

**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, 2025



www.warrenaverett.com

The report accompanying this deliverable was issued
by Warren Averett, LLC.

LIZA JACKSON PREPARATORY SCHOOL, INC.
A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying 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 (the "Board"), as of and for the year ended June 30, 2025, 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, 2025, and the respective changes in its financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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 twelve 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 25, 2025, 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 25, 2025

LIZA JACKSON PREPARATORY SCHOOL, INC.
A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025

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, 2025, 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 \$1,413,041, an increase of \$482,163 from the previous fiscal year.
- The School’s governmental funds reported ending fund balances of \$6,527,839 at fiscal year-end.
- The School’s governmental funds reported an overall increase in net position of \$667,153 for the 2025 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.
A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

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 in 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, 2025

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 \$1,413,041 as of June 30, 2025, as reported in Table 1.

TABLE 1
LIZA JACKSON PREPARATORY SCHOOL
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Current assets	\$ 7,145,066	\$ 6,430,376	\$ 714,690
Capital assets, net	19,508,638	19,998,075	(489,437)
TOTAL ASSETS	<u>26,653,704</u>	<u>26,428,451</u>	<u>225,253</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,612,018</u>	<u>1,754,207</u>	<u>(142,189)</u>
Current liabilities	617,227	850,207	(232,980)
Other liabilities	25,551,322	25,983,227	(431,905)
TOTAL LIABILITIES	<u>26,168,549</u>	<u>26,833,434</u>	<u>(664,885)</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>684,132</u>	<u>418,346</u>	<u>265,786</u>
Net position			
Net investment in capital assets (deficit)	(1,195,313)	(1,083,315)	(111,998)
Restricted	1,773,762	1,568,371	205,391
Unrestricted	834,592	445,822	388,770
TOTAL NET POSITION	<u>\$ 1,413,041</u>	<u>\$ 930,878</u>	<u>\$ 482,163</u>

The increase in net position is primarily attributable to an increase in general revenues combined with a decrease in payroll and related employee benefit expenses.

LIZA JACKSON PREPARATORY SCHOOL, INC.
A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

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

TABLE 2
LIZA JACKSON PREPARATORY SCHOOL
STATEMENTS OF REVENUE, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>	<u>Change</u>
REVENUES			
Program revenues			
Charges for services	\$ 739,523	\$ 728,497	\$ 11,026
Operating grants and contributions	485,868	652,981	(167,113)
Capital grants and contributions	633,047	595,153	37,894
General revenues			
Florida Education Finance Program	8,129,888	7,807,843	322,045
Federal impact aid	118,163	140,305	(22,142)
Ad valorem taxes levied for capital outlay	345,289	163,747	181,542
Local capital improvement sales taxes	1,065,669	1,091,868	(26,199)
Other revenues	184,074	189,125	(5,051)
TOTAL REVENUES	11,701,521	11,369,519	332,002
EXPENSES			
Basic instruction	5,493,769	6,301,583	(807,814)
Instructional support	409,619	420,479	(10,860)
Board of directors	42,289	54,283	(11,994)
School administration	742,262	836,773	(94,511)
Facilities	1,337,453	1,120,208	217,245
Fiscal services	396,221	423,537	(27,316)
Food services	412,994	428,490	(15,496)
Central services	20,951	36,893	(15,942)
Transportation	423,956	417,498	6,458
Plant operations	664,014	629,623	34,391
Plant maintenance	34,624	30,048	4,576
Administrative technology	204,395	129,531	74,864
Community services	245,377	323,118	(77,741)
Debt service interest	791,434	772,679	18,755
TOTAL EXPENSES	11,219,358	11,924,743	(705,385)
CHANGE IN NET POSITION	482,163	(555,224)	1,037,387
NET POSITION, BEGINNING	930,878	1,486,102	(555,224)
NET POSITION, ENDING	\$ 1,413,041	\$ 930,878	\$ 482,163

LIZA JACKSON PREPARATORY SCHOOL, INC.
A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025

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, 2025, the School’s governmental funds reported a combined ending fund balance \$6,527,839. The general fund is the chief operating fund of the School. As of June 30, 2025, the general fund reported total fund balance of \$4,681,901, an increase of \$555,101 from the previous fiscal year.

The fund balance in the special revenue fund decreased by \$27,262 during the fiscal year ended June 30, 2025. This decrease was primarily attributable to a reduction in nonrecurring financial assistance to local education agencies to address the impact of the COVID-19 pandemic.

