

Liza Jackson

Preparatory School, Inc.

BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

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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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the 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, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

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, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 (reference table of content) be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 School's internal control over financial reporting and compliance.

Prior period Adjustment

As discussed in Note J to the financial statements, beginning fund balance in the governmental funds decreased by \$356,354 due to incurred interest expenditure related to the construction of facilities in the prior year. In addition, the Statement of Net Position recorded an addition of capitalized interest in the fixed assets and a related accrued interest payable in the prior year have no net effect on the Statement of Net Position.

Emphasis of Matters

As discussed in Note F to the financial statements, effective June 30, 2022, The School adopted the provisions of GASB 87, Leases. Our opinions are not modified with respect to this matter.

McDonough CPA Solutions, PA

September 21, 2022
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, 2022 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 School's assets and deferred outflow of resources exceeded its liabilities and deferred inflow of resources at the close of the most recent fiscal year by \$881,068.
- The School's total net position increased by \$1,539,748.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balance of \$4,814,687.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,048,128.

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 plus the deferred outflow of resources and liabilities plus the deferred inflow of resources 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 plus deferred outflow of resources exceeded liabilities plus deferred inflow of resources by \$881,068 and assets plus deferred outflow of resources were less than liabilities plus deferred inflow of resources by \$658,680 (deficit net position) for the years ended June 30, 2022 and 2021, 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, furniture, fixtures and equipment, capitalization of construction interest costs, leasehold improvements, improvements other than buildings, motor vehicles, and information technology equipment). 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 \$93,535 at June 30, 2022.

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

	2022	Restated 2021	Variance
ASSETS			
Current assets	\$ 5,321,172	\$ 6,839,351	\$ (1,518,179)
Noncurrent assets	20,606,099	18,192,061	2,414,038
Total assets	25,927,271	25,031,412	895,859
Deferred outflows of resources	1,467,664	1,204,887	262,777
LIABILITIES			
Current liabilities	845,977	941,690	(95,713)
Noncurrent liabilities	23,439,815	25,719,123	(2,279,308)
Total liabilities	24,285,792	26,660,813	(2,375,021)
Deferred inflows of resources	2,228,075	234,166	1,993,909
NET POSITION			
Net investment in capital assets, net of related debt	93,535	99,852	(6,317)
Restricted	1,766,559	4,111,088	(2,344,529)
Unrestricted	(979,026)	(4,869,620)	3,890,594
Total net position	\$ 881,068	\$ (658,680)	\$ 1,539,748

The decrease in current assets is primarily due to reductions in restricted cash for payments related to purchases for capital assets offset by increases in unrestricted cash and equivalents and amounts due from other agencies. Noncurrent assets increased due to the purchase of capital assets offset by current depreciation. The decrease in current liabilities is mainly due to the payment of accounts payable and accrued payroll liabilities in the current year. The decrease in noncurrent liabilities is due mostly to the decrease in obligation under lease, unamortized bond premium and a significant decrease in the 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. Restricted net position decreased related to amounts reserved for payment of debt and construction of facilities in the prior year. Unrestricted net position increased mainly due to the increases remaining from operations.

Changes in the School's revenues were as follows:

	<u>2022</u>	<u>2021</u>	<u>Variance</u>
Revenues			
Charges for services	\$ 468,121	\$ 321,518	\$ 146,603
Operating grants and contributions	1,257,567	656,125	601,442
Capital grants and contributions	1,857,228	639,502	1,217,726
General revenues	7,406,042	6,395,024	1,011,018
PPP loan forgiveness	-	938,500	(938,500)
Gain on disposal of lease	-	152,397	(152,397)
Total revenues	<u>\$ 10,988,958</u>	<u>\$ 9,103,066</u>	<u>\$ 1,885,892</u>

The increase in charges for services are related to increases in student participation in the before and after school program during the year. 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 increases in sales tax revenue, a reimbursement from County Commission sales tax, and increases in capital outlay funding. The increase in general revenues is due to increases in FTE base funding related to student enrollment. The decrease in PPP loan forgiveness is due to the recognition of revenue for loan forgiveness in the prior year. The decrease 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 in the prior year.

Changes in the School's expenses were as follows:

	2022	2021	Variance
Basic instruction	\$ 4,649,980	4,679,389	\$ (29,409)
Exceptional instruction	159,466	155,735	3,731
Student support services	126,691	-	126,691
Guidance services	994	-	994
Health services	91,679	85,756	5,923
Instructional media services	63,983	40,185	23,798
Staff development	7,878	1,200	6,678
Board	42,405	39,776	2,629
School administration	620,662	571,215	49,447
Facilities	806,917	1,028,729	(221,812)
Fiscal services	327,449	300,213	27,236
Food services	477,532	365,052	112,480
Staff services	26,586	20,570	6,016
Transportation	278,982	232,846	46,136
Operation of plant	621,598	474,740	146,858
Maintenance of plant	82,535	10,400	72,135
Administrative technology	93,884	19,904	73,980
Community services	165,826	152,253	13,573
Debt service	804,163	621,627	182,536
Total expenses	<u>9,449,210</u>	<u>8,799,590</u>	<u>649,620</u>
Change in net position	1,539,748	303,476	1,236,272
Net position at July 1, 2021, restated	<u>(658,680)</u>	<u>(962,156)</u>	<u>303,476</u>
Net position at June 30, 2022	<u>\$ 881,068</u>	<u>\$ (658,680)</u>	<u>\$ 1,539,748</u>

The increase in student support services was due to the increase in salaries and benefits related to the functional area. The decrease in facilities was mainly due to the decrease in purchases of capital related assets and the extinguishment of the facility lease related to the old building. The increase in food services was related to increases in the lunches served and increased salary and benefit for staff. Operation of plant increased mostly due to increases in salaries and benefits, cleaning services, and utilities. The increase in debt service was related to payment of interest related to the bonds 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 \$4,814,687. The general fund is the chief operating fund of those funds which included a total amount \$3,048,128 of unassigned fund balance, which is the amount available for spending at the government's discretion.

