

**LIZA JACKSON
PREPARATORY
SCHOOL, INC.**

**Basic Financial Statements and
Supplemental Information**

**For the year ended
June 30, 2010**

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, 2010, 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.

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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2010 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 26 through 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School'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 2, 2010
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, 2010 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 starting on page 9.

Financial Highlights

- The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$748,589.
- The government's total net assets decreased by \$15,091.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$505,952, a decrease of \$13,750 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>2010</u>	<u>2009</u>	<u>Change</u>
Current and other assets	\$ 593,638	\$ 636,071	\$ (42,433)
Capital assets, net of accumulated depreciation	<u>242,637</u>	<u>243,978</u>	<u>(1,341)</u>
Total assets	<u>836,275</u>	<u>880,049</u>	<u>(43,774)</u>
Current and other liabilities	<u>87,686</u>	<u>116,369</u>	<u>(28,683)</u>
Net assets consisted of :			
Invested in capital assets	242,637	243,978	(1,341)
Unrestricted	<u>505,952</u>	<u>519,702</u>	<u>(13,750)</u>
Net assets	<u>\$ 748,589</u>	<u>\$ 763,680</u>	<u>\$ (15,091)</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>2010</u>	<u>2009</u>	<u>Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 379,694	\$ 491,692	\$ (111,998)
Operating grants and contributions	565,616	49,831	515,785
Capital grants and contributions	-	397,967	(397,967)
General revenues:			
Federal passed through local school district	66,539	100,084	(33,545)
State passed through local school district	4,469,668	4,172,288	297,380
Other revenues	<u>40,329</u>	<u>49,962</u>	<u>(9,633)</u>
Total revenues	<u>\$ 5,521,846</u>	<u>\$ 5,261,824</u>	<u>\$ 260,022</u>

The state passed through local school district increased mainly as a result of the increase in number of students enrolled. Charges for services decreased in the current year because the School went down to one pre-kindergarten class. The increase in the operating grants and contributions is a direct result of capital outlay funding for the operation of plant. The capital outlay funding is grouped in the operating grants and contributions in the current year, where as it was grouped in the capital grants and contributions in the prior year. The main decrease in the other revenues is due the interest earned in the current year being much less in reaction to the economy.

Changes in the Schools expenses were as follows:

	<u>2010</u>	<u>2009</u>	<u>Change</u>
Basic instruction	\$ 2,892,960	\$ 2,649,224	\$ 243,736
Exceptional instruction	65,378	76,937	(11,559)
Other instruction	70,391	130,786	(60,395)
Health services	48,851	46,979	1,872
Psychological services	50,621	35,225	15,396
Media services	35,453	31,858	3,595
Curriculum development	215,491	211,624	3,867
Staff development	26,688	38,155	(11,467)
Board of directors	18,793	21,676	(2,883)
General administration	83,687	81,023	2,664
School administration	399,878	392,399	7,479
Facilities	25,625	18,078	7,547
Fiscal services	81,477	80,108	1,369
Food services	240,662	211,321	29,341
Staff services	26,528	38,523	(11,995)
Transportation	196,902	204,604	(7,702)
Operation of plant	948,742	956,981	(8,239)
Maintenance of plant	15,677	10,650	5,027
Before / after	93,133	118,218	(25,085)
Total expenses	<u>\$ 5,536,937</u>	<u>\$ 5,354,369</u>	<u>\$ 182,568</u>

The increase in expenses related to basic instruction was primarily the result of an increase in the number of experienced employees and the raises in the current year. The decrease in the other instruction is mainly due to the reduction in the number of pre-kindergarten classes. The overall increase is related to the increase in amount of students and the related funding.

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 \$748,589 and \$763,680 for the years ended June 30, 2010 and 2009, respectively.

Governmental activities. Governmental activities decreased Liza Jackson Preparatory School, Inc. net assets by \$15,091 for fiscal year ended 2010. Governmental activities decreased net assets by \$92,545 for fiscal year ended 2009.

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 \$505,952. This total amount includes \$367,220 of 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 \$505,952, of which, \$138,732 was reserved for deposits and prepaid expenses.

