

South Tech Charter Academy, Inc.

Basic Financial Statements
and Additional Information
For the Year Ended June 30, 2024

South Tech Charter Academy, Inc.

Table of Contents

Independent Auditor’s Report	1-3
Management's Discussion and Analysis	
Management's Discussion and Analysis (Not Covered by Independent Auditor’s Report)	4-8
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet - Governmental Funds	11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	12
Statement of Revenues, Expenditures and Change in Fund Balances of Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances - Governmental Funds to the Statement of Activities	14
Notes to Basic Financial Statements	15-30
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	31
Budgetary Comparison Schedule – Grants Fund	32
Schedule of Proportionate Share of Net Pension Liability – Florida Retirement System Pension Plan	33
Schedule of Proportionate Share of Net Pension Liability – Retiree Health Insurance Subsidy Program	34
Schedule of Contributions – Florida Retirement System Pension Plan	35
Schedule of Contributions – Retiree Health Insurance Subsidy Program	36

South Tech Charter Academy, Inc.

**Table of Contents
(continued)**

Other Independent Auditor's Reports

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	37-38
Management Letter Required by Chapter 10.850 of the Rules of the Auditor General of the State of Florida	39-40

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
South Tech Charter Academy, Inc.
Boynton Beach, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of South Tech Charter Academy, Inc. (the "School") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2024, and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

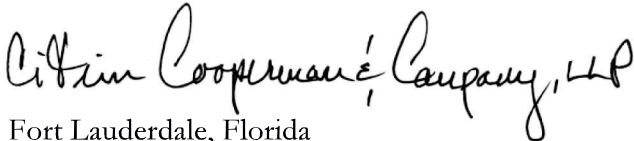
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8, the budgetary comparison schedules - general fund and grants fund on pages 31 and 32, and the schedules related to the pension plan on pages 33 through 36 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2024, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Fort Lauderdale, Florida
September 27, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of South Tech Charter Academy, Inc. (the "School"), we offer readers of the School's basic financial statements this narrative overview and analysis of the financial activities and performance for the year ended June 30, 2024, with certain comparative information for 2023.

Our discussion is included at the beginning of the School's basic financial statements to provide, in layman's terms, the current position of the School's financial condition. This summary should not be taken as a replacement for the audit which consists of the basic financial statements. Please read it in conjunction with the School's financial statements which immediately follow this discussion.

Financial Highlights

The following are highlights of financial activity for the year ended June 30, 2024:

- As of June 30, 2024, the School's governmental fund balances totaled \$ 13,521,179, as compared to \$ 8,472,412 as of June 30, 2023.
- As of June 30, 2024, the School has net position of \$ 7,662,071, as compared to \$ 2,752,037 as of June 30, 2023.
- The School's total revenues were \$ 19,610,369 and \$ 9,807,969 from FTE and other nonspecific revenues and \$ 3,046,302 from operating grants and contributions. The School's expenses for the year were \$ 14,700,335. Net position for the year increased by \$ 4,910,034.

Overview of the Financial Statements

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

Government-Wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the School's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the components reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected revenues and services rendered but unpaid).

The government-wide financial statements include all governmental activities that are principally supported by grants and entitlements from the state for full-time equivalent funding. The School does not have any business-type activities. The governmental activities of the School primarily include instruction and instructional support services.

The government-wide financial statements can be found on pages 9 and 10 of this report.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School only has one category of funds - governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the year. Such information may be useful in evaluating the School's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The General Fund, Grants Fund, and South Tech Holdings Fund are considered to be the School's major funds.

The School adopts an annual budget for its governmental funds except for the South Tech Holdings Fund. Budgetary comparison schedules have been provided for the General fund and Grants fund to demonstrate compliance with the budgets adopted for each.

The governmental funds financial statements can be found on pages 11 through 14 of this report.

Notes to Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 15 through 30 of this report.

Required Supplementary Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School's adopted budget to actual results and schedules relating to the School's Pension Plan. Required supplementary information can be found on pages 31 through 36 of this report.

Government-Wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of financial position. In the case of the School, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$ 7,662,071 at the close of the most recent fiscal year.

A portion of the School's net position reflects its investment in capital assets, less any related outstanding debt used to acquire those assets. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

South Tech Charter Academy, Inc.
Management's Discussion and Analysis
June 30, 2024

Although the School's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance, unrestricted, may be used to meet the School's ongoing obligations. The following table reflects the condensed government-wide statement of net position as of the current and prior year end:

South Tech Charter Academy Net Position			
	2024	2023	Variance
Current and other assets	\$ 24,119,761	\$ 19,424,774	\$ 4,694,987
Capital assets, net	10,716,457	10,037,374	679,083
Total assets	34,836,218	29,462,148	5,374,070
Deferred outflows of resources	1,963,588	2,297,764	(334,176)
Current liabilities	1,432,084	1,282,110	149,974
Noncurrent liabilities	17,714,673	17,390,531	324,142
Total liabilities	19,146,757	18,672,641	474,116
Deferred inflows of resources	9,990,978	10,335,234	(344,256)
Net Position:			
Net investment in capital assets	(35,167)	(878,138)	842,971
Restricted	731,596	599,681	131,915
Unrestricted	6,965,642	3,030,494	3,935,148
Total net position	\$ 7,662,071	\$ 2,752,037	\$ 4,910,034

Current and other assets rose due to an increase in the School's cash position. Capital assets, net of depreciation, increased due to additions exceeding the current year depreciation and amortization by 679,083. Depreciation and amortization were \$ 435,450 for the year 2024. Current and noncurrent liabilities increased by approximately \$ 474,000 mainly due to timing of payments at year-end and changes in the pension plan assumptions.

Governmental activities: The School's overall net position increased by \$ 4,910,034 from the prior fiscal year. The reasons for this overall increase are discussed in the following section for governmental activities.

South Tech Charter Academy Change in Net Position			
	2024	2023	Variance
Revenues:			
Program revenues:			
Charges for services	\$ 603,737	\$ 574,223	\$ 29,514
Operating grants and contributions	3,046,302	2,527,494	518,808
Capital grants and contributions	160,839	9,307	151,532
General revenues:			
FTE nonspecific revenues	9,807,969	9,634,385	173,584
Tax referendum revenues	4,498,974	1,422,084	3,076,890
Interest income (unrestricted)	966,201	574,060	392,141
Contributions and other nonspecific revenues	526,347	470,396	55,951
Total revenues	19,610,369	15,211,949	4,398,420

