BERKLEY CHARTER SCHOOL, INC.

A Charter School and Component Unit of the
District School Board of Polk County, Florida

Financial Statements
with Independent Auditor's Reports Thereon

June 30, 2026

McCRADY & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

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BERKLEY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

Berkley Charter School, Inc. (the "School") offers the following narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2026. Readers are encouraged to use this information in conjunction with information furnished in the School's financial statements. This summary should not be taken as a replacement for the audit, which consists of the basic financial statements and other supplemental information.

FINANCIAL HIGHLIGHTS

- The School received an "A" school grade in the Florida School Accountability Report as of June 30, 2026.
- The School remains in a strong financial position with a total fund balance of approximately $4,600,000.
- For the fiscal year ended June 30, 2026, the School's revenues exceeded expenditures by approximately $180,000 exclusive of other financial sources.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to School's basic financial statements. The School's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the School through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the understanding of the financial condition of School. This document also includes the Report of Independent Auditor's 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,* as well as the management letter required by the Rules of the Auditor General, Chapter 10.850, *Audits of Charter Schools and Similar Entities.*

Government-Wide Financial Statements

The government-wide financial statements are designed to provide a broad overview of the School's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the School's financial status as a whole.

The two government-wide statements report the School's net position and the current year changes. The net position is the difference between the School's total assets and total liabilities. Measuring the net position is one way to evaluate the School's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include the School's basic services. The business-type activities are those services that the School charges for that are not directly related to the School's mission. For the year ended June 30, 2026, the School had no business-type activities or component units.

Fund Financial Statements

The fund financial statements provide a more detailed look at the School's most significant activities. A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. All of the operations of the School are presented in governmental funds only.

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. The School's basic services are accounted for in governmental funds. These funds focus on how assets that can readily be converted into cash flow in and out, and what monies are left at year-end will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting.* This method also has a current financial resources focus. As a result, the governmental fund financial statements provide a detailed short-term view of the financial resources available to finance the School's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The School adopts annual budgets for its general fund and special revenue fund, as required by the Florida Statutes. The budgets are legally adopted by management of the School and its Board. Budgetary comparison schedules have been included as part of the required supplementary information. The budgetary comparison schedules show four columns: 1) the original budget as adopted by the Board, 2) the final budget as amended by the Board, 3) the actual resources, charges and ending balances in the general fund, and 4) the variance between the final budget and the actual resources and charges.

Notes to Financial Statements

The notes to financial statements provide additional information essential to the full understanding of the information reported in the government-wide and fund financial statements. The notes to the financial statements start on page 16 of this report.

BALANCE SHEET – GOVERNMENT FUNDS

The School's combined fund balance as of June 30, 2026 and 2025 are summarized as follows:

	Governmental Activities		
	2026	2025	Increase (Decrease)
Current and other assets	$ 5,584,634	$ 5,584,448	$ 186
Total assets	5,584,634	5,584,448	186
Current and other liabilities	1,254,660	1,134,963	119,697
Total liabilities	1,254,660	1,134,963	119,697
Fund balances:			
Nonspendable	-	297,886	(297,886)
Assigned	953,395	815,542	137,853
Unrestricted	3,676,579	3,336,077	340,502
Total fund balances	4,629,974	4,449,485	180,489
Total liabilities and fund balance	$ 5,884,634	$ 5,584,448	$ 300,186

The change current assets and fund balances is a result of the current year operations.

Change in Fund Balances

The School's total revenues exceeded expenditures by approximately $114,000 in fiscal 2026—see table below.

Revenues:	2026	2025	Increases (Decreases)
Federal sources	$ 343,655	$ 614,951	$ (271,296)
State and local sources	5,900,261	5,865,128	35,133
Contributions and other revenues	938,675	749,959	188,716
Total revenues	7,182,591	7,229,959	(47,447)
Expenditures:			
Instruction	4,637,500	4,673,822	(36,322)
Pupil personnel services	171,746	207,305	(35,559)
Instructional media services	205,054	43,288	161,766
Instructional staff training	25,546	26,660	(1,114)
Board	8,119	8,704	(585)
General administration	41,940	41,355	585
School administration	439,491	665,210	(225,719)
Fiscal services	75,354	64,535	10,819
Food services	391,439	409,219	(17,780)
Central services	34,092	58,636	(24,544)
Pupil transportation	246,236	235,957	10,279
Operation of plant	651,201	622,498	28,703
Community services	42,497	36,497	6,000
Capital outlay	31,887	22,014	9,873
Total expenses	7,002,102	7,115,700	(113,598)
Change in fund balance	$ 180,489	$ 114,259	$ 66,151

In the prior fiscal year, the School was awarded Elementary and Secondary School Emergency Relief Funds (ESSER). The School did not receive a comparable amount in the current year as the ESSER program ended, resulting in a decrease in revenues from federal sources.

Overall, expenditures decreased corresponding to the decreased revenues. The administrative expenses decreased due to a transition in management personnel.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with financial, compliance and 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 usable resources. Such information is useful in assessing the School's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the School completed the year, its governmental funds reported a combined fund balance of approximately $4,630,000 and an unassigned spendable fund balance of approximately $3,814,000.

General Fund Budgetary Highlights

During the fiscal year, the School did not amend its general fund budget. Generally, budget amendments fall into one of the three categories: 1) amendments made to adjust the estimates used to prepare the original budget once exact information is available, 2) amendments made to recognize changes in funding amounts; and 3) changes in appropriations necessary to maintain services.

General fund actual revenues exceeded budgeted amounts by approximately $698,000 due to the internal funds not being included in the general fund budget, primarily due to the nature of the funds. Actual expenditures were approximately $283,000 higher than final budgeted amounts, before other financial sources and uses primarily for the same reason as above.

