

**LIZA JACKSON PREPARATORY
SCHOOL, INC.**

**A COMPONENT UNIT OF THE OKALOOSA
COUNTY DISTRICT SCHOOL BOARD, FLORIDA**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

LIZA JACKSON PREPARATORY SCHOOL, INC.
A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
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JUNE 30, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Liza Jackson Preparatory School, Inc.

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Liza Jackson Preparatory School, Inc. (the "School"), a component unit of the Okaloosa County District School Board, Florida (the "Board"), as of and for the year ended June 30, 2024, 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 and each major fund of the School, as of June 30, 2024, 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 Opinion

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 Auditors' 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 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' 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, the budgetary comparison information for the general fund and special revenue fund, and the schedules related to the pension liabilities and contributions, as listed in the table of contents, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2024, 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.

Warren Averett, LLC

Pensacola, Florida
September 27, 2024

LIZA JACKSON PREPARATORY SCHOOL, INC.
A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2024

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, 2024, 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 outflows of resources exceeded its liabilities and deferred inflows of resources at fiscal year-end by \$930,878.
- The School’s total net position decreased by \$555,224 for the 2024 fiscal year.
- The School’s governmental funds reported ending fund balances of \$5,860,686 at fiscal year-end.
- The School’s governmental funds reported an overall increase in net position of \$347,297 for the 2024 fiscal year.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the School’s financial statements. The School’s basic financial statements are comprised of three components: 1) government- wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

The School as a Whole

The information in the government-wide financial statements 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.

LIZA JACKSON PREPARATORY SCHOOL, INC.
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MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2024

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.

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 grant funding).

Both government-wide financial statements distinguish functions of the School that are principally supported by the Okaloosa County District School Board, Florida (the “School District”), state and federal funding (governmental activities). Basic instruction, instructional support 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 School District. The School District includes the operations of the School in its 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 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.

LIZA JACKSON PREPARATORY SCHOOL, INC.
A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2024

A budgetary comparison schedule for the general fund and special revenue fund 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$930,878 as of June 30, 2024, as reported in Table 1.

TABLE 1
LIZA JACKSON PREPARATORY SCHOOL
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>	<u>Change</u>
Current assets	\$ 6,430,376	\$ 6,064,288	\$ 366,088
Capital assets, net	19,998,075	20,267,312	(269,237)
TOTAL ASSETS	<u>26,428,451</u>	<u>26,331,600</u>	<u>96,851</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,754,207</u>	<u>2,070,178</u>	<u>(315,971)</u>
Current liabilities	850,207	914,893	(64,686)
Long-term liabilities	25,983,227	25,719,143	264,084
TOTAL LIABILITIES	<u>26,833,434</u>	<u>26,634,036</u>	<u>199,398</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>418,346</u>	<u>281,640</u>	<u>136,706</u>
Net position			
Net investment in capital assets (deficit)	(1,083,315)	(1,183,489)	100,174
Restricted	1,568,371	1,695,923	(127,552)
Unrestricted	445,822	973,668	(527,846)
TOTAL NET POSITION	<u>\$ 930,878</u>	<u>\$ 1,486,102</u>	<u>\$ (555,224)</u>

The decrease in net position is primarily attributable to an increase in payroll and employee benefit costs during fiscal year 2024.

LIZA JACKSON PREPARATORY SCHOOL, INC.
A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

Reported in Table 2 are the key elements of the decrease in net position.

TABLE 2
LIZA JACKSON PREPARATORY SCHOOL
STATEMENTS OF REVENUE, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>	<u>Change</u>
REVENUES			
Program revenues			
Charges for services	\$ 728,497	\$ 697,512	\$ 30,985
Operating grants and contributions	652,981	1,106,365	(453,384)
Capital grants and contributions	595,153	525,058	70,095
General revenues			
Florida Education Finance Program	7,807,843	7,435,130	372,713
Federal impact aid	140,305	103,232	37,073
Ad valorem taxes levied for capital outlay	163,747	-	163,747
Local capital improvement sales taxes	1,091,868	1,093,358	(1,490)
Other revenues	189,125	82,543	106,582
TOTAL REVENUES	11,369,519	11,043,198	326,321
EXPENSES			
Basic instruction	6,301,583	5,349,170	952,413
Instructional support	420,479	279,133	141,346
Board of directors	54,283	51,887	2,396
School administration	836,773	742,289	94,484
Facilities	1,120,208	922,821	197,387
Fiscal services	423,537	371,171	52,366
Food services	428,490	385,635	42,855
Central services	36,893	48,845	(11,952)
Transportation	417,498	330,235	87,263
Plant operations	629,623	697,226	(67,603)
Plant maintenance	30,048	16,869	13,179
Administrative technology	129,531	111,212	18,319
Community services	323,118	288,512	34,606
Debt service interest	772,679	843,159	(70,480)
TOTAL EXPENSES	11,924,743	10,438,164	1,486,579
CHANGE IN NET POSITION	(555,224)	605,034	(1,160,258)
NET POSITION, BEGINNING	1,486,102	881,068	605,034
NET POSITION, ENDING	\$ 930,878	\$ 1,486,102	\$ (555,224)

LIZA JACKSON PREPARATORY SCHOOL, INC.
A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

Financial Analysis of the Governmental 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 June 30, 2024, the School's governmental funds reported a combined ending fund balance \$5,860,686. The general fund is the chief operating fund of the School. As of June 30, 2024, the general fund reported total fund balance of \$4,126,800, which included \$4,126,300 of unassigned fund balance, which is the amount available for spending at the School's discretion.

General Fund Budgetary Highlights

Revenues fell short of final amended budgetary expectations by \$707, while expenditures fell short of budgeted appropriations by \$158,455. The final amended budget was consistent with actual results.

The budgetary comparison information for the general fund can be found in the required supplementary information section of this report.

Capital Assets

The School's investment in capital assets, net of accumulated depreciation, was \$19,998,075 for its governmental activities as of June 30, 2024. This represents a decrease of \$269,237 from the prior fiscal year. The investment in capital assets includes buildings, improvements, right-of-use assets, furniture, fixtures, equipment and vehicles. The decrease in the investment in capital assets is primarily attributable to depreciation and amortization expense exceeding capital outlay during the 2024 fiscal year.

