

**SOUTH TECH ACADEMY
(A CHARTER SCHOOL UNDER SOUTH TECH CHARTER
ACADEMY, INC.)**

A Charter School Sponsored by the
District School Board of Palm Beach County, Florida

INDEPENDENT AUDITOR'S REPORT

for the fiscal year ended JUNE 30, 2026

King & Walker, CPAs, PL

Certified Public Accountants

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SOUTH TECH ACADEMY
(A CHARTER SCHOOL UNDER SOUTH TECH CHARTER ACADEMY, INC.)
A Charter School Sponsored by the District School Board of Palm Beach County, Florida

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Independent Auditor's Report

To the Board of Directors of South Tech Academy,
a charter school under South Tech Charter Academy, Inc.,
a Charter School Sponsored by the District School Board of Palm Beach County, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund of South Tech Academy, a charter school under South Tech Charter Academy, Inc. ("School"), a Charter School Sponsored by the District School Board of Palm Beach 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 as listed in the table of contents.

In our opinion, the accompanying 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, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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.

Emphasis of Matter

As described in Note 1, the accompanying financial statements referred to above present only the financial position of the School at June 30, 2026, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of South Tech Charter Academy, Inc. These financial statements do not purport to and do not present fairly the financial position of South Tech Charter Academy, Inc., as of June 30, 2025, and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 GAAS 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 GAAS 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 Management's Discussion and Analysis, the Budgetary Comparison Schedule, and other required supplementary information 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 September 9, 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 the School's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, flowing style.

September 9, 2026
Tampa, Florida

SOUTH TECH ACADEMY

(A Charter School Under South Tech Charter Academy, Inc.)

A Charter School Sponsored by the District School Board of Palm Beach County, Florida

MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)

The Management’s Discussion and Analysis (MD&A) section of the annual financial report of South Tech Academy, a charter school under South Tech Charter Academy, Inc. (“School”), provides an overview of the School’s financial activities for the fiscal year ended June 30, 2026.

Because the information contained in the MD&A is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the School’s financial statements and notes to financial statements as listed in the table of contents.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2026, the School’s revenues exceeded expenses as shown on the School’s statement of activities by \$2,927,185.
- The School reported a total net position balance of \$13,938,585, as shown on the statement of net position of which \$12,035,398 is unrestricted.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- ✓ Government-wide financial statements
- ✓ Fund financial statements
- ✓ Notes to financial statements

The School’s beginning net position increased by \$433,839 as a result of a change within the financial reporting entity. Specifically, the South Tech Holdings, LLC no longer meets the statutory or operational criteria to be blended with the primary government. This operational separation means its financials are no longer included in our consolidated statements, creating a one-time adjustment to the School’s opening balances. As such the financial comparisons as shown on pages 6 & 7 have been made with the exclusion of South Tech Holdings LLC’s activity for the fiscal year 2024-25 for comparative purposes.

Government-Wide Financial Statements

The government-wide financial statements represent short-term and long-term information about the School’s overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of Net Position and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the School presented on the accrual basis of accounting. The statement of net position provides information about the government’s financial position, its assets, liabilities, and net position using an economic resources measurement focus. The statement of activities presents information about the change in the School’s net position and the results of operations, during the fiscal year. An increase or decrease in net position is an indication of whether the School’s financial health is improving or deteriorating. To assess the overall financial position of the School, one needs to consider additional non-financial factors such as changes in the School student base funding level.

SOUTH TECH ACADEMY

(A Charter School Under South Tech Charter Academy, Inc.)

A Charter School Sponsored by the District School Board of Palm Beach County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

Fund Financial Statements

Fund financial statements are one of the components of the basic 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. Fund financial statements provide more detailed information about the School's financial activities, focusing on its most significant funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide financial statements.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund financial statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund financial statements provide a detailed short-term view that may be used to evaluate the School's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental fund to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School's most significant funds. The School operates the following funds: a General Fund to account for its general operations, and a Special Revenue Fund to account for Federal grant programs. The School has elected to report all funds as major funds.

The School adopts annual budgets for its governmental funds. A budgetary comparison schedule, as required, has been provided for the General Fund and Special Revenue Fund to demonstrate compliance with the budgets.

Notes to Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

SOUTH TECH ACADEMY

(A Charter School Under South Tech Charter Academy, Inc.)

A Charter School Sponsored by the District School Board of Palm Beach County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of the School's current year and prior year net position:

	Net Position, End of Year		
	Governmental Activities		Increase (Decrease)
	6-30-25	6-30-26	
ASSETS			
Current and Other Assets	\$ 15,001,069	\$ 18,240,417	\$ 3,239,348
Capital Assets, Net	2,269,832	1,848,969	(420,863)
Total Assets	17,270,901	20,089,386	2,818,485
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources	1,818,152	1,468,847	(349,305)
Total Deferred Outflow Related to Pensions	1,818,152	1,468,847	(349,305)
LIABILITIES			
Current Liabilities	532,070	957,200	425,130
Noncurrent Liabilities	6,511,652	5,198,861	(1,312,791)
Total Liabilities	7,043,722	6,156,061	(887,661)
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources	1,033,931	1,463,587	429,656
Total Deferred Inflow Related to Pensions	1,033,931	1,463,587	429,656
NET POSITION			
Net Investment in Capital Assets	2,247,037	1,848,969	(398,068)
Restricted	27,421	54,218	26,797
Unrestricted	8,736,942	12,035,398	3,298,456
Total Net Position	\$ 11,011,400	\$ 13,938,585	\$ 2,927,185

Current and other assets consist primarily of cash & cash equivalents and investments (96%). The School's current liabilities are comprised of accrued liabilities. The School's noncurrent liabilities consist of a liability compensated absences and a net pension liability. Deferred outflows and inflows and the associated net pension liability relate to the accounting for pensions related to the School's Florida Retirement System participation.

SOUTH TECH ACADEMY

(A Charter School Under South Tech Charter Academy, Inc.)