CAPITAL ASSETS

At the end of fiscal 2026 the School had invested approximately $1,807,000 in capital assets.

	Governmental Activities		Increase
	2026	2025	(Decrease)
Furniture, fixtures, and equipment	$ 409,182	$ 377,295	$ 31,887
Vehicles	1,003,649	1,003,649	-
Building improvements	306,681	306,681	-
Computer software	88,480	88,480	-
Total capital assets	$ 1,807,992	$ 1,776,105	$ 31,887

This year's major capital asset additions included the following:

- Technology upgrades - $23,886

More detailed information about the School's capital assets is presented in Note 4 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Budget Highlights for the Fiscal Year Ended June 30, 2027

Amounts available for appropriation in the general fund are approximately $6 million, a budgeted decrease of approximately $500,000 from 2026 actual amount. The decrease is due to unbudgeted internal funds.

Budgeted expenditures in the general fund are approximately $6.1 million which is a decrease of approximately $400,000 from the actual 2026 actual amount exclusive of expenditures from internal funds.

If these estimates are realized, the School's general fund balance is expected to decrease slightly by the fiscal year ending June 30, 2027.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at 5240 Berkley Road, Auburndale, Florida, 33823.

Independent Auditor's Report

To the Board of Directors of Berkley Charter School, Inc.,
A Charter School and Component Unit of the District
School Board of Polk County, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Berkley Charter School, Inc. (the 'School'), as of and for the year ended June 30, 2026, 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, the major fund, and the aggregate remaining fund information of the School, as of June 30, 2026, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with

generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison and pension information on pages 1-6 and 36-39 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 28, 2026, 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.

McCrady & Associates, PLLC

Altamonte Springs, Florida
September 28, 2026

BERKLEY CHARTER SCHOOL, INC.

A Charter School and Component Unit of the
District School Board of Polk County, Florida

Statement of Net Position

June 30, 2026

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 3,568,721
Investments	1,285,828
Due from other agencies	14,818
Capital assets:	
Furniture, fixtures and equipment	409,182
Vehicles	1,003,649
Building improvements	306,681
Computer software	88,480
Less accumulated depreciation	(1,648,803)
Total capital assets, net	159,189
Total assets	$ 5,028,556
DEFERRED OUTFLOW OF RESOURCES	
Amount deferred on pension liability	624,908
LIABILITIES	
Accounts payable and accrued expenses	$ 239,393
Compensated absences payable	318,974
Long-term liabilities:	
Portion due or payable after one year	
Pension liability	3,202,096
Total liabilities	3,760,463
DEFERRED INFLOW OF RESOURCES	
Amount deferred on pension liability	993,347
NET POSITION	
Invested in capital assets, net of related debt	159,189
Unrestricted	740,465
Total net position	$ 899,654

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

BERKLEY CHARTER SCHOOL, INC.

A Charter School and Component Unit of the
District School Board of Polk County, Florida

Statement of Activities

For the Year Ended June 30, 2026

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Instruction	$ 4,889,652	$ 224,911	$ 31,135	$ -	$ (4,633,606)	$ (4,633,606)
Pupil personnel services	171,780	-	110,610	-	(61,170)	(61,170)
Instructional media services	205,054	-	-	-	(205,054)	(205,054)
Instructional staff training	25,546	-	-	-	(25,546)	(25,546)
Board	8,119	-	-	-	(8,119)	(8,119)
General administration	41,940	-	-	-	(41,940)	(41,940)
School administration	440,565	-	-	-	(440,565)	(440,565)
Facilities acquisition and construction	6,797	-	-	-	(6,797)	(6,797)
Fiscal services	75,354	-	-	-	(75,354)	(75,354)
Food services	395,833	82,229	201,910	-	(111,694)	(111,694)
Central services	36,784	-	-	-	(36,784)	(36,784)
Pupil transportation	267,063	-	-	-	(267,063)	(267,063)
Operation of plant	669,163	-	-	-	(669,163)	(669,163)
Community service	42,497	28,586	-	-	(13,911)	(13,911)
Total primary government	$ 7,276,147	$ 335,726	$ 343,655	$ -	(6,596,766)	(6,596,766)
General revenues:						
State and local sources					5,900,261	5,900,261
Contributions and other revenues					602,949	602,949
Total general revenues					6,503,210	6,503,210
Change in net position					(93,556)	(93,556)
Net position at beginning of year					993,210	993,210
Net position at end of year					$ 899,654	$ 899,654

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

BERKLEY CHARTER SCHOOL, INC.

A Charter School and Component Unit of the
District School Board of Polk County, Florida

Balance Sheet - Governmental Funds

June 30, 2026

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 2,568,272	1,000,449	$ 3,568,721
Investments	1,285,828	-	1,285,828
Due from other agencies	-	14,818	14,818
Due from special revenue fund	1,015,267	-	1,015,267
Total assets	$ 4,869,367	$ 1,015,267	$ 5,884,634
LIABILITIES			
Accounts payable and accrued expenses	$ 239,393	$ -	$ 239,393
Due to general fund	-	1,015,267	1,015,267
Total liabilities	239,393	1,015,267	1,254,660
FUND BALANCES			
Assigned:			
Designated for school-based student activity organizations	953,395	-	953,395
Spendable:			
Unassigned	3,676,579	-	3,676,579
Total fund balances	4,629,974	-	4,629,974
Total liabilities and fund balances	$ 4,869,367	$ 1,015,267	$ 5,884,634

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

BERKLEY CHARTER SCHOOL, INC.

