,175
Net assets at July 1, 2006					760,408
Net assets at June 30, 2007					<b>\$ 938,583</b>

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

Liza Jackson Preparatory School, Inc.

**BALANCE SHEET - GOVERNMENTAL FUNDS**

June 30, 2007

	General Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 650,944	\$ -	\$ -	\$ 650,944
Accounts receivable	14,713	-	-	14,713
Deposits	44,930	-	-	44,930
Prepaid expenses	61,681	-	-	61,681
Total assets	<u>\$ 772,268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 772,268</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 15,769	\$ -	\$ -	\$ 15,769
Accrued payroll and payroll taxes	74,908	-	-	74,908
Total liabilities	<u>90,677</u>	<u>-</u>	<u>-</u>	<u>90,677</u>
<b>FUND BALANCES</b>				
Unreserved	681,591	-	-	681,591
Total fund balances	<u>681,591</u>	<u>-</u>	<u>-</u>	<u>681,591</u>
Total liabilities and fund balances	<u>\$ 772,268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 772,268</u>

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

**Liza Jackson Preparatory School, Inc.**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS**

**June 30, 2007**

Fund balances - total governmental funds \$ 681,591

The net assets reported for governmental activities in the statement of net assets 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:

Improvements other than buildings, net of \$44,268		
accumulated depreciation	\$ 122,314	
Furniture, fixtures and equipment, net of \$58,602		
accumulated depreciation	74,758	
Information technology equipment, net of \$88,643		
accumulated depreciation	69,411	
Computer software, net of \$15,256		
accumulated depreciation	380	
Motor vehicles, net of \$75,339 accumulated depreciation	<u>3,504</u>	
Total capital assets		270,367

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Capital leases	<u>(13,375)</u>	
Total net assets of governmental activities		<u><u>\$ 938,583</u></u>

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

**Liza Jackson Preparatory School, Inc.**

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

**For the year ended June 30, 2007**

	General Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Federal passed through local school district	\$ 95,361	\$ -	\$ -	\$ 95,361
Federal passed through state	-	-	45,247	45,247
State passed through local school district	4,064,202	492,228	-	4,556,430
Other revenues	427,778	-	156,934	584,712
Total revenues	<u>4,587,341</u>	<u>492,228</u>	<u>202,181</u>	<u>5,281,750</u>
<b>Expenditures</b>				
Current:				
Basic instruction	2,586,217	-	-	2,586,217
Exceptional instruction	69,316	-	-	69,316
Other instruction	116,545	-	-	116,545
Health services	38,532	-	-	38,532
Media services	30,970	-	-	30,970
Curriculum development	198,189	-	-	198,189
Staff development	26,596	-	-	26,596
Board	33,784	-	-	33,784
General administration	77,431	-	-	77,431
School administration	325,087	-	-	325,087
Facilities	47	-	-	47
Fiscal services	73,436	-	-	73,436
Food services	-	-	207,462	207,462
Planning and evaluation	8,880	-	-	8,880
Staff services	24,603	-	-	24,603
Transportation	186,332	-	-	186,332
Operation of plant	356,450	492,228	-	848,678
Maintenance of plant	10,995	-	-	10,995
Before / after	175,120	-	-	175,120
Fixed capital outlay	23,275	-	-	23,275
Debt service:				
Principal	12,153	-	-	12,153
Interest	2,564	-	-	2,564
Total expenditures	<u>4,376,522</u>	<u>492,228</u>	<u>207,462</u>	<u>5,076,212</u>
Excess (deficiency) of revenues over (under) expenditures	<u>210,819</u>	<u>-</u>	<u>(5,281)</u>	<u>205,538</u>
Other financing sources and (uses):				
Transfer in	-	-	5,281	5,281
Transfer out	(5,281)	-	-	(5,281)
Net changes in fund balances	<u>205,538</u>	<u>-</u>	<u>-</u>	<u>205,538</u>
Fund balances at July 1, 2006	<u>476,053</u>	<u>-</u>	<u>-</u>	<u>476,053</u>
Fund balances at June 30, 2007	<u>\$ 681,591</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 681,591</u>

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

**Liza Jackson Preparatory School, Inc.**

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

**For the year ended June 30, 2007**

Net change in fund balances - total governmental funds \$ 205,538

The change in net assets 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.