The fund surplus of Liza Jackson Preparatory School, Inc.'s general fund decreased by \$13,750 during the current fiscal year.

General Fund Budgetary Highlights

Budgeted revenues exceeded actual revenues by \$6,586 while budgeted expenditures exceed actual expenditures by \$108,321.

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, 2010, amounts to \$242,637 (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. did not have any outstanding long-term liabilities.

Economic Factors

A majority of the school's funding is determined by the number of enrolled students. The enrollment for the 2010/2009 school year increased by approximately 8%, from the prior year. In addition, the School is forecasting approximately 6.6% increase in enrollment for the 2010/2011 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, 2010

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash	\$ 431,110
Accounts receivable	5,012
Due from other agencies	18,784
Deposits	45,000
Prepaid expenses	<u>93,732</u>
Total current assets	<u>593,638</u>
CAPITAL ASSETS	
Capital assets, net of accumulated depreciation	
Improvements other than buildings	187,920
Furniture, fixtures and equipment	49,220
Information technology equipment	<u>5,497</u>
Total capital assets	<u>242,637</u>
Total assets	<u>836,275</u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	455
Accrued payroll and payroll taxes	<u>87,231</u>
Total liabilities	<u>87,686</u>
NET ASSETS	
Investment in capital assets	242,637
Unrestricted	<u>505,952</u>
Total net assets	<u>\$ 748,589</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, 2010

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	\$ 2,892,960	\$ -	\$ 87,966	\$ -	\$ (2,804,994)
Exceptional instruction	65,378	-	-	-	(65,378)
Other instruction	70,391	67,269	-	-	(3,122)
Health services	48,851	-	-	-	(48,851)
Psychological service	50,621	-	-	-	(50,621)
Media services	35,453	-	-	-	(35,453)
Curriculum development	215,491	-	-	-	(215,491)
Staff development	26,688	-	-	-	(26,688)
Board	18,793	-	-	-	(18,793)
General administration	83,687	-	-	-	(83,687)
School administration	399,878	-	-	-	(399,878)
Facilities	25,625	-	-	-	(25,625)
Fiscal services	81,477	-	-	-	(81,477)
Food services	240,662	141,677	60,760	-	(38,225)
Staff services	26,528	-	-	-	(26,528)
Transportation	196,902	-	-	-	(196,902)
Operation of plant	948,742	-	416,890	-	(531,852)
Maintenance of plant	15,677	-	-	-	(15,677)
Before / after care	93,133	170,748	-	-	77,615
Total governmental activities	<u>\$ 5,536,937</u>	<u>\$ 379,694</u>	<u>\$ 565,616</u>	<u>\$ -</u>	<u>(4,591,627)</u>
General revenues:					
Federal passed through local school district					66,539
State passed through local school district					4,469,668
Other revenues					37,102
Interest income					3,227
Total revenues					<u>4,576,536</u>
Change in net assets					(15,091)
Net assets at July 1, 2009					<u>763,680</u>
Net assets at June 30, 2010					<u>\$ 748,589</u>

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

Liza Jackson Preparatory School, Inc.

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2010

	General Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 431,110	\$ -	\$ -	\$ 431,110
Accounts receivable	5,012	-	-	5,012
Due from other funds	9,358	-	-	9,358
Due from other agencies	9,426	-	9,358	18,784
Deposits	45,000	-	-	45,000
Prepaid expenses	93,732	-	-	93,732
Total assets	<u>\$ 593,638</u>	<u>\$ -</u>	<u>\$ 9,358</u>	<u>\$ 602,996</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 455	\$ -	\$ -	\$ 455
Accrued payroll and payroll taxes	87,231	-	-	87,231
Due to other funds	-	-	9,358	9,358
Total liabilities	<u>87,686</u>	<u>-</u>	<u>9,358</u>	<u>97,044</u>
FUND BALANCES				
Reserved				
Deposits	45,000	-	-	45,000
Prepaid expenses	93,732	-	-	93,732
Unreserved	367,220	-	-	367,220
Total fund balances	<u>505,952</u>	<u>-</u>	<u>-</u>	<u>505,952</u>
Total liabilities and fund balances	<u>\$ 593,638</u>	<u>\$ -</u>	<u>\$ 9,358</u>	<u>\$ 602,996</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, 2010