The composition of the School's capital assets is summarized in Table 3 on the next page.

LIZA JACKSON PREPARATORY SCHOOL, INC.
A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

TABLE 3
LIZA JACKSON PREPARATORY SCHOOL
CAPITAL ASSETS (NET OF DEPRECIATION AND AMORTIZATION)
AS OF JUNE 30, 2024 AND 2023

	2024	2023	Difference
Building and equipment	\$ 17,035,299	\$ 17,423,157	\$ (387,858)
Improvements other than buildings	639,406	392,175	247,231
Right-of-use (ROU) assets	1,390,622	1,450,498	(59,876)
Furniture, fixtures and equipment	647,288	722,240	(74,952)
Information technology equipment	193,312	233,673	(40,361)
Motor vehicles	92,148	45,569	46,579
TOTAL	\$ 19,998,075	\$ 20,267,312	\$ (269,237)

Debt and Long-Term Liabilities

As of June 30, 2024, the School had long-term debt outstanding of \$21,081,390, which represents a decrease of \$369,411 from the prior fiscal year. The last payment on the debt is due in fiscal year 2056. The maximum debt service in any one year on the debt is \$1,159,130 in fiscal year 2026.

The School's outstanding long-term debt is summarized in Table 4 below.

TABLE 4
LIZA JACKSON PREPARATORY SCHOOL
LONG-TERM DEBT OUTSTANDING
AS OF JUNE 30, 2024 AND 2023

	2024	2023	Difference
Revenue bonds	\$ 17,180,000	\$ 17,405,000	\$ (225,000)
Unamortized bond premium	2,451,802	2,545,501	(93,699)
Lease obligations	1,449,588	1,500,300	(50,712)
TOTAL	\$ 21,081,390	\$ 21,450,801	\$ (369,411)

**LIZA JACKSON PREPARATORY SCHOOL, INC.
A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Economic Factors and Next Year’s Budget

A majority of the School’s funding is determined by the number of full-time equivalent (“FTE”) enrolled students. The School has forecasted enrollment to remain consistent for fiscal year 2025.

As a result, the School’s fiscal year 2025 budget provides for total appropriations of \$10,801,468, which represents a decrease of \$6,237 (or 0.1%) from the originally adopted budget for fiscal year 2024. This decrease in budgeted appropriations is primarily attributable to the discontinuation of nonrecurring Elementary and Second School Emergency Relief (“ESSER”) grant funding.

Requests for Information

This financial report is designed to provide a general overview of the School’s finances for all those with an interest in the School’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, Florida 32547.

LIZA JACKSON PREPARATORY SCHOOL, INC.
A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,483,513
Investments	2,146,222
Accounts receivable	545
Due from other agencies	82,814
Deposits	500
Restricted assets	
Cash and cash equivalents	1,716,782
Capital assets	
Depreciable, net	19,998,075
TOTAL ASSETS	26,428,451
DEFERRED OUTFLOWS OF RESOURCES	1,754,207
LIABILITIES	
Accounts payable	31,004
Accrued liabilities	190,681
Payable from restricted assets:	
Accrued interest	348,005
Non-current liabilities	
Due within one year	
Bonds payable	235,000
Lease obligations payable	45,517
Due in more than one year	
Bonds payable, net	19,396,802
Lease obligations payable	1,404,071
Net pension liability	5,182,354
TOTAL LIABILITIES	26,833,434
DEFERRED INFLOWS OF RESOURCES	418,346
NET POSITION	
Net investment in capital assets (deficit)	(1,083,315)
Restricted for:	
Debt service	1,302,700
Capital projects	265,671
Unrestricted	445,822
TOTAL NET POSITION	\$ 930,878

See notes to the financial statements.

LIZA JACKSON PREPARATORY SCHOOL, INC.
A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Function/program activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants Contributions	
Governmental activities					
Basic instruction	\$ 6,301,583	\$ -	\$ 470,718	\$ -	\$ (5,830,865)
Instructional support	420,479	-	-	-	(420,479)
Board of directors	54,283	-	-	-	(54,283)
School administration	836,773	-	27,520	-	(809,253)
Facilities	1,120,208	-	-	595,153	(525,055)
Fiscal services	423,537	-	-	-	(423,537)
Food services	428,490	235,774	154,743	-	(37,973)
Central services	36,893	-	-	-	(36,893)
Transportation	417,498	-	-	-	(417,498)
Plant operations	629,623	-	-	-	(629,623)
Plant maintenance	30,048	-	-	-	(30,048)
Administrative technology	129,531	-	-	-	(129,531)
Community services	323,118	492,723	-	-	169,605
Debt service interest	772,679	-	-	-	(772,679)
Total governmental activities	11,924,743	728,497	652,981	595,153	(9,948,112)
Total primary government	\$ 11,924,743	\$ 728,497	\$ 652,981	\$ 595,153	(9,948,112)
General revenues					
Florida Education Finance Program					7,807,843
Federal impact aid					140,305
Ad valorem taxes levied for capital outlay					163,747
Local capital improvement sales taxes					1,091,868
Investment earnings					187,910
Gain on disposal of asset					800
Miscellaneous					415
Total general revenues					9,392,888
CHANGE IN NET POSITION					(555,224)
NET POSITION AT BEGINNING OF YEAR					1,486,102
NET POSITION AT END OF YEAR					\$ 930,878

See notes to the financial statements.