**South Tech Charter Academy, Inc.
Management's Discussion and Analysis
June 30, 2024**

	<u>2024</u>	<u>2023</u>	<u>Variance</u>
Expenses:			
Instruction	\$ 8,404,171	\$ 6,985,408	\$ 1,418,763
Pupil personnel services	818,144	624,815	193,329
Instructional staff training	266,990	111,475	155,515
Instructional-related technology	-	4,950	(4,950)
Board expenditures	64,721	52,561	12,160
General administration	389,494	358,479	31,015
School administration	961,185	759,709	201,476
Fiscal services	274,281	201,143	73,138
Central services	233,617	185,542	48,075
Student transportation services	1,050,178	744,715	305,463
Operation and maintenance of plant	1,504,889	1,387,572	117,317
Administrative technology services	149,942	112,522	37,420
Interest and fiscal charges	582,723	590,591	(7,868)
	<u>14,700,335</u>	<u>12,119,482</u>	<u>2,580,853</u>
Change in net position	4,910,034	3,092,467	1,817,567
Net position (deficit), beginning	<u>2,752,037</u>	<u>(340,430)</u>	<u>3,092,467</u>
Net position, ending	<u>\$ 7,662,071</u>	<u>\$ 2,752,037</u>	<u>\$ 4,910,034</u>

General revenues compared to the previous year increased due to a large increase in tax referendum funds received. Total expenses increased due to the added costs of additional instructional and administrative staff, and expanding student transportation services.

Governmental Funds Financial Analysis

The General Fund is the chief operating fund of the School. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$ 11,224,630, an increase of \$ 4,803,328 for the year. The overall General Fund balance increased by \$ 4,798,057, mainly due to a large increase in tax referendum funds received. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 79.75% of total General Fund expenditures, while total fund balance represents 83.59% of that same amount.

The Grants Fund does not have an increase or decrease in fund balance during the fiscal year, as this fund reports federal and certain state expenditure reimbursement grants.

The fund balance of the South Tech Holdings Fund increased \$ 250,710 during the current fiscal year. The increase was mainly due to a rise in income received from the School's tenants.

Capital Assets and Debt Administration

Capital assets: At June 30, 2024, the School had capital assets of \$ 10,716,457, net of accumulated depreciation, invested in land, building, furniture and equipment, audio visual and computer software, and vehicles.

Capital Assets and Debt Administration (continued)

Major capital asset additions for the year included \$ 193,089 for furniture and equipment and \$ 921,444 for vehicles. Additional information on the School's capital assets can be found in Note 6 of this report.

Debt: At June 30, 2024, the School had debt of \$ 11,273,468, as compared to \$ 11,437,330 at June 30, 2023. This mostly comprises the Educational Facility Lease Revenue Bonds that were issued during 2021, and decreased as a result of scheduled debt payments. More information about the School's debt can be found in Note 8 of this report.

General Fund Budgetary Highlights

Total Revenues were favorable to the budget by approximately \$4,053,000. This was mostly due to the SY2020 and SY2021 tax referendum settlement with the School District of Palm Beach County, as well as allocation increases for State FEFP, industry certification, tax referendum funding and interest rate increases not budgeted for.

Total expenditures were unfavorable to the budget by approximately \$288,700. This is mostly due to capital outlay not budgeted for offset by favorable expenditures in instruction, pupil personnel services, transportation services and operation of maintenance and plant. See page 31 for budget to actual comparisons.

Economic Factors

Facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations of the School in the year 2025 is the impact on expenses if Federal and/or State allocations are not received as expected.

Requests for Information

This financial report is designed to provide a general overview of South Tech Charter Academy, Inc. for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the South Tech Charter Academy, Inc.; 6161 W. Woolbright Road, Boynton Beach, FL 33437.

BASIC FINANCIAL STATEMENTS

South Tech Charter Academy, Inc.
Statement of Net Position
June 30, 2024

	Governmental Activities
Current Assets:	
Cash	\$ 11,064,250
Due from government agencies	1,321,010
Interest receivable	40,833
Lease receivable, due in less than one year	225,000
Prepaid items	469,531
Restricted cash	1,285,440
	<hr/>
Total current assets	14,406,064
Noncurrent Assets:	
Deposits	35,732
Lease receivable - due in more than one year	9,677,965
Capital assets:	
Nondepreciable	1,820,528
Depreciable, net	8,895,929
	<hr/>
Total noncurrent assets	20,430,154
Total assets	34,836,218
Deferred Outflows of Resources:	
Pension related	1,963,588
	<hr/>
Total assets and deferred outflows	36,799,806
Current Liabilities:	
Accounts payable	114,455
Accrued liabilities	665,002
Unearned revenue	46,414
Due to related party	369,413
Long term liabilities, due in in less than one year	236,800
	<hr/>
Total current liabilities	1,432,084
Noncurrent Liabilities:	
Long term liabilities, due in in more than one year	11,630,127
Net pension liability	6,084,546
	<hr/>
Total noncurrent liabilities	17,714,673
Total liabilities	19,146,757
Deferred Inflows of Resources:	
Lease income	9,434,048
Pension related	556,930
	<hr/>
Total deferred inflows	9,990,978
Total liabilities and deferred inflows	29,137,735
Net Position:	
Net investment in capital assets	(35,167)
Restricted for debt service	731,596
Unrestricted	6,965,642
	<hr/>
Total net position	\$ 7,662,071
	<hr/> <hr/>

See accompanying notes to the financial statements.

South Tech Charter Academy, Inc.
Statement of Activities
For the Year Ended June 30, 2024

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Activities Net Revenue (Expense) and Change in Net Position</u>
Functions/Programs:					
Governmental activities:					
Instruction	\$ 8,404,171	\$ -	\$ 2,057,374	\$ 160,839	\$ (6,185,958)
Pupil personnel services	818,144	-	416,446	-	(401,698)
Instructional staff training	266,990	-	182,909	-	(84,081)
Board expenditures	64,721	-	-	-	(64,721)
General administration	389,494	-	39,830	-	(349,664)
School administration	961,185	-	-	-	(961,185)
Fiscal services	274,281	-	-	-	(274,281)
Central services	233,617	-	-	-	(233,617)
Student transportation services	1,050,178	-	98,031	-	(952,147)
Operation and maintenance of plant	1,504,889	21,014	251,712	-	(1,232,163)
Administrative technology services	149,942	-	-	-	(149,942)
Interst and fiscal charges	582,723	582,723	-	-	-
	<u>582,723</u>	<u>582,723</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	\$ <u>14,700,335</u>	\$ <u>603,737</u>	\$ <u>3,046,302</u>	\$ <u>160,839</u>	<u>(10,889,457)</u>
General revenues:					
					9,807,969
FTE nonspecific revenues					4,498,974
Tax referendum revenues					966,201
Interest income (unrestricted)					526,347
Contributions and other nonspecific revenues					<u>526,347</u>
					<u>15,799,491</u>
					4,910,034
					<u>2,752,037</u>
					<u>\$ 7,662,071</u>

See accompanying notes to the financial statements.