Fund balances - total governmental funds		\$	505,952
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 \$102,853 accumulated depreciation		\$	187,920
Furniture, fixtures and equipment, net of \$101,585 accumulated depreciation			49,220
Information technology equipment, net of \$158,632 accumulated depreciation			5,497
Total capital assets			<u>242,637</u>
Total net assets of governmental activities		\$	<u>748,589</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, 2010

	General Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Federal passed through local school district	\$ 66,539	\$ -	\$ -	\$ 66,539
Federal passed through state	-	-	60,760	60,760
State passed through local school district	4,557,634	392,890	-	4,950,524
Other revenues	278,346	-	141,677	420,023
Total revenues	<u>4,902,519</u>	<u>392,890</u>	<u>202,437</u>	<u>5,497,846</u>
Expenditures				
Current:				
Basic instruction	2,867,879	-	-	2,867,879
Exceptional instruction	64,508	-	-	64,508
Other instruction	70,391	-	-	70,391
Health services	48,851	-	-	48,851
Psychological service	50,621	-	-	50,621
Media services	35,453	-	-	35,453
Curriculum development	215,491	-	-	215,491
Staff development	26,688	-	-	26,688
Board	18,793	-	-	18,793
General administration	83,687	-	-	83,687
School administration	398,954	-	-	398,954
Facilities	4,581	-	-	4,581
Fiscal services	81,276	-	-	81,276
Food services	-	-	237,338	237,338
Staff services	26,528	-	-	26,528
Transportation	196,902	-	-	196,902
Operation of plant	573,174	392,890	-	966,064
Maintenance of plant	15,677	-	-	15,677
Before / after	93,133	-	-	93,133
Fixed capital outlay	56,330	-	-	56,330
Total expenditures	<u>4,928,917</u>	<u>392,890</u>	<u>237,338</u>	<u>5,559,145</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(26,398)</u>	<u>-</u>	<u>(34,901)</u>	<u>(61,299)</u>
Other financing sources and (uses):				
Insurance loss recovery	47,549	-	-	47,549
Transfer in	-	-	34,901	34,901
Transfer out	<u>(34,901)</u>	<u>-</u>	<u>-</u>	<u>(34,901)</u>
Net changes in fund balances	(13,750)	-	-	(13,750)
Fund balances at July 1, 2009	<u>519,702</u>	<u>-</u>	<u>-</u>	<u>519,702</u>
Fund balances at June 30, 2010	<u>\$ 505,952</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 505,952</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, 2010

Net change in fund balances - total governmental funds \$ (13,750)

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	\$ 56,330	
Depreciation	<u>(57,671)</u>	<u>(1,341)</u>
Change in net assets of governmental activities		<u>\$ (15,091)</u>

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

Liza Jackson Preparatory School, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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. 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, 2010

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, 2010

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, 2010

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 (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect revised calculations by the FDOE under the Florida Education Finance Program and actual weighted FTE students reported by the School during designated FTE student survey periods.

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

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

Liza Jackson Preparatory School, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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.

10. Income taxes

Liza Jackson Preparatory School, Inc. is a non-profit charter school, which qualifies as a tax-exempt organization, and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

NOTE B - INTERFUND ACTIVITY

1. Interfund receivable and payable

Activities between the funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds.

	Due from other funds	Due to other funds
General fund	\$ 9,358	\$ -
Other governmental funds	-	9,358
	\$ 9,358	\$ 9,358

2. Interfund transfers

Interfund transfers for the year ended June 30, 2010 are as follows:

	Transfer in	Transfer out
General fund	\$ -	\$ 34,901
Other governmental funds	34,901	-
	\$ 34,901	\$ 34,901

For the year ended June 30, 2010, the above transfer was completed from the General Fund to the Lunch Fund. Transfers are used to move unrestricted general fund revenues to finance programs that the School accounts for in other funds.

