

# Liza Jackson

## Preparatory School, Inc.

BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2021

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Liza Jackson Preparatory School, Inc. (the "School"), a component unit of the Okaloosa County School District, Florida, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **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, 2021, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

As described in Note A-1, the accompanying financial statements referred to above present only the financial position of the School at June 30, 2021, and the results of its operations for the year then ended, and is not intended to be a complete presentation of the District.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, 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.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated September 15, 2021, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the school's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School's internal control over financial reporting and compliance.

*McDonough CPA Solutions, PA*

September 15, 2021, except for page 11, Net investment in capital assets, net of related debt, as to which the date is November 4, 2021  
Rockledge, Florida

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

As management of Liza Jackson Preparatory School, Inc. (the "School"), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2021 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

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

### **Financial Highlights**

- The assets of the School were less than its liabilities at the close of the most recent fiscal year by \$658,680.
- The School's total net position increased by \$303,476.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balance of \$6,576,339.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,369,746.

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

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

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

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

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

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

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

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

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

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

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for government activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances. The general fund and capital outlay fund are considered to be major funds. The basic governmental fund financial statements can be found listed on the table of contents in this report. The School adopts an annual appropriated budget. A budgetary comparison statement has been provided to demonstrate compliance with this budget and can be found listed in the table of contents in this report.

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

**Government-Wide Financial Analysis.** As noted previously, net position may serve over time as a useful indicator of a School's financial position. In the case of the School, assets were less than liabilities by \$658,680 and \$962,156 (deficit net position) for the years ended June 30, 2021 and 2020, respectively.

A large portion of the School's net position is the unrestricted portion. Another portion of the net position reflects its net investment in capital assets (e.g., building and equipment, property under lease, improvements other than buildings, furniture, fixtures and equipment, information technology equipment, computer software, and motor vehicles). The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. The net investment in capital assets, net of related debt totaled \$99,852 at June 30, 2021.

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

	<u>2021</u>	<u>2020</u>	<u>Variance</u>
ASSETS			
Current assets	\$ 6,839,351	\$ 2,593,917	\$ 4,245,434
Capital assets net	<u>17,835,707</u>	<u>375,697</u>	<u>17,460,010</u>
Total assets	<u>24,675,058</u>	<u>2,969,614</u>	<u>21,705,444</u>
Deferred outflows of resources	<u>1,204,887</u>	<u>1,210,040</u>	<u>(5,153)</u>
LIABILITIES			
Current liabilities	585,336	1,064,157	(478,821)
Noncurrent liabilities	<u>25,719,123</u>	<u>3,671,439</u>	<u>22,047,684</u>
Total liabilities	<u>26,304,459</u>	<u>4,735,596</u>	<u>21,568,863</u>
Deferred inflows of resources	<u>234,166</u>	<u>406,214</u>	<u>(172,048)</u>
NET POSITION			
Net investment in capital assets, net of related debt	99,852	375,697	(275,845)
Restricted for debt service	1,518,877	-	1,518,877
Restricted for capital projects	2,592,211	-	2,592,211
Unrestricted	<u>(4,869,620)</u>	<u>(1,337,853)</u>	<u>(3,531,767)</u>
Total net position	<u>\$ (658,680)</u>	<u>\$ (962,156)</u>	<u>\$ 303,476</u>

The increase in current assets is primarily due to cash proceeds from the issuance of revenue bonds series 2020 A and series 2020 B. The capital asset, net increased due to new facilities, a ground lease, improvements other than buildings and purchase of fixtures, furniture, and equipment additions offset by current depreciation. The decrease in current liabilities is mainly due to the forgiveness of the paycheck protection program loan offset by increases in the current portion of obligation under lease, bond payable, and unamortized premium. The increase in noncurrent liabilities is due to the increase in obligation under lease, bond payable, and unamortized premium to purchase a new building and increase in net pension liability. The changes in deferred outflows and inflows of resources are due to the changes in assumptions, experience, investments, employer specific changes and subsequent contributions to the measurement date. Net investment in capital asset increased due to increases remaining proceeds from bonds, ground lease, improvements other than buildings and purchase of fixtures, furniture, and equipment additions offset by the increase in obligation under lease, bond payable, and unamortized premium with increase in the new facilities. Restricted for debt service increased related to amounts reserved for payment of debt and construction of facilities. Restricted for capital projects increased due to a reserve for construction of educational facilities. Unrestricted net position increased mainly due to the increases remaining from operations and paycheck protection loan forgiveness.

Changes in the School's revenues were as follows:

	<u>2021</u>	<u>2020</u>	<u>Variance</u>
Revenues			
Program revenues			
Charges for services	\$ 321,518	\$ 382,691	\$ (61,173)
Operating grants and contributions	656,125	76,172	579,953
Capital grants and contributions	639,502	434,818	204,684
General revenues	6,395,024	6,427,491	(32,467)
PPP loan forgiveness	938,500	-	938,500
Gain on disposal of lease	152,397	-	152,397
Total revenues	<u>\$ 9,103,066</u>	<u>\$ 7,321,172</u>	<u>\$ 1,781,894</u>

The decrease in charges for services are related to decreases in student purchases caused by lunches being reimbursed by federal funding. The increase in operating grants and contributions was due to the increases in federal funding for lunch reimbursement and elementary and secondary school emergency relief funding. The increase in capital grants and contributions is due mostly to sales tax revenue and a small increase in capital outlay funding. The decrease in general revenues is due to decreases in state funding from Hurricane Michael, security grant, and best and brightest award offset by an increase in the teacher salary increase allocation. The increase in PPP loan forgiveness is due to the recognition of revenue for loan forgiveness. The increase in gain on disposal of lease is due to the restructuring of a ground lease for the new facility related to the issuance of the bond.

Changes in the School's expenses were as follows:

	<u>2021</u>	<u>2020</u>	<u>Variance</u>
Basic instruction	\$ 4,679,389	4,063,890	\$ 615,499
Exceptional instruction	155,735	150,095	5,640
Health services	85,756	78,777	6,979
Media services	40,185	71,237	(31,052)
Staff development	1,200	9,419	(8,219)
Board	39,776	37,171	2,605
School administration	571,215	598,468	(27,253)
Facilities	1,028,729	983,399	45,330
Fiscal services	300,213	220,283	79,930
Food services	365,052	248,438	116,614
Staff services	20,570	24,882	(4,312)
Transportation	232,846	212,624	20,222
Operation of plant	474,740	471,348	3,392
Maintenance of plant	10,400	33,587	(23,187)
Administrative technology	19,904	31,328	(11,424)
Community services	152,253	146,033	6,220
Debt service	621,627	-	621,627
Total expenses	<u>8,799,590</u>	<u>7,380,979</u>	<u>1,418,611</u>
Change in net position	303,476	(59,807)	363,283
Net position at July 1, 2020	<u>(962,156)</u>	<u>(902,349)</u>	<u>(59,807)</u>
Net position at June 30, 2021	<u>\$ (658,680)</u>	<u>\$ (962,156)</u>	<u>\$ 303,476</u>

The increase in basic instruction was due to the increase in salaries and benefits related to state mandated salary increases. The increase in fiscal services was mainly due to the increase in salaries and benefits. The increase in food services was related to increases in the lunches served. Operation of plant decreased due to decreases in salaries and benefits. The increase in debt service was related to the issuance of revenue bonds series 2020 A & B with the accompanying cost of issuance and dues and fees for the period.

