

**LIZA JACKSON
PREPARATORY
SCHOOL, INC.**

**Basic Financial Statements and
Supplemental Information**

Year ended June 30, 2008

**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
COMMENTS AND RECOMMENDATIONS	38

INDEPENDENT AUDITORS' REPORT

Partners:

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

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, 2008, 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.

8035 Spyglass Hill
Road
Melbourne, FL 32940
321.757.2020
FAX 321.242.4844

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, 2008, 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.

480 N. Orlando Ave.
Suite 218
Winter Park, FL
32789
407.644.5811
FAX 407.644.6022

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2008, 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.

www.bermanhopkins.com

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 10, 2008
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, 2008 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 \$856,225 (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 \$578,113.
- At the end of the current fiscal year, unreserved fund surplus for the general fund was \$578,113, or 12.0 percent of total general fund expenditures.
- At the end of the current fiscal year, total capital lease obligations decreased by \$13,375.

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>2008</u>	<u>2007</u>	<u>Change</u>
Current and other assets	\$ 712,950	\$ 772,268	\$ (59,318)
Capital assets, net of accumulated depreciation	<u>278,112</u>	<u>270,367</u>	<u>7,745</u>
Total assets	<u>991,062</u>	<u>1,042,635</u>	<u>(51,573)</u>
Current and other liabilities	134,837	90,677	44,160
Long-term liabilities outstanding	<u>-</u>	<u>13,375</u>	<u>(13,375)</u>
Total liabilities	<u>134,837</u>	<u>104,052</u>	<u>30,785</u>
Net assets	<u>\$ 856,225</u>	<u>\$ 938,583</u>	<u>\$ (82,358)</u>
Net assets consisted of :			
Invested in capital assets, net of related debt	\$ 278,112	\$ 256,992	\$ 21,120
Unrestricted	<u>578,113</u>	<u>681,591</u>	<u>(103,478)</u>
Net assets	<u>\$ 856,225</u>	<u>\$ 938,583</u>	<u>\$ (82,358)</u>

Net assets invested in capital assets increased due to capital asset additions and offset by a slight increase in depreciation expense for the current fiscal year. The capital assets consist primarily of improvements other than buildings, information technology equipment, and furniture, fixtures and equipment. The decrease 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 deficiency of revenues under expenditures.

Changes in the Schools revenues were as follows:

	<u>2008</u>	<u>2007</u>	<u>Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 479,974	\$ 529,460	\$ (49,486)
Operating grants and contributions	48,151	45,247	2,904
Capital grants and contributions	441,965	492,228	(50,263)
General revenues:			
Federal passed through local school district	96,791	95,361	1,430
State passed through local school district	4,222,782	4,064,202	158,580
Other revenues	<u>46,705</u>	<u>55,252</u>	<u>(8,547)</u>
Total revenues	<u>\$ 5,336,368</u>	<u>\$ 5,281,750</u>	<u>\$ 54,618</u>

Charges for services decreased primarily for two reasons: 1) a result of a change in the food service supplier which decreased the overall demand of the school food service and 2) a decrease in the number of days the before and after care service was available in the current fiscal year. The decrease in capital grants and contributions is related to the decrease in capital outlay funding of approximately 10% for fiscal year 2008. Finally, the FEFP state and local funding per base student allocation increased approximately 3 percent which is the primary cause for the increase in the state passed through the local school district revenue.

Changes in the Schools expenses were as follows:

	<u>2008</u>	<u>2007</u>	<u>Change</u>
Basic instruction	\$ 2,734,128	\$ 2,618,579	\$ 115,549
Exceptional instruction	64,498	69,316	(4,818)
Other instruction	125,044	116,545	8,499
Health services	47,246	38,532	8,714
Media services	33,315	30,970	2,345
Curriculum development	213,752	198,189	15,563
Staff development	39,770	26,596	13,174
Board of directors	30,350	33,784	(3,434)
General administration	80,666	77,431	3,235
School administration	387,400	326,429	60,971
Facilities	18,020	11,811	6,209
Fiscal	79,820	73,637	6,183
Food	199,863	211,947	(12,084)
Planning and evaluation	-	8,880	(8,880)
Staff services	33,296	24,603	8,693
Transportation	215,361	193,398	21,963
Operation of plant	951,881	854,249	97,632
Maintenance of plant	10,023	10,995	(972)
Before / after	152,952	175,120	(22,168)
Interest on long-term debt	1,341	2,564	(1,223)
Total expenses	<u>\$ 5,418,726</u>	<u>\$ 5,103,575</u>	<u>\$ 315,151</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 \$856,225 and \$938,583, respectively, for the years ended June 30, 2008 and 2007.