General Fund Budgetary Highlights

Actual revenues exceeded budgeted revenues by \$66,243 while budgeted expenditures exceeded actual expenditures by \$226,274 resulting in a favorable budget variance of \$292,517 for the year.

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, 2022 amounts to \$93,535 (net of related debt). This investment in capital assets includes building and equipment, property under lease, furniture, fixtures and equipment, capitalization of construction interest costs, leasehold improvements, improvements other than buildings, motor vehicles, and information technology equipment.

Debt and Long-Term Liabilities. At the end of the current fiscal year, the School had an outstanding net pension liability of \$1,970,682 for employee's pension in the Florida Retirement System. At June 30, 2022 the School held 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 with the current unamortized amount of the premium at \$2,639,200 for the year ended June 30, 2022. 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 with the remaining balance of \$1,467,046 as of June 30, 2022.

Economic Factor

A majority of the School's funding is determined by the number of enrolled students. The School is forecasting enrollment to remain steady at approximately 970 students for the 2022/2023 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, 2022

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 3,218,165
Restricted cash	1,652,415
Accounts receivable	10,010
Due from other agencies	402,932
Prepaid expense	37,150
Deposits	500
Total current assets	<u>5,321,172</u>
CAPITAL ASSETS	
Capital assets, net of accumulated depreciation:	
Building and fixed equipment	17,771,757
Improvements other than buildings	204,645
Leasehold improvements	188,817
Property under leases	1,432,995
Furniture, fixtures and equipment	808,353
Information technology equipment	54,443
Motor vehicles	67,710
Total capital assets, net	<u>20,528,720</u>
NONCURRENT ASSETS	
Right-of-use assets, net	<u>77,379</u>
Total noncurrent assets	<u>20,606,099</u>
Total assets	<u>25,927,271</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred assumptions, contributions, and experience	<u>1,467,664</u>
Total deferred outflows of resources	<u>1,467,664</u>
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable	14,713
Accrued payroll liabilities	135,418
Due in one year, lease liabilities	16,561
Due in one year, bond payable	201,667
Due in one year, accrued interest payable	356,354
Due in one year, unamortized bond premium, net	93,699
Due in one year, obligation under lease	27,565
Total current liabilities	<u>845,977</u>
NONCURRENT LIABILITIES	
Due in more than one year, lease liabilities	60,818
Due in more than one year, bond payable	17,423,333
Due in more than one year, unamortized bond premium, net	2,545,501
Due in more than one year, obligation under lease	1,439,481
Net Pension Liability	1,970,682
Total noncurrent liabilities	<u>23,439,815</u>
Total liabilities	<u>24,285,792</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred change in proportion (NPL), contributions, experience, and investments	<u>2,228,075</u>
Total deferred inflows of resources	<u>2,228,075</u>
NET POSITION	
Net investment in capital assets, net of related debt	93,535
Restricted for:	
General fund	68,000
Debt service	1,297,619
Capital Outlay	301,423
Other Governmental Funds	99,517
Unrestricted	(979,026)
Total net position	<u>\$ 881,068</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, 2022

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:					
Basic instruction	\$ 4,649,980	\$ 41,009	\$ 543,015	\$ -	\$ (4,065,956)
Exceptional instruction	159,466	-	-	-	(159,466)
Student support services	126,691	-	126,691	-	-
Guidance services	994	-	-	-	(994)
Health services	91,679	-	-	-	(91,679)
Instructional media services	63,983	-	-	-	(63,983)
Staff development	7,878	-	-	-	(7,878)
Board	42,405	-	-	-	(42,405)
School administration	620,662	-	-	-	(620,662)
Facilities	806,917	-	-	1,856,042	1,049,125
Fiscal services	327,449	-	-	-	(327,449)
Food services	477,532	-	555,356	1,186	79,010
Staff services	26,586	-	-	-	(26,586)
Transportation	278,982	-	-	-	(278,982)
Operation of plant	621,598	-	32,505	-	(589,093)
Maintenance of plant	82,535	-	-	-	(82,535)
Administrative technology	93,884	-	-	-	(93,884)
Community services	165,826	427,112	-	-	261,286
Debt Service	804,163	-	-	-	(804,163)
Total governmental activities	<u>\$ 9,449,210</u>	<u>\$ 468,121</u>	<u>\$ 1,257,567</u>	<u>\$ 1,857,228</u>	<u>\$ (5,866,294)</u>
General revenues:					
Florida education finance program					7,117,656
Federal impact aid					86,141
Other revenues					<u>202,245</u>
Total general revenues					<u>7,406,042</u>
Change in net position					1,539,748
Net position at July 1, 2021, restated					<u>(658,680)</u>
Net position at June 30, 2022					<u>\$ 881,068</u>

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

Liza Jackson Preparatory School, Inc.
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2022