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

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

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

As of the end of the current fiscal year, the School's governmental funds reported a combined ending fund balance \$6,576,339. The general fund is the chief operating fund of those funds which included a total amount \$2,369,746 of unassigned fund balance, which is the amount available for spending at the government's discretion.

### **General Fund Budgetary Highlights**

Actual revenues are less than budgeted revenues by \$13,157 while budgeted expenditures exceeded actual expenditures by \$311,065.

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

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

**Capital Assets.** The School's net investment in capital assets, net of related debt for its governmental type activities as of June 30, 2021 amounts to \$99,852 (net of related debt). This investment in capital assets includes building and equipment, improvements other than buildings, furniture, fixtures, and equipment, information technology equipment, computer software, and motor vehicles.

**Debt and Long-Term Liabilities.** At the end of the current fiscal year, the School had an outstanding net pension liability of \$4,189,544 for employee's pension in the Florida Retirement System. On August 1, 2020, the School issued revenue bonds series 2020 A & B in the amount of \$17,625,000 to fund the acquisition and renovation of educational facilities. The bonds will be repaid incrementally over the next 35 years.

The bond was issued at a premium of \$2,810,982. In relationship to the bond issuance, the School restructured the ground lease for land related to the facility. The capital lease present value of the lease obligation was issued in the amount of \$1,516,015.

### **Economic Factor**

A majority of the School's funding is determined by the number of enrolled students. The School is forecasting enrollment to increase to approximately 982 students for the 2021/2022 school year.

### **Request for Information**

This financial report is designed to provide a general overview of the School's finances for all those with an interest in 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., 1123 Hospital Rd., Fort Walton Beach, FL 32547.

**Liza Jackson Preparatory School, Inc.**  
**STATEMENT OF NET POSITION**  
**June 30, 2021**

<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 2,360,987
Restricted cash	4,116,048
Accounts receivable	13,306
Due from other agencies	268,273
Prepaid rent	35,237
Deposits	45,500
Total current assets	<u>6,839,351</u>
<b>CAPITAL ASSETS</b>	
Capital assets not being depreciated:	
Construction in progress	14,955,698
Capital assets, net of accumulated depreciation:	
Building and fixed equipment	232,055
Improvements other than buildings	208,063
Property under leases	1,476,310
Capitalization of construction interest cost	354,678
Furniture, fixtures and equipment	472,828
Information technology equipment	62,536
Motor vehicles	73,539
Total capital assets, net	<u>17,835,707</u>
Total assets	<u>24,675,058</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred assumptions, contributions, and experience	<u>1,204,887</u>
<b>LIABILITIES AND NET POSITION</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	86,420
Accrued payroll liabilities	176,592
Due in one year, bond payable	201,667
Due in one year, unamortized bond premium, net	93,699
Due in one year, obligation under lease	26,958
Total current liabilities	<u>585,336</u>
<b>NONCURRENT LIABILITIES</b>	
Due in more than one year, bond payable	17,423,333
Due in more than one year, unamortized bond premium, net	2,639,200
Due in more than one year, obligation under lease	1,467,046
Net Pension Liability	4,189,544
Total noncurrent liabilities	<u>25,719,123</u>
Total liabilities	<u>26,304,459</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred change in proportion (NPL), contributions, experience, and investments	234,166
<b>NET POSITION</b>	
Net investment in capital assets, net of related debt	99,852
Restricted for:	
Debt service	1,518,877
Capital projects	2,592,211
Unrestricted	<u>(4,869,620)</u>
Total net position	<u>\$ (658,680)</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, 2021**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
<b>Governmental Activities:</b>					
Basic instruction	\$ 4,679,389	\$ -	\$ 237,473	\$ -	\$ (4,441,916)
Exceptional instruction	155,735	-	-	-	(155,735)
Health services	85,756	-	-	-	(85,756)
Media services	40,185	-	-	-	(40,185)
Staff development	1,200	-	-	-	(1,200)
Board	39,776	-	-	-	(39,776)
School administration	571,215	-	-	-	(571,215)
Facilities	1,028,729	-	-	639,502	(389,227)
Fiscal services	300,213	-	-	-	(300,213)
Food services	365,052	41,122	352,778	-	28,848
Staff services	20,570	-	-	-	(20,570)
Transportation	232,846	-	-	-	(232,846)
Operation of plant	474,740	-	65,874	-	(408,866)
Maintenance of plant	10,400	-	-	-	(10,400)
Administrative technology	19,904	-	-	-	(19,904)
Community services	152,253	280,396	-	-	128,143
Debt Service	621,627	-	-	-	(621,627)
Total governmental activities	<u>\$ 8,799,590</u>	<u>\$ 321,518</u>	<u>\$ 656,125</u>	<u>\$ 639,502</u>	<u>\$ (7,182,445)</u>
<b>General revenues:</b>					
Florida education finance program					6,262,019
Federal impact aid					94,482
Other revenues					38,523
Total general revenues					<u>6,395,024</u>
PPP loan forgiveness					938,500
Gain on disposal of lease					<u>152,397</u>
Change in net position					303,476
Net position at July 1, 2020					<u>(962,156)</u>
Net position at June 30, 2021					<u>\$ (658,680)</u>

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

**Liza Jackson Preparatory School, Inc.**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**June 30, 2021**

	General Fund	Debt Service	Capital Projects Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash	\$ 2,360,987	\$ 4,116,048	\$ -	\$ -	\$ -	\$ 6,477,035
Accounts receivable	13,306	-	-	-	-	13,306
Due from other agencies	268,233	40	-	-	-	268,273
Deposits	45,500	-	-	-	-	45,500
Prepaid rent	35,237	-	-	-	-	35,237
Due from other funds	-	-	2,592,211	-	14,768	2,606,979
Total assets	<u>\$ 2,723,263</u>	<u>\$ 4,116,088</u>	<u>\$ 2,592,211</u>	<u>\$ -</u>	<u>\$ 14,768</u>	<u>\$ 9,446,330</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 81,420	\$ 5,000	\$ -	\$ -	\$ -	\$ 86,420
Accrued payroll liabilities	176,592	-	-	-	-	176,592
Due to other funds	14,768	2,592,211	-	-	-	2,606,979
Total liabilities	<u>272,780</u>	<u>2,597,211</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,869,991</u>
<b>FUND BALANCES</b>						
Nonspendable						
Prepays	35,237	-	-	-	-	35,237
Deposits	45,500	-	-	-	-	45,500
Restricted	-	1,518,877	2,592,211	-	-	4,111,088
Unassigned	2,369,746	-	-	-	14,768	2,384,514
Total fund balances	<u>2,450,483</u>	<u>1,518,877</u>	<u>2,592,211</u>	<u>-</u>	<u>14,768</u>	<u>6,576,339</u>
Total liabilities and fund balances	<u>\$ 2,723,263</u>	<u>\$ 4,116,088</u>	<u>\$ 2,592,211</u>	<u>\$ -</u>	<u>\$ 14,768</u>	<u>\$ 9,446,330</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 POSITION**  
**For the year ended June 30, 2021**