General Fund Budgetary Highlights

A schedule showing the original budget, the final budget, the actual results and the variance from the final budget to the actual results for the general fund on page 37 of the financial statements. The difference between the original budget and the final budget for expenditures was an increase of \$306,087.

Revenues fell short of final amended budgetary expectations by \$735, while expenditures fell short of budgeted appropriations by \$176,807. These variances are primarily due to amending the budget for expenditures planned but not yet commenced or completed.

Capital Assets

The School’s investment in capital assets, net of accumulated depreciation, was \$19,508,638 for its governmental activities as of June 30, 2025. This represents a decrease of \$489,437 from the prior fiscal year. The investment in capital assets includes buildings, improvements, right-of-use assets, furniture, fixtures, equipment, vehicles, and construction in process. The decrease in the investment in capital assets is primarily attributable to depreciation and amortization expense exceeding capital outlay during the 2025 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, 2025

TABLE 3
LIZA JACKSON PREPARATORY SCHOOL
CAPITAL ASSETS (NET OF DEPRECIATION AND AMORTIZATION)
AS OF JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>	<u>Difference</u>
Building and equipment	\$ 16,591,994	\$ 17,035,299	\$ (443,305)
Improvements other than buildings	679,624	639,406	40,218
Right-of-use (ROU) assets	1,330,746	1,390,622	(59,876)
Furniture, fixtures and equipment	555,070	647,288	(92,218)
Information technology equipment	152,208	193,312	(41,104)
Motor vehicles	140,587	92,148	48,439
Construction in process	58,409	-	58,409
TOTAL	<u>\$ 19,508,638</u>	<u>\$ 19,998,075</u>	<u>\$ (489,437)</u>

Debt and Long-Term Liabilities

As of June 30, 2025, the School had long-term debt outstanding of \$20,703,951, which represents a decrease of \$377,439 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, 2025 AND 2024

	<u>2025</u>	<u>2024</u>	<u>Difference</u>
Revenue bonds	\$ 16,945,000	\$ 17,180,000	\$ (235,000)
Unamortized bond premium	2,358,103	2,451,802	(93,699)
Lease obligations	1,400,848	1,449,588	(48,740)
TOTAL	<u>\$ 20,703,951</u>	<u>\$ 21,081,390</u>	<u>\$ (377,439)</u>

LIZA JACKSON PREPARATORY SCHOOL, INC.
A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025

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 2026.

As a result, the School’s fiscal year 2026 budget provides for total appropriations of \$11,450,363, which represents an increase of \$648,895 (or 6.0%) from the originally adopted budget for fiscal year 2025. This increase in budgeted appropriations is primarily attributable to anticipated increases for intergovernmental revenues in the general fund and capital outlay fund.

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, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,250,830
Investments	2,750,517
Accounts receivable	600
Due from other agencies	24,748
Deposits	500
Restricted assets	
Cash and cash equivalents	2,052,719
Due from other agencies	65,152
Capital assets	
Nondepreciable	58,409
Depreciable, net	19,450,229
TOTAL ASSETS	26,653,704
DEFERRED OUTFLOWS OF RESOURCES	1,612,018
LIABILITIES	
Accounts payable	90,301
Accrued liabilities	182,817
Payable from restricted assets:	
Accrued interest	344,109
Non-current liabilities	
Due within one year	
Bonds payable	255,000
Lease obligations payable	47,863
Due in more than one year	
Bonds payable, net	19,048,103
Lease obligations payable	1,352,985
Net pension liability	4,847,371
TOTAL LIABILITIES	26,168,549
DEFERRED INFLOWS OF RESOURCES	684,132
NET POSITION	
Net investment in capital assets (deficit)	(1,195,313)
Restricted for:	
Debt service	1,460,136
Capital projects	313,626
Unrestricted	834,592
TOTAL NET POSITION	\$ 1,413,041

