

**LIZA JACKSON  
PREPARATORY  
SCHOOL, INC.**

**Basic Financial Statements and  
Supplemental Information**

**For the year ended  
June 30, 2009**

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

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## 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. (the "School"), a component unit of the School Board of Okaloosa County, as of and for the year ended June 30, 2009, which collectively comprise the School'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 opinions on these financial statements based on our audit.

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We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

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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, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2009 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.

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The management's discussion and analysis and budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary 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 supplementary information. However, we did not audit the information and therefore, express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Liza Jackson Preparatory School, Inc.'s basic financial statements. The accompanying supplemental information, as 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 supplementary 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 11, 2009  
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, 2009 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 School exceeded its liabilities at the close of the most recent fiscal year by \$763,680.
- The government's total net assets decreased by \$92,545.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$519,702, a decrease of \$58,411 in comparison with the prior year.

### **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 of 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, one needs to consider other nonfinancial factors in making an assessment of the School's health, such as changes in enrollment, changes in the State's funding of educational costs, changes in the economy, etc, to assess the overall health of the School.

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

	<u>2009</u>	<u>2008</u>	<u>Change</u>
Current and other assets	\$ 636,071	\$ 712,950	\$ (76,879)
Capital assets, net of accumulated depreciation	<u>243,978</u>	<u>278,112</u>	<u>(34,134)</u>
Total assets	<u>880,049</u>	<u>991,062</u>	<u>(111,013)</u>
Current and other liabilities	<u>116,369</u>	<u>134,837</u>	<u>(18,468)</u>
Net assets consisted of :			
Invested in capital assets	243,978	278,112	(34,134)
Unrestricted	<u>519,702</u>	<u>578,113</u>	<u>(58,411)</u>
Net assets	<u>\$ 763,680</u>	<u>\$ 856,225</u>	<u>\$ (92,545)</u>

The decrease in current and other assets is primarily due to a reduction in the School's cash accounts. The decrease in capital assets is due to depreciation expense less capital outlay additions. The capital assets consist primarily of improvements other than buildings, furniture, fixtures and equipment, and information technology equipment.

The decrease in current and other liabilities is primarily attributable to payroll liabilities paid after year end. Invested in capital assets and unrestricted net assets decreased due to a negative current year change in net assets.

Changes in the Schools revenues were as follows:

	<u>2009</u>	<u>2008</u>	<u>Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 491,692	\$ 479,974	\$ 11,718
Operating grants and contributions	49,831	48,151	1,680
Capital grants and contributions	397,967	441,965	(43,998)
General revenues:			
Federal passed through local school district	100,084	96,791	3,293
State passed through local school district	4,172,288	4,222,782	(50,494)
Other revenues	<u>49,962</u>	<u>46,705</u>	<u>3,257</u>
Total revenues	<u>\$ 5,261,824</u>	<u>\$ 5,336,368</u>	<u>\$ (74,544)</u>

The decrease in capital grants and contributions is related to the decrease in capital outlay funding of approximately 10% for fiscal year 2009. The state passed through local school district decreased mainly as a result of the decrease in the per student base funding of approximately 5%.

Changes in the Schools expenses were as follows:

	<b>2009</b>	<b>2008</b>	<b>Change</b>
Basic instruction	\$ 2,649,224	\$ 2,734,128	\$ (84,904)
Exceptional instruction	76,937	64,498	12,439
Other instruction	130,786	125,044	5,742
Health services	46,979	47,246	(267)
Psychological services	35,225	-	35,225
Media services	31,858	33,315	(1,457)
Curriculum development	211,624	213,752	(2,128)
Staff development	38,155	39,770	(1,615)
Board of directors	21,676	30,350	(8,674)
General administration	81,023	80,666	357
School administration	392,399	387,400	4,999
Facilities	18,078	18,020	58
Fiscal services	80,108	79,820	288
Food services	211,321	199,863	11,458
Staff services	38,523	33,296	5,227
Transportation	204,604	215,361	(10,757)
Operation of plant	956,981	951,881	5,100
Maintenance of plant	10,650	10,023	627
Before / after	118,218	152,952	(34,734)
Interest on long-term debt	-	1,341	(1,341)
Total expenses	<u>\$ 5,354,369</u>	<u>\$ 5,418,726</u>	<u>\$ (64,357)</u>