Total Fund balance - Governmental Funds		\$ 6,576,339
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:		
Capital assets	\$ 18,196,527	
Accumulated depreciation	<u>(360,820)</u>	17,835,707
Deferred amounts are reported in the Statement of Net Position as deferred outflows or deferred inflows of resources but are not reported in the funds.		
		970,721
Noncurrent liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Net pension liability		(4,189,544)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consists of:		
Bonds payable	(17,625,000)	
Unamortized premium, net	(2,732,899)	
Obligations under lease	<u>(1,494,004)</u>	(21,851,903)
Net Position of Governmental Activities		<u><u>\$ (658,680)</u></u>

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

**Liza Jackson Preparatory School, Inc.**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**For the year ended June 30, 2021**

	General Fund	Debt Service	Capital Projects Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Federal passed through state and local	\$ 94,482	\$ -	\$ -	\$ -	\$ 654,863	\$ 749,345
State passed through local school district	6,262,019	-	-	639,502	1,430	6,902,951
Other revenues	317,761	174	984	-	41,122	360,041
<b>Total revenues</b>	<b>6,674,262</b>	<b>174</b>	<b>984</b>	<b>639,502</b>	<b>697,415</b>	<b>8,012,337</b>
<b>Expenditures</b>						
<b>Current:</b>						
Basic instruction	3,854,657	-	-	-	237,473	4,092,130
Exceptional instruction	164,473	-	-	-	-	164,473
Health Services-Nurse	90,292	-	-	-	-	90,292
Library	44,226	-	-	-	-	44,226
Staff development	1,200	-	-	-	-	1,200
Board of directors	39,776	-	-	-	-	39,776
School administration	605,852	-	-	-	-	605,852
Facilities	603,944	-	16,917,806	639,502	-	18,161,252
Fiscal services	312,463	-	-	-	-	312,463
Food services	-	-	-	-	379,300	379,300
Staff services	22,068	-	-	-	-	22,068
Transportation	255,191	-	-	-	-	255,191
Operation of plant	430,352	-	-	-	65,874	496,226
Maintenance of plant	10,400	-	-	-	-	10,400
Administrative technology	33,255	-	-	-	-	33,255
Community service	160,667	-	-	-	-	160,667
Debt service	-	987,484	-	-	-	987,484
<b>Total expenditures</b>	<b>6,628,816</b>	<b>987,484</b>	<b>16,917,806</b>	<b>639,502</b>	<b>682,647</b>	<b>25,856,255</b>
Excess (deficiency) of revenues over (under) expenditures	45,446	(987,310)	(16,916,822)	-	14,768	(17,843,918)
<b>Other financing sources and (uses)</b>						
Proceeds from bonds	-	-	20,435,982	-	-	20,435,982
Proceeds from lease obligation	-	-	1,516,015	-	-	1,516,015
PPP loan forgiveness	938,500	-	-	-	-	938,500
Transfers in	-	2,506,187	50,000	-	-	2,556,187
Transfers out	(63,223)	-	(2,492,964)	-	-	(2,556,187)
<b>Total other financing sources and (uses)</b>	<b>875,277</b>	<b>2,506,187</b>	<b>19,509,033</b>	<b>-</b>	<b>-</b>	<b>22,890,497</b>
<b>Net change in fund balance</b>	<b>920,723</b>	<b>1,518,877</b>	<b>2,592,211</b>	<b>-</b>	<b>14,768</b>	<b>5,046,579</b>
Fund balances at July 1, 2020	1,529,760	-	-	-	-	1,529,760
Fund balances at June 30, 2021	\$ 2,450,483	\$ 1,518,877	\$ 2,592,211	\$ -	\$ 14,768	\$ 6,576,339

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

**Liza Jackson Preparatory School, Inc.**  
**RECONCILIATION OF THE STATEMENT REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the year ended June 30, 2021**

Net Change in Fund Balances - Governmental Funds	\$	5,046,579
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The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This and the net effect of various other transactions involving capital assets increased net position.

Capital outlay	\$ 17,636,465		
Provision for depreciation	(132,762)		
Loss on disposal of assets	(43,693)		
			17,460,010

Some expenses reported in the Statement of Activities require the use of current financial resources and, therefore, are reported as expenditures in governmental funds.

Pension expense	(503,607)		(503,607)

The issuance of long-term debt (e.g. bonds, notes payable, capital leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts are the net effect of these differences in the treatment of long-term debt and related items:

Proceeds from issuance of bonds	(20,435,982)		
Proceeds from lease obligation	(1,516,015)		
Current year amortization of bond premium	78,083		
Gain on disposal of operating lease	152,397		
Payment of property under lease	22,011		
			(21,699,506)

Change in Net Position - Governmental Activities	\$	303,476
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The accompanying notes are an integral part of this financial statement.

**Liza Jackson Preparatory School, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

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

**1. Reporting entity**

Liza Jackson Preparatory School, Inc. (the “School”), is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes. The Charter School provides educational services to students of 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 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 School District, Florida (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 (See Note K). At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District is required to notify the School in writing at least 90 days prior to the charter’s expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the 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 position 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 position, the difference between assets, liabilities, and deferred outflows/inflows of resources, as presented in the statement of net position, are subdivided into three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, laws or regulations of other governments, or enabling legislation.

**Liza Jackson Preparatory School, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**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 position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function.

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

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

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

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

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

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

**Liza Jackson Preparatory School, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

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

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

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

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

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

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 – is the general operating fund of the School and is used to account for all resources not required to be accounted for in another fund.

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.

Capital Projects Fund – to account for all resources for the acquisition of capital assets to the extent funded by revenue bonds.

Debt Service Fund – to account for the resources accumulated and payments made for principal and interest on revenue bonds.

4. Cash and cash equivalents

Cash and cash equivalents consists of petty cash on hand at the School and checking and money market accounts held at a financial institution (See Note B).

**Liza Jackson Preparatory School, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

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

5. Accounts receivable

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

6. Interfund activity

Activity between the funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. At the end of the year, the general fund owed the other governmental funds \$14,768. In addition, the debt service fund owed the capital projects fund \$2,592,211.