LIZA JACKSON PREPARATORY SCHOOL, INC.
A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2024

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Outlay Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 2,313,889	\$ 53,395	\$ -	\$ 116,229	\$ 2,483,513
Investments	1,999,550	46,043	-	100,629	2,146,222
Accounts receivable	545	-	-	-	545
Due from other agencies	34,001	-	-	48,813	82,814
Deposits	500	-	-	-	500
Restricted assets:					
Cash and cash equivalents	-	-	1,716,782	-	1,716,782
TOTAL ASSETS	<u>4,348,485</u>	<u>99,438</u>	<u>1,716,782</u>	<u>265,671</u>	<u>6,430,376</u>
LIABILITIES					
Accounts payable	\$ 31,004	\$ -	\$ -	\$ -	31,004
Accrued payroll liabilities	190,681	-	-	-	190,681
Payable from restricted assets:					
Accrued interest	-	-	348,005	-	348,005
Total liabilities	<u>221,685</u>	<u>-</u>	<u>348,005</u>	<u>-</u>	<u>569,690</u>
FUND BALANCE					
Nonspendable	500	-	-	-	500
Restricted - debt service	-	-	1,368,777	-	1,368,777
Restricted - capital projects	-	-	-	265,671	265,671
Assigned - NSLP	-	99,438	-	-	99,438
Unassigned	4,126,300	-	-	-	4,126,300
Total fund balance	<u>4,126,800</u>	<u>99,438</u>	<u>1,368,777</u>	<u>265,671</u>	<u>5,860,686</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 4,348,485</u>	<u>\$ 99,438</u>	<u>\$ 1,716,782</u>	<u>\$ 265,671</u>	<u>\$ 6,430,376</u>

See notes to the financial statements.

LIZA JACKSON PREPARATORY SCHOOL, INC.
A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Fund balance, total governmental funds		\$ 5,860,686
<p>Amounts reported for governmental activities in the statement of net position are different because:</p> <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Governmental depreciable/amortizable capital assets	\$ 22,482,972	
Less accumulated depreciation/amortization	<u>(2,484,897)</u>	
		19,998,075
<p>Deferred outflows of resources and deferred inflows of resources are not available/receivable or due/payable, respectively, in the current period and therefore are not reported in the governmental funds.</p>		
Deferred outflows of resources related to pension plans	1,754,207	
Deferred inflows of resources related to pension plans	<u>(418,346)</u>	
		1,335,861
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
Bonds payable	(17,180,000)	
Unamortized bond premium	(2,451,802)	
Lease obligations payable	(1,449,588)	
Net pension liability	<u>(5,182,354)</u>	
		<u>(26,263,744)</u>
Net position of governmental activities		<u><u>\$ 930,878</u></u>

See notes to the financial statements.

LIZA JACKSON PREPARATORY SCHOOL, INC.
A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2024

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Outlay Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Intergovernmental					
Federal sources	\$ 140,305	\$ 454,084	\$ -	\$ -	\$ 594,389
State sources	7,977,740	1,480	-	595,153	8,574,373
Other sources	27,935	-	-	1,255,615	1,283,550
Charges for services	492,723	235,774	-	-	728,497
Miscellaneous	114,158	-	74,552	-	188,710
Total revenues	<u>8,752,861</u>	<u>691,338</u>	<u>74,552</u>	<u>1,850,768</u>	<u>11,369,519</u>
EXPENDITURES					
Current					
Basic instruction	5,345,130	194,469	-	-	5,539,599
Instructional support	294,192	104,702	-	-	398,894
Board of directors	54,283	-	-	-	54,283
School administration	745,887	-	-	-	745,887
Facilities	-	-	-	444,395	444,395
Fiscal services	383,300	-	-	-	383,300
Food services	-	415,924	-	-	415,924
Central services	36,893	-	-	-	36,893
Transportation	360,998	-	-	-	360,998
Plant operations	587,511	-	-	-	587,511
Plant maintenance	30,048	-	-	-	30,048
Administrative technology	114,493	-	-	-	114,493
Community services	269,342	450	-	-	269,792
Capital outlay					
Basic instruction	-	1,200	-	-	1,200
Facilities	-	-	-	413,308	413,308
Transportation	-	-	-	75,200	75,200
Plant operations	1,450	-	-	6,957	8,407
Debt service					
Principal	-	-	275,712	-	275,712
Interest	-	-	866,378	-	866,378
Total expenditures	<u>8,223,527</u>	<u>716,745</u>	<u>1,142,090</u>	<u>939,860</u>	<u>11,022,222</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>529,334</u>	<u>(25,407)</u>	<u>(1,067,538)</u>	<u>910,908</u>	<u>347,297</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	1,091,869	-	1,091,869
Transfers out	-	-	-	(1,091,869)	(1,091,869)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,091,869</u>	<u>(1,091,869)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>529,334</u>	<u>(25,407)</u>	<u>24,331</u>	<u>(180,961)</u>	<u>347,297</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>3,597,466</u>	<u>124,845</u>	<u>1,344,446</u>	<u>446,632</u>	<u>5,513,389</u>
FUND BALANCE AT END OF YEAR	<u>\$ 4,126,800</u>	<u>\$ 99,438</u>	<u>\$ 1,368,777</u>	<u>\$ 265,671</u>	<u>\$ 5,860,686</u>

See notes to the financial statements.

LIZA JACKSON PREPARATORY SCHOOL, INC.
A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Net change in fund balance – governmental funds		\$ 347,297
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds do not report capital assets on the balance sheet; however, they are reported in the government-wide financial statements. Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is depreciated/amortized over the estimated useful lives of the assets.		
Expenditures for capital assets	\$ 498,115	
Less current year depreciation/amortization	<u>(767,352)</u>	(269,237)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. 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.		
Principal repayments on bonds	225,000	
Principal repayments on lease obligations	50,712	
Amortization of bond premium	<u>93,699</u>	369,411
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported in governmental funds.		
Change in net pension liability and related deferred outflows and inflows of resources		<u>(1,002,695)</u>
Change in net position of governmental activities		<u>\$ (555,224)</u>

See notes to the financial statements.

LIZA JACKSON PREPARATORY SCHOOL, INC.
A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE SCHOOL

Description of School

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 District School Board, Florida (the “School 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 School District. At the end of the term of the charter, the School District may choose not to renew the charter under grounds specified in the charter in which case the School 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 School District may also terminate the charter if good cause can be shown.

Reporting Entity

The School is considered a component unit of the School District, as defined by the Governmental Accounting Standards Board (“GASB”). Accordingly, the School’s financial statements are included within the financial statements of the School District as a discretely presented component unit.

The financial statements of the School have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), as applicable to governmental units. GASB is the standard-setting body for establishing governmental accounting and financial reporting principles.