Governmental activities. Governmental activities decreased Liza Jackson Preparatory School, Inc. net assets by \$82,358 for fiscal year ended 2008. Governmental activities increased net assets by \$178,175 for fiscal year ended 2007.

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 \$578,113. This total amount 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 \$578,113.

The fund surplus of Liza Jackson Preparatory School, Inc.'s general fund decreased by \$103,478 during the current fiscal year.

General Fund Budgetary Highlights

Actual revenue exceeded budgeted revenue by \$26,349 while budgeted expenditures exceed actual expenditures by \$21,096. These fluctuations are primarily related to Excellent Teaching Program Bonus funds that were not included in the budget.

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, 2008, amounts to \$278,112 (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 no capital leases payable.

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 2008/2007 school year has decreased by 2 percent, from the 2006/2007 school year. As the School is operating at capacity, no increase in enrollment is projected for the 2008/2009 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, 2008

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash	\$ 543,739
Accounts receivable	12,135
Due from other agencies	26,611
Deposits	45,000
Prepaid expenses	85,465
Total current assets	<u>712,950</u>
CAPITAL ASSETS	
Capital assets, net of accumulated depreciation	
Improvements other than buildings	170,675
Furniture, fixtures and equipment	64,050
Information technology equipment	43,387
Total capital assets	<u>278,112</u>
Total assets	<u>991,062</u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	16,538
Accrued payroll and payroll taxes	118,299
Total liabilities	<u>134,837</u>
NET ASSETS	
Investment in capital assets, net of related debt	278,112
Unrestricted	578,113
Total net assets	<u>\$ 856,225</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, 2008

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	\$ 2,734,128	\$ -	\$ -	\$ -	\$ (2,734,128)
Exceptional instruction	64,498	-	-	-	(64,498)
Other instruction	125,044	142,725	-	-	17,681
Health services	47,246	-	-	-	(47,246)
Media services	33,315	-	-	-	(33,315)
Curriculum development	213,752	-	-	-	(213,752)
Staff development	39,770	-	-	-	(39,770)
Board	30,350	-	-	-	(30,350)
General administration	80,666	-	-	-	(80,666)
School administration	387,400	-	-	-	(387,400)
Facilities	18,020	-	-	-	(18,020)
Fiscal services	79,820	-	-	-	(79,820)
Food services	199,863	136,465	48,151	-	(15,247)
Staff services	33,296	-	-	-	(33,296)
Transportation	215,361	-	-	-	(215,361)
Operation of plant	951,881	-	-	441,965	(509,916)
Maintenance of plant	10,023	-	-	-	(10,023)
Before / after	152,952	200,784	-	-	47,832
Interest on long-term debt	1,341	-	-	-	(1,341)
Total governmental activities	<u>\$ 5,418,726</u>	<u>\$ 479,974</u>	<u>\$ 48,151</u>	<u>\$ 441,965</u>	<u>(4,448,636)</u>
General revenues:					
Grants and entitlements not restricted to specific programs					4,319,573
Interest income					19,409
Other revenues					<u>27,296</u>
Total revenues					<u>4,366,278</u>
Change in net assets					(82,358)
Net assets at July 1, 2007					<u>938,583</u>
Net assets at June 30, 2008					<u>\$ 856,225</u>

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

Liza Jackson Preparatory School, Inc.