	General Fund	Debt Service	Capital Projects Fund	Capital Outlay Fund	Special Revenues Funds - Elementary and Secondary School Emergency Relief (ESSER)	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash	\$ 3,217,818	\$ 1,652,762	\$ -	\$ -	\$ -	\$ -	\$ 4,870,580
Accounts receivable	10,010	-	-	-	-	-	10,010
Due from other agencies	36	1,211	-	52,258	349,427	-	402,932
Deposits	500	-	-	-	-	-	500
Prepaid expense	37,150	-	-	-	-	-	37,150
Due from other funds	745	-	-	249,165	-	99,517	349,427
Total assets	<u>\$ 3,266,259</u>	<u>\$ 1,653,973</u>	<u>\$ -</u>	<u>\$ 301,423</u>	<u>\$ 349,427</u>	<u>\$ 99,517</u>	<u>\$ 5,670,599</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 14,713	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,713
Accrued payroll liabilities	135,418	-	-	-	-	-	135,418
Bond payable	-	356,354	-	-	-	-	356,354
Due to other funds	-	-	-	-	349,427	-	349,427
Total liabilities	<u>150,131</u>	<u>356,354</u>	<u>-</u>	<u>-</u>	<u>349,427</u>	<u>-</u>	<u>855,912</u>
FUND BALANCES							
Nonspendable							
Prepays	37,150	-	-	-	-	-	37,150
Deposits	500	-	-	-	-	-	500
Restricted	30,350	1,297,619	-	301,423	-	99,517	1,728,909
Unassigned	3,048,128	-	-	-	-	-	3,048,128
Total fund balances	<u>3,116,128</u>	<u>1,297,619</u>	<u>-</u>	<u>301,423</u>	<u>-</u>	<u>99,517</u>	<u>4,814,687</u>
Total liabilities and fund balances	<u>\$ 3,266,259</u>	<u>\$ 1,653,973</u>	<u>\$ -</u>	<u>\$ 301,423</u>	<u>\$ 349,427</u>	<u>\$ 99,517</u>	<u>\$ 5,670,599</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, 2022

Total Fund balance - Governmental Funds	\$	4,814,687
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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	\$ 21,567,361	
Accumulated depreciation	<u>(1,038,641)</u>	20,528,720

Right-of-use assets or amortized premiums of the bonds used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Right-of-use assets	77,379	
Amortization of bond premium	<u>93,699</u>	171,078

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.	(760,411)
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Noncurrent liabilities are not due and payable in the current period and therefore are not reported in the funds.

Net pension liability	(1,970,682)
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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 bond issuance costs, net	(93,699)	
Unamortized bond premium, net	(2,639,200)	
Obligations under lease	<u>(1,467,046)</u>	(21,824,945)

Some liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Lease liabilities	<u>(77,379)</u>
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Net Position of Governmental Activities	<u><u>\$ 881,068</u></u>
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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, 2022

	General Fund	Debt Service	Capital Projects Fund	Capital Outlay Fund	Special Revenues Funds - Elementary and Secondary School Emergency Relief (ESSER)	Other Governmental Funds	Total Governmental Funds
Revenues							
Federal passed through state and local	\$ 86,141	\$ -	\$ -	\$ -	\$ 702,211	\$ 555,356	\$ 1,343,708
State passed through local school district	7,117,656	-	-	1,856,042	-	1,186	8,974,884
Other revenues	627,289	2,068	-	-	-	41,009	670,366
Total revenues	7,831,086	2,068	-	1,856,042	702,211	597,551	10,988,958
Expenditures							
Current:							
Basic instruction	4,435,531	-	-	-	536,485	-	4,972,016
Exceptional instruction	170,357	-	-	-	-	-	170,357
Student support services	-	-	-	-	126,691	-	126,691
Guidance services	994	-	-	-	-	-	994
Health services	97,332	-	-	-	-	-	97,332
Instructional media services	69,020	-	-	-	-	-	69,020
Staff development	7,878	-	-	-	-	-	7,878
Board of directors	42,405	-	-	-	-	-	42,405
School administration	664,703	-	-	-	-	-	664,703
Facilities	54,337	131,271	2,450,845	630,523	-	-	3,266,976
Fiscal services	342,717	-	-	-	-	-	342,717
Food services	-	-	-	-	-	509,802	509,802
Staff services	28,453	-	-	-	-	-	28,453
Transportation	271,381	-	-	-	-	-	271,381
Operation of plant	634,489	-	-	-	32,505	-	666,994
Maintenance of plant	82,535	-	-	-	-	-	82,535
Administrative technology	93,524	-	-	-	-	-	93,524
Community service	176,315	-	-	-	-	-	176,315
Debt service	-	801,163	-	-	-	3,000	804,163
Total expenditures	7,171,971	932,434	2,450,845	630,523	695,681	512,802	12,394,256
Excess (deficiency) of revenues over (under) expenditures	659,115	(930,366)	(2,450,845)	1,225,519	6,530	84,749	(1,405,298)
Other financing sources and (uses)							
Transfers in	6,530	1,065,462	-	-	-	-	1,071,992
Transfers out	-	-	(141,366)	(924,096)	(6,530)	-	(1,071,992)
Total other financing sources and (uses)	6,530	1,065,462	(141,366)	(924,096)	(6,530)	-	-
Net change in fund balance	665,645	135,096	(2,592,211)	301,423	-	84,749	(1,405,298)
Fund balances at July 1, 2021, before restatement	2,450,483	1,518,877	2,592,211	-	-	14,768	6,576,339
Adjustment at July 1, 2021 fund balance	-	(356,354)	-	-	-	-	(356,354)
Restated fund balances, July 2021	2,450,483	1,162,523	2,592,211	-	-	14,768	6,219,985
Fund balances at June 30, 2022	\$ 3,116,128	\$ 1,297,619	\$ -	\$ 301,423	\$ -	\$ 99,517	\$ 4,814,687

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

Liza Jackson Preparatory School, Inc.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ended June 30, 2022

Net Change in Fund Balances - Governmental Funds	\$	(1,405,298)
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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	\$ 17,970,178	
Transfer of construction in progress	(14,955,698)	
Provision for depreciation	<u>(677,821)</u>	
		2,336,659

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

Amortization of the right-of-use asset	13,396	
Pension expense	<u>487,730</u>	
		501,126

The issuance of long-term debt (e.g. bonds, notes payable, capital leases) provide current fiscal 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:

Payment of principal	93,699	
Payment of long-term ground lease	<u>26,958</u>	
		120,657

Some expenses reported in governmental funds are to be reported in a long-term basis, therefore, are not reported in the Statement of Activities.

Payment of lease principal		(13,396)
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Change in Net Position - Governmental Activities	\$	<u>1,539,748</u>
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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, 2022

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, 2036, and the term can be automatically renewed on a month to month basis until the Charter has been renewed, non-renewed, or terminated 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, 2022

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. Five 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, 2022

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.