A Charter School and Component Unit of the
District School Board of Polk County, Florida

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2026

Total fund balances - governmental funds	$	4,629,974
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets consist of:		
Capital assets		1,807,992
Accumulated depreciation		(1,648,803)
Amounts accrued for compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(318,974)
Long-term liabilities, including notes payable, are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds.		
Pension liability		(3,202,096)
Deferred amounts are reported in the Statement of Net Position as deferred outflow or deferred inflow of resources but are not reported in the funds.		(368,439)
Total net position - governmental activities	$	899,654

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

BERKLEY CHARTER SCHOOL, INC.

A Charter School and Component Unit of the
District School Board of Polk County, Florida

Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds

For the Year Ended June 30, 2026

	General Fund	Other Governmental Fund	Total Governmental Funds
REVENUES			
Federal sources passed through local school district	$ -	$ 343,655	$ 343,655
State and local sources	5,900,261	-	5,900,261
Contributions and other revenues	837,549	101,126	938,675
Total revenues	6,737,810	444,781	7,182,591
EXPENDITURES			
Current:			
Instruction	4,606,365	31,135	4,637,500
Pupil personnel services	61,136	110,610	171,746
Instructional media services	205,054	-	205,054
Instructional staff training	25,546	-	25,546
Board	8,119	-	8,119
General administration	41,940	-	41,940
School administration	439,491	-	439,491
Fiscal services	75,354	-	75,354
Food services	-	391,439	391,439
Central services	34,092	-	34,092
Pupil transportation	246,236	-	246,236
Operation of plant	651,201	-	651,201
Community service	42,497	-	42,497
Capital outlay	31,887	-	31,887
Total expenditures	6,468,918	533,184	7,002,102
Excess (deficiency) of revenues over expenditures	268,892	(88,403)	180,489
OTHER FINANCIAL SOURCES (USES)			
Operating transfer in	-	12,555	12,555
Operating transfer out	(12,555)	-	(12,555)
Total other financial sources	(12,555)	12,555	-
Net changes in fund balances	256,337	(75,848)	180,489
Fund balances at beginning of year	4,373,637	75,848	4,449,485
Fund balances at end of year	$ 4,629,974	$ -	$ 4,629,974

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

BERKLEY CHARTER SCHOOL, INC.

A Charter School and Component Unit of the
District School Board of Polk County, Florida

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2026

Net changes in fund balances - total governmental funds	$	180,489
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of net position, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount in the current period:		
Capital outlays		31,887
Depreciation expense		(83,558)
In the Statement of Activities, some revenues and expenses are recognized that do not provide current financial resources and are not recognized in the governmental funds, such as deferred inflow and outflow of resources.		(222,374)
Change in net position of governmental activities	$	(93,556)

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

BERKLEY CHARTER SCHOOL, INC.

A Charter School and Component Unit of the
District School Board of Polk County, Florida

Notes to Financial Statements

For the Year Ended June 30, 2026

1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Berkley Charter School, Inc., (the School) is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, and the Florida Not-for-Profit Corporation Act. The governing body of the School is the not-for-profit corporation Board of Directors (the "Board"), which is comprised of five members. Effective July 1, 2003, the School converted from a public school to a charter school.

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, the District School Board of Polk County, Florida, (the School District). The School is considered a component unit of the School Board and meets the definition of a governmental entity under the Governmental Accounting Standards Board (GASB).

Charter Contract

The current charter expires June 30, 2027 and may be renewed for a maximum of an additional fifteen years by mutual written agreement between the School and the School Board. Upon the expiration of the charter, the School Board may elect not to renew the charter under grounds specified in the charter. However, the School Board may terminate the current charter at any time if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds revert back to the School Board.

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – *Audits for States and Local Governments* and provisions in the Florida Statutes, the School is considered a governmental organization for financial statement reporting purposes. The School is required by its agreement with the School Board to use the governmental reporting model and follow the fund and accounting structure provided in the "Financial and Program Cost Accounting and Reporting for Florida Schools – The Red Book" issued by the FDOE.

Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the School in a manner similar to a private-sector business. The statement of net position and statement of activities are designed to provide financial information about the School as a whole on an accrual basis of accounting. The statement of net position provides information about the School's financial position, its assets and its liabilities, using an economic resources measurement focus.

The statement of activities presents a comparison between direct expenses and program revenue for each function or program of the School's governmental activities. Direct expenses are those specifically associated with a program or function; therefore, are clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of goods and services offered by the program and grants and contributions that are restricted for meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues.

Fund Financial Statements

The governmental fund financial statements report detailed information about the School's most significant funds, not the School as a whole. A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The School uses fund accounting to ensure and demonstrate compliance with finance related requirements. Certain funds are established by law while others are created by grant agreements. The following are governmental funds reported in the fund financial statements:

- General Fund – the School's primary operating fund that accounts for all financial resources of the school, except those that are required to be accounted for in another fund.
- Special Revenue Fund – to account for the proceeds of specific revenue sources restricted or committed to expenditures for a specific purpose.

For the purpose of these statements, the general fund is considered a major fund. The special revenue fund is a non-major fund and is reported as an other governmental fund.

Basis of Accounting

Basis of accounting refers to when revenues and expenses/expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses/expenditures are recognized when a liability is incurred, regardless of the timing the related cash flows take place.

Governmental fund financial statements are reported using the modified accrual basis of accounting. Under this method, revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectable within a current period. The School considers revenues to be available if they are collected within 60 days after the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenues are recognized at the time the expenditure is made.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisition of capital leases are reported as other financing sources.

Budgetary Basis Accounting

Budgets are prepared using the modified accrual basis of accounting and the Board must approve all budgets and amendments. During the fiscal year, expenditures were controlled at the object level. Budgets may be amended by resolution of the Board prior to the date of the annual report.

Use of Estimates

In preparing the financial statements in conformity with accounting principles generally accepted in the United States, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and revenues and expenses/expenditures for the period presented. Actual results could differ significantly from those estimates.