A Charter School Sponsored by the District School Board of Palm Beach County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

The following is a summary of the School's change in net position for the current and prior year:

	Operating Results for the Year		
	Governmental Activities		Increase (Decrease)
	6-30-25	6-30-26	
Revenues:			
Federal Through State and Local	\$ 1,422,673	\$ 998,664	\$ (424,009)
State	10,415,784	10,422,506	6,722
Local and Other	3,178,748	3,500,482	321,734
Total Revenues	15,017,205	14,921,652	(95,553)
Expenses:			
Instruction	6,458,957	6,450,152	(8,805)
Student Support Services	724,782	723,407	(1,375)
Instruction & Curriculum Development	97,809	94,373	(3,436)
Instructional Staff Training	113,281	89,579	(23,702)
Board	68,815	64,229	(4,586)
General Administration	257,797	388,441	130,644
School Administration	700,266	750,145	49,879
Facilities Acquisition & Construction	3,180	-	(3,180)
Fiscal Services	205,043	212,236	7,193
Central Services	210,660	219,007	8,347
Student Transportation	873,454	920,822	47,368
Operation of Plant	1,043,122	1,068,136	25,014
Maintenance of Plant	64,500	4,082	(60,418)
Administrative Technology Services	126,399	136,694	10,295
Community Service	390,885	372,571	(18,314)
Debt Service - Interest	1,915	586	(1,329)
Unallocated Depreciation	321,488	307,640	(13,848)
Disposal of Assets	181,578	192,367	10,789
Total Expenses	11,843,931	11,994,467	150,536
Increase/(Decrease) in Net Position	\$ 3,173,274	\$ 2,927,185	\$ (246,089)

The largest revenue source for the School is the State of Florida (70%). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula, Federal Funding and local tax referendums. The largest concentration of expenses was for Instruction-related functions which comprised 61% of total expenses.

SOUTH TECH ACADEMY

(A Charter School Under South Tech Charter Academy, Inc.)

A Charter School Sponsored by the District School Board of Palm Beach County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

As the School completed the year, its governmental funds reported a combined fund balance of \$17,283,217.

BUDGETARY HIGHLIGHTS

The general and special revenue fund budgets for the fiscal year ended June 30, 2026, were developed based on the School's anticipated revenues and expenditures, the expected student population, and Federal grant programs for the school year. Over the course of the year, the School revised the budgets as needed. For the fiscal year ended June 30, 2026, the actual expenditures were equal to the final budgets. Refer to the Budgetary Comparison Schedule for additional information.

CAPITAL ASSETS

The School's investment in capital assets for its governmental activities as of June 30, 2026, amounts to \$1,848,969 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures, and equipment and motor vehicles. Additional information regarding the School's capital assets can be found in the notes to the financial statements.

DEBT ADMINISTRATION

At the end of the current fiscal year, the School had total debt outstanding of \$4,556,938 related to pension liability, and \$641,923 related to compensated absences. Additional information regarding the School's long-term debt is located in the notes to the financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of South Tech Academy, a charter school under South Tech Charter Academy, Inc.'s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director, South Tech Academy, a charter school under South Tech Charter Academy, Inc., 6161 W. Woolbright Road, Boynton Beach, FL 33437.

SOUTH TECH CHARTER ACADEMY
A CHARTER SCHOOL UNDER SOUTH TECH CHARTER ACADEMY, INC.
(A Charter School Sponsored by the District School Board of Palm Beach County, Florida)

STATEMENT OF NET POSITION
June 30, 2026

	<u>Government Activities</u>
ASSETS	
Cash & Cash Equivalents	\$ 10,349,123
Due From Other Agencies	634,570
Prepaid Items & Deposits	101,724
Investments	7,155,000
Capital Assets:	
Furniture, Fixtures, and Equipment, Net	225,335
Motor Vehicles, Net	1,623,634
Total Capital Assets	<u>1,848,969</u>
TOTAL ASSETS	<u>20,089,386</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outlaw Related to Pensions	1,468,847
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,468,847</u>
LIABILITIES	
Salaries and Benefits Payable	520,459
Accounts Payable	436,741
Noncurrent Liabilities:	
Due After One Year:	
Compensated Absences Payable	641,923
Net Pension Liability	4,556,938
TOTAL LIABILITIES	<u>6,156,061</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflow Related to Pensions	1,463,587
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,463,587</u>
NET POSITION	
Net Investment in Capital Assets	1,848,969
Restricted for Referendum Funds	54,218
Unrestricted	<u>12,035,398</u>
TOTAL NET POSITION	<u><u>\$ 13,938,585</u></u>

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

SOUTH TECH CHARTER ACADEMY
A CHARTER SCHOOL UNDER SOUTH TECH CHARTER ACADEMY, INC.
(A Charter School Sponsored by the District School Board of Palm Beach County, Florida)

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2026

		Program Revenues			Net (Expenses) Revenue and Changes Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 6,450,152	\$ -	\$ 632,915	\$ -	\$ (5,817,237)
Student Support Services	723,407	-	180,636	-	(542,771)
Instruction & Curriculum Development	94,373		94,373	-	-
Instructional Staff Training	89,579	-	29,402	-	(60,177)
Board	64,229	-	-	-	(64,229)
General Administration	388,441		866	-	(387,575)
School Administration	750,145	-	60,472	-	(689,673)
Fiscal Services	212,236	-	-	-	(212,236)
Central Services	219,007		-	-	(219,007)
Student Transportation	920,822		-	-	(920,822)
Operation of Plant	1,068,136	-	-	-	(1,068,136)
Maintenance of Plant	4,082	-	-	-	(4,082)
Administrative Technology Services	136,694		-	-	(136,694)
Community Service	372,571	402,598	-	-	30,027
Debt Service - Interest	586	-	-	-	(586)
Unallocated Depreciation	307,640	-	-	-	(307,640)
Disposal of Assets	192,367	-	-	-	(192,367)
Total Governmental Activities	<u>\$ 11,994,467</u>	<u>\$ 402,598</u>	<u>\$ 998,664</u>	<u>\$ -</u>	<u>(10,593,205)</u>
General Revenue					
State Sources					10,422,506
Local and Other					3,097,884
Total General Revenues					<u>13,520,390</u>
Change in Net Position					2,927,185
Net Position - July 1, 2025					10,577,561
Adjustment to Beginning Net Position					433,839
Net Position - July 1, 2025, Restated					<u>11,011,400</u>
Net Position - June 30, 2026					<u>\$ 13,938,585</u>

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

SOUTH TECH CHARTER ACADEMY
A CHARTER SCHOOL UNDER SOUTH TECH CHARTER ACADEMY, INC.
(A Charter School Sponsored by the District School Board of Palm Beach County, Florida)