Fixed capital outlay	\$ 23,275	
Depreciation	<u>(62,791)</u>	(39,516)

The issuance of long-term debt (e.g., bonds, leases) provides current  
financial resources to governmental funds, while the repayment of the  
principal of long-term debt consumes the current financial resources  
of governmental funds. Neither transaction, however, has any effect  
on net assets. The net effect of these differences in the treatment  
of long-term debt and related items increased net assets.

Change in net assets of governmental activities

<u>12,153</u>
<u><u>\$ 178,175</u></u>

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

**Liza Jackson Preparatory School, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2007**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Reporting entity

Liza Jackson Preparatory School, Inc. (a Charter 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 education services to students in grades K - 9. The governing body of the School is the Board of Directors, which is composed of five members.

The general operating authority of the Liza Jackson Preparatory School, Inc. (the "School") is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, which is the Okaloosa County District School Board (the "District"). The current charter is effective until June 30, 2021, 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. Liza Jackson Preparatory School, Inc. is considered a component unit of the Okaloosa County District School Board.

2. Government-wide and fund financial statements

The government-wide financial statements consist of a statement of net assets and a statement of activities. These statements report information on all of the nonfiduciary activities of the School. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only governmental activities as the School does not engage in any business type activities.

Net assets, the difference between assets and liabilities, as presented in the statement of net assets, are subdivided into three categories: amounts invested in capital assets; restricted net assets; and unrestricted net assets. Net assets are reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or 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 assets 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. 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.

**Liza Jackson Preparatory School, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2007**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

2. Government-wide and fund financial statements (continued)

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. 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 government 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 is recorded as expenditures only when payment is due.

The School's financial statements have been prepared in accordance with U.S. generally accepted accounting principles 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.

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:

General Fund - the general operating fund of the School. It is used to account for all financial resources not required to be accounted for in another fund.

**Liza Jackson Preparatory School, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2007**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

Capital Outlay Fund - in accordance with guidelines established by the Okaloosa 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.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as they are needed.

4. Cash

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

5. Receivables

The Schools' receivables consist of receivables from service programs, receivables from employees for a 125 cafeteria plan and deposits receivable. After reviewing the individual account balances, the School's management has determined that 100% of receivables are fully collectible. Therefore, no allowance for doubtful accounts has been provided.

6. Interfund activity

Activity between 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.

Transfers are used to move unrestricted general fund revenues to finance programs (i.e. national school lunch program) that the government must account for in 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 \$750 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.

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.

**Liza Jackson Preparatory School, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2007**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

7. Capital assets (continued)

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Improvements other than building	10 - 15
Furniture, fixtures and equipment	7 - 10
Information technology equipment	3 - 5
Computer software	3
Motor vehicles	5

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(18), 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 (DOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect revised calculations by the DOE 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.

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.

**Liza Jackson Preparatory School, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2007**

**NOTE B - CASH**

*Custodial credit risk* – The carrying amount of the School's deposits were \$650,944 at June 30, 2007. The deposits are insured by the FDIC up to \$100,000 per entity. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Deposits Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the School pursuant to Section 280.08, Florida Statutes.