Special Revenue Fund – to account for type of revenues that are legally restricted to being spent for a specific purpose (except for expendable trusts or major capital projects).

Liza Jackson Preparatory School, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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).

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 special revenues-Elementary and Secondary School Emergency Relief (ESSER)'s amounts due to the general fund, capital outlay fund, and other governmental funds was \$745, \$249,165, and \$99,517, respectively.

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 capital projects fund and the capital outlay funds transferred \$141,366 and \$924,096, respectively, to the debt service fund. In addition, the special revenues-Elementary and Secondary School Emergency Relief (ESSER) transferred \$6,530 to the general fund.

7. Prepaid expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2022, are recorded as prepaid expenses in both government-wide and fund financial statements. As of June 30, 2022, the School recorded prepaid in the amount of \$37,150 related to awnings.

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, 2022

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:

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

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, 2022

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, 2022

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 \$4,870,580 at June 30, 2022. The School holds \$1,652,415 of cash balance as restricted for amounts to debt services. 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, 2022, there was \$3,085,648 of the School's balances held exposed to custodial credit risk.

Liza Jackson Preparatory School, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE C – CAPITAL ASSETS

Changes in capital assets activity were as follows:

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022
Capital assets not being depreciated:				
Construction in process	\$ 14,955,698	\$ -	\$ 14,955,698	\$ -
Total capital assets not being depreciated	<u>14,955,698</u>	<u>-</u>	<u>14,955,698</u>	<u>-</u>
Capital assets depreciated:				
Building and equipment	1,014,129	17,309,141	-	18,323,270
Property under lease	1,516,015	-	-	1,516,015
Furniture, fixtures and equipment	612,150	427,119	-	1,039,269
Leasehold improvements	261,556	-	-	261,556
Improvements other than buildings	-	214,796	-	214,796
Motor vehicles	112,014	18,080	-	130,094
Information technology equipment	81,319	1,042	-	82,361
Total capital assets depreciated	<u>3,597,183</u>	<u>17,970,178</u>	<u>-</u>	<u>21,567,361</u>
Less accumulated depreciation:				
Building and equipment	71,042	480,471	-	551,513
Property under lease	39,705	43,315	-	83,020
Furniture, fixtures and equipment	139,322	91,594	-	230,916
Leasehold improvements	53,493	19,246	-	72,739
Improvements other than buildings	-	10,151	-	10,151
Motor vehicles	38,475	23,909	-	62,384
Information technology equipment	18,783	9,135	-	27,918
Total accumulated depreciation	<u>360,820</u>	<u>677,821</u>	<u>-</u>	<u>1,038,641</u>
Total capital assets, net	<u>\$ 18,192,061</u>	<u>\$ 17,292,357</u>	<u>\$ 14,955,698</u>	<u>\$ 20,528,720</u>

Depreciation expense for the year ended June 30, 2022 was charged to functions of the School as follows:

Facilities	\$ 643,010
Transportation	24,028
Operation of plant	3,585
Basic instruction	2,985
Administrative Technology	2,385
Food service	1,654
School administration	174
	<u>\$ 677,821</u>

Liza Jackson Preparatory School, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE C – CAPITAL ASSETS (continued)

In the current year, the school has completed the construction of a new facility, purchased new furniture, fixtures, and equipment, improvement other than building, information technology equipment, computers, and motor vehicles in the amount of \$17,970,178 in relationship to the issuance of revenue bond series 2020 A & B (See Note D-3) .

NOTE D – LONG TERM LIABILITIES

1. Bonds Payable

Bonds payable at June 30, 2022, 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	<u>2,639,200</u>		
Total Bonds Payable	<u>\$ 20,264,200</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 School's debt service coverage ratio was 3.09 to 1 and the days cash on hand was greater than 45 days being 126.85 days.

Liza Jackson Preparatory School, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE D – LONG TERM LIABILITIES (Continued)

3. Bonds Payable (continued)

The long-term liability activity for the year ended June 30, 2022 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	<u>2,732,899</u>	<u>-</u>	<u>93,699</u>	<u>2,639,200</u>	<u>93,699</u>
Total Bond Payable	<u>20,357,899</u>	<u>-</u>	<u>93,699</u>	<u>20,264,200</u>	<u>295,366</u>
 Total Governmental Activities	<u>-</u>	<u>-</u>	<u>93,699</u>	<u>(93,699)</u>	<u>295,366</u>

The current portion of accrued interest payable is \$356,354 at June 30, 2022.

Annual payment requirements to amortize all bonded debt outstanding as of June 30, 2022 are as follows:

<u>Fiscal Year Ending June 30:</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,050,867	\$ 201,667	\$ 849,200
2024	1,065,166	224,583	840,583
2025	1,065,400	234,167	831,233
2026	1,074,433	253,333	821,100
2027	1,074,700	264,167	810,533
2028-2032	5,352,467	1,475,417	3,877,050
2033-2037	5,322,729	1,847,500	3,475,229
2038-2042	5,294,687	2,355,833	2,938,854
2043-2047	5,268,021	3,012,917	2,255,104
2048-2052	5,229,687	3,849,583	1,380,104
2053-2055	4,221,064	3,905,833	315,231
Plus: Unamortized premium	<u>2,639,200</u>	<u>2,639,200</u>	<u>-</u>
Total	<u>\$ 38,658,421</u>	<u>\$ 20,264,200</u>	<u>18,394,221</u>

Liza Jackson Preparatory School, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE D – LONG TERM LIABILITIES (Continued)

4. Obligation under lease

On August 1, 2020, the School restructured the ground lease with the City of Fort Walton Beach 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. 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 \$26,958 and interest payments of \$33,042 with an ending balance for obligation under lease of \$1,467,046 and the current portion of the lease obligation of \$27,565.