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2026

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash & Cash Equivalents	\$ 10,349,123	\$ -	\$ 10,349,123
Due From Other Agencies	88,589	545,981	634,570
Prepaid Items & Deposits	101,724	-	101,724
Investments	7,155,000	-	7,155,000
Due from Other Funds	545,981	-	545,981
Total Assets	<u>\$ 18,240,417</u>	<u>\$ 545,981</u>	<u>\$ 18,786,398</u>
LIABILITIES			
Salaries and Benefits Payable	\$ 520,459	\$ -	\$ 520,459
Accounts Payable	436,741	-	436,741
Due to Other Funds	-	545,981	545,981
Total Liabilities	<u>957,200</u>	<u>545,981</u>	<u>1,503,181</u>
FUND BALANCES			
Nonspendable	101,724	-	101,724
Restricted for Referendum Funds	54,218	-	54,218
Assigned - Student Activities	167,319	-	167,319
Unassigned	16,959,956	-	16,959,956
Total Fund Balances	<u>17,283,217</u>	<u>-</u>	<u>17,283,217</u>
Total Liabilities and Fund Balances	<u>\$ 18,240,417</u>	<u>\$ 545,981</u>	<u>\$ 18,786,398</u>

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

SOUTH TECH CHARTER ACADEMY
A CHARTER SCHOOL UNDER SOUTH TECH CHARTER ACADEMY, INC.
(A Charter School Sponsored by the District School Board of Palm Beach County, Florida)

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2026

Total Fund Balances - Governmental Funds	\$ 17,283,217
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, net of accumulated depreciation used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.	1,848,969
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Deferred Outflows and Inflows of resources are not available in the current period and not reported in the governmental funds.

Deferred Outflows	1,468,847	
Deferred Inflows	<u>(1,463,587)</u>	5,260

Compensated Absences are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.	(641,923)
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Long-term liabilities are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.

Net Pension Liability	<u>(4,556,938)</u>	<u>(4,556,938)</u>
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Total Net Position - Governmental Activities	\$ <u>13,938,585</u>
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The accompanying notes to financial statements are an integral part of this statement.

SOUTH TECH CHARTER ACADEMY
A CHARTER SCHOOL UNDER SOUTH TECH CHARTER ACADEMY, INC.
(A Charter School Sponsored by the District School Board of Palm Beach County, Florida)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2026

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues			
Intergovernmental:			
Federal Through State and Local	\$ -	\$ 998,664	\$ 998,664
State	10,422,506	-	10,422,506
Local and Other	3,500,482	-	3,500,482
Total Revenues	<u>13,922,988</u>	<u>998,664</u>	<u>14,921,652</u>
Expenditures			
Current - Education:			
Instruction	6,328,272	632,915	6,961,187
Student Support Services	542,771	180,636	723,407
Instruction & Curriculum Development	-	94,373	94,373
Instructional Staff Training	60,177	29,402	89,579
Board	64,229	-	64,229
General Administration	387,575	866	388,441
School Administration	689,673	60,472	750,145
Fiscal Services	212,236	-	212,236
Central Services	219,007	-	219,007
Student Transportation	920,822	-	920,822
Operation of Plant	1,068,136	-	1,068,136
Maintenance of Plant	4,082	-	4,082
Administrative Technology Services	136,694	-	136,694
Community Service	372,571	-	372,571
Fixed Capital Outlay:			
Other Capital Outlay	79,144	-	79,144
Debt Service:			
Principal	22,795	-	22,795
Interest	586	-	586
Total Expenditures	<u>11,108,770</u>	<u>998,664</u>	<u>12,107,434</u>
Net Change in Fund Balances	2,814,218	-	2,814,218
Fund Balances, July 1, 2025	14,468,999	1,998,569	16,467,568
Adjustments to Beginning Fund Balance	-	(1,998,569)	(1,998,569)
Fund Balances, July 1, 2025, Restated	<u>14,468,999</u>	<u>-</u>	<u>14,468,999</u>
Fund Balances, June 30, 2026	<u>\$ 17,283,217</u>	<u>\$ -</u>	<u>\$ 17,283,217</u>

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

SOUTH TECH CHARTER ACADEMY
A CHARTER SCHOOL UNDER SOUTH TECH CHARTER ACADEMY, INC.
(A Charter School Sponsored by the District School Board of Palm Beach County, Florida)

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES**
For the Fiscal Year Ended June 30, 2026

Net Change in Fund Balances - Governmental Funds	\$ 2,814,218
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital Outlays	79,144	
Depreciation Expense	(307,640)	
Disposal of Assets	<u>(192,367)</u>	(420,863)

The repayment of principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.	22,795
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Net effect of various transactions in the statement of activities that do not require the use of current financial resources are not reported in the governmental funds:

Pension Expense (calculated for net pension liability)		(223,099)
Pension contributions made subsequent to the pension liability measurement date of 6/30/25		706,391

In the statement of activities, the cost of compensated absences is measured by the amounts earned during the fiscal year, while in the governmental funds, expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences earned in excess of the amount earned in the current fiscal year.

	<u>27,743</u>
Change in Net Position - Governmental Activities	<u><u>\$ 2,927,185</u></u>

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

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NOTES TO FINANCIAL STATEMENTS
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ **Reporting Entity**

South Tech Academy, a charter school under South Tech Charter Academy, Inc. ("School"), is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the not-for-profit corporation Board of Directors, which is comprised of not less than three members.

The School commenced operations in July 2004 and offers classes from grades 9 through 12 in the City of Boynton Beach, Florida. 1,115 students were enrolled in classes during the 2024-25 school year. The School is currently in the 21st year of operating as a conversion charter school.

The basic financial statements of the School present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of South Tech Charter Academy, Inc., as of June 30, 2026, and its changes in financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 Palm Beach County School Board, Florida, ("District"). The current charter is effective until June 30, 2035, and is subject to annual review and may be renewed by mutual agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter. In this case, the District is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. In the event of termination of the charter, the District shall assume operation of the School.

Criteria for determining if other entities are potential component units which should be reported within the School's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

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Basis of Presentation

Government-wide Financial Statements: Government-wide financial statements, including the statement of Net Position and the statement of activities, present information about the School as a whole. These statements include the non-fiduciary financial activity of the School.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

Fund Financial Statements: Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The School's major governmental funds are as follows:

- General Fund - to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue Fund - a Special Revenue Fund used to account for Federal grant programs.

➤ **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures, or expenses, 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 prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows.

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Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 30 days of 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, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized 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. Allocations of cost, such as depreciation, are not recognized in governmental funds.

➤ **Budgets**

The School legally adopted budgets for the General Fund and Special Revenue Fund by function for the year ended June 30, 2026. The budgets have been prepared in accordance with accounting principles generally accepted in the United States of America. A comparison of the actual results of operations to final budgeted amounts for these funds is presented as required supplementary information.