Liza Jackson Preparatory School, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE C - CASH

Custodial credit risk - The bank balance of the School's deposits were \$282,400 at June 30, 2010. 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.

The School maintains another cash balance in a separate financial institution (the "Bank"). The Bank participates in the Federal Deposit Insurance Corporation (FDIC) Transaction Account Guarantee Program. Under this program, through December 31, 2010, all non-interest-bearing transaction accounts (demand deposit accounts) are fully guaranteed by the FDIC for the entire amount in the account. Coverage under this program is in addition to and separate from the coverage available under the FDIC's basic deposit insurance rules. At June 30, 2010, all of the School's accounts were fully insured.

NOTE D - CAPITAL ASSETS

Changes in capital assets activity were as follows:

	Balance at July 1, 2009	Additions	Deletions	Balance at June 30, 2010
Capital assets depreciated:				
Improvements other than buildings	\$ 245,653	\$ 45,120	\$ -	\$ 290,773
Furniture, fixtures and equipment	139,595	11,210	-	150,805
Information technology equipment	164,129	-	-	164,129
Computer software	15,636	-	-	15,636
Motor vehicles	78,843	-	-	78,843
Total assets depreciated	<u>643,856</u>	<u>\$ 56,330</u>	<u>\$ -</u>	<u>700,186</u>
Less accumulated depreciation:				
Improvements other than buildings	79,960	\$ 22,893	\$ -	102,853
Furniture, fixtures and equipment	87,432	14,153	-	101,585
Information technology equipment	138,007	20,625	-	158,632
Computer software	15,636	-	-	15,636
Motor vehicles	78,843	-	-	78,843
Total accumulated depreciation	<u>399,878</u>	<u>\$ 57,671</u>	<u>\$ -</u>	<u>457,549</u>
Total governmental activities capital assets, net	<u>\$ 243,978</u>			<u>\$ 242,637</u>

Liza Jackson Preparatory School, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE D - CAPITAL ASSETS (continued)

Depreciation expense for the year ended June 30, 2010 was charged to functions of the School as follows:

Basic instruction	\$	25,081
Exceptional instruction		870
Facilities		21,044
Fiscal services		201
Food services		3,324
Plant		6,227
School administration		924
		<u>924</u>
	\$	<u>57,671</u>

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 \$681,024 and of that amount, \$392,890 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 \$26,458.

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

2011	\$	708,346
2012		715,143
2013		727,183
2014		739,853
2015		752,680
2016		767,892
		<u>767,892</u>
	\$	<u>4,411,097</u>

Liza Jackson Preparatory School, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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	\$ 2,707,596
ESE allocation	84,494
SAI funds	222,159
Safe schools	14,978
Discretionary local effort	313,036
Discretionary lottery	2,001
Discretionary tax compression	11,793
Instructional materials allocation	59,933
Science lab materials	22
Stabilization fund entitlement	243,721
Transportation	163,117
Class size reduction	794,305
Administration fee withheld	<u>(147,487)</u>
Subtotal	4,469,668
Capital outlay funds	392,890
Florida teachers lead program	9,868
Excellent teaching program	25,624
A+ bonus	<u>52,474</u>
Total state sources passed through the School Board of Okaloosa County, Florida	4,950,524
Federal impact funds	66,539
Other revenues	
Lunch program	201,607
Interest income	3,227
Student fees	249,161
Other	<u>26,788</u>
	<u>\$ 5,497,846</u>

Liza Jackson Preparatory School, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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 2009 - 2010 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, 2010, 2009, and 2008 were \$308,255, \$294,878, and \$302,822, respectively. Contributions represented 9.46%, 9.54%, and 9.73% of covered payroll for the years ended June 30, 2010, 2009, and 2008, 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, 2010

NOTE H - RISK MANAGEMENT

1. Insurance coverage

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.

2. Insurance claim

On June 5, 2009, the School sustained water damage to its facilities. The School repaired the damage in the current fiscal year. 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. The school received the full payment from the insurance company in the current year.