South Tech Charter Academy, Inc.
Balance Sheet - Governmental Funds
June 30, 2024

	<u>General Fund</u>	<u>Grants Fund</u>	<u>South Tech Holdings Fund</u>	<u>Total</u>
Assets:				
Cash	\$ 11,030,779	\$ -	\$ 33,471	\$ 11,064,250
Due from government agencies	369,413	951,597	-	1,321,010
Due from other funds	986,597	-	-	986,597
Interest receivable	-	-	40,833	40,833
Lease receivables	-	-	9,902,965	9,902,965
Prepaid items	346,281	-	123,250	469,531
Restricted cash	-	-	1,285,440	1,285,440
Deposits	35,732	-	-	35,732
	<u>11,030,779</u>	<u>951,597</u>	<u>11,385,959</u>	<u>25,106,358</u>
Total assets	\$ <u>12,768,802</u>	\$ <u>951,597</u>	\$ <u>11,385,959</u>	\$ <u>25,106,358</u>
Liabilities:				
Accounts payable	\$ 105,180	\$ -	\$ 9,275	\$ 114,455
Accrued liabilities	528,916	-	105,336	634,252
Unearned revenue	-	-	46,414	46,414
Due to related party	369,413	-	-	369,413
Due to general fund	-	951,597	35,000	986,597
	<u>1,003,509</u>	<u>951,597</u>	<u>196,025</u>	<u>2,151,131</u>
Total liabilities	<u>1,003,509</u>	<u>951,597</u>	<u>196,025</u>	<u>2,151,131</u>
Deferred Inflows of Resources:				
Deferred rental income	-	-	9,434,048	9,434,048
	<u>-</u>	<u>-</u>	<u>9,434,048</u>	<u>9,434,048</u>
Fund Balances:				
Nonspendable:				
Leases	-	-	468,917	468,917
Prepaid items and deposits	346,281	-	123,250	469,531
Deposits	35,732	-	-	35,732
Restricted for:				
Debt service	-	-	762,346	762,346
Capital projects	-	-	521,844	521,844
Assigned - student activities	158,650	-	-	158,650
Unassigned	11,224,630	-	(120,471)	11,104,159
	<u>11,765,293</u>	<u>-</u>	<u>1,755,886</u>	<u>13,521,179</u>
Total fund balances	<u>11,765,293</u>	<u>-</u>	<u>1,755,886</u>	<u>13,521,179</u>
Total liabilities and fund balances	\$ <u>12,768,802</u>	\$ <u>951,597</u>	\$ <u>11,385,959</u>	\$ <u>25,106,358</u>

See accompanying notes to the financial statements.

South Tech Charter Academy, Inc.
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2024

Total Fund Balances - Governmental Funds \$ 13,521,179

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources; therefore, they are not reported in the governmental fund statements. The statement of net position includes those capital assets, net of accumulated depreciation, among the assets of the School as a whole.

Cost of capital assets	\$ 12,444,433	
Accumulated depreciation	<u>(1,727,976)</u>	10,716,457

Certain pension-related amounts, such as net pension liability and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore, are not reported in the governmental fund statements.

Net pension liability	(6,084,546)	
Deferred pension outflows	1,963,588	
Deferred pension inflows	<u>(556,930)</u>	(4,677,888)

Liabilities not payable with current available resources are not reported as fund liabilities in the governmental fund statements. All liabilities both current and long-term, are reported in the government-wide statements.

Debt	(11,273,468)	
Accrued interest payable	(30,750)	
Compensated absences	<u>(593,459)</u>	<u>(11,897,677)</u>

Net Position of Governmental Activities \$ 7,662,071

See accompanying notes to the financial statements.

South Tech Charter Academy, Inc.
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2024

	<u>General Fund</u>	<u>Grants Fund</u>	<u>South Tech Holdings Fund</u>	<u>Total</u>
Revenues:				
State sources	\$ 9,807,969	\$ -	\$ -	\$ 9,807,969
Federal sources	-	3,207,141	-	3,207,141
Local sources	<u>5,444,650</u>	<u>-</u>	<u>1,150,609</u>	<u>6,595,259</u>
Total revenues	<u>15,252,619</u>	<u>3,207,141</u>	<u>1,150,609</u>	<u>19,610,369</u>
Expenditures:				
Current:				
Instruction	5,543,198	2,057,374	-	7,600,572
Pupil personnel services	348,488	416,446	-	764,934
Instructional staff training	57,493	182,909	-	240,402
Board expenditures	61,908	-	-	61,908
General administration	203,917	39,830	126,795	370,542
School administration	868,200	-	-	868,200
Fiscal services	253,144	-	-	253,144
Central services	223,315	-	-	223,315
Student transportation services	897,691	98,031	-	995,722
Operation and maintenance of plant	884,820	251,712	47,869	1,184,401
Administrative technology services	136,955	-	-	136,955
Capital outlay	953,694	160,839	-	1,114,533
Debt service:				
Principal	18,728	-	140,000	158,728
Interest	3,011	-	560,501	563,512
Fiscal and other charges	<u>-</u>	<u>-</u>	<u>24,734</u>	<u>24,734</u>
Total expenditures	<u>10,454,562</u>	<u>3,207,141</u>	<u>899,899</u>	<u>14,561,602</u>
Net changes in fund balances	4,798,057	-	250,710	5,048,767
Fund Balances, July 1, 2023	<u>6,967,236</u>	<u>-</u>	<u>1,505,176</u>	<u>8,472,412</u>
Fund Balances, June 30, 2024	<u>\$ 11,765,293</u>	<u>\$ -</u>	<u>\$ 1,755,886</u>	<u>\$ 13,521,179</u>

See accompanying notes to the financial statements.

**South Tech Charter Academy, Inc.
Reconciliation of the Statement of Revenues,
Expenditures and Change in Fund Balances -
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2024**

Change in Fund Balances - Governmental Funds \$ 5,048,767

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the costs of those assets is depreciated over their estimated useful lives as a provision for depreciation.

Expenditures for capital assets	\$ 1,114,533	
Less: current year depreciation	<u>(435,450)</u>	679,083

Certain changes related to pension assets and liabilities are not reported in the net change in the governmental funds.

Change in deferred outflows	(334,176)	
Change in deferred inflows	<u>(81,787)</u>	(415,963)

Debt proceeds provide current financial resources to financial resources of governmental funds, while the repayment of the related debt principal consumes those financial resources. These transactions, however, are increases and reduction of long-term debt in the statement of net position.

Principal payments on debt	158,728	
Amortization of bond premium	5,134	
Change in accrued interest on bonds	<u>389</u>	164,251

Certain items reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental fund statements.

Change in compensated absences	16,793	
Change in the net pension liability	<u>(582,897)</u>	<u>(566,104)</u>

Change in Net Position of Governmental Activities \$ 4,910,034

See accompanying notes to the financial statements.