Cash, Cash Equivalents and Investments

The School's cash and cash equivalents consist primarily of demand deposits with financial institutions.

As State of Florida Statutes and the School's policy require, all deposits be made into and held by financial institutions designated by the treasurer of the State of Florida as qualified public depositories as defined by Chapter 280 of the Florida Statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by the institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the treasurer is defined by the ability to assess members of the pool should the need arise. The School's deposits are held in a qualified public depository. They are covered by the collateral pool as the School has identified itself as a public investments entity at June 30, 2026.

Interfund Receivables and Payables

Activities between the funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as to/from other funds. The general fund has recorded total receivable from the special revenue fund of approximately $1.0 million, which are related to amounts paid by the general fund of behalf of the special revenue fund.

Capital Assets and Depreciation

The School's capital assets with useful lives of more than one year are stated at historical cost and are reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair value on the date donated. The School capitalizes assets with a cost of $1,000 or more. Expenditures of normal maintenance and repair that do not add to the asset value or extend the useful life are not capitalized. Depreciation is computed using the straight-line method. Estimated useful lives of the assets are as follows:

	Years
Furniture, fixtures, and equipment	3 – 10
Vehicles	10
Building improvements	10 – 20
Computer software	3 – 5

Compensated Absences

Compensated absences (i.e. paid absences for employee vacation leave and sick leave) are recorded as an expenditure in the governmental funds when leave is used or when accrued as payable to employees entitled to cash payment in lieu of taking leave. In the government-wide financial statements, compensated absences are recorded as an expense when earned by the employee.

Pensions

In the government-wide statement of net position, liabilities are recognized for the School's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from the FRS's and the HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. The School's retirement plans and related amounts are described in Note 5.

Net Position and Fund Balance Classifications

Government-wide financial statements

The net position is classified and reported in three components:

- Investment in capital assets, net of related debt – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.
- Restricted – consists of amounts with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments.
- Unrestricted – all other amounts that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund financial statements

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions,* defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in nonspendable form.
- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School's Board of Governance.
- Assigned – fund balance that is intended to be used by the School's management for specific purposes but does not meet the criteria to be classified as restricted or committed.
- Unassigned – fund balance that is the residual amount for the School's general fund and includes all spendable amounts not contained in the other classifications.

This statement also clarifies the definition of the special revenue fund to denote it may be used to account for the proceeds of specific revenue sources (other than trusts for individual, private organizations or other governmental agencies or for major capital projects) legally restricted to expenditures for specified purposes.

Order of Fund Balance Spending Policy

The School's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Any remaining fund balance amounts for the non-general funds are to be classified as restricted fund balance. It is possible for the non-general funds to be classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the amount of restricted fund balances for specific purposes exceed the positive fund balance for the non-general fund.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The school has one item that qualifies for reporting in this category which is the deferred amount on pension reported in the government-wide statement of net position. The deferred outflows of resources related to pensions are discussed in a subsequent note.

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 position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The School has one item, which arise only under a modified accrual basis of accounting, that qualify for reporting in this category, which is the deferred amount on pension reported in the government-wide statement of net position. A deferred amount on pension results from the difference in the expected and actual amounts of experience, earnings and contributions. This amount is deferred and amortized over the service life of all employees that are provide with pensions through the pension plan except earnings which are amortized over 5 years.

Revenue Sources

Revenues for operations are received primarily from the District School Board of Polk County, Florida pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the School District. The School Board receives a 2% administrative fee from the School, which is withheld from the respective FEFP payments. The administrative expense is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances of governmental funds. The administrative fee is calculated on gross FEFP revenue, up to 250 students. The difference between the actual fee and the fee as calculated on total FEFP revenue is restricted for capital outlay expenditures. As of June 30, 2026, the School had no restricted funds for this purpose.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of 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 the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey period. The FDOE may also adjust subsequent fiscal period allocations based on an audit of the School's compliance in determining and reporting FTE and related data. Generally, such adjustments are treated as reductions or additions of revenues in the year when the adjustments are made.

The basic amount of funding through the FEFP under Section 1011.62 is calculated based on (1) unweighted FTE, multiplied by (2) the cost factor for each program multiplied by (3) the base student allocation established by the Florida legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the year ended June 30, 2026, the School reported 696 unweighted FTE.

The School received additional funding under other federal grants. This assistance is generally received based on applications submitted to various granting agencies. For federal grants in which funding is awarded based on incurring eligible expenditures, revenue is recognized as the amount of eligible expenditures have been incurred.

Recently Issued Accounting Pronouncements

In June 2022, the GASB issued Statement No. 101, Compensated Absences. This statement establishes accounting and financial reporting requirements for compensated absences, including vacation, sick leave, and paid time off, and associated salary-related payments. A liability is generally recognized for leave attributable to services already rendered that accumulates and is more likely than not to be used, paid, or otherwise settled. A liability is also recognized for leave that has been used but not yet paid or settled. The statement is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Because School employees, salaries, and related liabilities are the responsibility of the management company, the School has not included a liability for compensated absences in accrued expenses.

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures. This statement requires governments to disclose concentrations or constraints that make them vulnerable to a substantial impact when an associated event has occurred or is more likely than not to occur within 12 months after the financial statement date. The statement is effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The School evaluated the requirements of this statement and determined that it did not have a material effect on its financial statements.