As of June 30, 2022, the annual requirements to amortize the lease obligation outstanding are as follows:

<u>Fiscal Year Ending June 30:</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
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	60,000	30,135	29,865
2028-2032	303,250	164,456	138,794
2033-2037	315,000	196,401	118,599
2038-2042	315,000	219,544	95,456
2043-2047	318,413	248,866	69,547
2048-2052	330,750	291,386	39,364
2053-2055	209,475	202,213	7,262
Total	<u>\$ 2,091,888</u>	<u>\$ 1,467,046</u>	<u>\$ 624,842</u>

Liza Jackson Preparatory School, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE E – CONCENTRATIONS

As stated in Note A-9, 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	\$ 4,445,849
Class size reduction	959,722
Discretionary local effort	465,717
Supplemental academic instruction	263,928
Student transportation	257,424
Teacher salary allocation	178,636
Discretionary tax compression	112,355
ESE guaranteed allocation	109,163
Additional allocation & hold harmless	76,617
Federally connected students	76,602
Instructional materials allocation	74,214
Safe schools	56,750
Reading instruction	41,646
Florida teacher classroom supply assistance	18,355
Digital classroom	3,207
Less administration fee	(35,695)
Total passed through Okaloosa School District	<u>7,104,490</u>
Sales tax revenue	1,342,524
ESSER II funds	702,211
National school lunch reimbursement	555,356
Capital outlay	513,518
Before and aftercare shool program	427,112
Other local revenue	202,245
Federal impact aid	86,141
Lunches	41,009
Security grant	13,130
State lunch supplement	1,186
DOE class size reduction reallocation and restoration	36
Total revenues	<u><u>\$ 10,988,958</u></u>

Liza Jackson Preparatory School, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE F – LEASE LIABILITIES, RIGHT-OF-USE ASSETS, AND OPERATING LEASES

1. Lease Liabilities – Right-of-Use

The School entered into leases for copiers for use in the School. The leases are noncancellable 60-month terms. The lease have nonrenewable clauses and the copier reverts to the lessor at the end of the lease. The payment schedule for reducing the lease liabilities is as follows:

Type	Start Date	July 1, 2021	Additions	Interest Paid	Principal Paid	Totals	June 30, 2022	Current Portion of Lease Liabilities
Copier	8/11/2021	\$ -	\$ 90,775	\$ 2,254	\$ 13,396	\$ 15,650	\$ 77,379	\$ 16,561
Totals		\$ -	\$ 90,775	\$ 2,254	\$ 13,396	\$ 15,650	\$ 77,379	\$ 16,561

2. Right-of-Use Assets

In relationship to the lease liabilities, the School chooses to amortize the lease assets on a straight-line basis. Changes in right-of-use assets are presented in the table below:

	July 1, 2021	Additions	Decreases	June 30, 2022
<u>Right-of-use assets</u>				
Copiers	\$ -	\$ 90,775	\$ -	\$ 90,775
total right-of-use assets being amortized	-	90,775	-	90,775
Less accumulated amortization:				
Copiers	-	13,396	-	13,396
Total accumulated amortization	-	13,396	-	13,396
Total right-of-use assets being amortized, net	\$ -	\$ 77,379	\$ -	\$ 77,379

3. Building lease

In 2001, the School entered into a lease agreement for facilities which expired on July 14, 2021 of the prior year. To extinguish the lease in the current year, the School was charged facilities expense in the amount of \$35,237.

Liza Jackson Preparatory School, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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.

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, 2022

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, 2022

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, 2020 through June 30, 2021, were as follows: Regular – 8.28%; Senior Management Service -25.57%; and DROP participants – 15.32%. These employer contribution rates do not include 1.66% HIS Plan for the periods July 1, 2020 through June 30, 2021.

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

The School's contributions, including employee contributions, to the pension plan totaled \$376,693 for the fiscal year ended June 30, 2022.

At June 30, 2022, the School reported a liability of \$590,612 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The School's proportionate share of the net pension liability was based on the School's 2020-2021 fiscal year contributions relative to the 2019-2020 fiscal year contributions of all participating members. At June 30, 2021, the School's proportionate share was 0.007818708 percent, which was a decrease of 18% percent from its proportionate share measured as of June 30, 2020.

Liza Jackson Preparatory School, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2022, the School recognized pension expense of \$37,790. In addition, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 101,232	\$ -
Change in assumptions	404,128	-
Net difference between projected and actual earnings on Pension Plan investments	-	2,060,506
Changes in proportion and differences between School Pension Plan contributions and proportionate share of contributions	306,274	61,335
School Pension Plan contributions subsequent to the measurement date	376,693	-
	<u>\$ 1,188,327</u>	<u>\$ 2,121,841</u>

Liza Jackson Preparatory School, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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 \$376,693 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, 2023. 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
2022	\$ (236,552)
2023	(273,285)
2024	(368,575)
2025	(480,768)
2026	48,973
Thereafter	-
	<u><u>\$ (1,310,207)</u></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, 2021 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, 2022

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%	2.1%	2.1%	1.1%
Fixed income	20.0%	3.8%	3.7%	3.3%
Global equity	54.2%	8.2%	6.7%	17.8%
Real estate (property)	10.3%	7.1%	6.2%	13.8%
Private equity	10.8%	11.7%	8.5%	26.4%
Strategic investments	3.7%	5.7%	5.4%	8.4%
	<u>100%</u>			
Assumed Inflation - Mean			2.4%	1.2%

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, 2022

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>\$ 2,641,268</u>	<u>\$ 590,615</u>	<u>\$ (1,123,502)</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, 2022.

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, 2022

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, 2021, 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, 2022, the HIS contribution for the period July 1, 2020 through June 30, 2021 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 \$76,994 for the fiscal year ended June 30, 2022.

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

At June 30, 2022, the School reported a liability of \$1,380,070 for its proportionate share of the HIS plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The School's proportionate share of the net pension liability was based on the School's 2020-2021 fiscal year contributions relative to the 2019-2020 fiscal year contributions of all participating members. At June 30, 2021, the School's proportionate share was 0.0112500724 percent, which was a increase of 4.40 percent from its proportionate share measured as of June 30, 2020.