Note 1 - Organization and Operations

South Tech Charter Academy, Inc. (the "School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 228.056, Florida Statutes. The School commenced operations in July 2004 and offers classes for grades nine through twelve in the City of Boynton Beach, Florida. One thousand and fifty eight (1,058) students were enrolled in classes when the school year ended June 30, 2024. The School is currently in the 20th year of operating as a conversion charter school.

Note 2 - Summary of Significant Accounting Policies

Reporting entity: The School operates under a charter granted by the sponsoring School Board, the School Board of Palm Beach County, Florida. The current charter is effective until June 30, 2035 and may be renewed in fifteen-year increments if the School remains a "High Performing School." At the end of the term of the charter, the Board may choose not to renew the charter under grounds specified in the charter, in which case the Board is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the Board may also terminate the charter if good cause is shown.

The School may also be financially accountable if an organization is fiscally dependent on the School regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The School is financially accountable for a component unit if it appoints a voting majority of the organization's governing board and it is able to impose its will on the organization or there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the School.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above, but do not meet the criteria for blending, given that they do not function as an internal part of the primary government. Currently, the School has no discretely presented component units.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same as, substantially the same as, or appointed by the board of directors of the School and the component unit provides services (financial benefit) entirely to the School. Currently, the School has one blended component unit, South Tech Schools Holdings, LLC, whose governing body is the same as the School.

In June 2020, the School approved the articles of incorporation for the creation of South Tech Schools Holdings, LLC. ("Holdings"). Holdings was created as a Florida not for profit 501(c)(3) corporation which was formed to further the charitable and educational purposes of its sole member, the School. All activity of Holdings is presented in the South Tech Holdings Fund (a special revenue fund of the School). Separate financial statements of the blended component unit are not issued.

Note 2 - Summary of Significant Accounting Policies (continued)

Basis of presentation: The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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.

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.

This government-wide focus is more on the ability to sustain the School as an entity and the change in the School's net position resulting from the current year's activities.

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 reports the following major funds:

General Fund – This fund is employed in accounting for all the operating activities of the School except those required to be accounted for in another fund.

Grants Fund – This fund is used to account for federal grants that are legally restricted to expenditures for particular purposes.

South Tech Holdings Fund – This fund accounts for the resources accumulated, mainly lease income, and payments made for principal and interest on the series 2020 Educational Facility Lease Revenue Bonds. As a blended component unit, South Tech Schools Holdings, LLC is presented as a special revenue fund of the School.

Net position: Net position is classified in three categories. The general meaning of each is as follows:

Note 2 - Summary of Significant Accounting Policies (continued)

Net investment in capital assets – represents the difference between the cost of any capital assets, less accumulated depreciation reduced by the outstanding balance of any borrowings used for the acquisition, construction or improvements of those assets, if any.

Restricted net position – consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

Unrestricted – indicates that portion of net position that can be used for future operations.

Fund balances: In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. The following classifications describe the relative strength of the spending constraints:

Nonspendable – amounts that are not in spendable form (such as prepaid items and deposits) or are legally or contractually required to be maintained intact.

Restricted – amounts constrained to specific purposes by external providers (such as grantors) or imposed by law through constitutional provisions, or by enabling legislation.

Committed – amounts constrained to specific purposes by formal action of the School itself, using its highest level of decision-making authority (i.e., the School Board) through Resolution. To be reported as committed, amounts cannot be used for any other purpose unless the School's Board takes the same highest-level action (i.e., Resolution) to remove or change the constraint.

Assigned – amounts the School intends to use for a specific purpose but are neither restricted nor committed. Assignments can be made by the School's body or any delegated authority at their direction.

Unassigned – amounts that have not been assigned to other funds and that have not been restricted, committed or assigned to specific purposes within the General Fund.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the School considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the School considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the School Board or its delegated official or body has provided otherwise in its commitment or assignment actions.

Measurement focus and basis of accounting: Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Governmental funds use the current financial resources measurement focus and the governmental-wide statement uses the economic resources measurement focus.

Note 2 - Summary of Significant Accounting Policies (continued)

Governmental activity in the government-wide financial statements is presented on the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental fund basic financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available.

Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

Cash: The School defines cash equivalents as demand deposits, money market accounts, and short-term investments with original maturities of three months or less from the date of acquisition. As of June 30, 2024, the School had no cash equivalents.

Due from government agencies: Amounts due to the School by governments or agencies are for grants or programs under which the services have been provided by the School.

Due to/from other funds: Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions recorded in the accounting system including reimbursement receivables from award grantor agency, and payments between funds are made.

Lease receivables: Lease receivables are recorded by the School as the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the School charges the lessee.

Prepaid items: Certain payments to vendors reflect cost applicable to a future accounting period and are recorded as prepaid items in both government-wide and fund financial statements.

Capital assets: Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are defined by the School as assets with an initial cost of \$ 1,000 and useful life of over one year. Donated capital assets are valued at their acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related capital assets. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Building	28 years
Furniture and equipment	3-10 years
Audio visual and computer software	3-5 years
Vehicles	10 years

Note 2 - Summary of Significant Accounting Policies (continued)

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

Deferred outflows/inflows of resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2024, the School only has deferred outflows in relation to the net pension liability.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period, therefore it will not be recognized in an inflow of resources (revenue) until that time. At June 30, 2024, the School had deferred inflows relating to the net pension liability, and the net present value of future rental receipts expected to be received.

Unearned revenue: Unearned revenue arises when the School receives resources before it has a legal claim to them.

Grant and contract revenue: Grant and contract revenue is recognized when the allowable costs as defined by the individual grant or contract are incurred.

Revenue recognition: Student funding is provided by the State of Florida through the School Board. Such funding is recorded as general revenues in the government-wide financial statements and state source revenue in the fund financial statements and is net of a 5% administration fee retained by the School Board. This funding is received on a pro rata basis over the twelve-month period and is adjusted for changes in full-time equivalent (FTE) student population.

Income taxes: The School is a department of a nonprofit corporation whose revenue is derived primarily from other governmental entities. The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these basic financial statements.

Use of estimates: The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Date of management's review: Subsequent events have been evaluated through September 27, 2024, which is the date the financial statements were available to be issued.

Note 3 - Budgets

The School legally adopted budgets for the General and Grants funds by function for the year ended June 30, 2024. 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 the final budgeted amounts for the General Fund and Grants Fund is presented as required supplementary information. There is no legally approved or required budget for the South Tech Holdings Fund. Expenditures in the General fund were in excess of the budget by \$ 288,714 and were covered by an excess of revenues over budget for the year.

Note 4 - Deposits and Restricted Cash

Deposits: At June 30, 2024, the total carrying amount of the School's cash balances was \$ 11,064,250. The bank balance at local depositories was \$ 11,103,839.