In April 2024, the GASB issued Statement No. 103, Financial Reporting Model Improvements. This statement improves key components of the financial reporting model, including management's discussion and analysis, unusual or infrequent items, proprietary fund statements, major component units, and budgetary comparison information. The statement is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. In September

2024, the GASB issued Statement No. 104, Disclosure of Certain Capital Assets. This statement requires certain capital assets, including right-to-use lease assets, subscription assets, and other intangible right-to-use assets, to be disclosed separately by major class of underlying asset. It also establishes disclosure requirements for capital assets held for sale. The statement is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

2 FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States (GAAP) define fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, GAAP recognizes a hierarchy of "inputs" an organization may use in determining or estimating fair value. The inputs are categorized into "levels" that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical items (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted market prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for an asset or liability. Level 3 inputs should be used to measure fair value to the extent that observable level 1 or 2 inputs are not available.

The estimated fair value of the School's pension liability and related deferred outflows and inflows determined using Level 3 inputs is based on information provided by the Auditor General. The estimated fair value of the School's pensions and related deferred outflows and inflows using Level 3 inputs is determined by calculating the present value of the future distributions expected to be paid, using published life expectancy tables and discount rates ranging from approximately 2% to 4.3%. There were no changes in valuation techniques during the year.

The carrying values of cash and cash equivalents, cash restricted for long-term purposes, receivables and the accounts payable do not differ materially from reasonable estimates of fair value, as the terms of such instruments do not vary significantly from the assumptions that would be made in estimating fair value.

Estimated fair value of certain assets and (liabilities) measured on a recurring basis at June 30, 2026, are as follows:

	Level 1	Level 2	Level 3	Total
Investments	$ 1,285,828	$ -	$ -	$ 1,285,828
Deferred outflows related to pension liability	-	-	624,908	624,908
Pension liability	-	-	(3,202,096)	(3,202,096)
Deferred inflows related to pension liability	-	-	(993,347)	(993,347)
Total	$ 1,285,828	$ -	$ (3,570,535)	$ (2,284,707)

3 INVESTMENTS

The School had the following investments and maturities as of June 30, 2026:

		Investment Maturities (in Years)	
Investment Type	**Fair Value**	**Less than 1**	**1 - 5**
Equity mutual funds	$ 681,227	$ 681,227	$ -
Exchange traded equity funds	373,589	373,589	-
Bond funds	28,468	28,468	-
Cash and cash equivalents	25,737	25,737	-
Total investments	$ 1,109,050	$ 1,109,050	$ -

Interest Rate Risk – as a method to limit its exposure to fair value losses, the School's investment policy strictly adheres to Section 218.415 of the Florida Statutes.

Credit Risk – State law limits investments of surplus public funds to the Prudent Investment Act. The School's investment policy is to follow the guidelines of the Prudent Investment Act. All of the School's investments are in compliance as of June 30, 2026.

Concentration of Credit Risk – More than 5 percent of the School's investments are from the following issuers:

Issuer:	Amount	Percentage of Total Investments
ISHARE	$ 227,586	20.52%
JP Morgan	204,720	18.46%
American	106,595	9.61%
AB	87,899	7.93%
Landenburg	79,816	7.20%
American Strategic	64,862	5.85%

4 CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2026 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Furniture, fixtures, and equipment	$ 377,295	$ .31,887	$ -	$ 409,182
Vehicles	1,103,649	-	-	1,103,649
Building improvements	306,861	-	-	306,861
Computer software	88,480	-	-	88,480
Total capital assets	1,776,105	31,887	-	1,807,992
Less accumulated depreciation:				
Furniture, fixtures, and equipment	(276,937)	(55,932)	-	(332,869)
Vehicles	(926,050)	(20,827)	-	(946,877)
Building improvements	(273,778)	(6,799)	-	(280,577)
Computer software	(88,480)	-	-	(88,480)
Total accumulated depreciation	(1,565,245)	(83,558)	-	1,648,803
Capital assets, net	$ 210,860	$ (51,671)	$ -	$ 159,189

Depreciation expense:	
Instruction	$ 29,088
Pupil personnel services	724
Facility acquisition	6,797
Food service	4,394
Central services	2,692
Administration	1,074
Transportation services	20,827
Operation of plant	17,962
Total governmental activities depreciation expense	$ 83,558

5 RETIREMENT PLANS

PENSION PLANS

Reporting Entity

The Florida Department of Management Services, Division of Retirement (division), is part of the primary government of the state of Florida and is responsible for administering the Florida Retirement System Pension Plan and Other State-Administered Systems (system). For the fiscal year ended June 30, 2025, the division administered two cost-sharing, multiple employer defined benefit plans, one single employer defined benefit plan, two defined contribution plans, a supplemental funding of defined benefit plans for municipal police officers and firefighters, and various general revenue funded pension programs. The division issued a publicly available, audited annual comprehensive financial report (ACFR) on behalf of the system that includes financial statements, notes and required supplementary information for each of the pension plans. Detailed information about the plans is provided in the ACFR, which is available online, or by contacting the division.

Cost-Sharing Defined Benefit Plans

As required by Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), this report includes the allocation of the collective net pension liability and associated pension expense, deferred outflows of resources and deferred inflows of resources for each of the participating employers in the system's cost-sharing, multiple employer defined benefit plans:

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the FRS Pension Plan. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a non-integrated defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program is a non-qualified, cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS Program. The benefit is a monthly payment to assist eligible retirees and surviving beneficiaries of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2025, retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by $7.50. The payments are at least $45 but not more than $225

per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Approximately 1,000 participating employers are served by the two defined benefit plans. Of these, more than 900 employers, referred to as reporting employers, report payroll and remit contributions to the division for their covered employees and, in some cases, for the covered employees of associated participating employers.

Basis of Accounting

Employers participating in the FRS Pension Plan and HIS Program are required to report pension information in their financial statements for fiscal periods beginning on or after June 15, 2014, in accordance with GASB 68. The Schedules of Employer Allocations and Schedules of Pension Amounts by Employer (pension allocation schedules) and notes to the schedules, along with the system's ACFR, provide employers with the required information for reporting.