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, 2025

Function/program activities	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental activities					
Basic instruction	\$ 5,493,769	\$ -	\$ 219,177	\$ -	\$ (5,274,592)
Instructional support	409,619	-	-	-	(409,619)
Board of directors	42,289	-	-	-	(42,289)
School administration	742,262	-	122,294	-	(619,968)
Facilities	1,337,453	-	-	633,047	(704,406)
Fiscal services	396,221	-	-	-	(396,221)
Food services	412,994	238,526	144,397	-	(30,071)
Central services	20,951	-	-	-	(20,951)
Transportation	423,956	-	-	-	(423,956)
Plant operations	664,014	-	-	-	(664,014)
Plant maintenance	34,624	-	-	-	(34,624)
Administrative technology	204,395	-	-	-	(204,395)
Community services	245,377	500,997	-	-	255,620
Debt service interest	791,434	-	-	-	(791,434)
Total governmental activities	11,219,358	739,523	485,868	633,047	(9,360,920)
Total primary government	\$ 11,219,358	\$ 739,523	\$ 485,868	\$ 633,047	(9,360,920)
General revenues					
Florida Education Finance Program					8,129,888
Federal impact aid					118,163
Ad valorem taxes levied for capital outlay					345,289
Local capital improvement sales taxes					1,065,669
Investment earnings					172,483
Gain on disposal of asset					5,000
Miscellaneous					6,591
Total general revenues					9,843,083
CHANGE IN NET POSITION					482,163
NET POSITION AT BEGINNING OF YEAR					930,878
NET POSITION AT END OF YEAR					\$ 1,413,041

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, 2025

	<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	\$ 2,190,303	\$ 60,527	\$ 1,739,093	\$ 313,626	\$ 4,303,549
Investments	2,750,517	-	-	-	2,750,517
Accounts receivable	600	-	-	-	600
Due from other agencies	13,099	11,649	-	65,152	89,900
Deposits	500	-	-	-	500
TOTAL ASSETS	<u>\$ 4,955,019</u>	<u>\$ 72,176</u>	<u>\$ 1,739,093</u>	<u>\$ 378,778</u>	<u>\$ 7,145,066</u>
LIABILITIES					
Accounts payable	\$ 90,301	\$ -	\$ -	\$ -	90,301
Accrued payroll liabilities	182,817	-	-	-	182,817
Accrued interest	-	-	344,109	-	344,109
Total liabilities	<u>273,118</u>	<u>-</u>	<u>344,109</u>	<u>-</u>	<u>617,227</u>
FUND BALANCE					
Nonspendable	500	-	-	-	500
Restricted - debt service	-	-	1,394,984	-	1,394,984
Restricted - capital projects	-	-	-	378,778	378,778
Assigned - NSLP	-	72,176	-	-	72,176
Unassigned	4,681,401	-	-	-	4,681,401
Total fund balance	<u>4,681,901</u>	<u>72,176</u>	<u>1,394,984</u>	<u>378,778</u>	<u>6,527,839</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 4,955,019</u>	<u>\$ 72,176</u>	<u>\$ 1,739,093</u>	<u>\$ 378,778</u>	<u>\$ 7,145,066</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, 2025

Fund balance, total governmental funds		\$ 6,527,839
<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 nondepreciable capital assets	\$ 58,409	
Governmental depreciable/amortizable capital assets	22,742,041	
Less accumulated depreciation/amortization	<u>(3,291,812)</u>	19,508,638
<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	1,612,018	
Deferred inflows of resources related to pension plans	<u>(684,132)</u>	927,886
<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	(16,945,000)	
Unamortized bond premium	(2,358,103)	
Lease obligations payable	(1,400,848)	
Net pension liability	<u>(4,847,371)</u>	<u>(25,551,322)</u>
Net position of governmental activities		<u>\$ 1,413,041</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, 2025