State statutes require, and it is the School's policy, that all deposits be made into, and be held by, financial institutions designated by the treasurer of the State of Florida as qualified public depositories as defined by Chapter 280 of the Florida Statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimal collateral to be pledged by an institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the treasurer is defined by the statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School's deposits of \$ 10,853,839 in excess of the federal insured level of \$ 250,000 are held in a qualified public depository and are covered by the collateral pool because the School has identified itself as a public entity.

Restricted cash: At June 30, 2024, the School maintains cash restricted for future debt service payments in the amount of \$ 763,596 and future capital projects of \$ 521,844.

Note 5 - Lease Receivable

Previously, Holdings issued the Educational Facility Lease Revenue Bonds (Note 8) to finance the acquisition of a facility leased to the School. The School has since entered into a sublease agreement with South Tech Preparatory Academy, Inc. ("STP") (Note 9) and a lease agreement with Florida High School for Accelerated Learning – West Palm Beach Campus, Inc. (the "Tenant").

The School's sublease with STP is concurrent with the term of the bonds (through June 2055) and can be extended for two additional five-year terms. The two additional five-year terms are not included in the calculation of lease receivable, as management cannot reasonably determine if STP will execute the extensions at this time. Lease payments, including interest at 5%, are made monthly at rates varying annually in relation to the bonds' underlying payments. STP also pays common area maintenance charges, which are not included in the lease receivable's measurement due to annual adjustments. At June 30, 2024, in relation to this lease the School has a lease receivable of \$ 6,940,534 and deferred rental income of \$ 6,648,164. For the year ended June 30, 2024, the School recognized approximately \$ 214,000 in rental income, \$ 350,000 in interest income, and \$ 116,000 in common area maintenance in relation to its lease with STP.

The School's lease with the Tenant is through August 2027, and can be extended for two additional 5 year terms, which are included in the calculation of the lease receivable. This lease requires fixed payments of approximately \$ 23,000 per month, including interest at 5%, through the term of the lease. Payments are set to increase 12% each renewal period. In addition to fixed monthly payments, the Tenant also pays common area maintenance charges, which are not included in the lease receivable's measurement due to annual adjustments. At June 30, 2024, in relation to this lease, the School has a lease receivable of \$ 2,962,431 and deferred rental income of \$ 2,785,884. For the year ended June 30, 2023, the School recognized approximately \$ 212,000 in rental income, \$ 151,000 in interest income, and \$ 61,000 in common in common area maintenance in relation to its lease with the Tenant.

South Tech Charter Academy, Inc.
Notes to Basic Financial Statements
June 30, 2024

Note 5 - Lease Receivable (continued)

Future minimum payments under these leases due to the School through maturity are approximately as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 225,000	\$ 490,000	\$ 715,000
2026	237,000	479,000	716,000
2027	247,000	467,000	714,000
2028	289,000	453,000	742,000
2029	311,000	438,000	749,000
2030-2034	1,860,000	1,935,000	3,795,000
2035-2039	1,880,000	1,413,000	3,293,000
2040-2044	1,126,000	1,081,000	2,207,000
2045-2049	1,450,000	761,000	2,211,000
2050-2054	1,850,000	352,000	2,202,000
2055	428,000	12,000	440,000
Total	\$ 9,903,000	\$ 7,881,000	\$ 17,784,000

Note 6 - Capital Assets

A summary of changes in governmental capital assets is as follows:

	Balance at July 1, 2023	Additions	Deletions	Balance at June 30, 2024
Capital assets, not being depreciated:				
Land	\$ 1,820,528	\$ -	\$ -	\$ 1,820,528
Capital assets, being depreciated:				
Building	8,229,752	-	-	8,229,752
Furniture and equipment	604,802	193,089	53,125	744,766
Audio visual and computer software	25,637	-	5,000	20,637
Vehicles	707,306	921,444	-	1,628,750
Total capital assets, being depreciated	9,567,497	1,114,533	58,125	10,623,905
Accumulated depreciation:				
Building	783,786	293,920	-	1,077,706
Furniture and equipment	448,064	65,088	53,125	460,027
Audio visual and computer software	25,637	-	5,000	20,637
Vehicles	93,164	76,442	-	169,606
Total accumulated depreciation	1,350,651	435,450	58,125	1,727,976
Net capital assets	\$ 10,037,374	\$ 679,083	\$ -	\$ 10,716,457

Note 6 - Capital Assets (continued)

The provision for depreciation for the year ended June 30, 2024, amounted to \$ 435,540 of which \$ 293,920 was allocated to operation and maintenance of plant, \$ 127,377 was allocated to instruction and \$ 14,153 was allocated to school administration.

As part of the School's charter contract, all capital assets purchased with public funds will automatically revert to the district school board upon the non-renewal or termination of the contract.

Note 7 - Contingencies and Commitments

Risk financing: The School is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School places all insurance risk, less nominal deductibles, in the hands of commercial carriers. At the present time, management believes that any claims the School may have are insured and that any expense associated with them will not materially affect the financial position of the School.

Note 8 - Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2024:

	Balance at July 1, 2023	Additions	Deletions	Balance at June 30, 2024	Due In One Year
Bonds payable	\$ 11,210,000	\$ -	\$ 140,000	\$ 11,070,000	\$ 145,000
Bond premium	165,983	-	5,134	160,849	-
Financed purchase	61,347	-	18,728	42,619	19,800
Compensated absences	610,252	233,967	250,760	593,459	72,000
Net pension liability	5,501,649	582,897	-	6,084,546	-
	<u>\$ 17,549,231</u>	<u>\$ 816,864</u>	<u>\$ 414,622</u>	<u>\$ 17,951,473</u>	<u>\$ 236,800</u>

Educational Facility Lease Revenue Bonds – Series 2020 A&B Issuance: During the year ended June 30, 2021, Holdings issued \$ 14,000,000 in Educational Facilities Lease Revenue Bonds, Series 2020A for \$ 11,315,000 and Series 2020B for \$ 260,000. These bonds were used to provide financing for real property of which South Tech Preparatory Academy, Inc. (Note 10) resides. The 2020A bonds bear interest at 5.00% through June 2055. The 2020B bonds bear interest at 5.25% through June 2023. The bonds require monthly payments to be made to a bond sinking escrow fund of approximately \$ 58,000 through June 2054 and \$ 117,000 from July 2054 through June 2055 where cash is accumulated for the annual principal and interest to be redeemed.

Note 8 - Long-Term Liabilities (continued)

The bonds also contain certain restrictive financial covenants that the School is required to meet, and are secured by pledge of all revenues, except certain Federal funds, and lease agreements executed in connection with the bond. The bonds include events of default, mainly failure to pay, stay solvent, or maintain a charter agreement. Upon default, the lender may seek remedy by declaring all unpaid amounts immediately due and payable, or seek court enforcement. No such events of default occurred during the year ended June 30, 2024.