➤ **Cash and Cash Equivalents**

Cash deposits consist of demand deposits at local financial institutions. Cash equivalents are highly liquid short-term investments with remaining maturities at the purchase date of three months or less. Deposits on hand at the School's bank accounts are insured by the Federal Deposit Insurance Company up to \$250,000. All deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

➤ **Investments**

The School has adopted an Investment Policy in order to set forth the objectives and parameters for the management of the investment funds of the School. This Policy is designed to ensure the prudent management of public funds, the availability of operating and capital funds when needed, and an investment return competitive with comparable funds and financial market indices.

Authorized Investments per the Investment policy are as follows:

- **United States Government Securities:** negotiable direct obligations, or obligations the principal and interest of which are unconditionally guaranteed by the United States Government, including Cash Management

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Bills; State and Local Government Series ("SLGS"); Treasury Bills; Treasury Notes; Treasury Bonds; and Treasury Strips.

- **United States Government Agency Securities** (full faith and credit): bonds, debentures or notes issued or guaranteed by United States Governments agencies, provided such obligations are backed by the full faith and credit of the United States Government.
- **Negotiable or non-negotiable Interest-Bearing Time Certificates of Deposit:** only to the extent fully insured by the FDIC.
- **Federal Instrumentalities** (U.S. Government sponsored agencies which are non-full faith and credit): bonds, debentures or notes issued or guaranteed by U.S. Government sponsored agencies.
- **Repurchase Agreements:** only with "Primary Securities Dealers" as identified by the Federal Reserve Bank of New York.
- **Commercial Paper:** U.S.-based companies that are rated, at the time of purchase, "Prime-1" by Moody's and "A-1" by Standard & Poor's.
- **Bankers' Acceptances:** Issued by a U.S. bank which has, at the time of purchase, (i) an unsecured, uninsured, and unguaranteed obligation rating of at least "Prime-1" by Moody's or "A-1" by Standard & Poor's.
- **State and/or Local Government Taxable and/or Tax-Exempt Debt:** general obligation and/or revenue bonds, rated at least "A" by Moody's or Standard & Poor's, if long-term debt, or if short-term debt, at least "MIG-2" by Moody's or "SP- 2" by Standard & Poor's.
- **Money Market Mutual Funds:** open-end and no-load money market funds, provided such funds (i) are registered under the Federal Investment Company Act of 1940.
- **Promissory Notes of Florida Charter Schools:** promissory notes issued by Florida charter school operators with currently operating charter schools in good standing, none of which have been identified as having a deteriorating financial condition or financial emergency pursuant to § 1002.345, FL Statutes.
- **Real Estate:** the acquisition, construction, and/or improvement of real property located in the State of Florida for an educational purpose or a purpose that otherwise aligns with South Tech 's tax-exempt purpose.

Investments are carried at fair value. The basis of determining the fair value of investments is the readily determinable sales price or current exchange rate of the investments based on prices or quotations for over-the-counter markets such as the New York Stock Exchange (NYSE) or the National Association of Securities Dealers Automated Quotations (NASDAQ). The net change in fair value of

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investments consists of both realized and unrealized gain and loss on investments. Gains or losses on the sale of components within any investment pool resulting from investment management decisions are attributed to the pool.

➤ **Capital Assets**

Expenditures for capital assets acquired or constructed for general School purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the School as those costing more than \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

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

<u>Description</u>	<u>Estimated Lives</u>
Furniture, Fixtures and Equipment	3-10 years
Motor Vehicles	10 years

➤ **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 and the HIS 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 a subsequent note.

➤ **Noncurrent Liabilities**

Long-term obligations that will be financed by resources to be received in the future by the general fund are reported in the government-wide financial statements, not in the general fund. Capital improvement debt is reported net of unamortized discount or premium. The School amortizes debt discounts or premiums over the life of the debt using the straight-line method.

In the government-wide financial statements, compensated absences for unused vacation or sick leave are accrued as liabilities to the extent that it is probable that the benefits will result in termination payments.

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Current-year information relative to changes in long-term debt is described in subsequent notes.

➤ **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 position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

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(s) and so will *not* be recognized as an inflow of resources (revenue) until then.

➤ **Net Position and Fund Balance Classification**

Government-wide Financial Statements

Net Position are classified and reported in three components:

- Net Investment in Capital Assets – 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 Net Position – consists of net position with constraints placed on their use either by external groups such as creditors, contributors, or laws or regulations of other governments.
- Unrestricted Net Position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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.

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- 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.

➤ **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 nonspendable amounts plus the amount of restricted fund balances for specific purposes exceed the positive fund balance for non-general fund.

➤ **Revenue Sources**

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

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent students (FTE) 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 designated full-time equivalent student survey periods. The Department may also adjust subsequent fiscal period allocations based upon an audit of the School’s compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplies by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are

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provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the fiscal year ended June 30, 2026, the School reported 1,103.25 unweighted FTE and 1,100.79 weighted FTE.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Florida Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC).
- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC).
- Documentation for instructors teaching out-of-field (Rule 6A-1.0503, FAC).
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC).
- Evaluation and planning documents for weighted programs (Section 1010.305, Florida Statutes, and Rule 6A-6.03411, FAC).

The School receives Federal or state awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For Federal or state awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

The School also receives funding through donations and fundraising efforts, interest earnings, and local property tax collections.

The School follows the policy of applying restricted resources prior to applying unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

➤ **Income Taxes**

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

➤ **Use of Estimates**

In preparing the financial statements in conformity with generally accepted accounting principles 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 statement of net position and affect revenues and expenditures for the period presented. Actual results could differ from those estimates.

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➤ **Subsequent Events**

Management has evaluated all events subsequent to the balance sheet date and through the report date, which is the date these financial statements were available to be issued. Management determined there are no subsequent events which require disclosure.

2. CHANGE IN THE FINANCIAL REPORTING ENTITY

For the fiscal year ended June 30, 2026, the School re-evaluated its financial reporting entity criteria in accordance with GASB Statement No. 61 and Statement No. 14. Based on this review, it was determined that South Tech Schools Holdings, LLC no longer meets the criteria to be reported as a blended component unit of the School.