	<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	\$ 118,163	\$ 226,822	\$ -	\$ -	\$ 344,985
State sources	8,265,008	1,632	-	633,047	8,899,687
Other sources	119,185	-	-	1,410,958	1,530,143
Charges for services	500,997	238,526	-	-	739,523
Miscellaneous	118,990	-	68,193	-	187,183
Total revenues	<u>9,122,343</u>	<u>466,980</u>	<u>68,193</u>	<u>2,044,005</u>	<u>11,701,521</u>
EXPENDITURES					
Current					
Basic instruction	5,300,912	84,057	-	-	5,384,969
Instructional support	408,048	-	-	-	408,048
Board of directors	42,289	-	-	-	42,289
School administration	735,153	-	-	-	735,153
Facilities	-	-	-	627,935	627,935
Fiscal services	393,291	-	-	-	393,291
Food services	-	410,185	-	-	410,185
Central services	20,951	-	-	-	20,951
Transportation	389,903	-	-	-	389,903
Plant operations	658,085	-	-	-	658,085
Plant maintenance	34,624	-	-	-	34,624
Administrative technology	201,089	-	-	-	201,089
Community services	241,495	-	-	-	241,495
Capital outlay					
Basic instruction	6,664	-	-	-	6,664
Facilities	58,409	-	-	169,175	227,584
Transportation	44,330	-	-	36,000	80,330
Plant operations	2,900	-	-	-	2,900
Debt service					
Principal	19,784	-	263,956	-	283,740
Interest and other charges	9,315	-	875,818	-	885,133
Total expenditures	<u>8,567,242</u>	<u>494,242</u>	<u>1,139,774</u>	<u>833,110</u>	<u>11,034,368</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>555,101</u>	<u>(27,262)</u>	<u>(1,071,581)</u>	<u>1,210,895</u>	<u>667,153</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	1,097,788	-	1,097,788
Transfers out	-	-	-	(1,097,788)	(1,097,788)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,097,788</u>	<u>(1,097,788)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	555,101	(27,262)	26,207	113,107	667,153
FUND BALANCE AT BEGINNING 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>
FUND BALANCE AT END OF YEAR	<u>\$ 4,681,901</u>	<u>\$ 72,176</u>	<u>\$ 1,394,984</u>	<u>\$ 378,778</u>	<u>\$ 6,527,839</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, 2025

Net change in fund balance – governmental funds \$ 667,153

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	\$ 317,478	
Less current year depreciation/amortization	<u>(806,915)</u>	(489,437)

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	235,000	
Principal repayments on lease obligations	48,740	
Amortization of bond premium	<u>93,699</u>	377,439

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>(72,992)</u>
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Change in net position of governmental activities		<u><u>\$ 482,163</u></u>
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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, 2025

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 by 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, 2025

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
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

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.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance

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.

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A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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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 asset’s 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

Leases

The School recognizes a right-of-use (ROU) asset and a lease liability for noncancellable leases in which the School is the lessee. At the commencement of the lease, the School measures the lease liability at the present value of expected lease payments to be made during the lease term. The lease asset is measured as the initial amount of the lease liability adjusted for payments made prior to the lease commencement date and any ancillary costs to place the asset into service. The ROU asset is amortized over the shorter of the useful life of the asset or the lease term. In subsequent periods, the lease liability is reduced by the principal portion of lease payments made. The School monitors changes in circumstances that would require remeasurement of ROU assets and lease liabilities

LIZA JACKSON PREPARATORY SCHOOL, INC.
A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

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 for governmental activities have been liquidated by the general fund or special revenue fund.

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.

LIZA JACKSON PREPARATORY SCHOOL, INC.
A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

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.

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.

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 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.

LIZA JACKSON PREPARATORY SCHOOL, INC.
A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

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.

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 25, 2025, the date which the financial statements were available for issuance.

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 \$2,596,072 on June 30, 2025. 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, 2025, the School had \$1,739,093 on deposit with the trustee, which is reported in the debt service fund in the accompanying 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, 2025

Investments

As of June 30, 2025, the School's investments consist of participation in an intergovernmental external investment pool administered by the Florida Cooperative Liquid Asset Securities System ("FLCLASS") and a brokerage account. 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, 2025, the value of the School's investment in FLCLASS was \$2,748,018. 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 37 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.

As of June 30, 2025, the value of the School's investments held in the brokerage account were \$2,499. Due to the insignificant amounts involved, management has elected not to provide the detailed footnotes as required by GASB guidance.

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 and are expected to be received within 60 days after year-end. As of June 30, 2025, the general fund, special revenue fund, and capital outlay fund reported amounts due from the School District of \$13,099, \$11,649 and \$65,152, respectively.