NOTE I - SUBSEQUENT EVENTS

1. Addendum to building lease

In August 2010, the addition that the lessor added to the building was complete. As a result of the increased square foot of the building the monthly rent increased by approximately 13%. The month of August 2010 was a prorated amount and starting September 1, 2010 will be the first month of the new rent amount.

2. Addendum to playground lease

The School extended the playground lease for one year through July 2011. The fee increased to \$25,000 for the year due upon the signing of the addendum.

3. Subsequent evaluations

The School has evaluated subsequent events through September 2, 2010 the date which the financial statements were issued.

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, 2010

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
Federal impact aid	\$ 82,000	\$ 82,000	\$ 66,539	\$ (15,461)
FTE revenue	4,459,790	4,469,668	4,469,668	-
Lead teacher fund	9,000	9,686	9,868	182
A+ bonus funds	-	52,474	52,474	-
Excellent teaching program	-	25,624	25,624	-
Rent	-	5,088	5,088	-
Interest	12,000	3,000	3,227	227
Pre-K program	74,250	68,565	67,269	(1,296)
Before/after school program	200,000	172,000	170,748	(1,252)
Donations	-	3,000	3,854	854
Miscellaneous	20,000	18,000	28,160	10,160
Total revenues	4,857,040	4,909,105	4,902,519	(6,586)
Expenditures				
Current :				
Salaries	3,077,008	3,115,320	3,084,446	30,874
Bonus funds	-	75,207	94,679	(19,472)
Retirement	301,908	314,807	300,582	14,225
FICA	237,537	248,000	241,936	6,064
Health/dental/life insurance	240,000	240,000	220,530	19,470
Workers compensation	38,076	21,000	26,528	(5,528)
Unemployment compensation	9,500	15,000	12,017	2,983
Accounting/auditing services	10,500	10,500	10,500	-
Legal services	3,000	3,000	-	3,000
Staff development (SFA)	15,240	15,240	12,670	2,570
Staff development (misc training)	10,400	6,000	4,532	1,468
Other contracted services	2,000	2,600	2,563	37
Insurance	45,000	40,000	34,680	5,320
In county travel	-	-	-	-
Field trips	4,000	4,925	4,925	-
Out of county	12,575	15,000	13,426	1,574
Repairs and maintenance	12,000	22,000	20,518	1,482
Bus maintenance	30,000	36,000	35,353	647
Computer repair	-	-	-	-
Inspections/fire alarm	2,000	2,000	1,557	443
Copier lease	18,000	18,000	15,351	2,649
Rent	325,397	288,134	288,134	-
Storage facility lease	6,100	6,100	5,948	152
Water cooler lease	1,150	1,300	1,193	107
Pool lease	1,540	1,540	900	640
Miscellaneous rental	3,000	3,500	3,286	214
Postage	6,000	5,500	3,543	1,957
Telephone	3,000	3,500	2,982	518