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2008

	General Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 543,739	\$ -	\$ -	\$ 543,739
Accounts receivable	12,135	-	-	12,135
Due from other agencies	26,611	-	-	26,611
Deposits	45,000	-	-	45,000
Prepaid expenses	85,465	-	-	85,465
Total assets	<u>\$ 712,950</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 712,950</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 16,538	\$ -	\$ -	\$ 16,538
Accrued payroll and payroll taxes	118,299	-	-	118,299
Total liabilities	<u>134,837</u>	<u>-</u>	<u>-</u>	<u>134,837</u>
FUND BALANCES				
Unreserved	578,113	-	-	578,113
Total liabilities and fund balances	<u>\$ 712,950</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 712,950</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, 2008

Fund balances - total governmental funds		\$ 578,113
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 \$61,499 accumulated depreciation	\$ 170,675	
Furniture, fixtures and equipment, net of \$74,593 accumulated depreciation	64,050	
Information technology equipment, net of \$114,667 accumulated depreciation	<u>43,387</u>	
Total capital assets		<u>278,112</u>
Total net assets of governmental activities		<u>\$ 856,225</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, 2008

	General Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Federal passed through local school district	\$ 96,791	\$ -	\$ -	\$ 96,791
Federal passed through state	-	-	48,151	48,151
State passed through local school district	4,222,782	441,965	-	4,664,747
Other revenues	390,214	-	136,465	526,679
Total revenues	4,709,787	441,965	184,616	5,336,368
Expenditures				
Current:				
Basic instruction	2,704,420	-	-	2,704,420
Exceptional instruction	64,498	-	-	64,498
Other instruction	125,044	-	-	125,044
Health services	47,246	-	-	47,246
Media services	33,315	-	-	33,315
Curriculum development	213,752	-	-	213,752
Staff development	39,770	-	-	39,770
Board	30,350	-	-	30,350
General administration	80,666	-	-	80,666
School administration	386,091	-	-	386,091
Fiscal services	79,619	-	-	79,619
Food services	-	-	195,045	195,045
Staff services	33,296	-	-	33,296
Transportation	211,857	-	-	211,857
Operation of plant	504,346	441,965	-	946,311
Maintenance of plant	10,023	-	-	10,023
Before / after	152,952	-	-	152,952
Fixed capital outlay	67,245	-	3,630	70,875
Debt service:				
Principal	13,375	-	-	13,375
Interest	1,341	-	-	1,341
Total expenditures	4,799,206	441,965	198,675	5,439,846
Excess (deficiency) of revenues over (under) expenditures	(89,419)	-	(14,059)	(103,478)
Other financing sources and (uses):				
Transfer in	-	-	14,059	14,059
Transfer out	(14,059)	-	-	(14,059)
Net changes in fund balances	(103,478)	-	-	(103,478)
Fund balances at July 1, 2007	681,591	-	-	681,591
Fund balances at June 30, 2008	<u>\$ 578,113</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 578,113</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, 2008

Net change in fund balances - total governmental funds \$ (103,478)

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	\$ 70,875	
Depreciation	<u>(63,130)</u>	7,745

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.

		<u>13,375</u>
Change in net assets of governmental activities		<u><u>\$ (82,358)</u></u>

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

Liza Jackson Preparatory School, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

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, 2008

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 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 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, 2008

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, 2008

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(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 (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, 2008

NOTE B - CASH

Custodial credit risk - The bank balance of the School's deposits were \$672,883 at June 30, 2008. 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 activity were as follows:

	Balance at July 1, 2007	Additions	Deletions	Balance at June 30, 2008
Capital assets depreciated:				
Improvements other than buildings	\$ 166,582	\$ 65,592	\$ -	\$ 232,174
Furniture, fixtures and equipment	133,360	5,283	-	138,643
Information technology equipment	78,843	-	-	78,843
Computer software	15,636	-	-	15,636
Motor vehicles	158,054	-	-	158,054
Total assets depreciated	<u>552,475</u>	<u>\$ 70,875</u>	<u>\$ -</u>	<u>623,350</u>
Less accumulated depreciation:				
Improvements other than buildings	44,268	\$ 17,231	\$ -	61,499
Furniture, fixtures and equipment	58,602	15,991	-	74,593
Information technology equipment	75,339	3,504	-	78,843
Computer software	15,256	380	-	15,636
Motor vehicles	88,643	26,024	-	114,667
Total accumulated depreciation	<u>282,108</u>	<u>\$ 63,130</u>	<u>\$ -</u>	<u>345,238</u>
Total governmental activities capital assets, net	<u>\$ 270,367</u>			<u>\$ 278,112</u>