LIZA JACKSON PREPARATORY SCHOOL, INC.
A COMPONENT UNIT OF THE OKALOOSA COUNTY DISTRICT SCHOOL BOARD, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

4. CAPITAL ASSETS

Changes in capital assets were as follows during the fiscal year ended June 30, 2025:

	<u>Balance at July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2025</u>
Governmental activities				
Capital assets not being depreciated				
Construction in process	\$ -	\$ 58,409	\$ -	\$ 58,409
Capital assets being depreciated/amortized:				
Building and equipment	18,634,101	63,833	-	18,697,934
Improvements other than buildings	725,537	102,908	-	828,445
Right-of-use (ROU) assets	1,606,790	-	-	1,606,790
Furniture, fixtures and equipment	1,028,107	4,334	-	1,032,441
Information technology equipment	280,864	7,664	-	288,528
Motor vehicles	207,573	80,330	-	287,903
Total capital assets being depreciated/amortized	<u>22,482,972</u>	<u>259,069</u>	<u>-</u>	<u>22,742,041</u>
Less accumulated depreciation/amortization				
Building and equipment	(1,598,802)	(507,138)	-	(2,105,940)
Improvements other than buildings	(86,131)	(62,690)	-	(148,821)
Right-of-use (ROU) assets	(216,168)	(59,876)	-	(276,044)
Furniture, fixture and equipment	(380,819)	(96,552)	-	(477,371)
Information technology equipment	(87,552)	(48,768)	-	(136,320)
Motor vehicles	(115,425)	(31,891)	-	(147,316)
Total accumulated depreciation/amortization	<u>(2,484,897)</u>	<u>(806,915)</u>	<u>-</u>	<u>(3,291,812)</u>
Total capital assets being depreciated/ amortized, net	<u>19,998,075</u>	<u>(547,846)</u>	<u>-</u>	<u>19,450,229</u>
Governmental activities, net	<u>\$ 19,998,075</u>	<u>\$ (489,437)</u>	<u>\$ -</u>	<u>\$ 19,508,638</u>

Depreciation expense for the year ended June 30, 2025, was charged to functions of the School as follows:

Governmental activities	
Facilities	\$ 709,518
Transportation	32,034
Plant operations	3,022
Basic instruction	57,381
Administrative technology	2,385
Food services	2,043
School administration	532
Total depreciation/amortization expense – governmental activities	<u>\$ 806,915</u>

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

5. LONG-TERM LIABILITIES

Long-term debt activity for the year ended June 30, 2025, is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Direct placements:</i>					
Revenue Bonds, Series 2020A	\$ 17,180,000	\$ -	\$ (235,000)	\$ 16,945,000	\$ 255,000
Unamortized bond premium	2,451,802	-	(93,699)	2,358,103	-
<i>Direct borrowings:</i>					
Lease liability - land	1,405,331	-	(28,956)	1,376,375	29,608
Lease liability - office equipment	44,257	-	(19,784)	24,473	18,255
Total	\$ 21,081,390	\$ -	\$ (377,439)	\$ 20,703,951	\$ 302,863

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 bonds contain 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.

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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. The lease 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 purpose 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, 2025, the School had 187 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, 2025, the School had a debt service coverage ratio of 1.95, 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, 2025.

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Annual Requirements to Amortize Debt Outstanding

The annual requirements to amortize all debt outstanding as of June 30, 2025, was as follows:

Year Ending June 30	Revenue Bonds		Leases	
	Principal	Interest	Principal	Interest
2026	\$ 255,000	\$ 825,350	\$ 47,863	\$ 30,917
2027	265,000	814,950	36,493	29,767
2028	275,000	804,150	30,957	29,043
2029	285,000	792,950	31,655	28,345
2030	295,000	781,350	32,368	27,632
2031-2035	1,680,000	3,688,975	185,652	126,348
2036-2040	2,150,000	3,213,750	210,842	104,158
2041-2045	2,740,000	2,606,250	235,687	79,313
2046-2050	3,505,000	1,828,875	276,627	50,973
2051-2055	4,465,000	836,875	312,704	18,047
2056	1,030,000	25,750	-	-
Total	\$ 16,945,000	\$ 16,219,225	\$ 1,400,848	\$ 524,543

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 96 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

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 on July 1st each year.

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The employer contribution rates by job class as of June 30th for each of the last three fiscal years were as follows:

	2025	2024	2023
Regular Class:	13.63%	13.57%	11.91%
Senior Management Class:	34.52%	34.52%	31.57%
DROP:	21.13%	21.13%	18.60%

These employer contribution rates include 1.66% for HIS plan subsidies for the period beginning July 2022 through June 2023. Effective July 1, 2023, the HIS plan subsidy increased to 2.00%. The School's contributions to the pension plan totaled \$408,073, \$431,789, and \$382,509 for the fiscal years ended June 30, 2025, 2024, and 2023, respectively.