The underlying financial information used to prepare the pension allocation schedules is based on the system's records. The financial statements for the cost-sharing defined benefit plans are prepared using the flow of economic resources measurement focus and the accrual basis of accounting and are prepared in accordance with accounting principles generally accepted in the United States. The system's financial statements are available online or by contacting the Division. There have been no significant changes since the publication of the financial statements.

Employer Contributions

Contributions are recognized as revenue in the period for which the contributions are due pursuant to statutory and contractual requirements. Employee contributions required pursuant to section 121.71(3), Florida Statutes, are accounted for by the FRS as employer-paid employee contributions and are treated as employer contributions under 26 U.S.C. s. 414(h)(2) allowing these contributions to be deducted on a pre-tax basis. Pension expense reported in the pension allocation schedules is reduced by these amounts.

Total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes. Employer contributions reflected in the financial statements and in the pension allocation schedules for the cost-sharing defined benefit plans represent contributions specific to each defined benefit plan and do not equal total blended contributions remitted by the employer.

Use of Estimates

The preparation of these schedules, and the associated financial statements, requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and changes therein,

including appropriate disclosures at the date of the financial statements. Actual results could differ from those estimates.

Net Pension Plan's Fiduciary Net Position

The components of the collective fiduciary's net position liability of the participating employers for each defined benefit plan for the measurement date of June 30, 2025 are shown below (*in thousands*):

	FRS	HIS
Total pension liability	$ 243,620,457,000	$ 13,687,702,516
Plan fiduciary net position	(212,585,325,722)	(870,258,386)
Net pension liability	$ 38,684,702,966	$ 12,817,444,130
Plan fiduciary net position as a percentage of the total pension liability	87.26%	6.36%

The total pension liability for the FRS and HIS was determined by the plan's actuary and reported in the plan's GASB 67 valuation as of June 30, 2025. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements.

Basis of Allocation

The School's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions related to the reporting periods included in the system's current and several prior measurement dates. Prior measurement dates shown in exhibits align with the oldest deferred (inflow)/outflow base through June 30, 2025, for employers that were members of the FRS and HIS during those fiscal years. For fiscal years ended June 30, 2018, through June 30, 2025, in addition to contributions from employers, the required accrued contributions for the division (paid on behalf of the division's employees who administer the plans) were allocated to each employer on a proportional basis. The division administers the plans, and therefore, cannot allocate a portion of the liability to itself. Although GASB 68 encourages the use of the School's projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is acceptable. The aggregate employer contribution amounts for each fiscal year agree to the employer contribution amounts reported in the system's ACFR for that fiscal year.

The proportion calculated based on contributions for each of the fiscal years presented in the pension allocation schedules was applied to the net pension liability and other pension amounts applicable to that fiscal year to determine each employer's proportionate share of the liability, deferred outflows of resources, deferred inflows of resources and associated pension expense.

For the purposes of the pension allocation schedules, pension amounts are allocated to reporting employers. The pension amounts of participating employers whose payrolls are reported and contributions are remitted by another entity are included in the reporting employer's amounts and will be allocated to the participating employer by the reporting employer.

Actuarial Methods and Assumptions

The Florida Retirement System (FRS) Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of the defined benefit pension plan pursuant to section 216.136(10), Florida Statutes. The division determines the assumptions in the valuations for GASB 67 reporting purposes. The FRS Pension Plan's GASB 67 valuation is performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2024 for the period July 1, 2018, through June 30, 2023. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.50%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.70%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 5.20% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both the FRS Pension Plan and the HIS Program were based on the PUB-2010 base table.

The following changes in actuarial assumptions occurred in 2025 for the HIS Program:

- All demographic assumptions and methods were reviewed as part of the 2024 Experience Study. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its meetings in October 2024.
- The coverage election assumptions were updated to reflect recent and anticipated future experience of HIS program participants. Changes were adopted by the 2025 FRS Actuarial Assumption Conference during its October 2025 meeting.
- The discount rate was modified to reflect the change in the value of the municipal bond index between GASB measurement dates.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the collective net pension liability of the participating employers if the discount rate was 1.00% higher or 1.00% lower than the current discount rate at June 30, 2025.

School's Proportionate Share of FRS Net Pension Liability

1% Decrease	Current Discount Rate	1% Increase
5.70%	6.70%	7.70%
$4,038,552	$2,057,877	$397,308

School's Proportionate Share of HIS Net Pension Liability

1% Decrease	Current Discount Rate	1% Increase
4.20%	5.20%	6.20%
$1,290,291	$1,144,219	$1,021,711

The School's proportions are as follows:

	FRS	HIS
June 30, 2025	.00663%	.00892%
June 30, 2024	.00692%	.00947%
Change	.00029%	.00055%

Pension Expense and Deferred Outflow / Inflow of Resources

In accordance with GASB 68, paragraphs 54 and 71, changes in the School's proportionate share of the net pension liability are recognized in pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current reporting period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).
- Changes of assumptions or other inputs are amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).
- Changes in proportion and differences between contributions and proportionate share of contributions amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)

- Differences between expected and actual earnings on pension plan investments – amortized over five years.

The School's contributions to the pension plans from the School are not included in collective pension expense; however, employee contributions are used to reduce pension expense.

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2025, was 4.7 years for FRS and 5.8 years for HIS.