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 non-fiduciary activities of the School. The effects of 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.

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.

LIZA JACKSON PREPARATORY SCHOOL, INC.
A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
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JUNE 30, 2024

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 that are not classified as program revenues are presented as general revenues, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or segment is self-financing or draws from the general revenues of the School.

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. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus and Basis of Accounting

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 60 days of the current fiscal period.

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

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

Basis of Presentation

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.

LIZA JACKSON PREPARATORY SCHOOL, INC.
A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
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JUNE 30, 2024

Special Revenue Fund – to account for revenues that are legally restricted or assigned to being spent for a specific purpose (except for expendable trusts or major capital projects). The remaining activity is for Elementary and Second School Emergency Relief (“ESSER”) funds.

Debt Service Fund – to account for the resources accumulated and payments made for principal and interest on long-term debt.

Capital Outlay Fund – in accordance with guidelines established by the School District, this fund accounts for all resources for the leasing and acquisition of capital facilities and equipment by the School to the extent funded by restricted funding sources.

Cash and Cash Equivalents

Cash and cash equivalents consist of petty cash on hand at the School and deposit accounts with financial institutions.

Investments

The School has a written investment policy, which permits it to invest surplus funds in the following:

- Money market funds.
- Certificates of deposit or savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes.
- Direct obligations of the U.S. Treasury.
- Mutual funds and professionally managed accounts as approved by the Board of Directors.

The School believes that by limiting investments of surplus funds to those instruments described above, credit risk and custodial risk will be minimal. The School does not have a policy related to interest rate risk.

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 all receivables are fully collectible. Therefore, no allowance for uncollectible accounts has been provided.

Revenue Sources

Revenues for current operations are received primarily from the State of Florida passed through the School 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 School District.

LIZA JACKSON PREPARATORY SCHOOL, INC.
A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Under the provisions of Section 1011.62, Florida Statutes the School 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 (“FEFP”). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP 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.

Capital Assets

Capital assets are reported in 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 acquisition values on the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets of the School are depreciated using the straight-line method over the following estimated useful lives:

Assets Class	Estimated Useful Lives
Buildings and equipment	10-50 Years
Improvements other than buildings	10-15 Years
Leasehold improvements	5-15 Years
Furniture, fixtures and equipment	5-10 Years
Motor vehicles	5-Years
Information technology equipment	3-10 Years

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement Systems (“FRS”) and Health Insurance Subsidy (“HIS”) plans (the “Plans”) and additions to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by FRS. Investments are reported at fair value. Typically, pension liabilities of the governmental activities have been liquidated by the General Fund or Special Revenue Fund.

LIZA JACKSON PREPARATORY SCHOOL, INC.
A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Long-Term Obligations

Long-term debt and other obligations are reported as liabilities in the government-wide statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In accordance with GASB guidance, the School has elected to report interest accrued on long-term debt as a liability within the Debt Service Fund in the accompanying governmental fund financial statements, as the School has made the transfers to the Debt Service Fund in anticipation of making debt service payments shortly after year-end and the funds are legally required to be set aside in the Debt Service Fund.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. See Note 6 for additional information on the School's deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. See Note 6 for additional information on the School's deferred inflows of resources.

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 of fund balance used in the governmental fund financial statements are as follows:

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

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

Committed – 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 – 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.

LIZA JACKSON PREPARATORY SCHOOL, INC.
A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Unassigned – the residual classification of fund balance in the General Fund and includes all amounts not contained in the other classifications. Unassigned fund balances are technically available for any purpose. No other fund except the General Fund can report positive amounts of unassigned fund balance.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

Net Position

Net position in the government-wide financial statements is categorized as net investment in capital assets, restricted or unrestricted. The net investment in capital assets represents net position related to property, plant and equipment, net of any related outstanding debt. Restricted net position represents the net position restricted by external sources, such as creditors or state statutes. The School considers restricted amounts to be spent first when both restricted and unrestricted net position is available.

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.

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 a Form 990 in the U.S. federal jurisdiction.

Reclassifications

Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year presentation. Such reclassifications have no effect on total fund balances or net position previously reported.

Subsequent Events

The School has evaluated subsequent events through September 27, 2024, the date which the financial statements were available for issuance.

LIZA JACKSON PREPARATORY SCHOOL, INC.
A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

2. DEPOSITS AND INVESTMENTS

Deposits

The investment of surplus funds is governed by provisions of Section 218.415, Florida Statutes as to the type of investments that can be made. Deposits may be exposed to custodial credit risk, which is the risk that, in the event of a bank failure, the government's deposits may not be returned.

The School manages its custodial credit risk by maintaining its deposits with *Qualified Public Depositories* as defined in Chapter 280, Florida Statutes. The provisions of this statute allow *Qualified Public Depositories* to participate in a multiple financial institution collateral pool to ensure the security for public deposits. All *Qualified Public Depositories* must deposit eligible collateral with the Treasurer of the State of Florida equal to or in excess of their required collateral pledging level. In the event of default by a *Qualified Public Depository*, the Treasurer will pay public depositors all losses in excess of insurance and collateral through assessments among all *Qualified Public Depositories*. The School's deposits with *Qualified Public Depositories* totaled \$2,742,420 on June 30, 2024. These deposits were fully covered by pooled collateral held by the State Treasurer and, therefore, have no custodial credit risk.

The School also maintains deposit accounts at a financial institution that serves as a trustee for the Series 2020 bonds, as required by debt covenants. These deposit accounts are used to service the School's long-term debt and collateralize long-term debt obligations in accordance with certain debt covenants. As of June 30, 2024, the School had \$1,716,783 on deposit with the trustee, which is reported in the Debt Service Fund in the accompanying financial statements.

Investments

As of June 30, 2024, the School's investments consist of participation in an intergovernmental external investment pool administered by the Florida Cooperative Liquid Asset Securities System ("FLCLASS"). The types of investments that can be made by the School are disclosed in Note 1 to the financial statements. The FLCLASS investment pool is a stable net asset value ("NAV") government investment pool established under Section 218.415, Florida Statutes; and is an intergovernmental investment authorized pursuant to the Florida Interlocal Cooperation Act of 1969.