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

On June 30, 2025, the School reported a liability of \$2,949,799 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, 2024, measurement date, the School's proportionate share was 0.007625235%.

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024.

For the fiscal year ended June 30, 2025, the School recognized pension expense of \$485,459. 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	\$ 298,009	\$ -
Changes of assumptions	404,297	-
Net difference between projected and actual earnings on pension plan investments	-	196,059
Changes in proportionate share of School's net pension liability	236,643	243,014
School pension plan contributions subsequent to the measurement date	408,073	-
	\$ 1,347,022	\$ 439,073

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A component of deferred outflows of resources related to the pension plan of \$408,073 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, 2026. 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

<u>June 30:</u>	<u>Amount</u>
2026	\$ 319
2027	516,561
2028	(5,868)
2029	(32,000)
2030	20,864
	<u><u>\$ 499,876</u></u>

Actuarial Assumptions

The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Payroll growth	3.50%, 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-2021.

The actuarial assumptions used in the July 1, 2024, valuation were based on the results of a 2024 actuarial experience study for the period July 1, 2018, through June 30, 2023.

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%	3.30%	3.30%	1.10%
Fixed income	29.00%	5.70%	5.60%	3.90%
Global equity	45.00%	8.60%	7.00%	18.20%
Real estate	12.00%	8.10%	6.80%	16.60%
Private equity	11.00%	12.40%	8.80%	28.40%
Strategic investments	2.00%	6.60%	6.20%	8.70%
Total	<u>100.00%</u>			
Assumed inflation – mean			2.40%	1.50%

(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	\$ 5,188,594	\$ 2,949,799	\$ 1,074,334

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 \$7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum HIS 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 2.00% of gross compensation. 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 \$104,182, \$107,096 and \$83,422 for the fiscal years ended June 30, 2025, 2024, and 2023, respectively.

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

On June 30, 2025, the School reported a liability of \$1,897,572 for its proportionate share of the HIS plan’s net pension liability. For the June 30, 2024, measurement date, the School’s proportionate share was 0.012649658%.

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024.

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For the fiscal year ended June 30, 2025, the School recognized pension expense of \$99,787. 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	\$ 18,322	\$ 3,644
Changes of assumptions	33,583	224,648
Net difference between projected and actual earnings on pension plan investments	-	686
Changes in proportionate share of School's net pension liability	108,909	16,081
School pension plan contributions subsequent to the measurement date	104,182	-
	\$ 264,996	\$ 245,059

A component of deferred outflows of resources related to the HIS Plan, totaling \$104,182 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, 2026. 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 June 30:	Amount
2026	\$ (723)
2027	(5,528)
2028	(24,275)
2029	(27,226)
2030	(20,747)
Thereafter	(5,746)
	\$ (84,245)

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Actuarial Assumptions

The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Payroll growth	3.50%, average, including inflation
Investment rate of return	3.93%

Mortality rates were based on the PUB-2010 table, projected generationally with Scale MP-2021.

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, 2024, 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 3.93%. 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 of 3.93%, 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 (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
School's proportionate share of the net pension liability	\$ 2,160,142	\$ 1,897,572	\$ 1,679,597

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, 2025, the School recognized an aggregate pension expense of \$585,246 on all defined benefit pension plans.

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7. INTERFUND TRANSFERS

The composition of interfund transfers for the year ended June 30, 2025, was as follows:

Transfers Out	Transfers In
	Debt Service Fund
Capital Outlay Fund	\$ 1,097,788

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, 2025, approximately 90% 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 2025. 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

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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Intergovernmental				
Federal sources	\$ 100,000	\$ 118,163	\$ 118,163	\$ -
State sources	8,045,051	8,265,008	8,265,008	-
Other sources	16,000	119,207	119,185	22
Charges for services	490,000	502,000	500,997	1,003
Miscellaneous	100,000	118,700	118,990	(290)
Total revenues	<u>8,751,051</u>	<u>9,123,078</u>	<u>9,122,343</u>	<u>735</u>
Expenditures				
Current				
Basic instruction	5,461,221	5,394,013	5,300,912	93,101
Instructional support	273,048	418,119	408,048	10,071
Board of directors	77,445	57,945	42,289	15,656
School administration	786,653	784,783	735,153	49,630
Fiscal services	392,337	402,235	393,291	8,944
Central services	58,200	30,091	20,951	9,140
Transportation	311,690	439,235	389,903	49,332
Plant operations	663,279	663,539	658,085	5,454
Plant maintenance	26,318	42,710	34,624	8,086
Administrative technology	88,549	201,580	201,089	491
Community services	299,222	251,390	241,495	9,895
Capital outlay	-	58,409	112,303	(53,894)
Debt service	-	-	29,099	(29,099)
Total expenditures	<u>8,437,962</u>	<u>8,744,049</u>	<u>8,567,242</u>	<u>176,807</u>
Net change in fund balance	313,089	379,029	555,101	(176,072)
Fund balance at beginning of year	4,144,987	4,126,800	4,126,800	-
Fund balance at end of year	<u>\$ 4,458,076</u>	<u>\$ 4,505,829</u>	<u>\$ 4,681,901</u>	<u>\$ (176,072)</u>