**NOTE C - CAPITAL ASSETS**

Changes in capital assets are as follows:

	Balance at July 1, 2006	Additions	Deletions	Balance at June 30, 2007
Capital assets depreciated:				
Improvements other than buildings	\$ 145,485	\$ 21,097	\$ -	\$ 166,582
Furniture, fixtures and equipment	133,360	-	-	133,360
Information technology equipment	155,876	2,178	-	158,054
Computer software	15,636	-	-	15,636
Motor vehicles	78,843	-	-	78,843
Total assets depreciated	529,200	\$ 23,275	\$ -	552,475
Less accumulated depreciation:				
Improvements other than buildings	34,111	\$ 10,157	\$ -	44,268
Furniture, fixtures and equipment	43,161	15,441	-	58,602
Information technology equipment	60,901	27,742	-	88,643
Computer software	12,941	2,315	-	15,256
Motor vehicles	68,203	7,136	-	75,339
Total accumulated depreciation	219,317	\$ 62,791	\$ -	282,108
Total governmental activities capital assets, net	<u>\$ 309,883</u>			<u>\$ 270,367</u>

**Liza Jackson Preparatory School, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2007**

**NOTE C - CAPITAL ASSETS (continued)**

Depreciation expense for the year ended June 30, 2007 was charged to functions of the School as follows:

Basic instruction	\$	32,362
Facilities		11,764
Fiscal services		201
Food services		4,485
Plant		5,571
School administration		1,342
Transportation		7,066
	\$	<u>62,791</u>

**NOTE D - LONG-TERM DEBT**

1. Changes in long-term liabilities

Changes in long-term liabilities are as follows:

	<u>Balance at July</u> <u>1, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>June 30, 2007</u>	<u>Due within</u> <u>one year</u>
Capital leases	\$ <u>25,528</u>	\$ <u>-</u>	\$ <u>12,153</u>	\$ <u>13,375</u>	\$ <u>13,375</u>

2. Capital leases

The School is the lessee of equipment under a capital lease obligation. The capital lease obligation is collateralized by the underlying equipment. Current year interest expense incurred on the capital lease obligation amounted to \$2,564.

The equipment and related capital lease obligation is recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The asset is being depreciated over the estimated useful life. Depreciation of the equipment for the current year was \$6,133 and is included depreciation expense on the accompanying statements.

The following is a summary of the equipment held under the capital lease:

Furniture, fixtures and equipment	\$	61,333
Less accumulated depreciation		<u>19,933</u>
Net book value	\$	<u>41,400</u>

**Liza Jackson Preparatory School, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2007**

**NOTE D - LONG-TERM DEBT (continued)**

2. Capital leases (continued)

The following is a schedule of future minimum lease payments for the year ended June 30, 2008:

Total minimum lease payemtns	\$	14,716
Less amount representing interest		<u>1,341</u>
Present value of future minimum lease payments	\$	<u><u>13,375</u></u>

**NOTE E - OPERATING LEASES**

In 2001, the School entered into a lease agreement for facilities which expires in July 14, 2016. The terms of the lease are an annual base payment for years 1-5 and for years 6-15 the rent is adjusted at the beginning of each lease year based on the change in the Consumer Price Index (CPI). Current year facilities expense charged to operations totaled \$638,784 and of that amount, \$492,228 was funded by capital outlay.

In addition, the School has various other lease agreements for equipment storage space under operating leases expiring in various years through 2010. Current year equipment expense charged to operations totaled \$18,650.

The following is a schedule of future minimum lease payments for the year ended June 30:

2008	\$	671,164
2009		663,821
2010		658,837
2011		658,136
2012		658,136
2013-2016		<u>3,290,680</u>
	\$	<u><u>6,600,774</u></u>

**Liza Jackson Preparatory School, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2007**

**NOTE F - CONCENTRATIONS**

Revenue sources

As stated in Note A-8, the School receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of revenue sources and amounts:

<u>Sources</u>	<u>Amounts</u>
State sources passed through the School Board of Okaloosa County, Florida	
Base funding	\$ 2,681,098
ESE allocation	112,993
SAI funds	218,122
Safe schools	39,459
Discretionary local effort	252,610
Discretionary lottery	24,804
Discretionary tax compression	10,700
Instructional materials allocation	66,552
Transportation	176,532
Class size reduction	497,120
Reading program	30,580
Administration fee withheld	<u>(140,914)</u>
Subtotal	3,969,656
Capital outlay funds	492,228
Florida teachers lead program	12,031
Excellent teaching program	15,052
A+ bonus	67,463
Federal impact funds	<u>95,361</u>
Total state sources passed through the School Board of Okaloosa County, Florida	4,651,791
Other revenues	
Lunch program	202,181
Interest income	20,760
Student fees	372,526
Other	<u>34,492</u>
	<u><u>\$ 5,281,750</u></u>