At June 30, 2025, the School reported deferred outflows of resources and deferred inflow of resources related to the pensions from the following sources:

	FRS	
Description	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 219,803	$ -
Changes of assumptions	238,973	-
Net difference between projected and actual investment earnings	-	343,583
Employer-specific amounts due to changes in employer proportion	30,449	210,218
School FRS contributions subsequent to the measurement date	96,991	-
Total	$ 586,216	$ 553,801

Description	HIS Deferred Outflows of Resources	HIS Deferred Inflows of Resources
Differences between expected and actual experience	$ 6,830	$ 1,815
Changes of assumptions	10,128	276,757
Net difference between projected and actual investment earnings	-	952
Employer-specific amounts due to changes in employer proportion	2,600	160,022
School FRS contributions subsequent to the measurement date	19,134	-
Total	$ 38,692	$ 439,546

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the subsequent reporting period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

Measurement period ending June 30,	FRS Expense	HIS Expense
2026	$ (22,602)	$ (92,650)
2027	(19,373)	(110,925)
2028	(12,915)	(93,391)
2029	(6,458)	(74,843)
2030	(3,228)	(48,179)
Thereafter	-	-
Total	$ (64,576)	$ (419,988)

Additional Financial and Actuarial Information

Additional audited financial information supporting the Schedules of Employer Allocations and the Schedules of Pension Amounts by Employer is located in the Florida Retirement System Pension Plan and Other State-Administered Systems ACFR for the fiscal year ended June 30, 2025. The system's ACFR and the actuarial valuation reports referenced herein are available online at: http://www.dms.myflorida.com/workforce_operations/retirement/publications.

6 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

District School Board of Polk County, Florida:		
Florida Education Finance Program	$	4,020,958
Class size reduction		703,106
Discretionary local effort		312,320
Discretionary millage funds		312,210
Supplemental academic instruction		182,737
Transportation		143,344
ESE guaranteed allocation		102,709
School recognition funds		58,594
Safe schools		64,283
Total	$	5,900,261

The administrative fee paid to the School Board during the year ended June 30, 2026 totaled approximately $42,000 which is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances of governmental funds.

8 RISK MANAGEMENT PROGRAM

Workers' compensation coverage, health and hospitalization, general liability, professional liability and property coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not historically exceeded commercial coverage.

9 COMMITMENTS AND CONTINGENT LIABILITIES

Grants

The School participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at year end may be impaired.

Management believes there are no significant contingent liabilities related to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Legal Matters

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. Management believes the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

10 CAMPUS FACILITY

Title to the school building and facilities and other capital assets acquired prior to July 1, 2003 remains with the School Board. Florida Statutes provide that the use of the school building and facilities be furnished to charter schools on the same basis as made available to other public schools in the district. No rental or leasing fee may be charged by the district school board to the charter school or to the parents and teachers who organize the charter school.

Management believes the value of the facilities utilized by the School is significant; therefore, any substantial changes in Florida Statutes related to facilities used by conversion schools could have a material effect on the School's operations.

Originally, any capital assets acquired prior to July 1, 2003 also remained with the School Board. However, during fiscal year 2013, the School Board transferred ownership, title and all inherent duties related to these capital assets located on the School campus to Berkley Charter School, Inc.

11 INCOME TAXES

The School qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is therefore, exempt from income taxes. Accordingly, no tax provision has been made in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related notes to the financial statements. The School's income tax returns for the past three tax years are subject to examination by tax authorities, and may change upon examination.

12 SUBSEQUENT EVENTS

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through September 28, 2026, which is the date the financial statements were available to be issued.

BERKLEY CHARTER SCHOOL, INC.

A Charter School and Component Unit of the
District School Board of Polk County, Florida

Required Supplementary Information

Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2026

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
State and local sources	$ 6,003,917	$ 6,003,917	$ 5,900,261	$ (103,656)
Contributions and other revenues	35,000	35,000	837,549	802,549
Total revenues	6,038,917	6,038,917	6,737,810	698,893
EXPENDITURES				
Current:				
Instruction	4,369,078	4,369,078	4,606,365	237,287
Pupil personnel services	67,124	67,124	61,136	(5,988)
Instructional media services	194,077	194,077	205,054	10,977
Instructional staff training	40,000	40,000	25,546	(14,454)
Board	10,780	10,780	8,119	(2,661)
General administration	41,920	41,920	41,940	20
School administration	454,522	454,522	439,491	(15,031)
Fiscal services	75,000	75,000	75,354	354
Central services	30,756	30,756	34,092	3,336
Pupil transportation	209,818	209,818	246,236	36,418
Operation of plant	692,484	692,484	651,201	(41,283)
Community services	-	-	42,497	42,497
Capital outlay	-	-	31,887	31,887
Total expenditures	6,185,559	6,185,559	6,468,918	283,359
Excess (deficiency) of revenues over expenditures	(146,642)	(146,642)	268,892	415,534
OTHER FINANCIAL SOURCES (USES)				
Operating transfer out	-	-	(12,555)	(12,555)
Total other financial sources	-	-	(12,555)	(12,555)
Net changes in fund balances	(146,642)	(146,642)	256,337	402,979
Fund balances at beginning of year	4,373,637	4,373,637	4,373,637	-
Fund balances at end of year	$ 4,226,995	$ 4,226,995	$ 4,629,974	$ 402,979

See Independent Auditor's Report.