Consequently, the financial activities of South Tech Schools Holdings, LLC have been excluded from the current year's financial statements. To conform with the provisions of GASB Statement No. 100, this change is reported as a change within the financial reporting entity. The beginning net position of the South Tech Schools Holdings, LLC has been restated to reflect this removal as follows:

	<u>Statement of Net Position</u>	<u>Balance Sheet - Governmental Funds</u>
Total Net Position/Fund Balance as Previously Reported	\$ 10,577,561	\$ 16,467,568
Adjustment	<u>433,839</u>	<u>(1,998,569)</u>
Restated Net Position/Fund Balance	<u>\$ 11,011,400</u>	<u>\$ 14,468,999</u>

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

In accordance with GASB Statement No. 40, Deposits and Investment Risk Disclosure, (GASB 40) the School's investments are reported by investment type at fair value in the table below. GASB 40 also requires disclosure of various types of investment risk based

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on the type of investment, as well as, stated policies adopted by the School to manage the risk.

The School's cash, cash equivalents, and investments consist of the following as of June 30, 2026:

	<u>June 30, 2026</u>
Cash and Cash Equivalents:	
Petty Cash	\$ 340
Commercial banks	174,192
Money Market Checking Accounts	<u>10,174,591</u>
Total Cash and Cash Equivalents:	<u><u>\$10,349,123</u></u>
Investments:	
Real Estate	\$ 2,955,000
Promissory Notes of Florida Charter School	<u>4,200,000</u>
Total Investments	<u><u>\$ 7,155,000</u></u>

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Fair Value Measurement

Generally accepted accounting principles in the United States of America establishes a hierarchy for which assets and liabilities must be grouped, based on significant levels of inputs (assumptions that market participants would use in pricing and asset or liability) as follows:

- Level 1 Input Valuations, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the-counter markets with sufficient volume);
- Level 2 Input Valuations, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market; and
- Level 3 Input Valuations, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on School-specific data.

Investments at fair value, as of June 30, 2026, are classified as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Debt Securities:				
Real Estate	\$2,955,000	\$ -	\$ -	\$2,955,000
Promissory Notes of Florida Charter School	4,200,000		-	4,200,000
Total Debt Securities	<u>\$7,155,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$7,155,000</u>

There are many factors that can affect the value of investments. Some, such as custodial risk, concentration of credit risk, and foreign currency risk may affect both equity and fixed income securities. Equity securities respond to such factors as economic conditions, individual company earnings performance, and market liquidity, while fixed income securities are particularly sensitive to credit risks and changes in interest rates. The School has adopted a written investment policy to provide the basis for the management of a prudent investment program appropriate to the particular fund type.

Interest Rate Risk

Interest rate risk refers to the possibility that the value of fixed-income securities will decrease as interest rates rise. Fixed-income securities with longer maturities are usually more sensitive to changes in interest rates and, consequently, tend to be more volatile than those with shorter maturities.

The School's investment policy stipulates that fixed income securities must have a rating of Prime-1 or higher from Moody's, or A-1 or higher from Standard and Poor's.

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Credit Risk

Fixed income securities carry credit risk, which is the risk that a bond issuer might fail to make timely interest or principal payments. Additionally, negative perceptions regarding the issuer's ability to meet these obligations can lead to a decline in bond prices. Various factors can contribute to this risk, including financial instability, bankruptcy, litigation, or adverse political events.

The credit quality of a bond reflects the issuer's ability to pay interest and, ultimately, to repay the principal. This quality is assessed by independent bond rating agencies, such as Moody's Investor Service or Standard & Poor's. Generally, a lower bond rating indicates a higher probability of default or failure to meet payment obligations. Consequently, bonds with lower credit ratings typically offer higher yields to compensate investors for the additional risk.

Certain fixed income securities, including obligations of the U.S. government or those explicitly guaranteed by the U.S. government, have little or no credit risk. The School maintains policies to manage credit risk, which include requiring minimum credit ratings issued by nationally recognized rating organizations.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss associated with a lack of diversification of having too much invested in a few individual issuers, thereby exposing the School to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments. Securities issued or explicitly guaranteed by the U.S. government, Fannie Mae and government agencies are not considered by management to be a concentration of credit risk. The School's investment policy limits the amount of investment types.

From time to time, the School holds deposits in excess of the amount insured by the Federal Insurance Corporation. Management believes that the risk of loss on these deposits is remote.

Custodial Credit Risk

The custodial risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the School, and are held by either: the counterparty or the counterparty's trust department or agent but not in the School's name.

The School's investment policy states that custodial credit risk for deposits will be mitigated by limiting deposits to the amount insured by FDIC per banking institutions. In the case of deposits, this is the risk that in the event of a bank failure, the School's deposits may not be returned to the School. Deposits on hand at financial institutions are insured by the Federal Deposit Insurance Company (FDIC) up to \$250,000. As of June 30, 2026, the School was exposed to custodial credit risk. Two of the School's bank accounts exceeded the FDIC insurance limit by \$1,217,855 and \$8,456,735.

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Custodial credit risk for investments will be mitigated by prohibiting as investments those securities that are not eligible for Depository Trust Corporation (DTC) holdings.

Foreign Currency Risk

Foreign currency risk is the possibility that changes in exchange rates between the U.S. dollar and foreign currencies could adversely affect a deposit or investment's fair value. The School's investment policy limits foreign investments to 15% of the manager's portfolio and prohibits the use of non-Depository Trust Corporation (DTC) eligible securities. As of June 30, 2026, the School's portfolio does not hold any foreign bonds.

4. DUE FROM OTHER AGENCIES

The amounts Due from Other Agencies included in the accompanying statement of net position and balance sheet – governmental funds consists of \$545,981 due from the District for Federal grant expenditures already paid and awaiting reimbursement in the Special Revenue Fund and \$44,263 and \$43,902 for expenses paid on behalf of South Tech Treasure Coast Academy and South Tech Treasure Coast Middle, respectively, charter schools under the same charter-holder, and \$424 for funds awaiting disbursement reported in the General Fund. These receivables are considered to be fully collectible and as such, no allowance for uncollectibles is accrued.

5. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2026, the General Fund was due \$545,981 from the Special Revenue Fund for expenditures awaiting reimbursement from the District. The amounts of interfund receivables and payables applicable to governmental funds are netted together and not reported in the statement of net position and the statement of activities.

6. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Capital Assets Being Depreciated:				
Furniture, Fixtures and Equipment	735,853	79,144	(47,188)	767,809
Motor Vehicles	2,377,134	-	(272,850)	2,104,284
Total Capital Assets Being Depreciated	3,112,987	79,144	(320,038)	2,872,093
Less Accumulated Depreciation for:				
Furniture, Fixtures and Equipment	(489,111)	(99,179)	45,816	(542,474)
Motor Vehicles	(354,044)	(208,461)	81,855	(480,650)
Total Accumulated Depreciation	(843,155)	(307,640)	127,671	(1,023,124)
Governmental Activities Capital Assets, net	\$ 2,269,832	\$ (228,496)	\$ (192,367)	\$ 1,848,969

All depreciation expense was shown as unallocated on the Statement of Activities.