The decrease in expenses related to basic instruction was primarily the result of a decrease in salary expense and a decrease in the purchase of instructional materials. The overall decrease is related to the decrease in per student funding; therefore, expenses were monitored closely.

**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 School Board of Okaloosa County, Florida. The School Board of Okaloosa County 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 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 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 previously noted, 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 \$763,680 and \$856,225 for the years ended June 30, 2009 and 2008, respectively.

**Governmental activities.** Governmental activities decreased Liza Jackson Preparatory School, Inc. net assets by \$92,545 for fiscal year ended 2009. Governmental activities decreased net assets by \$82,358 for fiscal year ended 2008.

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

As previously noted, 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 \$519,702. 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 \$519,702.

The fund surplus of Liza Jackson Preparatory School, Inc.'s general fund decreased by \$58,411 during the current fiscal year.

### **General Fund Budgetary Highlights**

Budgeted revenues exceeded actual revenues by \$3,222 while budgeted expenditures exceed actual expenditures by \$34,786.

### **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, 2009, amounts to \$243,978 (net of accumulated depreciation and related debt). This investment in capital assets includes improvements other than buildings, furniture, fixtures, and equipment, information technology equipments.

**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 2009/2008 school year increased by approximately 4%, from the prior year. The School's enrollment is expected to increase by approximately 60 students for the 2009/2010 school year. The projected increase is a result of adding a new ninth grade level that includes one class and adding one additional kindergarten class and one additional fourth grade class.

## **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, 2009

	<u>Governmental Activities</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash	\$ 478,712
Accounts receivable	7,838
Due from other agencies	7,156
Deposits	45,000
Prepaid expenses	97,365
Total current assets	<u>636,071</u>
<b>CAPITAL ASSETS</b>	
Capital assets, net of accumulated depreciation	
Improvements other than buildings	165,693
Furniture, fixtures and equipment	52,163
Information technology equipment	26,122
Total capital assets	<u>243,978</u>
Total assets	<u>880,049</u>
<b>LIABILITIES AND NET ASSETS</b>	
<b>LIABILITIES</b>	
Accounts payable	14,824
Accrued payroll and payroll taxes	101,545
Total liabilities	<u>116,369</u>
<b>NET ASSETS</b>	
Investment in capital assets	243,978
Unrestricted	519,702
Total net assets	<u>\$ 763,680</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, 2009

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	\$ 2,649,224	\$ -	\$ -	\$ -	\$ (2,649,224)
Exceptional instruction	76,937	-	-	-	(76,937)
Other instruction	130,786	144,692	-	-	13,906
Health services	46,979	-	-	-	(46,979)
Psychological service	35,225	-	-	-	(35,225)
Media services	31,858	-	-	-	(31,858)
Curriculum development	211,624	-	-	-	(211,624)
Staff development	38,155	-	-	-	(38,155)
Board	21,676	-	-	-	(21,676)
General administration	81,023	-	-	-	(81,023)
School administration	392,399	-	-	-	(392,399)
Facilities	18,078	-	-	-	(18,078)
Fiscal services	80,108	-	-	-	(80,108)
Food services	211,321	139,172	49,831	-	(22,318)
Staff services	38,523	-	-	-	(38,523)
Transportation	204,604	-	-	-	(204,604)
Operation of plant	956,981	-	-	397,967	(559,014)
Maintenance of plant	10,650	-	-	-	(10,650)
Before / after care	118,218	207,828	-	-	89,610
Total governmental activities	<u>\$ 5,354,369</u>	<u>\$ 491,692</u>	<u>\$ 49,831</u>	<u>\$ 397,967</u>	<u>(4,414,879)</u>
General revenues:					
Federal passed through local school district					100,084
State passed through local school district					4,172,288
Interest income					14,592
Other revenues					35,370
Total revenues					<u>4,322,334</u>
Change in net assets					(92,545)
Net assets at July 1, 2008					<u>856,225</u>
Net assets at June 30, 2009					<u>\$ 763,680</u>