**Liza Jackson Preparatory School, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2007**

**NOTE G - RETIREMENT PLAN**

1. Participation

Effective July 1, 2001, employees of the School began participating in the Florida Retirement System (FRS), a cost-sharing multiple-employer retirement system, established by Chapter 121, Florida Statutes. Participation is compulsory for full-time and part-time employees working in regularly established positions. Eligible employees may elect to participate in the Deferred Retirement Option Program (DROP), deferring receipt of retirement benefits while continuing employment with a Florida Retirement System employer.

2. Contributions

Chapter 121 requires the employer to pay all contributions (employee noncontributory) based upon state-wide rates established by the State of Florida. During the 2006 - 2007 school year, the School contributed an average of 9.85% of each qualified regular employee's gross salary. The contributions, funded on a pay-as-you-go basis, were equal to the actuarially determined contribution requirements for each year and totaled \$286,957 for the year ended June 30, 2007.

3. Benefit provisions

The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The FRS provides for vesting of benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with six or more years of service, or to those employees who have at least 30 years of creditable service, regardless of age. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age.

Retirement benefits are based upon age, average compensation and number of years of creditable service where average compensation is computed as the average of an individual's five highest years of earnings. For DROP participants, the deferred monthly benefit plus interest compounded monthly, accrues for the specified period of the DROP participation. Upon retirement, the participant receives the total accumulated DROP benefits and begins to receive current benefits at the previously determined rate.

4. Financial report of the plan

The Florida Retirement System (FRS) issues a stand-alone financial report. A copy can be obtained by contacting the State of Florida, Division of Retirement, Tallahassee, Florida.

**Liza Jackson Preparatory School, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2007**

**NOTE H - 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 \$500 per occurrence. Settled claims resulting from the risks described above have not exceeded the insurance coverage for each of the prior three years.

**REQUIRED SUPPLEMENTAL INFORMATION**

Liza Jackson Preparatory School, Inc.

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

**For the year ended June 30, 2007**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>Revenues</b>				
Federal impact aid	\$ 66,760	\$ 95,361	\$ 95,361	-
FTE revenue	3,789,531	3,969,656	3,969,656	-
Lead teacher fund	4,470	12,031	12,031	-
A+ bonus funds	-	67,463	67,463	-
Excellent teaching program	-	-	15,052	15,052
Rent	5,500	5,423	5,423	-
Interest	9,000	19,000	20,760	1,760
Pre-K program	138,000	138,522	138,147	(375)
Before/after school program	180,000	222,000	234,379	12,379
Field trips	-	-	468	468
Donations	2,500	10,000	6,903	(3,097)
Miscellaneous	10,000	15,000	21,698	6,698
<b>Total revenues</b>	<b>4,205,761</b>	<b>4,554,456</b>	<b>4,587,341</b>	<b>32,885</b>
<b>Expenditures</b>				
<b>Current :</b>				
Salaries	2,766,895	2,750,213	2,757,673	(7,460)
Bonus funds	-	81,752	97,063	(15,311)
Retirement	270,569	280,929	280,886	43
FICA	211,667	220,362	219,391	971
Health/dental/life insurance	222,400	206,586	206,208	378
Workers compensation	45,000	22,000	21,076	924
Unemployment compensation	7,140	4,619	3,387	1,232
Hourly instructional	20,000	21,903	21,903	-
Accounting/auditing services	9,500	10,000	9,449	551
Legal services	-	-	3,000	(3,000)
Staff development (SFA)	14,000	14,000	9,133	4,867
Staff development (misc training)	8,700	13,000	12,248	752
Other contracted services	2,590	14,630	8,880	5,750
Insurance	32,000	44,000	40,698	3,302
In county travel	225	-	-	-
Field trips	4,500	20,922	20,922	-
SFA conference	2,500	1,600	1,378	222
Other training	-	15,000	14,618	382
Repairs and maintenance	10,000	17,407	13,050	4,357
Bus maintenance	15,000	20,000	13,579	6,421
Computer repair	-	1,500	1,498	2
Inspections/fire alarm	500	500	-	500
Copier lease	18,000	15,000	14,420	580
Rent	286,733	146,128	146,556	(428)
Storage facility lease	2,664	3,164	2,892	272
Water cooler lease	1,150	1,150	-	1,150
Pool lease	2,000	2,000	1,338	662
Postage	3,000	5,200	5,112	88
Telephone	3,000	3,000	2,601	399