BERKLEY CHARTER SCHOOL

A Charter School and Component Unit of the
District School Board of Polk County, Florida

Required Supplementary Information

Schedule of the School's Proportionate Share of the Net Pension Liability-
Florida Retirement System Pension Plan

	As of June 30:									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
School's proportion of the FRS net pension liability (asset)	0.0073%	0.0073%	0.0073%	0.0077%	0.0079%	0.0071%	0.0074%	0.0072%	0.0072%	0.0076%
School's proportionate share of the FRS net pension liability (asset)	$ 2,057,877	$ 2,677,348	$ 2,909,949	$ 2,858,871	$ 594,920	$ 3,069,631	$ 2,539,320	$ 2,173,677	$ 2,133,471	$ 1,813,812
School's covered-employee payroll	$ 4,090,939	$ 4,303,437	$ 4,970,786	$ 4,085,866	$ 3,638,215	$ 3,610,790	$ 3,832,013	$ 3,874,231	$ 3,531,177	$ 3,426,077
School's proportionate share if the FRS net pension liability (asset) as a percentage of its covered-employee payroll	50.30%	62.21%	58.54%	69.97%	16.35%	85.01%	66.27%	56.11%	60.42%	52.94%
FRS Plan fiduciary net position as a percentage of the total pension liability	87.26%	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%

Schedule of School Contributions
Florida Retirement System Pension Plan

	As of June 30:									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required FRS contribution	$ 96,991	$ 556,790	$ 496,098	$ 442,022	$ 360,394	$ 256,138	$ 239,950	$ 224,785	$ 205,667	$ 187,765
FRS contribution in relation to the contractually required FRS contribution	(96,991)	(556,790)	(496,098)	(442,022)	(360,394)	(256,138)	(239,950)	(224,785)	(205,667)	(187,765)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's covered employee payroll	$ 4,090,939	$ 4,303,437	$ 4,970,786	$ 4,085,866	$ 3,638,215	$ 3,610,790	$ 3,832,013	$ 3,874,231	$ 3,531,177	$ 3,426,077
FRS contribution as a percentage of covered employee payroll	2.37%	12.94%	9.98%	10.82%	9.91%	7.09%	6.26%	5.80%	5.82%	5.48%

See Independent Auditor's Report.

Schedule of the School's Proportionate Share of the Net Pension Liability-
Health Insurance Subsidy Pension Plan

	As of June 30:											
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
School's proportion of the HIS net pension liability (asset)	0.0089%	0.0094%	0.0098%	0.0102%	0.0106%	0.0109%	0.0109%	0.0107%	0.0107%	0.0107%	0.0108%	0.0106%
School's proportionate share of the HIS net pension liability (asset)	$ 1,144,219	$ 1,421,514	$ 1,561,586	$ 1,077,330	$ 1,290,019	$ 1,281,850	$ 1,218,750	$ 1,136,792	$ 1,147,522	$ 1,258,003	$ 1,091,655	$ 987,867
School's covered-employee payroll	$ 4,090,939	$ 4,303,437	$ 4,970,786	$ 4,085,866	$ 3,638,215	$ 3,610,790	$ 3,832,013	$ 3,874,231	$ 3,531,177	$ 3,426,077	$ 2,512,300	$ 3,226,559
School's proportionate share if the HIS net pension liability (asset) as a percentage of its covered-employee payroll	27.97%	33.03%	31.42%	26.37%	35.46%	35.50%	31.80%	29.34%	32.50%	36.72%	43.45%	30.62%
HIS Plan fiduciary net position as a percentage of the total pension liability	6.36%	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

Schedule of School Contributions
Health Insurance Subsidy Pension Plan

	As of June 30:											
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required HIS contribution	$ 19,134	$ 99,732	$ 78,059	$ 61,096	$ 58,326	$ 61,059	$ 59,636	$ 60,484	$ 58,246	$ 56,797	$ 55,326	$ 40,918
HIS contribution in relation to the contractually required HIS contribution	(19,134)	(99,732)	(78,059)	(61,096)	(58,326)	(61,059)	(59,636)	(60,484)	(58,246)	(56,797)	(55,326)	(40,918)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's covered-employee payroll	$ 4,090,939	$ 4,303,437	$ 4,970,786	$ 4,085,866	$ 3,638,215	$ 3,610,790	$ 3,832,013	$ 3,874,231	$ 3,531,177	$ 3,426,077	$ 2,512,300	$ 3,226,559
HIS contribution as a percentage of covered employee payroll	0.47%	2.32%	1.57%	1.50%	1.60%	1.69%	1.56%	1.56%	1.65%	1.66%	2.20%	1.27%

BERKLEY CHARTER SCHOOL, INC.

A Charter School and Component Unit of the
District School Board of Polk County, Florida

Notes to Financial Statements

For The Year Ended June 30, 2026

1 BUDGETARY BASIS OF ACCOUNTING

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g., instruction, pupil personnel services and school administration). Budgets may be amended by resolution at any Board meeting prior to the date for the annual report.

McCRADY & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Report of Independent Auditor's 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 of Berkley Charter School, Inc.,
A Charter School and Component Unit of the District
School Board of Polk County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund and the aggregate remaining fund information for Berkley Charter School, Inc., a Charter School and Component Unit of the District School Board of Polk County, Florida, as of and for the year ended June 30, 2026, 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 28, 2026.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

McCrady & Associates, PLLC

Altamonte Springs, Florida
September 28, 2026

Additional Information Required by
Rules of the Auditor General,
Chapter 10.850, *Audits of Charter Schools*
and Similar Entities

McCRADY & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Management Letter as Required by Rules of the Florida Auditor General, Chapter 10.850, Florida Statutes, *Charter School Audits*

To the Board of Directors of Berkley Charter School, Inc.,
a Charter School and Component Unit of the District
School Board of Polk County, Florida.

Report on the Financial Statements

We have audited the financial statements of Berkley Charter School, Inc. (the "School") as of and for the fiscal year ended June 30, 2026, and have issued our report thereon dated September 28, 2026.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, if applicable, which is dated, September 28, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title

Section 10.854(1)(e)5. Rules of the Auditor General, requires the name or official title of the entity be disclosed in this management letter. The official title of the entity is Berkley Charter School, Inc. The School code is 1531.

Financial Condition and Management

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

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which 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, the Board of Directors, applicable management, and Polk County School Board and is not intended to be and should not be used by anyone other than these specified parties.

McCrady & Associates, PLLC

Altamonte Springs, Florida
September 28, 2026