Liza Jackson Preparatory School, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2022, the School recognized pension expense of \$100,322. In addition, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 46,181	\$ 578
Change in assumptions	108,443	56,862
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	47,719	48,794
School Pension Plan contributions subsequent to the measurement date	76,994	-
	<u>\$ 279,337</u>	<u>\$ 106,234</u>

The deferred outflows of resources related to the HIS plan, totaling \$76,994 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, 2023.

Liza Jackson Preparatory School, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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
2022	\$ 23,235
2023	2,163
2024	15,757
2025	27,091
2026	23,029
Thereafter	6,272
	<u>\$ 97,547</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	2.16%

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

The actuarial assumptions used in the July 1, 2021 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, 2022

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 2.16%. 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 (2.16%), 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 (1.16%) or one percentage point higher (3.16%) than the current rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
School's proportionate share of the net pension liability	<u>\$ 1,595,495</u>	<u>\$ 1,380,070</u>	<u>\$ 1,203,578</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, 2022.

Liza Jackson Preparatory School, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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 2022. Settled claims resulting for the risks described above have not exceeded the insurance coverage for each of the prior three years.

NOTE J – ADJUSTMENT TO BEGINNING FUND BALANCE

The beginning general fund balance of \$6,576,339, as previously reported, has been decreased by \$356,354, to a restated beginning fund balance of \$6,219,985 on the statement of revenues, expenditures, and changes in fund balance. In addition, an adjustment to the beginning net position (deficit) balance of (\$658,680), as previously reported, has had no net effect on the net position, to a restated beginning net position (deficit) of (\$658,680) on the statement of activities due to capitalized construction period interest being recognized in the capital additions and an accrued interest payable on the Statement of Net Position in the prior year.

NOTE K – SUBSEQUENT EVENTS

The School has evaluated subsequent events through September 21, 2022, 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:

In the 2022-2023 fiscal year, the School purchased new math textbooks in the amount of \$73,296 and I-Ready software in the amount of \$31,490. Lastly, the School paid a progress payment of \$33,000 related to the prepaid expense of \$37,500 in June 30, 2022 for awnings.

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, 2022

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
2021	0.007818708%	\$ 590,612	\$ 4,644,213	12.72%	96.40%
2020	0.006630330%	2,873,683	3,986,280	72.09%	78.85%
2019	0.006659699%	2,293,508	4,070,689	56.34%	82.61%
2018	0.006870412%	2,069,404	3,802,006	54.43%	84.26%
2017	0.007118555%	2,105,621	3,990,775	52.76%	83.89%
2016	0.007556502%	1,908,023	3,622,711	52.67%	84.88%
2015	0.007828833%	1,011,199	3,674,222	27.52%	92.00%
2014	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
2021	0.011250724%	\$ 1,380,070	\$ 4,644,213	29.72%	3.56%
2020	0.010777054%	1,315,861	3,986,280	33.01%	3.00%
2019	0.010959532%	1,226,262	4,070,689	30.12%	2.63%
2018	0.011032317%	1,167,673	3,802,006	30.71%	2.15%
2017	0.011413905%	1,220,427	3,990,775	30.58%	1.64%
2016	0.011850482%	1,584,464	3,622,711	43.74%	0.97%
2015	0.011703526%	1,193,576	3,674,222	32.49%	0.50%
2014	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'S PENSION CONTRIBUTIONS FLORIDA RETIREMENT SYSTEM AND
HEALTH INSURANCE SUBSIDY
For the year ended June 30, 2022