The School's investment in FLCLASS is reported at fair value but is exempt from classification within the fair value hierarchy, as it reports value to its participants at NAV per share. As of June 30, 2024, the value of the School's investment in FLCLASS was \$2,143,219. There were no redemption fees or limits on transaction amounts, or any other requirements that serve to limit a participant's daily access to their full account value. FLCLASS is rated "AAAm" by Standard & Poors and the dollar weighted average days to maturity ("WAM") of the investment portfolio was 26 days.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School does not have a formal policy for addressing interest rate risk; however, investments are made with discretion, to seek reasonable returns, preserve capital, and in general, avoid speculative investments. The School manages its exposure to declines in fair values from interest rate changes by reviewing the portfolio on an ongoing basis for changes in effective yield amounts.

LIZA JACKSON PREPARATORY SCHOOL, INC.
A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

3. DUE FROM OTHER AGENCIES

Amounts due from other agencies consist of various sources of funding passed through from the School's charter sponsor, the School District. As of June 30, 2024, the General Fund and Capital Outlay Fund reported amounts receivable from the School District of \$34,001 and \$48,813, respectively.

4. CAPITAL ASSETS

Changes in capital assets were as follows during the fiscal year ended June 30, 2024:

	<u>Balance at July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2024</u>
Governmental activities				
Capital assets being depreciated:				
Building and equipment	\$ 18,518,574	\$ 115,527	\$ -	\$ 18,634,101
Improvements other than buildings	443,804	281,733	-	725,537
Right-of-use (ROU) assets	1,606,790	-	-	1,606,790
Furniture, fixtures and equipment	1,008,226	19,881	-	1,028,107
Information technology equipment	275,090	5,774	-	280,864
Motor vehicles	132,373	75,200	-	207,573
Total capital assets depreciated	<u>21,984,857</u>	<u>498,115</u>	<u>-</u>	<u>22,482,972</u>
Less accumulated depreciation/amortization				
Building and equipment	(1,095,417)	(503,385)	-	(1,598,802)
Improvements other than buildings	(51,629)	(34,502)	-	(86,131)
Right-of-use (ROU) assets	(156,292)	(59,876)	-	(216,168)
Furniture, fixture and equipment	(285,986)	(94,833)	-	(380,819)
Information technology equipment	(41,417)	(46,135)	-	(87,552)
Motor vehicles	(86,804)	(28,621)	-	(115,425)
Total accumulated depreciation/amortization	<u>(1,717,545)</u>	<u>(767,352)</u>	<u>-</u>	<u>(2,484,897)</u>
Total capital assets being depreciated/ amortized, net	<u>\$ 20,267,312</u>	<u>\$ (269,237)</u>	<u>\$ -</u>	<u>\$ 19,998,075</u>
Governmental activities, net	<u>\$ 20,267,312</u>	<u>\$ (269,237)</u>	<u>\$ -</u>	<u>\$ 19,998,075</u>

LIZA JACKSON PREPARATORY SCHOOL, INC.
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Depreciation expense for the year ended June 30, 2024, was charged to functions of the School as follows:

Governmental activities

Facilities	\$ 675,813
Transportation	28,764
Plant operations	2,177
Basic instruction	55,638
Administrative technology	2,385
Food services	2,043
School administration	532
Total depreciation/amortization expense – governmental activities	\$ 767,352

5. LONG-TERM LIABILITIES

Long-term debt activity for the year ended June 30, 2024, is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Direct placements:</i>					
Revenue Bonds, Series 2020A	\$ 17,385,000	\$ -	\$ (205,000)	\$ 17,180,000	\$ 235,000
Revenue Bonds, Series 2020B	20,000	-	(20,000)	-	-
Unamortized bond premium	2,545,501	-	(93,699)	2,451,802	-
<i>Direct borrowings:</i>					
Lease liability - land	1,439,482	-	(34,151)	1,405,331	28,956
Lease liability - office equipment	60,818	-	(16,561)	44,257	16,561
Total	\$ 21,450,801	\$ -	\$ (369,411)	\$ 21,081,390	\$ 280,517

Description of Long-Term Debt Outstanding

Direct Placements – Revenue Bonds

In 2020, the School issued Educational Facilities Revenue Bonds, Series 2020A and 2020B. The Series 2020A bonds had a face value of \$17,385,000 and are fully tax-exempt. The Series 2020B bonds had a face value of \$240,00 and are taxable to the bondholders. The bonds were issued to finance the construction, improvement, installation and equipment purchase of the new educational facility as well as transportation equipment for the educational population of the School. The bonds are secured by the building, equipment, and other facilities.

The Series 2020A bonds bear interest at rates ranging from 4.00% to 5.00% per annum and require semi-annual payments ranging from \$25,750 to \$1,055,750 through maturity in August 2055. The Series 2020B bonds bear interest at 3.00% and required semi-annual payments ranging from \$300 to \$223,600. The Series 2020B fully matured in August 2023 and were repaid in full by the School during the fiscal year ended June 30, 2024.

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A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

For the direct placement issuances described on the previous page, there are no significant finance-related consequences in the event of default or termination, and there are no subjective acceleration clauses.

Direct Borrowings – Lease Obligations

The School has acquired the right to use the land on which the educational facility has been constructed through a lease with the City of Fort Walton Beach. The lease requires monthly payments of \$5,000 through June 2031. Beginning in July 2031, the monthly payment amount increases to \$5,250 through June 2046. Beginning in July 2046, the monthly payment amount increases to \$5,513 for the remaining term of the lease, which expires in June 2055. The School's lease liability is measured at the net present value of lease payments expected to be remitted during the lease term, including options reasonably certain to be exercised. The discount rate used to calculate the present value of the lease payments is 2.23%, which is the School's estimated incremental borrowing rate for real estate. In the event of default, the lessor may repossess the leased property. This agreement does not contain any subjective acceleration clauses.

The School has acquired the right to use various copiers through a lease with an unrelated party. The lease requires monthly payments of \$1,565 through expiration in October 2026. The School's lease liability is measured at the net present value of lease payments expected to be remitted during the lease term, including options reasonably certain to be exercised. The discount rate used to calculate the present value of the lease payments is 3.25%, which is the School's estimated incremental borrowing rate for equipment. In the event of default, the lessor may repossess the leased equipment. This agreement does not contain any subjective acceleration clauses.