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

**Liza Jackson Preparatory School, Inc.**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**June 30, 2009**

	General Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 478,712	\$ -	\$ -	\$ 478,712
Accounts receivable	7,838	-	-	7,838
Due from other funds	7,156	-	-	7,156
Due from other agencies	-	-	7,156	7,156
Deposits	45,000	-	-	45,000
Prepaid expenses	97,365	-	-	97,365
Total assets	\$ 636,071	\$ -	\$ 7,156	\$ 643,227
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 14,824	\$ -	\$ -	\$ 14,824
Accrued payroll and payroll taxes	101,545	-	-	101,545
Due to other funds	-	-	7,156	7,156
Total liabilities	116,369	-	7,156	123,525
<b>FUND BALANCES</b>				
Unreserved	519,702	-	-	519,702
Total liabilities and fund balances	\$ 636,071	\$ -	\$ 7,156	\$ 643,227

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, 2009

Fund balances - total governmental funds		\$ 519,702
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 \$79,960 accumulated depreciation	\$ 165,693	
Furniture, fixtures and equipment, net of \$87,432 accumulated depreciation	52,163	
Information technology equipment, net of \$138,007 accumulated depreciation	<u>26,122</u>	
Total capital assets		<u>243,978</u>
Total net assets of governmental activities		<u>\$ 763,680</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, 2009**

	General Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Federal passed through local school district	\$ 100,084	\$ -	\$ -	\$ 100,084
Federal passed through state	-	-	49,831	49,831
State passed through local school district	4,172,288	397,967	-	4,570,255
Other revenues	402,482	-	139,172	541,654
<b>Total revenues</b>	<u>4,674,854</u>	<u>397,967</u>	<u>189,003</u>	<u>5,261,824</u>
<b>Expenditures</b>				
Current:				
Basic instruction	2,623,519	-	-	2,623,519
Exceptional instruction	76,139	-	-	76,139
Other instruction	130,786	-	-	130,786
Health services	46,979	-	-	46,979
Psychological service	35,225	-	-	35,225
Media services	31,858	-	-	31,858
Curriculum development	211,624	-	-	211,624
Staff development	38,155	-	-	38,155
Board	21,676	-	-	21,676
General administration	81,023	-	-	81,023
School administration	391,366	-	-	391,366
Fiscal services	79,907	-	-	79,907
Food services	-	-	207,893	207,893
Staff services	38,523	-	-	38,523
Transportation	204,604	-	-	204,604
Operation of plant	553,617	397,967	-	951,584
Maintenance of plant	10,650	-	-	10,650
Before / after	118,218	-	-	118,218
Fixed capital outlay	19,554	-	952	20,506
<b>Total expenditures</b>	<u>4,713,423</u>	<u>397,967</u>	<u>208,845</u>	<u>5,320,235</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(38,569)</u>	<u>-</u>	<u>(19,842)</u>	<u>(58,411)</u>
<b>Other financing sources and (uses):</b>				
Transfer in	-	-	19,842	19,842
Transfer out	<u>(19,842)</u>	<u>-</u>	<u>-</u>	<u>(19,842)</u>
Net changes in fund balances	<u>(58,411)</u>	<u>-</u>	<u>-</u>	<u>(58,411)</u>
Fund balances at July 1, 2008	<u>578,113</u>	<u>-</u>	<u>-</u>	<u>578,113</u>
Fund balances at June 30, 2009	<u><u>\$ 519,702</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 519,702</u></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, 2009

Net change in fund balances - total governmental funds \$ (58,411)

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	\$ 20,506	
Depreciation	<u>(54,640)</u>	<u>(34,134)</u>
Change in net assets of governmental activities		<u>\$ (92,545)</u>

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

**Liza Jackson Preparatory School, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

**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-8 (see Note I - 2). 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. The financial information presented is that of Liza Jackson Preparatory School, Inc., only.