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
2021	\$ 376,693	\$ (376,693)	\$ -	\$ 590,612	63.78%
2020	297,859	297,859	-	3,986,280	7.47%
2019	220,296	220,296	-	4,070,689	5.41%
2018	206,499	206,499	-	3,802,006	5.43%
2017	195,801	195,801	-	3,990,775	4.91%
2016	185,314	185,314	-	3,622,711	5.01%
2015	184,277	184,277	-	3,674,222	5.02%
2014	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
2021	\$ 76,994	\$ (76,994)	\$ -	\$ 4,644,213	1.66%
2020	66,132	66,132	-	3,986,280	1.66%
2019	62,103	62,103	-	4,070,689	1.53%
2018	60,857	60,857	-	3,802,006	1.60%
2017	59,829	59,829	-	3,990,775	1.50%
2016	60,406	60,406	-	3,622,711	1.67%
2015	60,741	60,741	-	3,674,222	1.65%
2014	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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
FEFP	\$ 6,864,036	\$ 7,086,135	\$ 7,086,135	\$ -
Lead teacher funds	18,890	18,355	18,355	-
Class size reduction	-	36	36	-
Safety and security	-	13,130	13,130	-
Miscellaneous/fund raising	20,000	35,000	102,290	67,290
Teacher salary increase allocation	178,635	-	-	-
Federal impact aid funds	80,000	86,141	86,141	-
Before/after school program	300,000	428,000	427,112	(888)
Donations	12,500	28,000	27,757	(243)
Interest on investments	1,000	(1,500)	(1,416)	84
Insurance loss recovery	48,000	46,196	46,196	-
E-Rate	25,000	25,350	25,350	-
Total revenues	7,548,061	7,764,843	7,831,086	66,243
Expenditures				
Salaries	4,747,117	4,735,000	4,666,626	68,374
Retirement	513,638	496,000	492,746	3,254
Social security	363,155	364,000	355,138	8,862
Group insurance	560,000	500,000	475,440	24,560
Worker's comp	20,151	23,113	23,113	-
Unemployment compensation	3,000	3,000	1,170	1,830
Audit/accounting	12,000	12,000	9,500	2,500
Computer service	-	25,000	23,254	1,746
Staff development	3,200	7,605	7,605	-
SRO	48,919	51,068	51,068	-
Legal services	5,000	5,000	2,768	2,232
Staff development-other	6,000	6,000	40	5,960
Misc. contract services	3,000	3,300	3,220	80
Insurance	75,000	75,000	61,973	13,027
Travel	2,500	2,500	867	1,633
Repairs/maintenance	30,000	30,000	22,982	7,018
Instrument repair	1,500	1,500	569	931
Maintenance agreements	22,000	22,000	15,728	6,272
Repair & maintenance - insurance claims	50,000	46,304	46,304	-
Bus-maintenance	50,000	45,000	40,630	4,370
Computer repairs	1,000	-	-	-
Inspections/fire ext	6,200	6,200	5,325	875
Lease-copier	22,000	25,000	22,993	2,007
Rent	80,737	35,237	35,237	-
Lease-storage facility	6,800	7,018	6,433	585
Rent miscellaneous	500	500	305	195
Postage	4,000	4,000	2,378	1,622
Telephone	10,000	6,500	5,734	766
Cellphones	5,500	5,500	4,173	1,327
Internet	15,000	9,200	8,990	210
Water/sewer	18,000	14,500	9,704	4,796
Garbage	20,000	20,000	16,554	3,446
Printing	4,000	6,000	4,801	1,199
Pest control	2,000	2,500	1,720	780
Security monitoring	1,200	1,200	588	612
Lawn service	36,000	40,000	35,105	4,895
Miscellaneous non-professional services	88,000	96,000	95,583	417
Moving	1,100	1,100	1,034	66
Other non-professional services	-	2,000	1,261	739
Natural gas	3,100	3,300	3,205	95
Electricity	130,000	130,000	112,526	17,474
Gas - buses	23,500	40,000	37,807	2,193
Supplies	125,000	140,000	136,731	3,269
Instructional material	60,000	90,000	80,319	9,681
Library-reference books	2,000	2,000	910	1,090
Equipment	10,000	30,000	27,293	2,707
Computer equipment	5,000	6,000	5,146	854
Improvements	-	19,100	19,100	-
Software	31,000	31,000	24,169	6,831
Fees/miscellaneous	25,000	31,000	27,710	3,290
Substitutes/temporary	80,000	140,000	138,396	1,604
Total expenditures	7,332,817	7,398,245	7,171,971	226,274
Excess (deficiency) of revenues over (under) expenditures	215,244	366,598	659,115	292,517
Other financing sources (uses)				
Transfers in/out	-	-	6,530	6,530
Total other financing sources and (uses)	-	-	6,530	6,530
Net change in fund balance	215,244	366,598	665,645	299,047
Fund balance at July 1, 2021, restated	2,450,483	2,450,483	2,450,483	-
Fund balance at June 30, 2022	\$ 2,665,727	\$ 2,817,081	\$ 3,116,128	\$ 299,047

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, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
Interest on investments	\$ 100	\$ 2,100	\$ 2,068	\$ (32)
Total revenue	100	2,100	2,068	(32)
Expenditures				
Lease - land	60,000	60,000	60,000	-
Buildings	-	71,271	71,271	-
Payment of principal	201,667	201,667	-	201,667
Payment of interest	1,211,604	783,979	783,979	-
Fees	19,863	19,863	17,184	2,679
Total expenditures	1,493,134	1,136,780	932,434	204,346
Other financing sources (uses)				
Transfers in/out	1,065,462	1,065,462	1,065,462	-
Total other financing sources and (uses)	1,065,462	1,065,462	1,065,462	-
Net change in fund balance	(427,572)	(69,218)	135,096	204,314
Fund balances at July 1, 2021, before restatement	1,518,877	1,518,877	1,518,877	-
Adjustment at July 1, 2021 fund balance	(356,354)	(356,354)	(356,354)	-
Restated fund balance, July 2021	1,162,523	1,162,523	1,162,523	-
Fund balance at June 30, 2022	\$ 734,951	\$ 1,093,305	\$ 1,297,619	\$ 204,314

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, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$ -	\$ -	\$ -	\$ -
Total revenue	-	-	-	-
Expenditures				
Building & fixed equipment	2,048,295	2,358,412	2,054,752	303,660
Capitalized fixtures & equipment	<u>447,368</u>	<u>436,412</u>	<u>396,093</u>	<u>40,319</u>
Total expenditures	<u>2,495,663</u>	<u>2,794,824</u>	<u>2,450,845</u>	<u>343,979</u>
Excess (deficiency) of revenues over (under) expenditures	(2,495,663)	(2,794,824)	(2,450,845)	(343,979)
Other financing sources (uses)				
Transfers in/out	-	(141,366)	(141,366)	-
Total other financing sources and (uses)	<u>-</u>	<u>(141,366)</u>	<u>(141,366)</u>	<u>-</u>
Net change in fund balance	(2,495,663)	(2,936,190)	(2,592,211)	(343,979)
Fund balance at July 1, 2021, restated	-	2,592,211	2,592,211	-
Fund balance at June 30, 2022	<u>\$ (2,495,663)</u>	<u>\$ (343,979)</u>	<u>\$ -</u>	<u>\$ (343,979)</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 OUTLAY
For the year ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Charter school capital outlay	\$ 526,000	\$ 513,518	\$ 513,518	\$ -
Safety and Security Grant	13,000	-	-	-
Local infrastructure sales tax	794,060	958,821	958,821	-
Sales Tax-County Commission	383,703	383,703	383,703	-
Interest on investments	-	18	-	(18)
Total revenue	<u>1,716,763</u>	<u>1,856,060</u>	<u>1,856,042</u>	<u>(18)</u>
Expenditures				
Insurance	149,008	149,008	141,513	7,495
Maintenance/repair	-	15,000	10,068	4,932
Buses	-	30,080	18,080	12,000
Furniture and equipment	42,632	41,588	37,746	3,842
Building & fixed equipment	226,705	239,162	227,420	11,742
Improvements	-	225,000	195,696	29,304
Total expenditures	<u>418,345</u>	<u>699,838</u>	<u>630,523</u>	<u>69,315</u>
Excess (deficiency) of revenues over (under) expenditures	1,298,418	1,156,222	1,225,519	69,297
Other financing sources (uses)				
Transfers in/out	(924,096)	(924,096)	(924,096)	-
Total other financing sources and (uses)	<u>(924,096)</u>	<u>(924,096)</u>	<u>(924,096)</u>	<u>-</u>
Net change in fund balance	374,322	232,126	301,423	69,297
Fund balance at July 1, 2021, restated	-	-	-	-
Fund balance at June 30, 2022	<u>\$ 374,322</u>	<u>\$ 232,126</u>	<u>\$ 301,423</u>	<u>\$ 69,297</u>

See notes to required supplementary information.