Liza Jackson Preparatory School, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE C - CAPITAL ASSETS (continued)

Depreciation expense for the year ended June 30, 2008 was charged to functions of the School as follows:

Basic instruction	\$	29,708
Facilities		18,020
Fiscal services		201
Food services		4,818
Plant		5,570
School administration		1,309
Transportation		3,504
		\$ 63,130

NOTE D - LONG-TERM LIABILITIES

1. Changes in long-term liabilities

Changes in long-term liabilities are as follows:

	Balance at July 1, 2007	Additions	Reductions	Balance at June 30, 2008	Due within one year
Capital leases	\$ 13,375	\$ -	\$ 13,375	\$ -	\$ -

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 \$1,341.

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		26,067
Net book value		\$ 35,266

Liza Jackson Preparatory School, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE D - LONG-TERM LIABILITIES (continued)

2. Capital leases (continued)

The capital lease obligation expired in the current year. There are no future minimum lease payments remaining for the year ended June 30, 2008.

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 \$653,269 and of that amount, \$441,965 was funded by capital outlay.

In addition, the School has other lease agreements for various equipment and storage space under operating leases expiring in various years through 2011. Current year equipment expense charged to operations totaled \$26,337.

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

2008	\$ 663,094
2009	660,972
2010	660,972
2011	653,727
2012	653,727
2013-2016	<u>1,961,181</u>
	<u>\$ 5,253,673</u>

Liza Jackson Preparatory School, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

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	\$ 2,679,664
ESE allocation	110,016
SAI funds	220,132
Safe schools	45,678
Discretionary local effort	260,400
Discretionary lottery	29,629
Discretionary tax compression	18,362
Instructional materials allocation	66,203
Transportation	172,537
Class size reduction	617,059
Reading program	32,249
Administration fee withheld	<u>(149,743)</u>
Subtotal	4,102,186
Capital outlay funds	441,965
Florida teachers lead program	11,978
Algebra supplement - middle schools	12,707
Excellent teaching program	26,611
A+ bonus	<u>69,300</u>
Total state sources passed through the School Board of Okaloosa County, Florida	4,664,747
Federal impact funds	96,791
Other revenues	
Lunch program	184,616
Interest income	19,409
Student fees	343,509
Other	<u>27,296</u>
	<u><u>\$ 5,336,368</u></u>

Liza Jackson Preparatory School, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

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 2007 - 2008 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. The School's contribution for the years ended June 30, 2008, 2007, and 2006 were \$297,473, \$286,957, and \$187,560, respectively. Contributions represented 9.55%, 9.84%, and 7.45% of covered payroll for the years ended June 30, 2008, 2007, and 2006, respectively.