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.

**Liza Jackson Preparatory School, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

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

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

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.

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.

**Liza Jackson Preparatory School, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

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

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

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.

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 School's receivables consist of receivables from service programs and amounts due from other agencies. After reviewing the individual account balances, the School's management has determined 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 School must account for in other funds.

Liza Jackson Preparatory School, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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	5 - 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.

Liza Jackson Preparatory School, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

9. Use of estimates

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

NOTE B - INTERFUND ACTIVITY

1. Interfund receivable and payable

Interfund receivable and payable balances for the year ended June 30, 2009 are as follows:

	<u>Due from other funds</u>	<u>Due to other funds</u>
General fund	\$ 7,156	\$ -
Other governmental funds	-	7,156
	<u>\$ 7,156</u>	<u>\$ 7,156</u>

2. Interfund transfers

Interfund transfers for the year ended June 30, 2009 are as follows:

	<u>Transfer in</u>	<u>Transfer out</u>
General fund	\$ -	\$ 19,842
Other governmental funds	19,842	-
	<u>\$ 19,842</u>	<u>\$ 19,842</u>

**Liza Jackson Preparatory School, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

**NOTE C - CASH**

*Custodial credit risk* - The bank balance of the School's deposits were \$515,053 at June 30, 2009. The deposits are insured by the FDIC up to \$250,000 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 D - CAPITAL ASSETS**

Changes in capital assets activity were as follows:

	Balance at July 1, 2008, restated	Additions	Deletions	Balance at June 30, 2009
Capital assets depreciated:				
Improvements other than buildings	\$ 232,174	\$ 13,479	\$ -	\$ 245,653
Furniture, fixtures and equipment	138,643	952	-	139,595
Information technology equipment	158,054	6,075	-	164,129
Computer software	15,636	-	-	15,636
Motor vehicles	78,843	-	-	78,843
Total assets depreciated	<u>623,350</u>	<u>\$ 20,506</u>	<u>\$ -</u>	<u>643,856</u>
Less accumulated depreciation:				
Improvements other than buildings	61,499	\$ 18,461	\$ -	79,960
Furniture, fixtures and equipment	74,593	12,839	-	87,432
Information technology equipment	114,667	23,340	-	138,007
Computer software	15,636	-	-	15,636
Motor vehicles	78,843	-	-	78,843
Total accumulated depreciation	<u>345,238</u>	<u>\$ 54,640</u>	<u>\$ -</u>	<u>399,878</u>
Total governmental activities capital assets, net	<u>\$ 278,112</u>			<u>\$ 243,978</u>

**Liza Jackson Preparatory School, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

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

Depreciation expense for the year ended June 30, 2009 was charged to functions of the School as follows:

Basic instruction	\$	25,705
Exceptional instruction		798
Facilities		18,078
Fiscal services		201
Food services		3,428
Plant		5,397
School administration		1,033
		<hr/>
	\$	54,640
		<hr/> <hr/>

**NOTE E - OPERATING LEASES**

In 2001, the School entered into a lease agreement for facilities which expires on 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 \$679,997 and of that amount, \$397,967 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 2014. Current year equipment expense charged to operations totaled \$26,500.