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. During the year, the general fund transferred \$50,000 to the capital projects fund and \$13,223 to the capital projects funds. The debt service fund transferred \$2,492,964 to the debt service fund.

7. Prepaid expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2021, are recorded as prepaid expenses in both government-wide and fund financial statements.

8. Capital assets

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

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

**Liza Jackson Preparatory School, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

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

8. Capital assets (continued)

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Building and fixed equipment	10-50
Property under lease	10-35
Improvements other than buildings	10-15
Capitalization of construction interest cost	10-30
Furniture, fixtures and equipment	5-10
Information technology equipment	3-5
Motor vehicles	5

9. Revenue sources

Revenues for current operations are received primarily from the State of Florida passed through the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent ("FTE") students and related data to the District.

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

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

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

**Liza Jackson Preparatory School, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

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

**10. 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 estimate amounts.

**11. Income taxes**

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

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

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

**12. Fund balance classifications**

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

Nonspendable fund balance – amounts that are not spendable (such as inventory and prepaid expenses) or are required to be maintained intact.

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

**Liza Jackson Preparatory School, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

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

**12. Fund balance classifications (continued)**

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

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

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

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

**13. Budget**

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

**NOTE B – CASH**

Cash is made up of deposits and cash on hand totaling \$6,477,035 at June 30, 2021. The School holds \$4,116,048 of cash balance as restricted for amounts to debt services and capital projects. The School's deposits must be placed with a financial institution designated by the Treasurer of the State of Florida as a "qualified public depository", as defined in Chapter 280, Florida Statutes. The School deposits are held with a qualified depository and are covered by the collateral pool as the School has identified itself as a public entity. As of June 30, 2021, there was no amount of the School's balances held exposed to custodial credit risk.

**Liza Jackson Preparatory School, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**NOTE C – CAPITAL ASSETS**

Changes in capital assets activity were as follows:

	Balance at July 1, 2020	Additions	Deletions	Balance at June 30, 2021
Capital assets not being depreciated:				
Construction in process	\$ -	\$ 14,955,698	\$ -	\$ 14,955,698
Total capital assets not being depreciated	<u>-</u>	<u>14,955,698</u>	<u>-</u>	<u>14,955,698</u>
Capital assets depreciated:				
Building and equipment	165,684	126,234	-	291,918
Property under lease	-	1,516,015	-	1,516,015
Capitalization of construction interest cost	-	365,857	-	365,857
Improvements other than buildings	572,899	135,521	446,864	261,556
Furniture, fixtures and equipment	209,436	448,148	45,434	612,150
Information technology equipment	152,520	61,267	132,468	81,319
Computer software	6,838	-	6,838	-
Motor vehicles	181,707	27,725	97,418	112,014
Total capital assets depreciated	<u>1,289,084</u>	<u>2,680,767</u>	<u>729,022</u>	<u>3,240,829</u>
Less accumulated depreciation:				
Building and equipment	46,944	12,919	-	59,863
Property under lease	-	39,705	-	39,705
Capitalization of construction interest cost	-	11,179	-	11,179
Improvements other than buildings	432,447	27,000	405,954	53,493
Furniture, fixtures and equipment	164,688	20,068	45,434	139,322
Information technology equipment	146,960	4,133	132,310	18,783
Computer software	6,838	-	6,838	-
Motor vehicles	115,510	17,758	94,793	38,475
Total accumulated depreciation	<u>913,387</u>	<u>132,762</u>	<u>685,329</u>	<u>360,820</u>
Total capital assets, net	<u>\$ 375,697</u>	<u>\$ 17,503,703</u>	<u>\$ 43,693</u>	<u>\$ 17,835,707</u>

Depreciation expense for the year ended June 30, 2021 was charged to functions of the School as follows:

Administrative Technology	\$ 199
Basic instruction	5,444
Facilities	102,671
Food service	487
Transportation	17,758
Operation of plant	6,203
	<u>\$ 132,762</u>

**Liza Jackson Preparatory School, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

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

In relationship to the disposal of capital assets, the School has recognized a loss of \$43,693 on the retirement of assets. In addition, the school is constructing a new facility, restructured a new capital ground lease, purchased new furniture, fixtures, and equipment, information technology equipment, computers, and motor vehicles in the amount of \$17,270,608 in relationship to the issuance of revenue bond series 2020 A & B (See Note D-3) .

**NOTE D – LONG TERM LIABILITIES**

1. Deferred rent

In the governmental financial statements stated on a full accrual basis of accounting, GASB Statement No. 13 requires escalating leases to be calculated on a straight-line basis.

Terms of the lease (See Note F-1) specify base rent payments of \$1 for three years, \$60,000 for 13 years, and \$63,000 for the remaining 14 years resulting in the application of the straight-line rent recognition of \$55,400 per year on the full accrual statements over the life of the 30-year lease. As of June 30, 2021, The School has recognized an expense of \$10,000 related to the lease on both full and modified accrual. In addition, on August 1, 2020, the School restructured and retired the existing lease due to the issuance of revenue bonds series 2020 A & B for the construction of a new facility on the grounds. As such, the deferred rent has been restructured into a capital lease for financial statement reporting purposes. Current year rent expense on the modified accrual statements was \$50,000 and was \$27,989 on the full accrual statements. There was a related gain on disposal of the deferred rent liability in relation to the restructuring in the amount of \$152,397 on the full accrual Statement of Net Position. The School has recorded the present value of future capital lease payments of \$1,516,015 as a result of the restructuring (See Notes C, D-4 and F-1).

2. Paycheck Protection Loan

On May 21, 2020, the School received loan proceeds in the amount of \$938,500 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are guaranteed forgivable by the Small Business Administration (SBA) after eight weeks or twenty four weeks of utilization as long as the School uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week or twenty four week period. Any unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months.

**Liza Jackson Preparatory School, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**NOTE D – LONG TERM LIABILITIES (Continued)**

2. Paycheck Protection Loan (continued)

As of November 2020, the School has received forgiveness related to the debt for the eligible purposes consistent with described conditions of the SBA. The School has recognized forgiveness of the paycheck protection loan in the amount of \$938,500 at June 30, 2021.

3. Bonds Payable

Bonds payable at June 30, 2021, are as follows:

<u>Bond Type</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Annual Maturity To</u>
Revenue Bonds:			
Series 2020A	\$ 17,385,000	4.0-5.0 percent	2055
Series 2020B	240,000	3.0 percent	2023
Plus: Unamortized premium	2,732,899		
Total Bonds Payable	<u>\$ 20,357,899</u>		

**Revenue Bonds Series 2020A and 2020B:** On August 1, 2020, The School issued tax-exempt educational facilities revenue bonds, series 2020A for \$17,385,000 and taxable educational facilities revenue bonds, series 2020B for \$240,000 secured by the mortgage on the School's property and buildings. The bonds were issued to finance the construction, improvement, installation, and equipping purchase of the new educational facility. As well as, transportation equipment for the educational population of the School.