Future annual debt service requirements are approximately as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 145,000	\$ 554,000	\$ 699,000
2026	155,000	546,000	701,000
2027	160,000	539,000	699,000
2028	170,000	531,000	701,000
2029	180,000	522,000	702,000
2030-2034	1,025,000	2,468,000	3,493,000
2035-2039	1,320,000	2,183,000	3,503,000
2040-2044	1,685,000	1,819,000	3,504,000
2045-2049	2,155,000	1,353,000	3,508,000
2050-2054	2,740,000	759,000	3,499,000
2055	1,335,000	67,000	1,402,000
Total	\$ <u>11,070,000</u>	\$ <u>11,341,000</u>	\$ <u>22,411,000</u>

Financed purchase: The School is obligated under a finance purchase agreement for equipment. The agreement requires monthly installments of approximately \$ 1,800 including interest at 5.80% through July 2026. The remaining balance of this lease at June 30, 2024 is \$ 42,619.

This finance purchase agreement contains provisions defining events of default, mainly as failure to make payments when due or making materially false or misleading representations to the lender. Additionally, upon an event of default, the lender may require immediate payment of the entire outstanding balance plus all accrued and unpaid interest and any late charges, fees, and other unpaid amounts, or seek other remedies such as charge interest on the unpaid amount at 18% per annum, or exercise other remedies available. No such events of default occurred during the year ended June 30, 2024.

Approximate future payments under this lease are approximately as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 19,800	\$ 1,900	\$ 21,700
2026	21,000	700	21,700
2027	1,800	-	1,800
Total	\$ <u>42,600</u>	\$ <u>2,600</u>	\$ <u>45,200</u>

Note 9 - Interfund Receivables and Payables

At June 30, 2023, the General Fund had balances of \$ 951,597 due from the Grants Fund and \$ 35,000 due from the South Tech Holdings Fund. The outstanding balances between funds resulted mainly from the time lag occurring between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Note 10 – Related-Party Transactions

The School is related to South Tech Preparatory Academy, Inc. (“STP”) through common board members. At June 30, 2023, the School has a payable balance to STP in the amount of \$ 369,413 which represents reimbursement of certain shared expenditures. In addition, STP is the subtenant for the lease agreement between the School and Holdings for the rental of the facility in with STP resides (Note 5).

Note 11 - Rent

The School leases facilities for its operations under an agreement with the School Board of Palm Beach County. 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 pays \$ 1 for the use of the County’s facilities. No additional amounts have been recorded with respect to this agreement for the School’s fiscal year ended June 30, 2024 because this agreement does not meet the definition of a lease under GAAP.

Note 12 - Florida Retirement System

As provided by Chapters 121 and 112, Florida Statutes, the Florida Retirement System (“FRS”) provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (“Pension and/or FRS Plan”) and the Retiree Health Insurance Subsidy (“HIS Plan”), and a defined contribution pension plan (“Investment Plan”). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by calling (844) 377-1888 or by visiting the Web site: www.dms.myflorida.com/workforce_operations/retirement/publications.

Pension Plan:

Plan Description - The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (“DROP”) for eligible employees.

Note 12 - Florida Retirement System (continued)

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service.

Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% times the years of service times their final average compensation based on the five highest years of salary for each year of creditable service. Senior Management Service class members who retire at or after age 62 with at least six years of creditable service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% times the years of service times their final average compensation based on the five highest years of salary for each year of creditable service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% times the years of service (3.33% for judges and justices) times their final average compensation based on the five highest years of salary for each year of creditable service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of creditable service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before August 1, 2011, the annual cost-of living adjustment is three percent per year. The COLA formula for retirees with an effective retirement date or DROP begin date on or after August 1, 2011, will be the sum of the pre-July 2011 service credit divided 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.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 96 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions - Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from July 1, 2023 through June 30, 2024, were as follows: Regular - 13.57%; Special Risk Administrative Support - 39.82%; Special Risk - 32.67%; Senior Management Service - 34.52%; Elected Officers' - 58.68%; and DROP participants - 21.13%. These employer contribution rates include 3.00% HIS Plan subsidy for the periods from July 1, 2023 through June 30, 2024. During the year ended June 30, 2024, the School contributed \$ 351,898 to the Pension Plan.

Note 12 - Florida Retirement System (continued)

HIS Plan:

Plan Description - The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided - For the fiscal year ended June 30, 2024, 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. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions - The HIS Plan is funded by required contributions from FRS participating employer's asset by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2024, the HIS contribution was 3.00%. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled. During the year ended June 30, 2024, the School contributed \$ 174,553 to the HIS Plan

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2024, the School reported liabilities of \$ 3,854,257 for its proportionate share of the FRS Plan's net pension liability and \$ 2,230,289 for its proportionate share of the HIS Plan's net pension liability for a total net pension liability of \$ 6,084,546. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The School's proportion of the net pension liability was based on a projection of the School's 2023-24 fiscal year contributions relative to the 2022-23 fiscal year contributions of all participating members. At June 30, 2023, the School's proportion was 0.00967268% for the FRS plan and 0.01404346% for the HIS plan, which were decreases of 0.00082192% and 0.00103278%, respectively, from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the School recognized pension expense of \$ 747,984 for the FRS Plan and \$ 869,288 for the HIS Plan for a total pension expense of \$ 1,617,272.

Note 12 - Florida Retirement System (continued)

At June 30, 2024, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	FRS Plan	HIS Plan	Total
Differences between expected and actual experience	\$ 319,511	\$ 32,650	\$ 352,161
Changes of assumptions	221,834	58,634	280,468
Net difference between projected and actual earnings on pension plan investments	142,118	1,152	143,270
Changes in proportion and differences between School contributions and proportionate share of contributions	252,972	148,468	401,440
School contributions subsequent to the measurement date	<u>762,662</u>	<u>23,587</u>	<u>786,249</u>
Total	<u>\$ 1,699,097</u>	<u>\$ 264,491</u>	<u>\$ 1,963,588</u>

	Deferred Inflows of Resources		
	FRS Plan	HIS Plan	Total
Differences between expected and actual experience	\$ -	\$ 5,234	\$ 5,234
Changes of assumptions	-	193,262	193,262
Changes in proportion and differences between School contributions and proportionate share of contributions	<u>234,588</u>	<u>123,846</u>	<u>358,434</u>
Total	<u>\$ 234,588</u>	<u>\$ 322,342</u>	<u>\$ 556,930</u>

Deferred outflows of resources related to the Pension Plan, totaling \$ 786,249 related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the subsequent reporting period ending June 30, 2025.