Liza Jackson Preparatory School, Inc.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – SPECIAL REVENUE – ELEMENTARY AND SECONDARY SCHOOL
EMERGENCY RELIEF (ESSER)
For the year ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
ESSER	<u>\$ 365,431</u>	<u>\$ 1,666,493</u>	<u>\$ 702,211</u>	<u>\$ (964,282)</u>
Total revenue	<u>365,431</u>	<u>1,666,493</u>	<u>702,211</u>	<u>(964,282)</u>
Expenditures				
Salaries	-	529,105	198,107	330,998
Benefits	23,524	93,632	27,621	66,011
Community	-	28,000	26,500	1,500
Software subscriptions	49,730	197,604	226,511	(28,907)
Instructional material	353,456	163,179	162,848	331
Cleaning	33,062	33,062	32,505	557
Snacks	-	-	457	(457)
Furniture and equipment	<u>28,850</u>	<u>16,000</u>	<u>21,132</u>	<u>(5,132)</u>
Total expenditures	<u>488,622</u>	<u>1,060,582</u>	<u>695,681</u>	<u>364,901</u>
Net change in fund balance	(123,191)	605,911	6,530	(599,381)
Fund balance at July 1, 2021, restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at June 30, 2022	<u>\$ (123,191)</u>	<u>\$ 605,911</u>	<u>\$ 6,530</u>	<u>\$ (599,381)</u>

See notes to required supplementary information.

Liza Jackson Preparatory School, Inc.
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022

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, 2022, 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

LIZA JACKSON PREPARATORY SCHOOL, INC.
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster	Federal CFDA	Pass-Through Entity Identifying	Total Expenditures
Clustered			
Child Nutrition Cluster:			
United States Department of Agriculture Florida Department of Agriculture and Consumer Services			
School Breakfast Program	10.553	18002	\$ 100,739
National School Lunch Program	10.555(2)	18001,18003	\$ 372,762
			\$ 473,501
Education Stabilization Fund Cluster:			
United State Department of Education: Florida Department of Education:			
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	124	\$ 365,335
American Rescue Plan (ESSER)	84.425U	12	\$ 330,347
			\$ 695,682
Not Clustered			
United States Department of Education:			
Impact Aid	84.041(3)	N/A	\$ 86,141
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,255,323</u>



**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 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, 2022, 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 21, 2022.

Report on 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) as a basis for designing 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 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McDonough CPA Solutions, PA

September 21, 2022
Rockledge, Florida

REPORT OF INDEPENDENT AUDITOR ON COMPLIANCE FOR EACH MAJOR FUND FEDERAL AWARDS PROGRAM AND STATE FINANCIAL ASSISTANCE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Liza Jackson Preparatory School, Inc. (the "School"), a component unit of the Okaloosa County School District, Florida's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2022. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, The School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance 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 the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Uniform Guidance* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Uniform Guidance*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

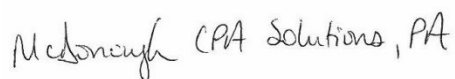
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements. We issued our report thereon dated September 21, 2022, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

 McDonald CPA Solutions, PA

September 21, 2022
Rockledge, Florida

Liza Jackson Preparatory School, Inc.
SCHEDULE OF FINDING AND QUESTIONED COSTS –
FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
For the Year Ended June 30, 2022

Section I - Summary of Independent Auditor's Results

Financial Statement Section

Type of auditor's report issued whether the financial statements audited were prepared in accordance with GAAP:

Unmodified Opinion

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies)) identified?

_____ yes X none reported

Noncompliance material to financial statements

_____ yes X no

Federal Awards and State Projects Section

Internal control over major programs:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies)) identified?

_____ yes X none reported

Type of auditors report on compliance for major federal programs and state projects:

Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) and/or Chapter 10.550

_____ yes X no

Liza Jackson Preparatory School, Inc.
SCHEDULE OF FINDING AND QUESTIONED COSTS –
FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
For the Year Ended June 30, 2022

Section I - Summary of Independent Auditor's Results (continued)

Federal Awards and State Projects Section (continued)

Identification of Major Federal Programs:

<u>Name of Program or Cluster</u>	<u>Assistance listing Number</u>
US Department of Education	
EDUCATION STABILIZATION FUND (ESF) CLUSTER	84.425

Dollar threshold used to distinguish between Type A and Type B programs:

Federal	\$	1,255,324
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Auditee qualified as low-risk auditee for federal purposes? x Yes no

Section II - Findings Related to the Financial Statement Audit, as required to be reported in accordance with *Government Auditing Standards*

No matters are reported.

Section III - Federal Award Findings and Questioned Costs reported in accordance with the Uniform Guidance

No matters are reported.

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, 2022, and have issued our report thereon dated September 21, 2022.

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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); 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*, Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance required by the Uniform Guidance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated September 21, 2022, 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.

 McDonald CPA Solutions, PA

September 21, 2022
Rockledge, Florida

MANAGEMENT FINDINGS, RECOMMENDATIONS, AND RESPONSES

For the years ended June 30, 2022 and June 30, 2021, there were no audit findings, recommendations, or responses.