Series 2020A bonds are term bonds paying semi-annually at rates ranging from 4% to 5% with the maturities starting August 1, 2030 and ending August 1, 2055. Series 2020B bonds are term bonds paying interest semi-annually at a rate of 3% and principal payments semi-annually with maturities starting August 1, 2021 and ending August 1, 2023.

As required by the bond resolution, the School has established a sinking fund and reserve account and has accumulated and maintained adequate resources in the sinking fund and reserve account for the purpose of paying the mandatory required redemption of principal and interest on maturity dates.

The School is required to disclose its debt service coverage ratio and days cash on hand as described in the loan agreement. The minimum debt coverage ratio and days cash on hand ratio has been waived as of June 30, 2021.

**Liza Jackson Preparatory School, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**NOTE D – LONG TERM LIABILITIES (Continued)**

3. Bonds Payable (continued)

The long-term liability activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due within one year
Governmental Activities:					
Bond payable	-	17,625,000	-	17,625,000	201,667
Plus: Unamortized premium	-	2,810,982	78,083	2,732,899	93,699
Total Bond Payable	-	20,435,982	78,083	20,357,899	295,366
 Total Governmental Activities	-	20,435,982	78,083	20,357,899	295,366

Annual requirement to amortize all bonded debt outstanding as of June 30, 2021 are as follows:

Fiscal Year Ending June 30:	Total	Principal	Interest
2022	\$ 60,000	\$ 26,958	\$ 33,042
2023	60,000	27,565	32,435
2024	60,000	28,187	31,813
2025	60,000	28,822	31,178
2026	60,000	29,471	30,529
2027-2031	305,500	160,897	144,603
2032-2036	315,000	192,430	122,570
2037-2041	315,000	215,106	99,894
2042-2046	315,525	240,979	74,546
2047-2051	330,749	285,495	45,254
2052-2055	270,115	258,094	12,021
Total	\$ 2,151,889	\$ 1,494,004	\$ 657,885

**Liza Jackson Preparatory School, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**NOTE D – LONG TERM LIABILITIES (Continued)**

4. Obligation under lease

On August 1, 2020, the School restructured the ground lease with the City of Walton under the issuance of educational facility bond, series A & B. The present value of future lease payment related to the lease obligation issued was \$1,516,015 (See Notes D-1 and F-1). The lease has a starting monthly principal and interest payment of \$5,000 from September 15, 2020 to May 15, 2031 with a step increase on June 15, 2031 to May 15, 2046 for payments of \$5,250 and a final step increase on June 15, 2046 to July 15, 2055 for payment of \$5,513 maturing on July 15, 2055. During the year the School made principal payments of \$22,011 and interest payments of \$27,989 with an ending balance for obligation under lease of \$1,494,004.

As of June 30, 2021, the annual requirements to amortize the lease obligation outstanding are as follows:

Fiscal Year Ending June 30:	Total	Principal	Interest
2022	\$ 60,000	\$ 26,958	\$ 33,042
2023	60,000	27,565	32,435
2024	60,000	28,187	31,813
2025	60,000	28,822	31,178
2026	60,000	29,471	30,529
2027-2031	305,500	160,897	144,603
2032-2036	315,000	192,430	122,570
2037-2041	315,000	215,106	99,894
2042-2046	315,525	240,979	74,546
2047-2051	330,749	285,495	45,254
2052-2055	270,115	258,094	12,021
Total	<u>\$ 2,151,889</u>	<u>\$ 1,494,004</u>	<u>\$ 657,885</u>

**Liza Jackson Preparatory School, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**NOTE E – CONCENTRATIONS**

As stated in Note A-10, the School receives revenues for current operations primarily from the State of Florida through the local school district.

The following is a schedule of revenue sources and amounts:

Revenue sources passed through the School Board of Okaloosa County, Florida	
Base funding	\$ 3,761,473
Class size reduction	938,743
Discretionary local effort	421,171
Discretionary lottery	-
Supplemental academic instruction	231,453
ESE guaranteed allocation	119,493
Instructional materials allocation	68,610
Reading instruction	37,360
Safe schools	52,590
Federally connected students	69,324
Discretionary tax compression	61,888
Student transportation	153,495
Emergency order funding adjustment	239,704
Digital classroom	3,083
Less administration fee	(55,263)
	<hr/> 6,103,124
Florida teacher classroom supply assistance	17,826
Teacher salary allocation	141,069
National school lunch reimbursement	351,348
State lunch supplement	1,430
Lunches	41,122
Before and aftercare school program	280,396
Other local revenue	38,523
CARES act	139,702
ESSER II funds	163,813
Sales tax revenue	202,979
Federal impact aid	94,482
Capital outlay	436,523
	<hr/> \$ 8,012,337 <hr/>

**Liza Jackson Preparatory School, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**NOTE F – OPERATING LEASES**

1. Building leases

In 2001, the School entered into a lease agreement for facilities which expires on July 14, 2021. 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 and facilities totaled \$867,418 and of that amount, \$436,523 was funded by capital outlay. After July 14, 2021, the School did not renew the lease due to the construction of a new educational facility.

In addition, on July 1, 2015, the School entered into a ground lease with the City of Fort Walton Beach to construct a new facility and repair the existing building for educational and recreational purposes.

The School, under the lease, will bear the cost for repairing and maintaining the existing facility and constructing the new facility on the land. The term of the lease commenced on July 1, 2015 and ends on September 30, 2045 for an initial term of thirty years. The School paid rent of \$1 per year on the first day of October during the first three years of the lease. Beginning on the fourth year, the base rent will increase to \$60,000 per year and be payable on a monthly basis of \$5,000 per month due the first of each month. On July 1, 2031, the base rent will increase to \$63,000 and in the event of an extension of the lease as of July 1, 2046, the rent will increase to \$66,150, respectively. As of June 30, 2021, the School has restructured the ground lease due to the issuance of educational facility revenue bonds 2020 A & B. The School has capitalized the ground lease due to accounting principles and has retired the current lease and deferred rent elements. Current year rent expense on the modified accrual statements was \$50,000 and \$27,989 on the full accrual statements with a related gain on disposal of the deferred rent in the amount of \$152,397 on the full accrual Statement of Net Position related to the restructuring of the obligation under lease (See Notes D-1 and D-4).

2. Land lease

The School entered into a lease for the use of land for their playground and equipment in 2011, which expires July 14, 2021. The lease requires an annual payment of \$40,000 each August 1. The current year expense for the use of the land totaled \$40,000. As of July 14, 2021, the School did not renew the lease agreement due to the acquisition of a new facility lease (See Notes C & D-4).

**Liza Jackson Preparatory School, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**NOTE G – EMPLOYEE RETIREMENT SYSTEMS COST-SHARING**

*Florida Retirement System*

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

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

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

[www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications).