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, 2008

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, 2008

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
Federal impact aid	\$ 66,760	\$ 96,791	\$ 96,791	\$ -
FTE revenue	4,115,195	4,115,195	4,114,591	(604)
Lead teacher fund	11,676	11,676	12,280	604
A+ bonus funds	69,300	69,300	69,300	-
Excellent teaching program	-	-	26,611	26,611
Rent	10,941	9,251	9,251	-
Interest	19,000	19,000	19,409	409
Pre-K program	143,553	142,725	142,725	-
Before/after school program	222,000	203,000	200,784	(2,216)
Donations	6,000	2,500	4,153	1,653
Miscellaneous	15,000	14,000	13,892	(108)
Total revenues	4,679,425	4,683,438	4,709,787	26,349
Expenditures				
Current :				
Salaries	2,970,321	2,936,913	2,939,314	(2,401)
Bonus funds	89,235	85,271	104,649	(19,378)
Retirement	291,813	294,038	296,260	(2,222)
FICA	228,542	233,396	234,949	(1,553)
Health/dental/life insurance	233,716	202,917	203,018	(101)
Workers compensation	28,000	34,129	31,623	2,506
Unemployment compensation	6,902	8,953	8,794	159
Hourly instructional	45,000	15,133	15,346	(213)
Accounting/auditing services	10,500	10,000	10,000	-
Staff development (SFA)	6,520	7,780	7,780	-
Staff development (misc training)	27,350	30,000	28,194	1,806
Other contracted services	2,590	2,601	2,601	-
Insurance	44,000	44,000	38,974	5,026
In county travel	225	225	-	225
Field trips	19,826	11,326	10,992	334
SFA conference	3,300	-	-	-
Other training	-	14,850	14,256	594
Repairs and maintenance	18,540	25,040	19,176	5,864
Bus maintenance	18,000	19,000	18,363	637
Computer repair	1,500	500	392	108
Inspections/fire alarm	500	1,500	1,266	234
Copier lease	15,000	18,000	16,386	1,614
Rent	211,304	211,304	211,304	-
Storage facility lease	3,164	4,300	4,300	-
Water cooler lease	1,150	1,150	1,012	138
Pool lease	2,000	3,185	3,185	-
Miscellaneous rental	-	1,500	1,454	46
Postage	6,000	6,000	4,940	1,060
Telephone	3,000	3,300	3,288	12

continued

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures (continued)				
Cell phones/radios	5,000	5,000	4,832	168
Internet service	1,428	1,428	1,310	118
Water and sewer	4,500	5,400	5,164	236
Garbage	7,000	9,000	8,941	59
Printing (incl advertising)	5,846	11,346	10,818	528
Pest Control	-	750	540	210
Security system	2,500	3,600	2,929	671
Lawn service	5,100	5,340	5,340	-
Custodial services	45,000	43,515	43,394	121
Other non-professional services	2,505	2,805	2,527	278
Electricity	62,000	70,000	68,920	1,080
Gas buses	20,000	28,000	27,594	406
Supplies	93,130	97,130	93,808	3,322
Instructional materials	99,625	95,000	91,183	3,817
Periodicals	-	-	626	(626)
Breakfast/lunch/milk	20,056	7,056	5,170	1,886
Library reference books	3,402	2,000	1,917	83
Audio visual equipment	1,000	2,225	1,725	500
Equipment	28,002	51,952	40,565	11,387
Computers	4,212	7,212	2,179	5,033
Vehicle purchase	12,000	2,000	-	2,000
Improvements other than building	-	31,000	24,316	6,684
Remodeling/renovations	28,500	33,500	30,904	2,596
Software	14,768	10,000	9,449	551
Fees	10,403	16,403	16,280	123
Substitutes	34,329	52,329	52,243	86
Debt service				
Principal	-	-	13,375	(13,375)
Interest	-	-	1,341	(1,341)
Total expenditures	<u>4,798,304</u>	<u>4,820,302</u>	<u>4,799,206</u>	<u>21,096</u>
Excess (deficiency) of revenues over (under) expenditures	(118,879)	(136,864)	(89,419)	47,445
Other financing (uses):				
Transfer out	-	-	(14,059)	(14,059)
Net changes in fund balances	<u>(118,879)</u>	<u>(136,864)</u>	<u>(103,478)</u>	<u>33,386</u>
Fund balance at July 1, 2007	<u>681,591</u>	<u>681,591</u>	<u>681,591</u>	<u>-</u>
Fund balance at June 30, 2008	<u>\$ 562,712</u>	<u>\$ 544,727</u>	<u>\$ 578,113</u>	<u>\$ 33,386</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, 2008

	Budgeted Amounts		Actual	variance with Final Budget
	Original	Final		
Revenues				
Capital outlay revenues	\$ 441,758	\$ 441,965	\$ 441,965	\$ -
Expenditures				
Rent	441,758	441,965	441,965	-
Excess of revenues over expenditures	-	-	-	-
Fund balance at July 1, 2007	-	-	-	-
Fund balance at June 30, 2008	\$ -	\$ -	\$ -	\$ -

See accompanying notes to required supplemental information.

Liza Jackson Preparatory School, Inc.