See accompanying notes to required supplemental information.

Liza Jackson Preparatory School, Inc.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - GENERAL FUND (continued)**

**For the year ended June 30, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures (continued)				
Cell phones/radios	5,000	5,000	4,179	821
Internet service	1,428	1,308	1,199	109
Water and sewer	4,500	4,500	4,124	376
Garbage	5,200	7,000	7,006	(6)
Printing (incl advertising)	6,000	6,500	6,028	472
Pest Control	-	500	240	260
Security system	2,000	2,500	2,010	490
Lawn service	5,100	5,100	4,937	163
Custodial services	20,000	28,118	28,118	-
Other non-professional services	1,300	2,700	2,567	133
Electricity	56,000	62,000	60,908	1,092
Gas buses	19,000	20,000	19,860	140
Supplies	72,000	80,580	78,606	1,974
Instructional materials	85,000	95,000	94,450	550
Periodicals	-	-	245	(245)
Breakfast/lunch/milk	2,992	7,912	6,386	1,526
Library reference books	750	-	(3,879)	3,879
Audio visual equipment	1,000	500	352	148
Equipment	8,000	41,000	16,626	24,374
Computers	8,000	9,000	7,932	1,068
Improvements other than building	-	23,000	15,019	7,981
Remodeling/renovations	5,000	7,000	6,078	922
Software	15,000	16,613	15,626	987
Fees	11,000	13,975	12,523	1,452
Substitutes	33,000	42,000	41,706	294
Debt service				
Principal	-	-	12,153	(12,153)
Interest	-	-	2,564	(2,564)
Total expenditures	<u>4,327,003</u>	<u>4,418,371</u>	<u>4,376,522</u>	<u>41,849</u>
Excess (deficiency) of revenues over (under) expenditures	(121,242)	136,085	210,819	74,734
Other financing (uses):				
Transfer out	-	-	(5,281)	(5,281)
Net changes in fund balances	<u>(121,242)</u>	<u>136,085</u>	<u>205,538</u>	<u>69,453</u>
Fund balance at July 1, 2006	<u>346,938</u>	<u>409,917</u>	<u>476,053</u>	<u>66,136</u>
Fund balance at June 30, 2007	<u>\$ 225,696</u>	<u>\$ 546,002</u>	<u>\$ 681,591</u>	<u>\$ 135,589</u>

See accompanying notes to required supplemental information.

**Liza Jackson Preparatory School, Inc.**

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

**For the year ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Capital outlay revenues	<u>\$ 350,000</u>	<u>\$ 492,228</u>	<u>\$ 492,228</u>	<u>\$ -</u>
Expenditures				
Rent	<u>350,000</u>	<u>492,228</u>	<u>492,228</u>	<u>-</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at July 1, 2006	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at June 30, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to required supplemental information.

**Liza Jackson Preparatory School, Inc.**

**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**

**June 30, 2007**

**NOTE A - BUDGETARY INFORMATION**

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 special revenue funds and may be amended by the Board of Directors (the "Board"). The budgets presented for the fiscal year ended June 30, 2007, 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.