1. Pension description

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

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

**Liza Jackson Preparatory School, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

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

*Florida Retirement System (continued)*

1. Pension description (continued)

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

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

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

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

2. Funding policy

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

**Liza Jackson Preparatory School, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

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

*Florida Retirement System (continued)*

2. Funding policy (continued)

These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from July 1, 2019 through June 30, 2020, were as follows: Regular – 6.75%; Senior Management Service -23.69%; and DROP participants – 12.94%.

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

These employer contribution rates include 1.66% HIS Plan for the periods July 1, 2019 through June 30, 2020.

The School's contributions, including employee contributions, to the pension plan totaled \$297,859 for the fiscal year ended June 30, 2021.

At June 30, 2021, the School reported a liability of \$2,873,683 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The School's proportionate share of the net pension liability was based on the School's 2019-2020 fiscal year contributions relative to the 2018-2019 fiscal year contributions of all participating members. At June 30, 2020, the School's proportionate share was 0.006630330 percent, which was a decrease of 2.9 percent from its proportionate share measured as of June 30, 2019.

**Liza Jackson Preparatory School, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

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

*Florida Retirement System (continued)*

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

For the fiscal year ended June 30, 2021, the School recognized pension expense of \$762,554. In addition, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Description</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 109,982	\$ -
Change in assumptions	520,228	-
Net difference between projected and actual earnings on Pension Plan investments	-	-
Changes in proportion and differences between School Pension Plan contributions and proportionate share of contributions	4,231	92,748
School Pension Plan contributions subsequent to the measurement date	297,859	-
	<u>\$ 932,300</u>	<u>\$ 92,748</u>

**Liza Jackson Preparatory School, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

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

Florida Retirement System (continued)

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

The deferred outflows of resources related to the Pension Plan, totaling \$297,859 resulting from School contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	Amount
2021	\$ 76,613
2022	244,470
2023	191,420
2024	102,865
2025	10,657
Thereafter	(14,461)
	<u>\$ 611,564</u>

4. Actuarial assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumption. Applied to all periods included in the measurement:

Inflation	2.4%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.80%, net of pension plan investment Expense, including inflation

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

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

**Liza Jackson Preparatory School, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

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

Florida Retirement System (continued)

4. Actuarial assumptions (continued)

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption for the based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.2%	2.2%	1.2%
Fixed income	19.0%	3.0%	2.9%	3.5%
Global equity	54.2%	8.0%	6.7%	17.1%
Real estate (property)	10.3%	6.4%	5.8%	11.7%
Private equity	11.1%	10.8%	8.1%	25.7%
Strategic investments	4.4%	5.5%	5.3%	6.9%
	<u>100%</u>			
Assumed Inflation - Mean			2.4%	1.7%

5. Discount rate

The discount rate used to measure the total pension liability was 6.80%. The pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

**Liza Jackson Preparatory School, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

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

*Florida Retirement System (continued)*

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

The following represents the School's proportionate share of the net pension liability calculated using the discount rate of (6.80%), as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.80%) or one percentage point higher (7.80%) than the current rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
School's proportionate share of the net pension liability	<u>\$ 4,588,788</u>	<u>\$ 2,873,683</u>	<u>\$ 1,441,219</u>

7. Pension plan fiduciary net position

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

8. Payables to the pension plan

The School reported zero payable for outstanding contributions to the Pension Plan required for the fiscal year ended June 30, 2021.

**NOTE H – EMPLOYEE RETIREMENT SYSTEMS COST-SHARING SUBSIDY**

*Health Insurance Subsidy (HIS)*

1. Plan description

The HIS plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

**Liza Jackson Preparatory School, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

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

*Health Insurance Subsidy (HIS) (continued)*

1. Plan description (continued)

For the fiscal year ended June 30, 2020, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

2. Funding policy

The HIS plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active RS members. For the fiscal year ended June 30, 2021, the HIS contribution for the period July 1, 2019 through June 30, 2020 was 1.66%. The School contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The School's contributions to the HIS Plan totaled \$66,132 for the fiscal year ended June 30, 2021.

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

At June 30, 2021, the School reported a liability of \$1,315,861 for its proportionate share of the HIS plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The School's proportionate share of the net pension liability was based on the School's 2019-2020 fiscal year contributions relative to the 2018-2019 fiscal year contributions of all participating members. At June 30, 2020, the School's proportionate share was 0.010777054 percent, which was a decrease of 1.67 percent from its proportionate share measured as of June 30, 2019.

**Liza Jackson Preparatory School, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

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

*Health Insurance Subsidy (HIS) (continued)*

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

For the fiscal year ended June 30, 2021, the School recognized pension expense of \$105,044. In addition, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Description</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 53,827	\$ 1,015
Change in assumptions	141,493	76,512
Net difference between projected and actual earnings on Pension Plan investments		
Changes in proportion and differences between School Pension Plan contributions and proportionate share of contributions	11,135	63,888
School Pension Plan contributions subsequent to the measurement date	66,132	
	<u>\$ 272,587</u>	<u>\$ 141,415</u>

The deferred outflows of resources related to the HIS plan, totaling \$66,132 resulting from School contributions to the HIS plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2021.

**Liza Jackson Preparatory School, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

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

*Health Insurance Subsidy (HIS) (continued)*

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

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

Fiscal Year Ending June 30:	Amount
2021	\$ 25,602
2022	12,248
2023	(8,044)
2024	5,163
2025	16,251
Thereafter	14,871
	<u>\$ 66,091</u>

4. Actuarial assumptions

The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Municipal bond rate	2.21%

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

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

**Liza Jackson Preparatory School, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

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

*Health Insurance Subsidy (HIS) (continued)*

5. Discount rate

The discount rate used to measure the total pension liability was 2.21%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

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

The following represents the School's proportionate share of the net pension liability calculated using the discount rate of (2.21%), as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
School's proportionate share of the net pension liability	<u>\$ 1,521,076</u>	<u>\$ 1,315,861</u>	<u>\$ 1,147,892</u>

7. Pension plan fiduciary net position

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

8. Payables to the pension plan

The School reported zero for outstanding contributions to the HIS plan required for the fiscal year ended June 30, 2021.

**Liza Jackson Preparatory School, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**NOTE I – RISK MANAGEMENT**

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial insurance. Under the policy for property insurance, the School's liability is \$2,500 per occurrence. There have been no significant reductions in insurance coverage during fiscal year 2021. Settled claims resulting for the risks described above have not exceeded the insurance coverage for each of the prior three years.