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

2010	\$	709,792
2011		730,679
2012		744,947
2013		765,049
2014		785,699
2015-2016		1,638,463
		<hr/>
	\$	5,374,629
		<hr/> <hr/>

Liza Jackson Preparatory School, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

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	\$ 2,660,188
ESE allocation	102,938
SAI funds	218,161
Safe schools	14,689
Discretionary local effort	268,659
Discretionary lottery	16,112
Discretionary tax compression	21,339
Instructional materials allocation	65,770
Transportation	162,176
Class size reduction	681,766
Administration fee withheld	<u>(144,572)</u>
Subtotal	4,067,226
Capital outlay funds	397,967
Florida teachers lead program	9,854
Excellent teaching program	37,827
A+ bonus	<u>57,381</u>
Total state sources passed through the School Board of Okaloosa County, Florida	4,570,255
Federal impact funds	100,084
Other revenues	
Lunch program	189,003
Interest income	14,592
Student fees	353,159
Other	<u>34,731</u>
	<u>\$ 5,261,824</u>

**Liza Jackson Preparatory School, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

**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 2008 - 2009 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, 2009, 2008, and 2007 were \$294,878, \$302,822, and \$286,957, respectively. Contributions represented 9.54%, 9.73%, and 9.84% of covered payroll for the years ended June 30, 2009, 2008, and 2007, 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, 2009**

**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 \$2,500 per occurrence. There have been no significant reductions in insurance coverage during fiscal year 2009. Settled claims resulting from the risks described above have not exceeded the insurance coverage for each of the prior three years.

On June 5, 2009, the School sustained water damage to its facilities. The School has submitted a claim to their insurance company and the results are pending. See Note I-1 for claim update.

**NOTE I - SUBSEQUENT EVENTS**

1. Insurance claim

Subsequent to June 30, 2009, the insurance company has determined the full cost of repair and or replacement in the amount of \$62,592, less applicable depreciation of \$12,543. As noted above, the related property insurance deductible is \$2,500, resulting in the net amount of \$47,549. As of September 11, 2009, the School has not received proceeds related to the damage; however, the School has incurred costs of approximately \$24,000, thus far. The School estimates the remaining expenditures to be comparable with the insurance company's assessment.

2. Grade addition

The School added a ninth grade class for the 2009/2010 school year, and subsequent years to follow.

**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, 2009

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
Federal impact aid	\$ 75,000	\$ 100,084	\$ 100,084	\$ -
FTE revenue	4,110,254	4,067,226	4,067,226	-
Lead teacher fund	9,341	9,854	9,854	-
A+ bonus funds	-	57,381	57,381	-
Excellent teaching program	-	37,827	37,827	-
Rent	5,000	8,012	8,012	-
Interest	15,000	15,000	14,592	(408)
Pre-K program	147,147	144,692	144,692	-
Before/after school program	205,000	208,000	207,828	(172)
Donations	2,500	3,000	1,627	(1,373)
Miscellaneous	14,000	27,000	25,731	(1,269)
Total revenues	4,583,242	4,678,076	4,674,854	(3,222)
Expenditures				
Current :				
Salaries	3,025,603	2,954,244	2,934,710	19,534
Bonus funds	-	92,390	110,596	(18,206)
Retirement	298,334	290,824	290,567	257
FICA	231,682	234,408	232,526	1,882
Health/dental/life insurance	210,096	231,696	230,761	935
Workers compensation	34,129	38,076	38,076	-
Unemployment compensation	8,895	7,395	7,144	251
Accounting/auditing services	11,000	11,000	11,000	-
Legal services	-	3,000	3,000	-
Staff development (SFA)	7,000	7,000	7,000	-
Staff development (misc training)	22,375	18,500	18,178	322
Other contracted services	1,517	1,517	2,674	(1,157)
Insurance	45,000	40,000	39,517	483
In county travel	225	-	-	-
Field trips	2,433	2,743	3,310	(567)
Out of county	-	10,000	8,206	1,794
Repairs and maintenance	21,821	19,821	17,663	2,158
Bus maintenance	18,000	27,000	24,444	2,556
Computer repair	1,500	-	-	-
Inspections/fire alarm	1,500	2,000	1,948	52
Copier lease	18,000	16,000	15,328	672
Rent	277,292	282,030	282,030	-
Storage facility lease	4,300	6,070	6,070	-
Water cooler lease	1,150	1,150	1,000	150
Pool lease	3,185	1,540	1,540	-
Miscellaneous rental	750	3,000	2,562	438
Postage	6,000	6,000	5,179	821
Telephone	3,000	2,700	2,093	607