The carrying value of right-of-use assets described above and the related accumulated amortization can be found in Note 4.

Comments Required by the Bond Resolution

The School has established a sinking fund and reserve fund account and has adequately maintained these accounts for the purposes of paying the mandatory required redemption of principal and interest on the applicable maturity dates.

The School is required to disclose the number of days of cash on hand at year-end, as defined in the bond indenture. As of June 30, 2024, the School had 166 days of cash on hand, which exceeds the minimum requirement of 45 days.

The School is also required to disclose its debt service coverage ratio at year-end, as defined in the bond indenture. As of June 30, 2024, the School had a debt service coverage ratio of 1.85, which exceeds the minimum requirement of 1.00.

Management is not aware of any instances of noncompliance with its restrictive debt covenants as of June 30, 2024.

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A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
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Annual Requirements to Amortize Debt Outstanding

The annual requirements to amortize all debt outstanding as of June 30, 2024, is as follows:

Year Ending June 30	Revenue Bonds		Leases	
	Principal	Interest	Principal	Interest
2025	\$ 235,000	\$ 835,150	\$ 45,517	\$ 33,263
2026	255,000	825,350	46,169	32,611
2027	265,000	814,950	41,410	31,110
2028	275,000	804,150	30,957	29,043
2029	285,000	792,950	31,655	28,345
2030-2034	1,605,000	3,766,575	178,597	130,403
2035-2039	2,050,000	3,318,750	206,197	108,803
2040-2044	2,605,000	2,739,875	230,495	84,505
2045-2049	3,340,000	2,000,000	267,420	57,030
2050-2054	4,255,000	1,054,875	305,813	24,937
2055-2056	2,010,000	101,750	65,358	792
Total	\$ 17,180,000	\$ 17,054,375	\$ 1,449,588	\$ 560,842

6. DEFINED BENEFIT PENSION PLAN – FLORIDA RETIREMENT SYSTEM

School employees hired prior to January 1, 1996, participate 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”). 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, Research and Education Section, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the website: www.dms.myflorida.com/workforce_operations/retirement/publications.

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Pension Plan

Plan 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 Provided

Benefits under the pension plan are computed on the basis of age, average final compensation, and service credit. *Regular Class* members enrolled before July 1, 2011, 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 1.60% of their final average compensation based on the five highest years of salary, for each year of credited service. 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.

As provided in Section 121.101, Florida Statutes, if the member was 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.

In addition to the aforementioned benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with an FRS employer for a period not to exceed 60 months after electing to participate. The 60-month maximum employment period for DROP members was extended to 96 months effective June 5, 2023. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute 3% 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. These rates are updated as of July 1 of each year.

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The employer contribution rates by job class as of July 1st for each of the prior three years were as follows:

	2023	2022	2021
Regular Class:	13.57%	11.91%	10.82%
Senior Management Class:	34.52%	31.57%	29.01%
DROP:	21.13%	18.60%	18.34%

These employer contribution rates include 1.66% for HIS plan subsidies for the period beginning July 2020 through June 2023. Effective July 1, 2023, the HIS plan subsidy increased to 2.00%. The School's contributions to the pension plan totaled \$431,789, \$382,509, and \$376,693 for the fiscal years ended June 30, 2024, 2023, and 2022, respectively.

Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources

On June 30, 2024, the School reported a liability of \$3,168,343 for its proportionate share of the pension plan's net pension liability. The School's proportionate share of the net pension liability was based on the School's share of contributions to the FRS relative to the contributions of all participating governments. For the June 30, 2023, measurement date, the School's proportionate share was 0.007951304%.

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023.

For the fiscal year ended June 30, 2024, the School recognized pension expense of \$705,699. In addition, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 297,480	\$ -
Changes of assumptions	206,539	-
Net difference between projected and actual earnings on pension plan investments	132,319	-
Changes in proportionate share of School's net pension liability	352,153	216,401
School pension plan contributions subsequent to the measurement date	431,789	-
	\$ 1,420,280	\$ 216,401

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A component of deferred outflows of resources related to the pension plan of \$431,789 resulting from the School's 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, 2025. Other components reported as deferred outflows of resources and deferred inflows of resources related to the pension plan, except for changes in proportion and related differences in the share of contributions, will be recognized in pension expense as follows:

Fiscal year ending	Amount
<u>June 30:</u>	<u>Amount</u>
2024	\$ 144,606
2025	30,393
2026	569,385
2027	27,643
2028	63
	\$ 772,090

Actuarial Assumptions

The total pension liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Payroll growth	3.25%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 table, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of a 2019 actuarial experience study for the period July 1, 2013 through June 30, 2018.

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 is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption.

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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	1.00%	2.90%	2.90%	1.10%
Fixed income	19.80%	4.50%	4.40%	3.40%
Global equity	54.00%	8.70%	7.10%	18.10%
Real estate	10.30%	7.60%	6.60%	14.80%
Private equity	11.10%	11.90%	8.80%	26.30%
Strategic investments	3.80%	6.30%	6.10%	7.70%
Total	<u>100.00%</u>			
Assumed inflation – mean			2.40%	1.40%

(1) As outlined in the pension plan's investment policy

Discount Rate

The discount rate used to measure the total pension liability was 6.70%. 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 calculation of the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Net Position 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 6.70%, 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 or one percentage point higher than the current rate:

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
School's proportionate share of the net pension liability	\$ 5,412,175	\$ 3,168,343	\$ 1,291,109

Pension Plan Fiduciary Net Position

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

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HIS Plan

Plan Description

The Retiree Health Insurance Subsidy Program (“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.

Benefits Provided

Eligible retirees and beneficiaries received a monthly HIS plan 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 through June 30, 2023. Effective July 1, 2023, the monthly benefits were increased to \$7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum payment of \$225 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.