**NOTE J – SUBSEQUENT EVENTS**

The School has evaluated subsequent events through September 14, 2021, the date which the financial statements were available for issuance; and has determined that no material events occurred that would require additional disclosure in the financial statements except as follows:

The State of Florida issued emergency order 2021-EO-02 for the successful reopening of all state's public schools, and 2021-EO-01, which expended the statewide testing window to ensure that every student can safely complete their state assessments. In addition, the School is subject to the Okaloosa County Health Department requirements. In the event of a coronavirus outbreak within the School, campus classes may be cancelled and students will be required to take classes remotely. The virus could have negative effects on the School's financial position, results of operations and/or cash flows, the specific outcome is not ready determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Commencing on July 1, 2021 and ending on June 30, 2038, the School's Charter agreement has been renewed with the School Board of Okaloosa, Florida for a 15 year period.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Liza Jackson Preparatory School, Inc.**  
**SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE OF NET PENSION LIABILITY FLORIDA**  
**RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY**  
**For the year ended June 30, 2021**

**FLORIDA RETIREMENT SYSTEM**

	School's proportion of the net pension liability (asset)	School's proportionate share of the net pension liability (asset)	School's covered- employee payroll	School's proportionate share of the net pension liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total pension liability
<b>2020</b>	0.006630330%	\$ 2,873,683	\$ 3,986,280	72.09%	78.85%
<b>2019</b>	0.006659699%	2,293,508	4,070,689	56.34%	82.61%
<b>2018</b>	0.006870412%	2,069,404	3,802,006	54.43%	84.26%
<b>2017</b>	0.007118555%	2,105,621	3,990,775	52.76%	83.89%
<b>2016</b>	0.007556502%	1,908,023	3,622,711	52.67%	84.88%
<b>2015</b>	0.007828833%	1,011,199	3,674,222	27.52%	92.00%
<b>2014</b>	0.007259346%	442,927	3,720,407	11.91%	96.09%

**HEALTH INSURANCE SUBSIDY**

	School's proportion of the net pension liability (asset)	School's proportionate share of the net pension liability (asset)	School's covered- employee payroll	School's proportionate share of the net pension liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total pension liability
<b>2020</b>	0.010777054%	\$ 1,315,861	\$ 3,986,280	33.01%	3.00%
<b>2019</b>	0.010959532%	1,226,262	4,070,689	30.12%	2.63%
<b>2018</b>	0.011032317%	1,167,673	3,802,006	30.71%	2.15%
<b>2017</b>	0.011413905%	1,220,427	3,990,775	30.58%	1.64%
<b>2016</b>	0.011850482%	1,584,464	3,622,711	43.74%	0.97%
<b>2015</b>	0.011703526%	1,193,576	3,674,222	32.49%	0.50%
<b>2014</b>	0.011292724%	1,055,897	3,720,407	28.38%	0.99%

See notes to required supplementary information.

**Liza Jackson Preparatory School, Inc.**  
**SCHEDULE OF SCHOOL PENSION CONTRIBUTIONS FLORIDA RETIREMENT SYSTEM AND**  
**HEALTH INSURANCE SUBSIDY**  
**For the year ended June 30, 2021**

**FLORIDA RETIREMENT SYSTEM**

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
<b>2020</b>	\$ 297,859	\$ 297,859	\$ -	\$ 3,986,280	7.47%
<b>2019</b>	220,296	220,296	-	4,070,689	5.41%
<b>2018</b>	206,499	206,499	-	3,802,006	5.43%
<b>2017</b>	195,801	195,801	-	3,990,775	4.91%
<b>2016</b>	185,314	185,314	-	3,622,711	5.01%
<b>2015</b>	184,277	184,277	-	3,674,222	5.02%
<b>2014</b>	190,874	190,874	-	3,720,407	5.13%

**HEALTH INSURANCE SUBSIDY**

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
<b>2020</b>	\$ 66,132	\$ 66,132	\$ -	\$ 3,986,280	1.66%
<b>2019</b>	62,103	62,103	-	4,070,689	1.53%
<b>2018</b>	60,857	60,857	-	3,802,006	1.60%
<b>2017</b>	59,829	59,829	-	3,990,775	1.50%
<b>2016</b>	60,406	60,406	-	3,622,711	1.67%
<b>2015</b>	60,741	60,741	-	3,674,222	1.65%
<b>2014</b>	44,738	44,737	-	3,720,407	1.20%

See notes to required supplementary 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, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
FEFP	\$ 6,136,249	\$ 6,103,124	\$ 6,103,124	\$ -
Lead teacher funds	16,345	17,826	17,826	-
Miscellaneous	30,000	31,000	24,027	(6,973)
Teacher salary increase allocation	141,069	141,069	141,069	-
Federal impact aid funds	87,681	94,482	94,482	-
Before/after school program	260,000	281,000	280,396	(604)
Donations	10,000	12,500	8,070	(4,430)
Interest on investments	-	1,150	-	(1,150)
E-Rate	5,268	5,268	5,268	-
<b>Total revenues</b>	<b>6,686,612</b>	<b>6,687,419</b>	<b>6,674,262</b>	<b>(13,157)</b>
<b>Expenditures</b>				
Salaries	4,080,000	4,106,109	4,064,499	41,610
Bonus funds	-	-	25,676	(25,676)
Retirement	396,000	408,439	399,893	8,546
Social security	317,487	312,539	307,267	5,272
Group insurance	470,000	438,779	434,962	3,817
Worker's comp	20,647	18,547	15,845	2,702
Unemployment compensation	1,500	7,300	1,324	5,976
Audit/accounting	9,500	11,000	9,270	1,730
Computer service	-	5,000	-	5,000
Staff development	2,800	2,800	-	2,800
SRO	49,000	48,919	48,919	-
Legal services	3,000	4,500	1,083	3,417
Staff development-other	1,200	1,200	1,200	-
Misc. contract services	3,000	3,500	3,208	292
Insurance	82,000	95,000	92,764	2,236
Travel	2,500	2,500	-	2,500
Repairs/maintenance	30,000	30,000	15,614	14,386
Bus-maintenance	30,000	35,000	32,675	2,325
Computer repairs	1,000	1,000	560	440
Instrument repair	1,005	1,005	27	978
Inspections/fire ext	6,200	7,095	7,095	-
Lease-copier	19,500	19,500	17,494	2,006
Lease-facility	483,477	430,895	430,895	-
Lease-land	40,000	40,000	40,000	-
Lease-storage facility	6,800	6,800	6,838	(38)
Rent miscellaneous	500	500	-	500
Postage	4,000	4,000	2,670	1,330
Telephone	5,100	5,100	4,814	286
Cellphones	4,400	4,400	3,928	472
Internet	12,500	16,000	15,412	588
Water/sewer	15,200	15,200	11,945	3,255
Garbage	5,800	12,000	9,078	2,922
Printing	3,000	4,500	4,205	295
Pest control	1,400	1,400	735	665
Security monitoring	750	750	120	630
Lawn service	1,200	3,000	2,705	295
Miscellaneous non-professional services	10,600	10,000	5,930	4,070
Moving	-	50,000	8,205	41,795
Natural gas	3,100	3,100	2,758	342
Electricity	100,000	110,000	102,530	7,470
Gas - buses	23,500	23,500	17,923	5,577
Supplies	100,000	103,000	98,573	4,427
Instructional material	60,000	60,000	53,900	6,100
Library-reference books	2,000	2,000	972	1,028
Equipment	5,000	245,279	96,127	149,152
Furniture & equipment	-	-	38,000	(38,000)
Computer equipment	5,000	25,000	24,240	760
Buses	-	27,725	27,725	-
Improvements	-	-	20,777	(20,777)
Remodeling/renovations	-	5,000	2,438	2,562
Software	55,000	80,000	35,574	44,426
Fees/miscellaneous	21,000	21,000	12,824	8,176
Substitutes/temporary	70,000	70,000	67,600	2,400
<b>Total expenditures</b>	<b>6,565,666</b>	<b>6,939,881</b>	<b>6,628,816</b>	<b>311,065</b>
Excess (deficiency) of revenues over (under) expenditures	120,946	(252,462)	45,446	297,908
Other financing sources (uses)				
PPP loan forgiveness	938,500	938,500	938,500	-
Transfers in/out	-	-	(63,223)	(63,223)
<b>Total other financing sources and (uses)</b>	<b>938,500</b>	<b>938,500</b>	<b>875,277</b>	<b>(63,223)</b>
<b>Net change in fund balance</b>	<b>1,059,446</b>	<b>686,038</b>	<b>920,723</b>	<b>234,685</b>
Fund balance at July 1, 2020	1,529,760	1,529,760	1,529,760	-
Fund balance at June 30, 2021	\$ 2,589,206	\$ 2,215,798	\$ 2,450,483	\$ 234,685