Note 12 - Florida Retirement System (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension plan will be recognized in pension expense as follows:

Year Ended June 30,	FRS Plan	HIS Plan	Total
2025	\$ 116,996	\$ (2,245)	\$ 114,751
2026	\$ (28,100)	\$ (4,210)	\$ (32,310)
2027	\$ 578,940	\$ (26,912)	\$ 552,028
2028	\$ 30,732	\$ (27,103)	\$ 3,629
2029	\$ 3,279	\$ (17,385)	\$ (14,106)
Thereafter	\$ -	\$ (3,583)	\$ (3,583)

Actuarial Assumptions: The Florida Retirement System Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of both pension plans pursuant to section 216.136 (10), Florida Statutes. The Pension Plan’s valuation is performed annually. The HIS Plan has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the Pension Plan was completed in 2019 for the period July 1, 2013 through June 30, 2018. Because the HIS Plan is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the Pension Plan. The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	FRS Plan	HIS Plan
Inflation	2.40%	2.40%
Salary increases	3.25%, average, including inflation	3.25%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation	N/A
Actuarial cost method	Individual entry age	Individual entry age
Mortality table	PUB-2010 with Projection Scale MP-2018	PUB-2010 with Projection Scale MP-2018

Long-term Expected Rate of Return: 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:

Note 12 - Florida Retirement System (continued)

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.9%	2.9%	1.1%
Fixed income	19.8%	4.5%	4.4%	3.4%
Global equity	54.0%	8.7%	7.1%	18.1%
Real estate	10.3%	7.6%	6.6%	14.8%
Private equity	11.1%	11.9%	8.8%	26.3%
Strategic investments	3.8%	6.3%	6.1%	7.7%
Total	100.0%			
Assumed Inflation - Mean			2.4%	1.4%

(1) As outlined in the Pension Plan's investment policy

Discount Rate: The discount rate used to measure the total pension liability was 6.70% for the FRS Plan. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

The discount rate used to measure the total pension liability was 3.65% for the HIS Plan. In general, the discount rate for calculating the HIS Plan's 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 Plan benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the municipal bond rate of 3.65% was used to determine the total pension liability. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the School's Proportionate Share of the Net Position Liability to Changes in the Discount Rate: The following table represents sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate. The sensitivity analysis, below, shows the impact of the School's proportionate share of the net pension liability if the discount rate was 1.00% lower or 1.00% higher than the current discount rate at June 30, 2023.

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
School's proportionate share of the net pension liability for FRS Plan	\$ <u>6,583,856</u>	\$ <u>3,854,257</u>	\$ <u>1,570,621</u>
	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
School's proportionate share of the net pension liability for HIS Plan	\$ <u>2,544,412</u>	\$ <u>2,230,289</u>	\$ <u>1,969,902</u>

Note 12 - Florida Retirement System (continued)

Investment Plan:

The SBA (State Board of Administration) administered the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Annual Comprehensive 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 participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual members' accounts, are defined by law, but the ultimate benefit depends, in part, on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates, that are based on salary and membership class, as the Pension 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 plan members. Allocations to the investment members' accounts during the 2023-2024 fiscal year, as established by Section 121.72, Florida Statutes, are based on percentage of gross compensation, by class, as follows:

<u>Class</u>	<u>Allocation Rate</u>
Elected Officials	16.34%
Senior Management	12.37%
Special Risk	19.00%
Regular Employees	11.30%

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan vesting is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on these funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over his or her account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2024, 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; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan or remain in the Investment Plan and rely upon that account balance for retirement income.

The School's pension expense for the Investment Plan totaled \$ 334,666 for the fiscal year ended June 30, 2024.

REQUIRED SUPPLEMENTARY
INFORMATION

South Tech Charter Academy, Inc.
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
Revenues:				
State sources	\$ 9,254,455	\$ 9,254,455	\$ 9,807,969	\$ 553,514
Local sources	1,945,100	1,945,100	5,444,650	3,499,550
Total revenues	<u>11,199,555</u>	<u>11,199,555</u>	<u>15,252,619</u>	<u>4,053,064</u>
Expenditures:				
Current:				
Instruction	5,714,990	5,714,990	5,543,198	171,792
Pupil personnel services	535,292	535,292	348,488	186,804
Instructional staff training	78,298	78,298	57,493	20,805
Instructional-related technology	4,950	4,950	-	4,950
Board expenditures	65,290	65,290	61,908	3,382
General administration	194,191	194,191	203,917	(9,726)
School administration	866,353	866,353	868,200	(1,847)
Fiscal services	230,727	230,727	253,144	(22,417)
Central services	215,216	215,216	223,315	(8,099)
Student transportation services	1,031,789	1,031,789	897,691	134,098
Operation and maintenance of plant	1,108,712	1,108,712	884,820	223,892
Administrative technology services	117,025	117,025	136,955	(19,930)
Capital outlay	-	-	953,694	(953,694)
Debt service:				
Principal	-	-	18,728	(18,728)
Interest	3,015	3,015	3,011	4
Total expenditures	<u>10,165,848</u>	<u>10,165,848</u>	<u>10,454,562</u>	<u>(288,714)</u>
Net change in fund balance	<u>\$ 1,033,707</u>	<u>\$ 1,033,707</u>	<u>\$ 4,798,057</u>	<u>\$ 3,764,350</u>

South Tech Charter Academy, Inc.
Budgetary Comparison Schedule - Grants Fund
For the Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Education stabilization fund	\$ 1,854,897	\$ 1,854,897	\$ 2,030,653	\$ 175,756
Title I funds	359,584	359,584	647,949	288,365
IDEA grant revenues	274,657	274,657	275,721	1,064
Title II funds	60,282	60,282	160,708	100,426
Title IV funds	27,804	27,804	70,625	42,821
Title III funds	12,290	12,290	16,606	4,316
Perkins grant	-	-	4,879	4,879
	<u>2,589,514</u>	<u>2,589,514</u>	<u>3,207,141</u>	<u>617,627</u>
Total revenues				
Expenditures:				
Current:				
Instruction	1,661,167	1,661,167	2,057,374	(396,207)
Pupil personnel services	336,247	336,247	416,446	(80,199)
Instructional staff training	147,685	147,685	182,909	(35,224)
General administration	32,160	32,160	39,830	(7,670)
Student transportation services	79,152	79,152	98,031	(18,879)
Operation and maintenance of plant	203,238	203,238	251,712	(48,474)
Capital outlay	129,865	129,865	160,839	(30,974)
	<u>2,589,514</u>	<u>2,589,514</u>	<u>3,207,141</u>	<u>(617,627)</u>
Total expenditures				
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

**South Tech Charter Academy, Inc.
Schedule of Proportionate Share of Net Pension Liability
Florida Retirement System Pension Plan
Last 10 Fiscal Years
(Unaudited)**