**SUPPLEMENTAL INFORMATION**

Liza Jackson Preparatory School, Inc.

SCHEDULE OF FUNCTIONAL EXPENDITURES - GENERAL FUND

For the year ended June 30, 2007

	Basic Instruction	Exceptional Instruction	Other Instruction	Health Services	Media Services	Curriculum Development	Staff Development	Board	General Administration	School Administration
Dues and fees	\$ 4,729	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61	\$ -	\$ 3,954
Electricity	-	-	-	-	-	-	-	-	-	-
Employee benefits	181,342	5,321	8,737	2,763	2,267	16,095	-	-	8,830	26,840
Food	-	-	401	-	-	-	-	-	-	-
Garbage	-	-	-	-	-	-	-	-	-	-
Gasoline	-	-	-	-	-	-	-	-	-	-
Group insurance	137,826	1,077	9,493	4,277	4,332	5,471	-	(108)	32	12,106
Insurance	-	-	-	-	-	-	-	30,584	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Library books	-	-	-	-	(3,879)	-	-	-	-	-
Non-professional services	-	-	-	-	-	-	-	-	-	-
Other personal services	40,372	-	23	-	-	-	-	-	-	-
Periodicals	10	-	-	-	75	-	-	-	-	160
Postage	39	-	-	-	-	-	-	12	-	5,061
Principal	-	-	-	-	-	-	-	-	-	-
Printing	150	-	-	-	-	-	-	-	-	5,509
Professional services	23,425	-	-	-	-	-	19,859	3,000	-	-
Rental	1,020	-	-	-	-	-	-	-	-	18,231
Repairs and maintenance	-	-	-	-	-	-	-	-	-	1,583
Salaries	1,877,134	54,325	89,600	28,355	23,576	163,999	-	-	62,063	216,519
Social security	139,480	4,120	6,562	2,169	1,787	12,453	-	-	6,421	20,359
Supplies	42,873	419	1,037	883	656	-	-	24	-	3,166
Telephone	-	-	-	-	-	-	-	-	-	-
Textbooks	91,047	3,229	-	-	-	-	-	-	-	-
Travel	24,114	-	110	-	-	-	6,737	211	-	2,337
Unemployment compensation	(116)	85	299	85	139	171	-	-	85	605
Water and sewer	-	-	-	-	-	-	-	-	-	-
Worker's comp	(341)	-	-	-	-	-	-	-	-	(1,462)
Improvements	-	-	-	-	-	-	-	-	-	-
Furniture and fixtures	6,873	740	283	-	1,370	-	-	-	-	5,358
Computer hardware	1,266	-	-	-	-	-	-	-	-	4,488
Audio visual materials	-	-	-	-	352	-	-	-	-	-
Computer software	14,974	-	-	-	295	-	-	-	-	273
	<u>\$ 2,586,217</u>	<u>\$ 69,316</u>	<u>\$ 116,545</u>	<u>\$ 38,532</u>	<u>\$ 30,970</u>	<u>\$ 198,189</u>	<u>\$ 26,596</u>	<u>\$ 33,784</u>	<u>\$ 77,431</u>	<u>\$ 326,087</u>