See notes to required supplementary information.

**Liza Jackson Preparatory School, Inc.**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL – DEBT SERVICE**  
**For the year ended June 30, 2021**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
Interest on investments	\$ -	\$ 1,200	\$ 174	\$ (1,026)
Total revenue	-	1,200	174	(1,026)
Expenditures				
Payment of interest	-	365,857	365,857	-
Fees	-	629,557	621,627	7,930
Total expenditures	-	995,414	987,484	7,930
Other financing sources (uses)				
Transfers in/out	-	2,506,183	2,506,187	
Total other financing sources and (uses)	-	2,506,183	2,506,187	-
Net change in fund balance	-	1,511,969	1,518,877	(8,956)
Fund balance at July 1, 2020	-	-	-	-
Fund balance at June 30, 2021	<u>\$ -</u>	<u>\$ 1,511,969</u>	<u>\$ 1,518,877</u>	<u>\$ (8,956)</u>

See notes to required supplementary information.

**Liza Jackson Preparatory School, Inc.**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL – CAPITAL PROJECTS**  
**For the year ended June 30, 2021**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
Interest	\$ -	\$ -	\$ 984	\$ 984
Total revenue	-	-	984	984
Expenditures				
Lease-land	-	50,000	50,000	-
Building & fixed equipment	-	17,150,832	14,955,698	2,195,134
Capitalized fixtures & equipment	-	792,186	396,093	396,093
Property under lease	-	-	1,516,015	(1,516,015)
Total expenditures	-	17,993,018	16,917,806	1,075,212
Excess (deficiency) of revenues over (under) expenditures	-	(17,993,018)	(16,916,822)	(1,076,196)
Other financing sources (uses)				
Proceeds from lease obligation	-	-	1,516,015	(1,516,015)
Proceeds from bonds	-	20,435,982	20,435,982	-
Transfers in/out	-	(2,442,964)	(2,442,964)	-
Total other financing sources and (uses)	-	17,993,018	19,509,033	(1,516,015)
Net change in fund balance	-	-	2,592,211	(2,592,211)
Fund balance at July 1, 2020	-	-	-	-
Fund balance at June 30, 2021	\$ -	\$ -	\$ 2,592,211	\$ (2,592,211)

See notes to required supplementary information.

**Liza Jackson Preparatory School, Inc.**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL – CAPITAL OUTLAY**  
**For the year ended June 30, 2021**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
Charter school capital outlay	\$ 434,819	\$ 436,523	\$ 436,523	\$ -
Local infrastructure sales tax	-	202,979	202,979	-
Total revenue	434,819	639,502	639,502	-
Expenditures				
Rent	434,819	436,523	436,524	(1)
Building & fixed equipment	-	88,234	88,234	-
Improvements	-	135,521	114,744	20,777
Total expenditures	434,819	660,278	639,502	20,776
Net change in fund balance	-	(20,776)	-	(20,776)
Fund balance at July 1, 2020	-	-	-	-
Fund balance at June 30, 2021	\$ -	\$ (20,776)	\$ -	\$ (20,776)

See notes to required supplementary information.

**Liza Jackson Preparatory School, Inc.**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2021**

**NOTE A – SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**

1. Ten-year trend

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

2. Fiduciary net position

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

**NOTE B – SCHEDULE OF CONTRIBUTION**

Ten-year trend

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

**NOTE C – BUDGETARY INFORMATION**

The School's annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United State of America. Annual budgets are adopted for the general and capital outlay funds and may be amended by the School's Board of Directors (the "Board"). The budgets presented for the fiscal year ended June 30, 2021, 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.

## **COMPLIANCE INFORMATION**



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate fund information of Liza Jackson Preparatory School, Inc. (the School"), a component unit of the Okaloosa County School District, Florida, as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 15, 2021, except for page 11, Net investment in capital assets, net of related debt, as to which the date is November 1, 2021.

**Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

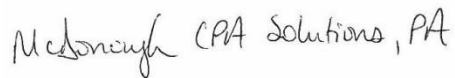
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

 McDonough CPA Solutions, PA

September 15, 2021  
Rockledge, Florida

## MANAGEMENT LETTER

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

### Report on the Financial Statements

We have audited the financial statements of Liza Jackson Preparatory School, Inc. (the "School"), a component unit of the Okaloosa County School District, Florida, as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated September 15, 2021, except for page 11, Net investment in capital assets, net of related debt, as to which the date is November 1, 2021.

### Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.850, Rules of the Auditor General.

### Other Reports and Schedules

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which are dated September 15, 2021, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

### Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Department of Education of the entity is *Liza Jackson Preparatory School, Inc.; 9807*

## **Financial Condition and Management**

Sections 10.854(1)(e)2. And 10.855(11), Rules of the Auditor General, requires us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.854(1)(e)3., Rules of the Audit General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

## **Transparency**

Sections 10.854(1)(e)7 and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

## **Additional Matters**

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

## **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, Board of Directors, applicable School's management, others within the School, and the Okaloosa County School District, and is not intended to be and should not be used by anyone other than these specified parties.

*McDonough CPA Solutions, PA*

September 15, 2021  
Rockledge, Florida

## **MANAGEMENT FINDINGS, RECOMMENDATIONS, AND RESPONSES**

For the years ended June 30, 2021 and June 30, 2020, there were no audit findings, recommendations, or responses.