See notes to the budgetary comparison schedules.

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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Intergovernmental				
Federal sources	\$ 224,590	\$ 224,617	\$ 226,822	\$ (2,205)
State sources	1,480	1,632	1,632	-
Charges for services	236,000	239,000	238,526	474
Total revenues	<u>462,070</u>	<u>465,249</u>	<u>466,980</u>	<u>(1,731)</u>
Expenditures				
Current				
Basic instruction	167,340	177,244	84,057	93,187
Food services	320,000	320,000	410,185	(90,185)
Total expenditures	<u>487,340</u>	<u>497,244</u>	<u>494,242</u>	<u>3,002</u>
Net change in fund balance	(25,270)	(31,995)	(27,262)	(4,733)
Fund balance at beginning of year	99,438	99,438	99,438	-
Fund balance at end of year	<u>\$ 74,168</u>	<u>\$ 67,443</u>	<u>\$ 72,176</u>	<u>\$ (4,733)</u>

See notes to the budgetary comparison schedules.

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NOTES TO THE BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2025

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, 2025, and 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.

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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY – FLORIDA RETIREMENT SYSTEM
LAST TEN YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
School's proportion of the net pension liability	0.007625235%	0.007951304%	0.008827670%	0.007818708%	0.006630330%	0.006659699%	0.006870412%	0.007118555%	0.007556502%	0.007828833%
School's proportionate share of the net pension liability	\$ 2,949,799	\$ 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
School'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
School's proportionate share of the net pension liability as a percentage of its covered payroll	55.09%	63.05%	70.82%	14.83%	76.81%	62.56%	57.42%	57.88%	52.14%	37.52%
Plan fiduciary net position as a percentage of the total pension liability	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

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

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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY – HEALTH INSURANCE SUBSIDY
LAST TEN YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
School's proportion of the net pension liability	0.012649658%	0.012681626%	0.012724550%	0.011250724%	0.010777054%	0.010959532%	0.011032317%	0.011413905%	0.011850482%	0.011703526%
School's proportionate share of the net pension liability	\$ 1,897,572	\$ 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
School'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
School's proportionate share of the net pension liability as a percentage of its covered payroll	35.44%	40.08%	29.06%	34.64%	35.17%	33.45%	32.40%	33.54%	37.74%	44.29%
Plan fiduciary net position as a percentage of the total pension liability	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

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

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

	<u>2025</u>	<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>
Contractually required contribution	\$ 408,073	\$ 431,789	\$ 382,509	\$ 376,693	\$ 297,859	\$ 220,296	\$ 206,499	\$ 195,801	\$ 185,314	\$ 184,277
Contributions in relation to the contractually required contribution	<u>(408,073)</u>	<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>
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	\$ 5,209,100	\$ 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
Contributions as a percentage of covered payroll	7.83%	8.06%	7.61%	8.12%	7.48%	5.89%	5.63%	5.43%	5.09%	5.04%

* 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>2025</u>	<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>
Contractually required contribution	\$ 104,182	\$ 107,096	\$ 83,422	\$ 76,994	\$ 66,132	\$ 62,103	\$ 60,857	\$ 59,829	\$ 60,406	\$ 60,741
Contributions in relation to the contractually required contribution	<u>(104,182)</u>	<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>
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	\$ 5,209,100	\$ 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
Contributions as a percentage of covered payroll	2.00%	2.00%	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, 2025, 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 25, 2025.

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 25, 2025

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, 2025, and have issued our report thereon dated September 25, 2025.

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 25, 2025, 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 25, 2025