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2008

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 capital outlay funds and may be amended by the Board of Directors (the "Board"). The budgets presented for the fiscal year ended June 30, 2008, 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, 2008

	Basic Instruction	Exceptional Instruction	Other Instruction	Health Services	Media Services	Curriculum Development	Staff Development	Board	General Administration	School Administration
Dues and fees	\$ 4,891	\$ -	\$ (20)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,687
Electricity	-	-	-	-	-	-	-	-	-	-
Employee benefits	194,345	4,668	9,240	3,325	2,173	17,063	-	-	9,148	25,884
Food	-	-	781	-	-	-	-	-	-	385
Garbage	-	-	-	-	-	-	-	-	-	-
Gasoline	-	-	-	-	-	-	-	-	-	-
Group insurance	139,843	1,342	6,851	4,024	2,012	5,278	-	(121)	32	9,714
Insurance	-	-	-	-	-	-	-	29,677	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Library books	10	-	-	-	1,907	-	-	-	-	-
Non-professional services	-	-	-	-	-	-	-	-	-	-
Other personal services	50,261	-	-	-	-	-	-	-	-	289
Periodicals	281	-	-	-	185	-	-	-	-	160
Postage	1,219	-	-	-	-	-	-	-	-	3,721
Principal	-	-	-	-	-	-	-	-	-	-
Printing	-	-	-	210	-	-	-	-	-	9,791
Professional services	15,133	-	-	-	-	-	30,028	-	-	2,759
Rental	3,185	-	-	-	-	-	-	-	-	21,503
Repairs and maintenance	677	-	-	-	-	-	-	-	-	-
Salaries	1,965,071	48,951	96,731	34,685	23,920	177,708	1,105	-	64,435	268,360
Social security	152,515	3,720	7,405	2,653	1,804	13,387	85	-	6,826	20,193
Supplies	46,395	982	1,277	1,273	306	-	35	213	77	10,258
Telephone	-	-	-	-	-	-	-	-	-	-
Textbooks	86,253	4,093	-	97	182	-	-	-	-	558
Travel	12,947	429	206	-	-	-	8,514	581	-	628
Unemployment compensation	3,438	148	788	148	225	316	3	-	148	871
Water and sewer	-	-	-	-	-	-	-	-	-	-
Worker's comp	-	-	-	-	-	-	-	-	-	135
Improvements	-	-	-	-	-	-	-	-	-	-
Furniture and fixtures	15,540	165	1,785	831	286	-	-	-	-	5,195
Computer hardware	2,179	-	-	-	-	-	-	-	-	-
Audio visual materials	1,725	-	-	-	-	-	-	-	-	-
Computer software	8,512	-	-	-	315	-	-	-	-	-
	<u>\$ 2,704,420</u>	<u>\$ 64,498</u>	<u>\$ 125,044</u>	<u>\$ 47,246</u>	<u>\$ 33,315</u>	<u>\$ 213,752</u>	<u>\$ 39,770</u>	<u>\$ 30,350</u>	<u>\$ 80,666</u>	<u>\$ 386,091</u>