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7. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in the School's long-term liabilities:

	Beginning Balance	Additions	Deductions	Ending Balance	Due in One Year
GOVERNMENTAL ACTIVITIES:					
Compensated Absences Payable	\$ 669,666	\$ -	\$ (27,743)	\$ 641,923	
Note Payable	22,795	-	(22,795)	-	-
Net Pension Liability	5,819,191		\$(1,262,253)	4,556,938	
Total Governmental Activities	<u>\$ 6,511,652</u>	<u>\$ -</u>	<u>\$(1,312,791)</u>	<u>\$ 5,198,861</u>	<u>\$ -</u>

8. RESTRICTED FUND BALANCE & NET POSITION

The School has reported a restricted net position and general fund balance to restrict those funds that are remaining unspent at June 30, 2026, from proceeds of the Palm Beach County's sales tax referendum.

9. COMMITMENTS AND CONTINGENT LIABILITIES

The School participates in state 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 collectibility of any related receivables at June 30, 2026, may be impaired.

In the opinion of the School, there are no significant liabilities relating 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.

10. FLORIDA RETIREMENT SYSTEM (FRS) – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS)

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the HIS Program, a cost-sharing multiple-employer defined benefit pension plan to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the School are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida

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Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com).

The School's FRS and HIS pension expense totaled \$223,099 for the fiscal year ended June 30, 2026.

FRS Pension Plan

Plan Description. The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS-participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest

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fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on retirement plan and/or the class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 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 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2025-26 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	14.03
FRS, Reemployed Retiree	(2)	(2)

Notes: (1) Employer rates include 2.00 percent for the postemployment health insurance subsidy and the assessment of 0.06 percent for administrative costs of the Investment Plan.

(2) Contribution rates are dependent upon retirement class in which reemployed.

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The School's contributions to the Plan totaled \$564,445 for the fiscal year ended June 30, 2026.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2026, the School reported a liability of \$2,605,918 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025. The School's proportionate share of the net pension liability was based on the School's 2024-25 fiscal year contributions relative to the total 2024-25 fiscal year contributions of all participating members. At June 30, 2025, the School's proportionate share was 0.0083966718 percent, which was a decrease of 0.000197752 from its proportionate share measured as of June 30, 2024.

For the fiscal year ended June 30, 2026, the School recognized pension expense of \$197,093. In addition, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 278,339	\$ -
Change of assumptions	302,614	-
Net difference between projected and actual earnings on FRS Plan investments	-	435,084
Changes in proportion and differences between School FRS contributions and proportionate share of contributions	87,674	395,753
School FRS contributions subsequent to the measurement date	564,445	
	<u>\$ 1,233,072</u>	<u>\$ 830,837</u>

The deferred outflows of resources related to pensions totaling \$564,445 resulting from School contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2026	\$ 422,302
2027	(75,032)
2028	(95,495)
2029	(89,113)
2030	-
Thereafter	-

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Actuarial Assumptions. The total pension liability in the July 1, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.50 percent, average, including inflation
Investment rate of return	6.70 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 2025, valuation were based on the results of an actuarial experience study for the period July 1, 2019, through June 30, 2024.

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. 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:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	3.2%	3.2%	1.1%
Fixed Income	29.0%	5.5%	5.4%	4.0%
Global Equity	45.0%	8.5%	6.9%	18.3%
Real Estate (Property)	12.0%	8.4%	7.1%	16.8%
Private Equity	11.0%	12.4%	8.8%	28.4%
Strategic Investments	2.0%	6.5%	6.1%	8.7%
Total	<u>100%</u>			
Assumed inflation - Mean			2.4%	1.5%

Note: (1) As outlined in the Plan's investment policy.

Discount Rate. The discount rate used to measure the total pension liability was 6.7 percent. 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. The discount rate used in the 2025 valuation remained 6.7 percent.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 6.7 percent, as well as what the

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School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.7 percent) or 1 percentage point higher (7.7 percent) than the current rate:

	1% Decrease (5.7%)	Current Discount Rate (6.7%)	1% Increase (7.7%)
School's proportionate share of the net pension liability	\$ 5,114,074	\$ 2,605,918	\$ 503,116

Pension Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

HIS Pension Plan

Plan Description. The HIS Pension Plan (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. For the fiscal year ended June 30, 2026, eligible retirees and beneficiaries received a monthly HIS 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, 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.

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. For the fiscal year ended June 30, 2026, the contribution rate was 2.00 percent of payroll pursuant to Section 112.363, Florida Statutes. The School contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The School's contributions to the HIS Plan totaled \$141,946 for the fiscal year ended June 30, 2026.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2026, the School reported a net pension liability of \$1,951,020 for its proportionate share of the net pension liability. The current portion of the net pension liability is the School's proportionate share of benefit

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payments expected to be paid within one year, net of the School's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025. The School's proportionate share of the net pension liability was based on the School's 2024-25 fiscal year contributions relative to the total 2024-25 fiscal year contributions of all participating members. At June 30, 2025, the School's proportionate share was 0.015221600 percent, which was a decrease of 0.000129048 from its proportionate share measured as of June 30, 2025.

For the fiscal year ended June 30, 2026, the School recognized pension expense of \$26,006. In addition, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 11,646	\$ 3,095
Change of assumptions	17,269	471,902
Net difference between projected and actual earnings on FRS Plan investments	-	1,624
Changes in proportion and differences between School FRS contributions and proportionate share of contributions	64,914	156,129
School FRS contributions subsequent to the measurement date	141,946	
	<u>\$ 235,775</u>	<u>\$ 632,750</u>

The deferred outflows of resources totaling \$141,946, resulting from School contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2026	\$ (98,764)
2027	(118,245)
2028	(99,554)
2029	(79,782)
2030	(51,360)
Thereafter	-

Actuarial Assumptions. The total pension liability in the July 1, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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Inflation	2.40 percent
Salary increases	3.50 percent, average, including inflation
Municipal bond rate	3.93 percent

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

While an experience study had not been completed for the HIS Plan, the actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the FRS Plan.