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures (continued)				
Cell phones/radios	5,000	5,300	5,290	10
Internet service	1,428	2,400	1,417	983
Water and sewer	5,700	6,500	6,982	(482)
Garbage	9,000	11,000	10,272	728
Printing (incl advertising)	11,000	7,500	6,576	924
Pest Control	750	750	420	330
Security system	750	2,100	1,377	723
Lawn service	5,800	5,800	5,340	460
Custodial services	12,000	1,650	1,650	-
Other non-professional services	500	1,600	1,371	229
Electricity	74,000	82,000	81,209	791
Gas buses	20,000	20,000	18,621	1,379
Supplies	87,466	98,000	78,328	19,672
Instructional materials	76,120	76,120	74,218	1,902
Periodicals	-	-	215	(215)
Breakfast/lunch/milk	-	-	1,457	(1,457)
Library reference books	800	2,600	2,593	7
Equipment	42,154	45,500	42,357	3,143
Computers	3,500	20,000	19,642	358
Improvements other than building	-	5,500	-	5,500
Remodeling/renovations	20,732	45,500	45,120	380
Software	14,745	14,745	11,920	2,825
Fees	23,500	23,500	22,510	990
Substitutes	45,000	45,000	47,253	(2,253)
Total expenditures	<u>4,874,876</u>	<u>5,037,238</u>	<u>4,928,917</u>	<u>108,321</u>
Excess (deficiency) of revenues over (under) expenditures	(17,836)	(128,133)	(26,398)	101,735
Other financing (uses):				
Insurance loss recovery	-	47,549	47,549	-
Transfer out	-	-	(34,901)	(34,901)
Net changes in fund balances	(17,836)	(80,584)	(13,750)	66,834
Fund balance at July 1, 2009	<u>519,702</u>	<u>519,702</u>	<u>519,702</u>	<u>-</u>
Fund balance at June 30, 2010	<u>\$ 501,866</u>	<u>\$ 439,118</u>	<u>\$ 505,952</u>	<u>\$ 66,834</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Capital outlay revenues	\$ 375,000	\$ 392,890	\$ 392,890	\$ -
Expenditures				
Rent	375,000	392,890	392,890	-
Excess of revenues over expenditure	-	-	-	-
Fund balance at July 1, 2009	-	-	-	-
Fund balance at June 30, 2010	\$ -	\$ -	\$ -	\$ -

See accompanying notes to required supplemental information.

Liza Jackson Preparatory School, Inc.

NOTE TO REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2010

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, 2010, 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, 2010

	Basic Instruction	Exceptional Instruction	Other Instruction	Health Services	Psychological Services	Media Services	Curriculum Development	Staff Development	Board
Dues and fees	\$ 13,428	\$ -	\$ 90	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Electricity	-	-	-	-	-	-	-	-	-
Employee benefits	195,798	4,551	5,355	3,527	4,047	2,311	17,404	-	-
Food	-	-	-	-	-	-	-	-	-
Garbage	-	-	-	-	-	-	-	-	-
Gasoline	-	-	-	-	-	-	-	-	-
Group insurance	149,115	1,448	3,156	4,557	1,109	2,269	5,760	-	-
Inspections	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	18,772
Library books	-	-	-	-	-	2,737	-	-	-
Non-professional services	-	-	-	-	-	-	-	-	-
Other personal services	45,858	-	218	-	-	-	-	-	-
Periodicals	-	-	-	-	-	50	-	-	-
Postage	80	-	-	-	-	-	-	-	-
Printing	6,086	-	-	-	-	-	-	-	-
Professional services	-	224	-	189	-	-	-	16,038	-
Rental	17,136	-	-	-	-	-	-	-	-
Repairs and maintenance	1,052	-	-	-	-	-	-	-	-
Salaries	2,114,079	50,588	56,415	36,185	41,941	24,134	178,191	-	-
Social security	160,397	3,790	4,267	2,768	3,209	1,820	13,505	-	-
Supplies	33,781	751	150	1,318	-	354	-	-	21
Telephone	-	-	-	-	-	-	-	-	-
Textbooks	71,213	1,050	-	-	-	527	-	-	-
Travel	6,895	-	-	-	-	-	-	10,650	-
Unemployment compensation	3,755	270	740	307	315	302	631	-	-
Water and sewer	-	-	-	-	-	-	-	-	-
Worker's comp	-	-	-	-	-	-	-	-	-
Remodeling and renovations	-	-	-	-	-	-	-	-	-
Furniture and fixtures	29,559	36	-	-	-	619	-	-	-
Computer hardware	12,478	-	-	-	-	-	-	-	-
Computer software	7,169	1,800	-	-	-	330	-	-	-
	<u>\$ 2,867,879</u>	<u>\$ 64,508</u>	<u>\$ 70,391</u>	<u>\$ 48,851</u>	<u>\$ 50,621</u>	<u>\$ 35,453</u>	<u>\$ 215,491</u>	<u>\$ 26,688</u>	<u>\$ 18,793</u>