Continued on next page

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures (continued)				
Cell phones/radios	5,000	4,800	4,704	96
Internet service	1,428	1,417	1,417	-
Water and sewer	5,400	5,800	5,348	452
Garbage	9,000	9,000	8,310	690
Printing (incl advertising)	11,000	11,000	10,922	78
Pest Control	750	750	360	390
Security system	3,600	750	659	91
Lawn service	6,000	5,607	5,607	-
Custodial services	10,800	12,000	10,308	1,692
Other non-professional services	-	500	225	275
Electricity	70,000	74,000	73,777	223
Gas buses	35,000	22,000	19,653	2,347
Supplies	103,183	77,413	69,993	7,420
Instructional materials	86,849	71,000	69,385	1,615
Periodicals	-	-	271	(271)
Breakfast/lunch/milk	5,589	5,589	4,882	707
Audio visual equipment	-	1,200	1,168	32
Equipment	11,264	8,621	8,068	553
Computers	10,000	13,000	11,801	1,199
Improvements other than building	-	5,500	5,500	-
Remodeling/renovations	1,680	14,000	13,479	521
Software	14,715	12,000	11,261	739
Fees	20,158	22,158	21,135	1,023
Substitutes	40,000	60,000	58,068	1,932
Total expenditures	<u>4,706,203</u>	<u>4,748,209</u>	<u>4,713,423</u>	<u>34,786</u>
Excess (deficiency) of revenues over (under) expenditures	(122,961)	(70,133)	(38,569)	31,564
Other financing (uses):				
Transfer out	-	-	(19,842)	(19,842)
Net changes in fund balances	(122,961)	(70,133)	(58,411)	11,722
Fund balance at July 1, 2008	<u>578,113</u>	<u>578,113</u>	<u>578,113</u>	-
Fund balance at June 30, 2009	<u>\$ 455,152</u>	<u>\$ 507,980</u>	<u>\$ 519,702</u>	<u>\$ 11,722</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, 2009

	Budgeted Amounts		Actual	variance with Final Budget
	Original	Final		
Revenues				
Capital outlay revenues	\$ 425,000	\$ 397,967	\$ 397,967	\$ -
Expenditures				
Rent	425,000	397,967	397,967	-
Excess of revenues over expenditures	-	-	-	-
Fund balance at July 1, 2008	-	-	-	-
Fund balance at June 30, 2009	\$ -	\$ -	\$ -	\$ -

See accompanying notes to required supplemental information.

**Liza Jackson Preparatory School, Inc.**

**NOTE TO REQUIRED SUPPLEMENTAL INFORMATION**

**June 30, 2009**

**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, 2009, 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, 2009