Discount Rate. The discount rate used to measure the total pension liability was 5.20 percent. 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 plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate changed from 3.93 percent to 5.20 percent.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 5.20 percent, 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 1 percentage point lower (4.20 percent) or 1 percentage point higher (5.20 percent) than the current rate:

	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
School's proportionate share of the net pension liability	\$ 2,200,089	\$ 1,951,020	\$ 1,742,130

Pension Plan Fiduciary Net Position. Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

11. FLORIDA RETIREMENT SYSTEM (FRS) – Defined Contribution Pension Plans

The SBA administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. School employees already participating in the State School System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee

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contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions rates, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2025-26 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	8.30

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5 year period, the employee will regain control over their account. If the employee does not return within the 5 year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2026, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the School.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided in which the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The School's Investment Plan pension expense totaled \$443,160 for the fiscal year ended June 30, 2026.

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12. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the School's State revenue:

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program	\$ 9,275,029
Categorical Programs:	
Class Size Reduction	1,045,604
School Recognition	92,308
Miscellaneous	9,565
Total State Revenue	<u>\$10,422,506</u>

As provided in the charter school contract, the District has charged the School an administrative fee totaling \$46,113.

13. RENT

The School leases facilities for its operations under an agreement with the District. The lease agreement became effective July 1, 2020, and will expire on June 30, 2035, concurrent with the charter agreement. The agreement provides that the School pay \$1 for the use of the District's facilities. No additional amounts have been recorded with respect to this agreement for the School's fiscal year ended June 30, 2026, because this agreement does not meet the definition of a lease under GAAP.

14. RISK MANAGEMENT PROGRAMS

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. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

15. FUNDING AND CREDIT CONCENTRATIONS

The School receives substantially all of its support and revenue from Federal, state and local funding sources, passed through the District, in the form of performance and budget-based contracts. Continuing operation of the School is greatly dependent upon the continued support of these governmental agencies.

16. LEGAL MATTERS

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. The School has no legal actions or pending proceedings in progress.

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REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND & MAJOR SPECIAL REVENUE FUND (UNAUDITED)
For the Fiscal Year Ended June 30, 2026

	General Fund					Major Special Revenue Fund				
	Original Budget	Final Budget	Variance with Original Budget - over/(under) Final Budget	Actual	Variance with Final Budget - over/(under) Actual	Original Budget	Final Budget	Variance with Original Budget - over/(under) Final Budget	Actual	Variance with Final Budget - over/(under) Actual
Revenues:										
Intergovernmental:										
Federal Through State and Local	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
State	9,000,772	10,422,506	1,421,734	10,422,506	-	1,128,155	998,664	(129,491)	998,664	-
Local and Other	2,569,140	3,500,482	931,342	3,500,482	-	-	-	-	-	-
Total Revenues	11,569,912	13,922,988	2,353,076	13,922,988	-	1,128,155	998,664	(129,491)	998,664	-
Expenditures:										
Current - Education:										
Instruction	6,271,750	6,328,272	(56,522)	6,328,272	-	738,155	632,915	105,240	632,915	-
Student Support Services	669,462	542,771	126,691	542,771	-	200,000	180,636	19,364	180,636	-
Instruction & Curriculum Development	-	-	-	-	-	90,000	94,373	(4,373)	94,373	-
Instructional Staff Training	78,321	60,177	18,144	60,177	-	35,000	29,402	5,598	29,402	-
Instructional Related Technology	4,950	-	4,950	-	-	-	-	-	-	-
Board	70,695	64,229	6,466	64,229	-	-	-	-	-	-
General Administration	347,386	387,575	(40,189)	387,575	-	-	866	(866)	866	-
School Administration	675,851	689,673	(13,822)	689,673	-	65,000	60,472	4,528	60,472	-
Facilities Acquisition & Construction	15,000	-	15,000	-	-	-	-	-	-	-
Fiscal Services	209,596	212,236	(2,640)	212,236	-	-	-	-	-	-
Central Services	227,893	219,007	8,886	219,007	-	-	-	-	-	-
Student Transportation	1,113,090	920,822	192,268	920,822	-	-	-	-	-	-
Operation of Plant	1,231,293	1,068,136	163,157	1,068,136	-	-	-	-	-	-
Maintenance of Plant	89,306	4,082	85,224	4,082	-	-	-	-	-	-
Administrative Technology Services	139,411	136,694	2,717	136,694	-	-	-	-	-	-
Community Service	310,000	372,571	(62,571)	372,571	-	-	-	-	-	-
Fixed Capital Outlay:										
Other Capital Outlay	-	79,144	(79,144)	79,144	-	-	-	-	-	-
Debt Service:										
Principal	-	22,795	(22,795)	22,795	-	-	-	-	-	-
Interest	873	586	287	586	-	-	-	-	-	-
Total Expenditures	11,454,877	11,108,770	346,107	11,108,770	-	1,128,155	998,664	129,491	998,664	-
Net Change in Fund Balances	115,035	2,814,218	(2,699,183)	2,814,218	-	-	-	-	-	-
Fund Balances, July 1, 2025	14,468,999	14,468,999	-	14,468,999	-	1,998,569	1,998,569	-	1,998,569	-
Adjustments to Beginning Fund Balances	-	-	-	-	-	-	(1,998,569)	-	(1,998,569)	-
Fund Balances, July 1, 2025	14,468,999	14,468,999	-	14,468,999	-	1,998,569	-	-	-	-
Fund Balances, June 30, 2026	\$ 14,584,034	\$ 17,283,217	\$ (2,699,183)	\$ 17,283,217	\$ -	\$ 1,998,569	\$ 1,998,569	\$ -	\$ 1,998,569	\$ -

See Independent Auditor's Report.

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*Schedule of Proportionate Share of Net Pension Liability
Florida Retirement System*

<u>Fiscal Year Ending June 30:</u>	<u>Proportion of the net pension liability/(asset)</u>	<u>Proportionate share of the net pension liability/(asset)</u>	<u>Covered-employee payroll</u>	<u>Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2025	0.008396672%	\$ 2,605,918	\$ 3,574,159	73%	87.26%
2024	0.008989929%	\$ 3,477,727	\$ 3,352,211	104%	83.70%
2023	0.009916336%	\$ 3,854,257	\$ 3,654,674	105%	82.38%
2022	0.011615430%	\$ 3,904,834	\$ 3,137,605	124%	82.89%
2021	0.011333610%	\$ 973,655	\$ 3,672,373	27%	96.40%
2020	0.010262230%	\$ 4,296,813	\$ 3,681,281	117%	78.85%
2019	0.009711190%	\$ 3,741,809	\$ 6,742,656	55%	82.61%
2018	0.010110310%	\$ 3,149,260	\$ 5,112,666	62%	84.26%
2017	0.008784140%	\$ 2,878,078	\$ 5,704,323	50%	83.89%
2016	0.006419880%	\$ 2,105,972	\$ 5,236,574	40%	84.88%

See Independent Auditor's Report.