General Administration	School Administration	Facilities	Fiscal Services	Staff Services	Transportation	Operation of plant	Maintenance of Plant	Before/After	Fixed Capital Outlay	Total
\$ -	\$ 5,322	\$ -	\$ 1,938	\$ -	\$ 895	\$ 858	\$ -	\$ (21)	\$ -	\$ 22,510
-	-	-	-	-	-	81,209	-	-	-	81,209
9,765	28,709	-	5,248	-	11,075	9,727	-	3,065	-	300,582
-	53	-	-	-	-	-	-	1,404	-	1,457
-	-	-	-	-	-	10,272	-	-	-	10,272
-	-	-	-	-	18,621	-	-	-	-	18,621
26	15,913	-	4,613	-	15,524	11,646	-	5,394	-	220,530
-	170	-	-	-	-	1,387	-	-	-	1,557
-	3,934	-	-	-	10,114	1,860	-	-	-	34,680
-	-	-	-	-	-	-	-	-	-	2,737
-	880	-	-	-	-	9,278	-	-	-	10,158
-	-	-	-	-	-	-	-	1,177	-	47,253
-	165	-	-	-	-	-	-	-	-	215
-	3,438	-	25	-	-	-	-	-	-	3,543
-	251	-	-	-	49	-	-	190	-	6,576
-	2,399	-	10,615	-	800	-	-	-	-	30,265
-	7,057	-	-	-	-	290,619	-	-	-	314,812
-	91	-	-	-	35,353	3,698	15,677	-	-	55,871
64,883	294,175	-	54,027	-	90,057	103,524	-	70,926	-	3,179,125
7,304	21,765	-	2,452	-	8,008	7,350	-	5,301	-	241,936
204	7,890	1,968	1,175	-	38	26,624	-	4,054	-	78,328
-	143	-	-	-	5,290	4,256	-	-	-	9,689
1,040	155	-	-	-	-	-	-	89	-	74,074
-	801	-	5	-	-	-	-	-	-	18,351
315	1,828	-	315	-	1,078	904	-	1,257	-	12,017
-	-	-	-	-	-	6,982	-	-	-	6,982
-	-	-	-	26,528	-	-	-	-	-	26,528
-	-	-	-	-	-	-	-	-	45,120	45,120
150	1,463	2,613	65	-	-	2,885	-	297	4,670	42,357
-	504	-	25	-	-	95	-	-	6,540	19,642
-	1,848	-	773	-	-	-	-	-	-	11,920
<u>\$ 83,687</u>	<u>\$ 398,954</u>	<u>\$ 4,581</u>	<u>\$ 81,276</u>	<u>\$ 26,528</u>	<u>\$ 196,902</u>	<u>\$ 573,174</u>	<u>\$ 15,677</u>	<u>\$ 93,133</u>	<u>\$ 56,330</u>	<u>\$ 4,928,917</u>

Liza Jackson Preparatory School, Inc.

SCHEDULE OF FUNCTIONAL EXPENDITURES - CAPITAL OUTLAY FUND

For the year ended June 30, 2010

	Operation of plant
Rentals	<u>\$ 392,890</u>

Liza Jackson Preparatory School, Inc.

SCHEDULE OF REVENUES AND EXPENDITURES - CATEGORICAL FUNDS

For the year ended June 30, 2010

Categorical	Prior Year	FY 2009-2010		
	Carryforward	Revenue	Expenditures	Carryforward
Instructional materials	\$ -	\$ 59,955	\$ 59,955	\$ -
Safe schools	-	14,978	14,978	-
Transportation	-	163,117	163,117	-
Total	<u>\$ -</u>	<u>\$ 238,050</u>	<u>\$ 238,050</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

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, 2010, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 2, 2010. 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

In planning and performing our audit, we considered the School'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 the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 the School'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 the School'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 2, 2010
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, 2010, and have issued our report thereon dated September 2, 2010.

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 2, 2010, should be considered in conjunction with this management letter.

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:

- 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 provisions of contracts or grant agreements, or abuse, 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.

- 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 provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. 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 the same.

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 2, 2010
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

CURRENT YEAR MANAGEMENT RECOMMENDATIONS

For the year ended June 30, 2010, there are no management recommendations.