Fiscal Services	Staff Services	Transportation	Operation of plant	Maintenance of Plant	Before/After	Fixed Capital Outlay	Debt Service	Total
\$ 869	\$ 1,668	\$ 2,719	\$ -	\$ -	\$ 466	\$ -	\$ -	\$ 16,280
-	-	-	68,920	-	-	-	-	68,920
4,946	-	12,091	8,028	-	5,349	-	-	296,260
-	-	-	-	-	4,004	-	-	5,170
-	-	-	8,941	-	-	-	-	8,941
-	-	27,594	-	-	-	-	-	27,594
4,242	-	15,864	8,699	-	5,238	-	-	203,018
-	-	9,297	-	-	-	-	-	38,974
-	-	-	-	-	-	-	1,341	1,341
-	-	-	-	-	-	-	-	1,917
-	-	-	54,730	-	-	-	-	54,730
8	-	-	587	-	1,098	-	-	52,243
-	-	-	-	-	-	-	-	626
-	-	-	-	-	-	-	-	4,940
-	-	-	-	-	-	-	13,375	13,375
225	-	424	-	-	168	-	-	10,818
10,000	-	5,365	-	-	636	-	-	63,921
-	-	-	212,953	-	-	-	-	237,641
-	-	18,780	9,738	10,002	-	-	-	39,197
51,778	-	104,807	86,265	-	120,147	-	-	3,043,963
3,610	-	7,361	6,485	-	8,905	-	-	234,949
1,530	140	19	26,804	21	4,478	-	-	93,808
-	-	4,832	4,598	-	-	-	-	9,430
-	-	-	-	-	-	-	-	91,183
1,020	-	-	-	-	923	-	-	25,248
148	-	704	686	-	1,171	-	-	8,794
-	-	-	5,164	-	-	-	-	5,164
-	31,488	-	-	-	-	-	-	31,623
-	-	-	-	-	-	55,220	-	55,220
621	-	2,000	1,748	-	369	12,025	-	40,565
-	-	-	-	-	-	-	-	2,179
-	-	-	-	-	-	-	-	1,725
622	-	-	-	-	-	-	-	9,449
<u>\$ 79,619</u>	<u>\$ 33,296</u>	<u>\$ 211,857</u>	<u>\$ 504,346</u>	<u>\$ 10,023</u>	<u>\$ 152,952</u>	<u>\$ 67,245</u>	<u>\$ 14,716</u>	<u>\$ 4,799,206</u>

Liza Jackson Preparatory School, Inc.

SCHEDULE OF FUNCTIONAL EXPENDITURES - CAPITAL OUTLAY FUND

For the year ended June 30, 2008

	<u>Operation of plant</u>
Rentals	<u>\$ 441,965</u>

Liza Jackson Preparatory School, Inc.

SCHEDULE OF REVENUES AND EXPENDITURES - CATEGORICAL FUNDS

For the year ended June 30, 2008

Categorical	Prior Year	FY 2007-2008		
	Carryforward	Revenue	Expenditures	Carryforward
Instructional materials	\$ -	\$ 62,893	\$ 62,893	\$ -
Safe schools	-	13,655	13,655	-
Transportation	-	172,537	172,537	-
Total	\$ -	\$ 249,085	\$ 249,085	\$ -

**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**

Partners:

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

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, 2008, which collectively comprise Liza Jackson Preparatory School Inc.'s basic financial statements, and have issued our report thereon dated September 10, 2008. 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.



Internal Control Over Financial Reporting

8035 Spyglass Hill
Road
Melbourne, FL 32940
321.757.2020
FAX 321.242.4844

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.

480 N. Orlando Ave.
Suite 218
Winter Park, FL
32789
407.644.5811
FAX 407.644.6022

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.

www.bermanhopkins.com

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 10, 2008
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

MANAGEMENT LETTER

Partners:

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

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, 2008, and have issued our report thereon dated September 10, 2008.

We issued our report on internal control over financial reporting and on compliance and other matters dated September 10, 2008. 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), Florida Statutes.
3. We have applied financial assessment procedures pursuant to the rules of the Auditor General 10.855(10). There are no deteriorating financial conditions disclosed pursuant to Section 218.39(5), Florida Statutes.
4. See attached list for any recommendations to improve the school's financial management.
5. See the attached list for any violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential.



8035 Spyglass Hill
Road
Melbourne, FL 32940
321.757.2020
FAX 321.242.4844

480 N. Orlando Ave.
Suite 218
Winter Park, FL
32789
407.644.5811
FAX 407.644.6022

www.bermanhopkins.com

6. See attached recommendations for matters, based on our professional judgment, that were inconsequential to the determination of the financial statement amounts considering both quantitative and qualitative factors, including, but not limited to, the following:
 - a. Violations of laws, rules, regulations, contracts, and grant agreements or abuse that have occurred, or are likely to have occurred.
 - b. Improper expenditures discovered within the scope of the financial audit.
 - c. Control deficiencies that are not significant deficiencies, including, but not limited to:
 - Improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements).
 - Failures to properly record financial transactions.
 - Inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor.

7. 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.

September 10, 2008
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

COMMENTS AND RECOMMENDATIONS

For the year ended June 30, 2008, there are no comments and recommendations.