SOUTH TECH CHARTER ACADEMY
(A Charter School Sponsored by the District School Board of Palm Beach County, Florida)
June 30, 2026

Schedule of Contributions
Florida Retirement System

<u>Fiscal Year Ending June 30:</u>	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency/(excess)</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
2026	\$ 564,445	\$ (564,445)	\$ -	\$ 3,937,019	14.34%
2025	\$ 501,339	\$ (501,339)	\$ -	\$ 3,574,159	14.03%
2024	\$ 351,989	\$ (351,989)	\$ -	\$ 3,352,211	10.50%
2023	\$ 372,041	\$ (372,041)	\$ -	\$ 3,654,674	10.18%
2022	\$ 358,084	\$ (358,084)	\$ -	\$ 3,137,605	11.41%
2021	\$ 376,855	\$ (376,855)	\$ -	\$ 3,672,373	10.26%
2020	\$ 340,471	\$ (340,471)	\$ -	\$ 3,681,281	9.25%
2019	\$ 338,303	\$ (338,303)	\$ -	\$ 6,742,656	5.02%
2018	\$ 297,803	\$ (297,803)	\$ -	\$ 5,112,666	5.82%
2017	\$ 253,297	\$ (253,297)	\$ -	\$ 5,704,323	4.44%

See Independent Auditor's Report.

SOUTH TECH CHARTER ACADEMY
(A Charter School Sponsored by the District School Board of Palm Beach County, Florida)
June 30, 2026

Schedule of Proportionate Share of Net Pension Liability
Health Insurance Subsidy Program

<u>Fiscal Year Ending June 30:</u>	<u>Proportion of the net pension liability/(asset)</u>	<u>Proportionate share of the net pension liability/(asset)</u>	<u>Covered-employee payroll</u>	<u>Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2025	0.015221600%	\$ 1,951,020	\$ 5,818,429	34%	6.36%
2024	0.015608744%	\$ 2,341,464	\$ 6,613,856	35%	4.80%
2023	0.014552961%	\$ 2,230,289	\$ 5,818,429	38%	4.12%
2022	0.016871380%	\$ 1,596,815	\$ 6,154,970	26%	4.81%
2021	0.016713000%	\$ 2,425,699	\$ 5,500,309	44%	3.56%
2020	0.016259340%	\$ 2,030,015	\$ 5,826,430	35%	3.00%
2019	0.014832870%	\$ 2,114,564	\$ 5,784,256	37%	2.63%
2018	0.015196310%	\$ 1,890,353	\$ 6,742,656	28%	2.15%
2017	0.013430700%	\$ 1,835,609	\$ 5,112,666	36%	1.64%
2016	0.010059700%	\$ 1,812,164	\$ 5,704,323	32%	0.97%

See Independent Auditor's Report.

SOUTH TECH CHARTER ACADEMY
(A Charter School Sponsored by the District School Board of Palm Beach County, Florida)
June 30, 2026

Schedule of Contributions
Health Insurance Subsidy Program

<u>Fiscal Year Ending June 30:</u>	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency/(excess)</u>	<u>Covered-employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
2026	\$ 141,946	\$ (141,946)	\$ -	\$ 7,095,680	2.00%
2025	\$ 136,045	\$ (136,045)	\$ -	\$ 5,818,429	2.34%
2024	\$ 174,553	\$ (174,553)	\$ -	\$ 6,613,856	2.64%
2023	\$ 102,173	\$ (102,173)	\$ -	\$ 5,818,429	1.76%
2022	\$ 91,305	\$ (91,305)	\$ -	\$ 6,154,970	1.48%
2021	\$ 96,719	\$ (96,719)	\$ -	\$ 5,500,309	1.76%
2020	\$ 96,019	\$ (96,019)	\$ -	\$ 5,826,430	1.65%
2019	\$ 104,167	\$ (104,167)	\$ -	\$ 5,784,256	1.80%
2018	\$ 96,958	\$ (96,958)	\$ -	\$ 6,742,656	1.44%
2017	\$ 90,846	\$ (90,846)	\$ -	\$ 5,112,666	1.78%

See Independent Auditor's Report.

SOUTH TECH ACADEMY
A CHARTER SCHOOL UNDER SOUTH TECH CHARTER ACADEMY, INC.
(A Charter School Sponsored by the District School Board of Palm Beach County, Florida)

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2026

1. BUDGETARY BASIS OF ACCOUNTING

The School legally adopted budgets for the General Fund and the Special Revenue Fund for the fiscal year ended June 30, 2026. 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. There is no legally approved or required budget for the South Tech Holdings Fund.

2. SCHEDULE OF NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS –FLORIDA RETIREMENT SYSTEM PENSION PLAN

Changes of Assumptions. The long-term expected rate of return remained at 6.7 percent.

3. SCHEDULE OF NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS –HEALTH INSURANCE SUBSIDY PENSION PLAN

Changes of Assumptions. The municipal bond rate used to determine total pension liability was increased from 3.93 percent to 5.20 percent.

**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***

Independent Auditor's Report

To the Board of Directors of South Tech Academy,
a charter school under South Tech Charter Academy, Inc.,
a Charter School Sponsored by the District School Board of Palm Beach 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 and each major fund of South Tech Academy, a charter school under South Tech Charter Academy, Inc. ("School"), sponsored by the District School Board of Palm Beach 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 9, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

A handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, flowing style.

September 9, 2026
Tampa, Florida

**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 South Tech Academy,
a charter school under South Tech Charter Academy, Inc.,
a Charter School Sponsored by the District School Board of Palm Beach County, Florida

Report on the Financial Statements

We have audited the financial statements of the South Tech Academy, a charter school under South Tech Charter Academy, Inc. ("School"), sponsored by the District School Board of Palm Beach County, Florida, as of and for the fiscal year ended June 30, 2026, and have issued our report thereon dated September 9, 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 on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated September 9, 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 prior audit findings or recommendations.

Official Title

Section 10.854(1)(e)5., Rules of the 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 and the school code assigned by the Florida Department of Education of the entity are South Tech Academy, a charter school under South Tech Charter Academy, Inc., 501571.

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 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 have any such findings.

Purpose of this Letter

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

Respectfully submitted,

Handwritten signature in black ink that reads "King & Walker, CPAs".

September 9, 2026
Tampa, Florida