Contributions

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 FRS members. The HIS plan contribution was 1.66% of gross compensation through June 30, 2023. Effective July 1, 2023, the contribution rate was increased to 2.00%. 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 \$107,096, \$83,422 and \$76,994 for the fiscal years ended June 30, 2024, 2023, and 2022, respectively.

Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources

On June 30, 2024, the School reported a liability of \$2,014,011 for its proportionate share of the HIS plan’s net pension liability. For the June 30, 2023, measurement date, the School’s proportionate share was 0.012681626%.

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022.

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For the fiscal year ended June 30, 2024, the School recognized pension expense of \$774,995. In addition, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 29,484	\$ 174,521
Changes of assumptions	52,948	4,727
Net difference between projected and actual earnings on pension plan investments	1,040	-
Changes in proportionate share of School's net pension liability	143,359	22,697
School pension plan contributions subsequent to the measurement date	107,096	-
	\$ 333,927	\$ 201,945

A component of deferred outflows of resources related to the HIS Plan, totaling \$107,096 resulting from the School's 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, 2025. Other components reported as deferred outflows of resources and deferred inflows of resources related to the HIS plan, except for changes in proportion and related differences in the share of contributions, will be recognized in pension expense as follows:

Fiscal year ending	Amount
<u>June 30:</u>	
2024	\$ 6,625
2025	18,703
2026	13,880
2027	(4,908)
2028	(7,819)
Thereafter	(1,595)
	\$ 24,886

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Actuarial Assumptions

The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Payroll growth	3.25%, average, including inflation
Investment rate of return	3.65%

Mortality rates were based on the PUB-2010 table, projected generationally with Scale MP-2018.

Because the HIS plan is funded on a pay-as-you-go basis, no experience study has been completed for that plan. The actuarial assumptions used in the July 1, 2022, valuation were based on certain results of the most recent experience study for the FRS pension plan.

Discount Rate

The discount rate used to measure the total pension liability was 3.65%. 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.

Sensitivity of the Net Position 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 3.65%, 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 one percentage point higher than the current rate:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
School's proportionate share of the net pension liability	\$ 2,297,673	\$ 2,014,011	\$ 1,778,875

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 Annual Comprehensive Financial Report.

Pension Expense

For the fiscal year ended June 30, 2024, the School recognized an aggregate pension expense of \$1,480,694 on all defined benefit pension plans.

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A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

7. INTERFUND TRANSFERS

The composition of interfund transfers for the year ended June 30, 2024, was as follows:

Transfers Out	Transfers In
	Debt Service Fund
Capital Outlay Fund	\$ 1,091,869

Transfers into the Debt Service Fund were made to set aside resources for repayment of principal and interest on long-term debt.

8. CONCENTRATIONS

The School receives a significant portion of its funding from the School District, which is passed through from various federal, state and local sources. For the year ended June 30, 2024, approximately 90.3% of the School’s revenues were passed through from the School District.

9. 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 2024. Settled claims resulting for the risks described above have not exceeded the insurance coverage for each of the prior three years.

10. COMMITMENTS AND CONTINGENCIES

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal or state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the School expects such amount, if any, to be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION

LIZA JACKSON PREPARATORY SCHOOL, INC.
A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Intergovernmental				
Federal sources	\$ 86,141	\$ 140,305	\$ 140,305	\$ -
State sources	8,000,301	7,977,740	7,977,740	-
Other sources	-	-	27,935	(27,935)
Charges for services	440,000	492,723	492,723	-
Miscellaneous	91,000	142,800	114,158	28,642
Total revenues	<u>8,617,442</u>	<u>8,753,568</u>	<u>8,752,861</u>	<u>707</u>
Expenditures				
Current				
Basic instruction	5,291,261	5,419,307	5,345,130	74,177
Instructional support	291,016	298,058	294,192	3,866
Board of directors	59,017	60,445	54,283	6,162
School administration	735,168	752,959	745,887	7,072
Fiscal services	376,196	385,300	383,300	2,000
Central services	48,038	49,200	36,893	12,307
Transportation	354,571	363,151	360,998	2,153
Plant operations	614,006	628,865	587,511	41,354
Plant maintenance	30,578	31,318	30,048	1,270
Administrative technology	113,981	116,739	114,493	2,246
Community services	270,104	276,640	269,342	7,298
Capital outlay				
Plant operations	-	-	1,450	(1,450)
Total expenditures	<u>8,183,936</u>	<u>8,381,982</u>	<u>8,223,527</u>	<u>158,455</u>
Net change in fund balance	433,506	371,586	529,334	(157,748)
Fund balance at July 1, 2023	<u>3,597,468</u>	<u>3,597,468</u>	<u>3,597,466</u>	<u>2</u>
Fund balance at June 30, 2024	<u>\$ 4,030,974</u>	<u>\$ 3,969,054</u>	<u>\$ 4,126,800</u>	<u>\$ (157,746)</u>

LIZA JACKSON PREPARATORY SCHOOL, INC.
A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Intergovernmental				
Federal sources	\$ 583,337	\$ 515,742	\$ 454,084	\$ 61,658
State sources	1,470	1,480	1,480	-
Charges for services	230,000	236,000	235,774	226
Total revenues	<u>814,807</u>	<u>753,222</u>	<u>691,338</u>	<u>61,884</u>
Expenditures				
Current				
Basic instruction	233,567	230,832	194,469	36,363
Instructional support	132,511	130,960	104,702	26,258
Food services	446,828	441,598	415,924	25,674
Community services	455	450	450	-
Capital outlay				
Basic instruction	-	-	1,200	(1,200)
Total expenditures	<u>813,361</u>	<u>803,840</u>	<u>716,745</u>	<u>87,095</u>
Net change in fund balance	1,446	(50,618)	(25,407)	(25,211)
Fund balance at July 1, 2023	<u>124,845</u>	<u>124,845</u>	<u>124,845</u>	<u>-</u>
Fund balance at June 30, 2024	<u>\$ 126,291</u>	<u>\$ 74,227</u>	<u>\$ 99,438</u>	<u>\$ (25,211)</u>

LIZA JACKSON PREPARATORY SCHOOL, INC.
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NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

The School's annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles, as applicable to local governments. Annual budgets are adopted for each governmental fund and may be amended by the School's Board of Directors. The budgets presented for the fiscal year ended June 30, 2024, include both the originally adopted budget amounts as well as the final amended budgeted appropriations.