Facilities	Fiscal Services	Planning and Evaluation	Staff Services	Transportation	Operation of plant	Maintenance of Plant	Before/After	Fixed Capital Outlay	Debt Service	Total
\$ -	\$ 933	\$ -	\$ 1,724	\$ 976	\$ 28	\$ -	\$ 118	\$ -	\$ -	\$ 12,523
-	-	-	-	-	60,908	-	-	-	-	60,908
-	4,717	-	-	11,364	5,718	-	6,892	-	-	280,886
-	-	-	-	-	-	-	5,985	-	-	6,386
-	-	-	-	-	7,006	-	-	-	-	7,006
-	-	-	-	19,860	-	-	-	-	-	19,860
-	4,447	-	-	15,272	6,486	-	5,497	-	-	206,208
-	-	-	-	10,114	-	-	-	-	-	40,698
-	-	-	-	-	-	-	-	-	2,564	2,564
-	-	-	-	-	-	-	-	-	-	(3,879)
-	-	-	-	-	37,872	-	-	-	-	37,872
-	-	-	-	-	-	-	1,311	-	-	41,706
-	-	-	-	-	-	-	-	-	-	245
-	-	-	-	-	-	-	-	-	-	5,112
-	-	-	-	-	-	-	-	-	12,153	12,153
-	-	-	-	143	-	-	226	-	-	6,028
-	9,449	8,880	-	-	-	-	-	-	-	64,613
-	-	-	-	-	145,955	-	-	-	-	165,206
-	-	-	-	13,579	1,765	10,995	205	-	-	28,127
-	48,186	-	-	101,641	58,430	-	130,908	-	-	2,854,736
-	3,346	-	-	8,547	4,330	-	9,817	-	-	219,391
49	1,338	-	-	88	19,126	-	8,947	-	-	78,606
(2)	-	-	-	4,179	3,802	-	-	-	-	7,979
-	-	-	-	-	-	-	174	-	-	94,450
-	871	-	-	-	-	-	2,538	-	-	36,918
-	65	-	-	569	213	-	1,187	-	-	3,387
-	-	-	-	-	4,124	-	-	-	-	4,124
-	-	-	22,879	-	-	-	-	-	-	21,076
-	-	-	-	-	-	-	-	21,097	-	21,097
-	-	-	-	-	687	-	1,315	-	-	16,626
-	-	-	-	-	-	-	-	2,178	-	7,932
-	-	-	-	-	-	-	-	-	-	352
-	84	-	-	-	-	-	-	-	-	15,626
<b>\$ 47</b>	<b>\$ 73,436</b>	<b>\$ 8,880</b>	<b>\$ 24,603</b>	<b>\$ 186,332</b>	<b>\$ 356,450</b>	<b>\$ 10,995</b>	<b>\$ 175,120</b>	<b>\$ 23,275</b>	<b>\$ 14,717</b>	<b>\$ 4,376,522</b>

**Liza Jackson Preparatory School, Inc.**

**SCHEDULE OF FUNCTIONAL EXPENDITURES - CAPITAL OUTLAY FUND**

**For the year ended June 30, 2007**

	<u>Operation of plant</u>
Rentals	<u>\$ 492,228</u>

**Liza Jackson Preparatory School, Inc.**

**SCHEDULE OF REVENUES AND EXPENDITURES - CATEGORICAL FUNDS**

**For the year ended June 30, 2007**

Categorical	Prior Year	FY 2006-2007		
	Carryforward	Revenue	Expenditures	Carryforward
Instructional materials	\$ -	\$ 63,225	\$ 63,225	\$ -
School technology	2,642	-	2,642	-
Safe schools	-	13,225	13,225	-
Transportation	-	176,532	176,532	-
Total	\$ 2,642	\$ 252,982	\$ 255,624	\$ -

Partners:

John R. Hopkins  
James A. Wright, Jr.  
James S. LaHam  
Ross A. Whitley  
W. Ed Moss, Jr.  
Phillip J. Hayes  
Brian L. Nemeroff

**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  
Liza Jackson Preparatory School, Inc.  
Ft. Walton Beach, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Liza Jackson Preparatory School, Inc., a component unit of the Okaloosa County District School Board, as of and for the year ended June 30, 2007, which collectively comprise Liza Jackson Preparatory School Inc.'s basic financial statements, and have issued our report thereon dated September 6, 2007. 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.