	Basic Instruction	Exceptional Instruction	Other Instruction	Health Services	Psychological Services	Media Services	Curriculum Development	Staff Development	Board
Dues and fees	\$ 2,494	\$ -	\$ 95	\$ -	\$ -	\$ -	\$ -	\$ 8,500	\$ 62
Electricity	-	-	-	-	-	-	-	-	-
Employee benefits	184,376	4,735	9,501	3,425	2,865	2,089	17,063	-	-
Food	168	-	788	-	-	-	-	-	-
Garbage	-	-	-	-	-	-	-	-	-
Gasoline	-	-	-	-	-	-	-	-	-
Group insurance	154,338	1,536	9,715	4,279	500	2,139	5,481	-	-
Insurance	1,860	-	-	-	-	-	-	-	18,075
Non-professional services	-	-	-	-	-	-	-	-	-
Other personal services	57,891	-	-	66	-	-	-	-	-
Periodicals	-	-	-	-	-	150	-	-	-
Postage	-	-	-	-	-	-	-	-	-
Printing	-	-	190	-	-	-	-	-	-
Professional services	-	-	-	-	-	-	-	25,103	3,474
Rental	16,868	-	-	-	-	-	-	-	-
Repairs and maintenance	1,035	-	-	-	-	928	-	-	-
Salaries	1,949,977	49,257	100,946	35,508	29,385	23,708	175,590	-	-
Social security	149,484	3,695	7,661	2,721	2,248	1,711	13,203	-	-
Supplies	24,787	1,443	720	835	-	416	-	-	65
Telephone	-	-	-	-	-	-	-	-	-
Textbooks	54,889	14,441	-	-	-	-	-	-	-
Travel	4,959	-	-	-	-	-	-	4,552	-
Unemployment compensation	1,965	144	667	145	227	209	287	-	-
Water and sewer	-	-	-	-	-	-	-	-	-
Worker's comp	-	-	-	-	-	-	-	-	-
Improvements	-	-	-	-	-	-	-	-	-
Furniture and fixtures	2,704	888	503	-	-	183	-	-	-
Computer hardware	5,391	-	-	-	-	-	-	-	-
Audio visual materials	1,168	-	-	-	-	-	-	-	-
Computer software	9,165	-	-	-	-	325	-	-	-
	<u>\$ 2,623,519</u>	<u>\$ 76,139</u>	<u>\$ 130,786</u>	<u>\$ 46,979</u>	<u>\$ 35,225</u>	<u>\$ 31,858</u>	<u>\$ 211,624</u>	<u>\$ 38,155</u>	<u>\$ 21,676</u>

General Administration	School Administration	Fiscal Services	Staff Services	Transportation	Operation of plant	Maintenance of Plant	Before/After	Fixed Capital Outlay	Total
\$ -	\$ 6,506	\$ 1,251	\$ 447	\$ 1,648	\$ 2	\$ -	\$ 130	\$ -	\$ 21,135
-	-	-	-	-	73,777	-	-	-	73,777
9,641	26,567	5,095	-	12,031	9,070	-	4,109	-	290,567
-	604	-	-	-	-	-	3,322	-	4,882
-	-	-	-	-	8,310	-	-	-	8,310
-	-	-	-	19,653	-	-	-	-	19,653
28	17,694	4,447	-	16,810	9,833	-	3,961	-	230,761
-	8,508	-	-	11,074	-	-	-	-	39,517
-	225	-	-	-	16,934	-	-	-	17,159
70	-	-	-	-	-	-	41	-	58,068
-	121	-	-	-	-	-	-	-	271
-	5,103	76	-	-	-	-	-	-	5,179
-	9,622	-	-	190	175	-	745	-	10,922
-	2,200	11,000	-	-	-	-	75	-	41,852
-	7,070	-	-	-	284,592	-	-	-	308,530
-	-	-	-	25,809	5,633	10,650	-	-	44,055
64,474	274,979	52,907	-	103,589	98,494	-	86,492	-	3,045,306
6,666	20,447	3,698	-	7,330	7,327	-	6,335	-	232,526
-	8,110	780	-	16	22,121	-	10,700	-	69,993
-	-	-	-	4,704	3,510	-	-	-	8,214
-	55	-	-	-	-	-	-	-	69,385
-	616	-	-	1,100	149	-	140	-	11,516
144	783	144	-	650	700	-	1,079	-	7,144
-	-	-	-	-	5,348	-	-	-	5,348
-	-	-	38,076	-	-	-	-	-	38,076
-	-	-	-	-	5,500	-	-	13,479	18,979
-	559	-	-	-	2,142	-	1,089	-	8,068
-	275	60	-	-	-	-	-	6,075	11,801
-	-	-	-	-	-	-	-	-	1,168
-	1,322	449	-	-	-	-	-	-	11,261
<u>\$ 81,023</u>	<u>\$ 391,366</u>	<u>\$ 79,907</u>	<u>\$ 38,523</u>	<u>\$ 204,604</u>	<u>\$ 553,617</u>	<u>\$ 10,650</u>	<u>\$ 118,218</u>	<u>\$ 19,554</u>	<u>\$ 4,713,423</u>