Fiscal year:	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
Measurement date:	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2022</u>	<u>6/30/2023</u>
South Tech Charter Academy, Inc.'s proportion of the net pension liability	0.00974409%	0.00836097%	0.00834050%	0.00973003%	0.01044954%	0.01091047%	0.00991386%	0.01289003%	0.01049460%	0.00967268%
South Tech Charter Academy, Inc.'s proportionate share of the net pension liability	\$ 594,532	\$ 1,136,874	\$ 2,105,972	\$ 2,878,078	\$ 3,149,260	\$ 3,741,809	\$ 4,296,813	\$ 973,655	\$ 3,904,834	\$ 3,854,257
South Tech Charter Academy, Inc.'s covered payroll	\$ 5,345,522	\$ 5,236,574	\$ 5,704,323	\$ 5,112,666	\$ 6,742,656	\$ 3,681,281	\$ 3,672,373	\$ 3,137,605	\$ 3,654,674	\$ 3,352,211
South Tech Charter Academy, Inc.'s proportionate share of the net pension liability as a percentage of its covered payroll	11.12%	21.71%	36.92%	56.29%	46.71%	101.64%	117.00%	31.03%	106.84%	114.98%
Plan fiduciary net position as a percentage of total pension liability	96.09%	92.00%	84.88%	83.89%	84.26%	82.61%	78.85%	96.40%	82.89%	82.38%

**South Tech Charter Academy, Inc.
Schedule of Proportionate Share of Net Pension Liability
Retiree Health Insurance Subsidy Program
Last 10 Fiscal Years
(Unaudited)**

Fiscal year:	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
Measurement date:	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
South Tech Charter Academy, Inc.'s proportion of the net pension liability	0.01633962%	0.01399307%	0.01554903%	0.01716585%	0.01787893%	0.01875909%	0.01662555%	0.01977531%	0.01507624%	0.01404346%
South Tech Charter Academy, Inc.'s proportionate share of the net pension liability	\$ 1,527,795	\$ 1,573,434	\$ 1,812,164	\$ 1,835,609	\$ 1,890,353	\$ 2,114,564	\$ 2,030,015	\$ 2,425,699	\$ 1,596,815	\$ 2,230,289
South Tech Charter Academy, Inc.'s covered payroll	\$ 5,345,522	\$ 5,236,574	\$ 5,704,323	\$ 5,112,666	\$ 6,742,656	\$ 5,784,256	\$ 5,826,430	\$ 5,500,309	\$ 6,154,970	\$ 5,818,429
South Tech Charter Academy, Inc.'s proportionate share of the net pension liability as a percentage of its covered payroll	28.58%	30.05%	31.77%	35.90%	28.04%	36.56%	34.84%	44.10%	25.94%	38.33%
Plan fiduciary net position as a percentage of total pension liability	0.99%	0.50%	0.97%	1.64%	2.15%	2.63%	3.00%	3.56%	4.81%	4.12%

**South Tech Charter Academy, Inc.
Schedule of Contributions
Florida Retirement System Pension Plan
Last 10 Fiscal Years
(Unaudited)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution	\$ 203,848	\$ 203,823	\$ 253,297	\$ 297,803	\$ 338,303	\$ 340,471	\$ 376,855	\$ 358,084	\$ 372,041	\$ 351,898
Contributions in related to the contractually required contribution	<u>(203,848)</u>	<u>(203,823)</u>	<u>(253,297)</u>	<u>(297,803)</u>	<u>(338,303)</u>	<u>(340,471)</u>	<u>(376,855)</u>	<u>(358,084)</u>	<u>(372,041)</u>	<u>(351,898)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
South Tech Charter Academy, Inc.'s covered payroll	\$ 5,345,522	\$ 5,236,574	\$ 5,704,323	\$ 5,112,666	\$ 6,742,656	\$ 3,681,281	\$ 3,672,373	\$ 3,137,605	\$ 3,654,674	\$ 3,352,211
Contributions as a percentage of covered payroll	3.81%	3.89%	4.44%	5.82%	5.02%	9.25%	10.26%	11.41%	10.18%	10.50%

**South Tech Charter Academy, Inc.
Schedule of Contributions
Retiree Health Insurance Subsidy Program
Last 10 Fiscal Years
(Unaudited)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution	\$ 53,490	\$ 79,698	\$ 90,846	\$ 96,958	\$ 104,167	\$ 96,019	\$ 96,719	\$ 91,305	\$ 102,173	\$ 174,553
Contributions in related to the contractually required contribution	<u>(53,490)</u>	<u>(79,698)</u>	<u>(90,846)</u>	<u>(96,958)</u>	<u>(104,167)</u>	<u>(96,019)</u>	<u>(96,719)</u>	<u>(91,305)</u>	<u>(102,173)</u>	<u>(174,553)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
South Tech Charter Academy, Inc.'s covered payroll	\$ 5,345,522	\$ 5,236,574	\$ 5,704,323	\$ 5,112,666	\$ 6,742,656	\$ 5,784,256	\$ 5,826,430	\$ 5,500,309	\$ 6,154,970	\$ 5,818,429
Contributions as a percentage of covered payroll	1.00%	1.52%	1.59%	1.90%	1.54%	1.66%	1.66%	1.66%	1.66%	3.00%

OTHER INDEPENDENT
AUDITOR'S REPORT

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
South Tech Charter Academy, Inc.
Boynton Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of South Tech Charter Academy, Inc. (the "School") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 27, 2024.

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 opinion 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.

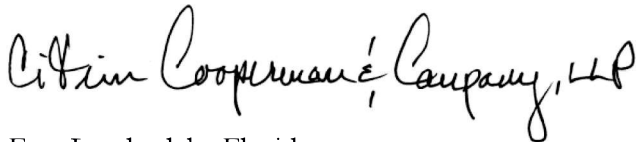
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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



Fort Lauderdale, Florida
September 27, 2024

MANAGEMENT LETTER REQUIRED BY CHAPTER 10.850 OF THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

To the Board of Directors
South Tech Charter Academy, Inc.
Boynton Beach, Florida

Report on the Financial Statements

We have audited the financial statements of South Tech Charter Academy, Inc. (the "School"), as of and for the fiscal year ended June 30, 2024, and have issued our report thereon dated September 27, 2024.

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 that report, which is dated September 27, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

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

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 Charter Academy, Inc. and 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.

"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. The entities of Citrin Cooperman & Company, LLP and Citrin Cooperman Advisors LLC are independent member firms of the Moore North America, Inc. (MNA) Association, which is itself a regional member of Moore Global Network Limited (MGNI). All the firms associated with MNA are independently owned and managed entities. Their membership in, or association with, MNA should not be construed as constituting or implying any partnership between them.



Financial Condition and Management (continued)

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Transparency

Section 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 maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

Fort Lauderdale, Florida
September 27, 2024

"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. The entities of Citrin Cooperman & Company, LLP and Citrin Cooperman Advisors LLC are independent member firms of the Moore North America, Inc. (MNA) Association, which is itself a regional member of Moore Global Network Limited (MGNI). All the firms associated with MNA are independently owned and managed entities. Their membership in, or association with, MNA should not be construed as constituting or implying any partnership between them.