BREVARD OFFICE

8035 Spyglass Hill Rd.  
Melbourne, FL 32940  
phone 321-757-2020  
fax 321-242-4844

ORLANDO OFFICE

480 N. Orlando Ave.  
Suite 218  
Winter Park, FL 32789  
phone 407-644-5811  
fax 407-644-6022

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Liza Jackson Preparatory School, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Liza Jackson Preparatory School, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Liza Jackson Preparatory School, Inc.'s internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Liza Jackson Preparatory School, Inc.'s financial statements is more than inconsequential will not be prevented or detected by the Liza Jackson Preparatory School, Inc.'s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Liza Jackson Preparatory School, Inc.'s internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and other matters

As part of obtaining reasonable assurance about whether Liza Jackson Preparatory School, Inc.'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*.

This report is intended solely for the information and use of Liza Jackson Preparatory School, Inc.'s management, Okaloosa County District School Board, the State of Florida Office of the Auditor General and other regulatory agencies of federal and state governments, and is not intended to be and should not be used by anyone other than these specified parties.

September 6, 2007  
Melbourne, Florida

*Berman Hopkins Wright & LaHam*  
*CPAs and Associates, LLP*

Partners:

John R. Hopkins  
James A. Wright, Jr.  
James S. LaHam  
Ross A. Whitley  
W. Ed Moss, Jr.  
Phillip J. Hayes  
Brian L. Nemeroff

**MANAGEMENT LETTER**

To the Board of Directors  
Liza Jackson Preparatory School, Inc.  
Ft. Walton Beach, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Liza Jackson Preparatory School, Inc. (the "School"), a component unit of the Okaloosa County District School Board as of and for the fiscal year ended June 30, 2007, and have issued our report thereon dated September 6, 2007.

We issued our report on internal control over financial reporting and on compliance and other matters dated September 6, 2007. Disclosures in that report, if any, should be considered in conjunction with this management letter.

The discussion required by the rules of the Auditor General follows:

1. See the attached list for corrective actions, if any, that have been taken to address any significant findings and recommendations made in the preceding annual financial audit report, not otherwise, addressed in the auditors report pursuant to Rule 10.856(2)(b)(2).
2. In connection with our audit, we determined that the School has not met any of the conditions described in Section 218.503(1)(e), Florida Statutes.
3. Based on our professional judgment, there were no matters that were inconsequential to the financial statements considering both quantitative and qualitative factors, including the following:
  - a. Violations of laws, rules, regulations, contracts, and grant agreements or abuse that: (1) have occurred, or are likely to have occurred; and (2) were discovered within the scope of the financial audit.
  - b. Improper expenditures discovered within the scope of the financial audit.
  - c. Deficiencies in internal control of inconsequential effect in relation to the financial statements and other recommendations to improve present financial management, accounting procedures, and internal controls.

BREVARD OFFICE  
8035 Spyglass Hill Rd.  
Melbourne, FL 32940  
phone 321-757-2020  
fax 321-242-4844

ORLANDO OFFICE  
480 N. Orlando Ave.  
Suite 218  
Winter Park, FL 32789  
phone 407-644-5811  
fax 407-644-6022

4. The official title of the School is *Liza Jackson Preparatory School, Inc.*, a component unit of the Okaloosa County, Florida School Board, which 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.

This management letter is intended for the information of Liza Jackson Preparatory School, Inc.'s management, the Okaloosa County School Board, the State of Florida Office of the Auditor General and other regulatory agencies of federal and state governments, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

September 6, 2007  
Melbourne, Florida

*Berman Hopkins Wright & LaHam*  
*CPAs and Associates, LLP*

**Prior Year Violations of Laws, Rules, Regulations and  
Contractual Provisions Corrected**

06-1 Payroll taxes on bonuses

During our audit, we noted that the School did not withhold payroll taxes for bonuses paid in the form of gift cards.

Withholding is required on all compensation, including salaries, wages, commissions, and bonuses. Failure to withhold the required amounts and periodically remit them to the government can subject the School and the employee to penalties.

We recommend management institute a policy that ensures all bonuses incur the required payroll taxes required by the government.

As of the fiscal year ending, June 30, 2007, payroll taxes were withheld from bonuses.