Liza Jackson Preparatory School, Inc.

SCHEDULE OF FUNCTIONAL EXPENDITURES - CAPITAL OUTLAY FUND

For the year ended June 30, 2009

	<u>Operation of plant</u>
Rentals	<u>\$ 397,967</u>

**Liza Jackson Preparatory School, Inc.**

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

**For the year ended June 30, 2009**

Categorical	Prior Year	FY 2008-2009		
	Carryforward	Revenue	Expenditures	Carryforward
Instructional materials	\$ -	\$ 62,482	\$ 62,482	\$ -
Safe schools	-	12,855	12,855	-
Transportation	-	154,067	154,067	-
Total	<u>\$ -</u>	<u>\$ 229,404</u>	<u>\$ 229,404</u>	<u>\$ -</u>

**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

8035 Spyglass Hill Road  
Melbourne, FL 32940  
321.757.2020  
FAX 321.242.4844

We have audited the 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 School Board of Okaloosa County, Florida, as of and for the year ended June 30, 2009, which collectively comprise Liza Jackson Preparatory School, Inc.'s basic financial statements, and have issued our report thereon dated September 11, 2009. 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.

480 N. Orlando Ave.  
Suite 218  
Winter Park, FL 32789  
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 opinions 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.

301 Clematis Street  
Suite 3000  
W. Palm Beach, FL 33401  
561-837-6627  
FAX 561-837-6632

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 School'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 the School's financial statements that is more than inconsequential will not be prevented or detected by the School's internal control.

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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by 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 of 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, Board of Directors, others within the entity, the School Board of Okaloosa County, the State of Florida Office of the Auditor General, and other regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

September 11, 2009  
Melbourne, Florida

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

MANAGEMENT LETTER

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



We have audited the financial statements of Liza Jackson Preparatory School, Inc., a component unit of the School Board of Okaloosa County, Florida as of and for the fiscal year ended June 30, 2009, and have issued our report thereon dated September 11, 2009.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters. Disclosures in that report, which are dated September 11, 2009, should be considered in conjunction with this management letter.

8035 Spyglass Hill Road  
Melbourne, FL 32940  
321.757.2020  
FAX 321.242.4844

Additionally, our audit was conducted in accordance with Chapter 10.850, Rules of the Auditor General, which governs the conduct of the charter school and similar entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule:

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

301 Clematis Street  
Suite 3000  
W. Palm Beach, FL 33401  
561-837-6627  
FAX 561-837-6632

- Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations in the preceding audit report.
- Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address 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 financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

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- Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, and (2) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (b) failures to properly record financial transactions; and (c) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.
- Section 10.854(1)(e)6., Rules of the Auditor General, requires the name or official title of the school. The official title of the school is *Liza Jackson Preparatory School, Inc.*, 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.
- Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the school has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that Liza Jackson Preparatory School, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.854(1)(e)7.a. and 10.855(10)., Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of Liza Jackson Preparatory School, Inc.'s management, Board of Directors, others within the entity, the School Board of Okaloosa County, the State of Florida Auditor General, and other regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

September 11, 2009  
Melbourne, Florida

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

## **CURRENT YEAR MANAGEMENT RECOMMENDATIONS**

For the year ended June 30, 2009, there are no management recommendations.