Budgetary comparison information is prepared in accordance with the modified accrual basis of accounting. The legal level of budgetary control is the fund level.

LIZA JACKSON PREPARATORY SCHOOL, INC.
A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY – FLORIDA RETIREMENT SYSTEM
LAST TEN YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
School's proportion of the net pension liability	0.007951304%	0.008827670%	0.007818708%	0.006630330%	0.006659699%	0.006870412%	0.007118555%	0.007556502%	0.007828833%	0.007259346%
School's proportionate share of the net pension liability	\$ 3,168,343	\$ 3,284,602	\$ 590,615	\$ 2,873,683	\$ 2,293,445	\$ 2,069,404	\$ 2,106,343	\$ 1,908,023	\$ 1,011,199	\$ 442,927
School's covered payroll	\$ 5,025,422	\$ 4,638,193	\$ 3,983,855	\$ 3,741,145	\$ 3,666,084	\$ 3,604,157	\$ 3,638,916	\$ 3,659,096	\$ 2,695,060	\$ 2,330,422
School's proportionate share of the net pension liability as a percentage of its covered payroll	63.05%	70.82%	14.83%	76.81%	62.56%	57.42%	57.88%	52.14%	37.52%	19.01%
Plan fiduciary net position as a percentage of the total pension liability	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

* The amounts presented for each year were determined as of the June 30th measurement date of the pension plan.

LIZA JACKSON PREPARATORY SCHOOL, INC.
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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY – HEALTH INSURANCE SUBSIDY
LAST TEN YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
School's proportion of the net pension liability	0.012681626%	0.012724550%	0.011250724%	0.010777054%	0.010959532%	0.011032317%	0.011413905%	0.011850482%	0.011703526%	0.011292724%
School's proportionate share of the net pension liability	\$ 2,014,011	\$ 1,347,733	\$ 1,380,070	\$ 1,315,861	\$ 1,226,262	\$ 1,167,673	\$ 1,220,427	\$ 1,381,125	\$ 1,193,576	\$ 1,055,897
School's covered payroll	\$ 5,025,422	\$ 4,638,193	\$ 3,983,855	\$ 3,741,145	\$ 3,666,084	\$ 3,604,157	\$ 3,638,916	\$ 3,659,096	\$ 2,695,060	\$ 2,330,422
School's proportionate share of the net pension liability as a percentage of its covered payroll	40.08%	29.06%	34.64%	35.17%	33.45%	32.40%	33.54%	37.74%	44.29%	45.31%
Plan fiduciary net position as a percentage of the total pension liability	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

* The amounts presented for each year were determined as of the June 30th measurement date of the pension plan.

**LIZA JACKSON PREPARATORY SCHOOL, INC.
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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS – FLORIDA RETIREMENT SYSTEM
LAST TEN YEARS**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 431,789	\$ 382,509	\$ 376,693	\$ 297,859	\$ 220,296	\$ 206,499	\$ 195,801	\$ 185,314	\$ 184,277	\$ 190,874
Contributions in relation to the contractually required contribution	<u>(431,789)</u>	<u>(382,509)</u>	<u>(376,693)</u>	<u>(297,859)</u>	<u>(220,296)</u>	<u>(206,499)</u>	<u>(195,801)</u>	<u>(185,314)</u>	<u>(184,277)</u>	<u>(190,874)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 5,354,800	\$ 5,025,422	\$ 4,638,193	\$ 3,983,855	\$ 3,741,145	\$ 3,666,084	\$ 3,604,157	\$ 3,638,916	\$ 3,659,096	\$ 2,695,060
Contributions as a percentage of covered payroll	8.06%	7.61%	8.12%	7.48%	5.89%	5.63%	5.43%	5.09%	5.04%	7.08%

* The amounts presented in this schedule are for the School's fiscal year rather than the plan's fiscal year.

**LIZA JACKSON PREPARATORY SCHOOL, INC.
A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS – HEALTH INSURANCE SUBSIDY
LAST TEN YEARS**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 107,096	\$ 83,422	\$ 76,994	\$ 66,132	\$ 62,103	\$ 60,857	\$ 59,829	\$ 60,406	\$ 60,741	\$ 44,738
Contributions in relation to the contractually required contribution	<u>(107,096)</u>	<u>(83,422)</u>	<u>(76,994)</u>	<u>(66,132)</u>	<u>(62,103)</u>	<u>(60,857)</u>	<u>(59,829)</u>	<u>(60,406)</u>	<u>(60,741)</u>	<u>(44,738)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 5,354,800	\$ 5,025,422	\$ 4,638,193	\$ 3,983,855	\$ 3,741,145	\$ 3,666,084	\$ 3,604,157	\$ 3,638,916	\$ 3,659,096	\$ 2,695,060
Contributions as a percentage of covered payroll	2.00%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%

* The amounts presented in this schedule are for the School's fiscal year rather than the plan's fiscal year.

COMPLIANCE SECTION

INDEPENDENT AUDITORS' 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.

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 and each major fund of Liza Jackson Preparatory School, Inc. (the "School"), a component unit of the Okaloosa County District School Board, Florida, as of and for the year ended June 30, 2024, 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 27, 2024.

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.

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.

Warren Averett, LLC

Pensacola, Florida
September 27, 2024

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 District School Board, Florida, as of and for the fiscal year ended June 30, 2024, and have issued our report thereon dated September 27, 2024.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which are dated September 27, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., *Rules of the Florida Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5., *Rules of the Florida Auditor General*, requires that 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 of the entity and the school code assigned by the Florida Department of Education of the entity are *Liza Jackson Preparatory School, Inc.*; 9807.

Financial Condition and Management

Sections 10.854(1)(e)2. And 10.855(11), *Rules of the Florida Auditor General*, require 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 Florida 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 Florida Auditor 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 Florida Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)4., *Rules of the Florida Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or fraud, waste or abuse, that have occurred, or are likely to have occurred, that has 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 note 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.

Warren Averett, LLC

Pensacola, Florida
September 27, 2024