

VICTORY RIDGE ACADEMY, INC.

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

**Financial Statements
with Independent Auditor's Reports Thereon**

June 30, 2025



McCRADY & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

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VICTORY RIDGE ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

Victory Ridge Academy, Inc. (the "School") offers the following narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2025. Readers are encouraged to use this information in conjunction with information furnished in the School's financial statements. This summary should not be taken as a replacement for the audit, which consists of the basic financial statements and other supplemental information.

FINANCIAL HIGHLIGHTS

- ❖ The School began construction on a satellite campus in fiscal year 2025.
- ❖ For the fiscal year ended June 30, 2025, the School's net increase in total governmental fund balances was approximately \$811,000.
- ❖ The School maintained a positive general fund balance of approximately \$2.1 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the School through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the understanding of the financial condition of School. This document also includes the Report of Independent Auditor on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards as well as the management letter required by the Rules of the Auditor General, Chapter 10.850, Audits of Charter Schools and Similar Entities*.

Government-Wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include the School's basic services. The business-type activities are those services that the School charges for that are not directly related to the School's mission. For the year ended June 30, 2025, the School had no business-type activities or component units.

Fund Financial Statements

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

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

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

Notes to Financial Statements

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

Other Reports

This report also includes the 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*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850, *Audits of Charter Schools and Similar Entities*.

GOVERNMENTAL FUNDS ANALYSIS OF THE SCHOOL

Fund Balance

The School's combined fund balance as of June 30, 2025 and 2024 is summarized as follows:

	Governmental Funds		Increase (Decrease)
	2025	2024	
Cash and cash equivalents	\$ 2,987,752	\$ 2,066,582	\$ 921,170
Due from other agencies	17,636	11,101	6,535
Other current assets	963	963	-
Total assets	<u>3,006,351</u>	<u>2,078,646</u>	<u>927,705</u>
Accounts payable and accrued expenses	<u>865,690</u>	<u>749,183</u>	<u>116,507</u>
Total liabilities	<u>865,690</u>	<u>749,183</u>	<u>116,507</u>
Fund Balances:			
Nonspendable	963	963	-
Spendable	<u>2,139,698</u>	<u>1,328,500</u>	<u>811,198</u>
Total fund balances	<u>\$ 2,140,661</u>	<u>\$ 1,329,463</u>	<u>\$ 811,198</u>

Cash and cash equivalents increased due to current year operations. The increase in accounts payable and accrued expense is due current year operations. The change in fund balance is due to the current year operations.

Change in Fund Balance

The School's total expenditures exceeded total revenues by approximately \$11.1 million in fiscal 2025. The total increase in fund balance was approximately \$811,000 after other financial sources—see table below.

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>
Revenues:			
Federal sources passed through local school district	\$ 1,391,699	\$ 648,959	\$ 742,740
State and local sources	13,152,821	12,430,316	722,505
Contributions and other revenues	<u>1,389,978</u>	<u>1,236,215</u>	<u>153,763</u>
Total revenues	<u>15,934,498</u>	<u>14,315,490</u>	<u>1,619,008</u>
Expenditures:			
Instruction	5,220,109	4,935,289	284,820
Pupil personnel services	3,785,579	3,273,936	511,643
Instructional staff training	17,488	13,774	3,714
Board	44,171	47,420	(3,249)
General administration	147,561	136,683	10,878
School administration	1,565,680	1,125,480	440,200
Fiscal services	230,413	195,954	34,459
Food services	12,591	15,607	(3,016)
Central services	3,547	1,589	1,958
Pupil transportation	1,614,973	1,707,156	(92,183)
Operation of plant	890,573	956,243	(65,670)
Maintenance of plant	101,364	80,731	20,633
Debt service			
Principal	542,140	496,902	45,238
Interest	513,133	336,240	176,893
Capital outlay	<u>12,332,529</u>	<u>3,009,497</u>	<u>9,323,032</u>
Total expenditures	<u>27,021,851</u>	<u>16,332,501</u>	<u>10,689,350</u>
Excess (deficiency) of revenue over expenditure	<u>(11,087,353)</u>	<u>(2,017,011)</u>	<u>(9,070,342)</u>
Other Financial Sources (uses)			
Proceeds from issuance of debt	11,898,551	660,395	11,238,156
Transfers to (from) Victory Ridge Charitable Foundation	<u>-</u>	<u>(563,081)</u>	<u>(563,081)</u>
Total other financial sources (uses)	<u>11,898,551</u>	<u>97,314</u>	<u>11,801,237</u>
Net change in fund balance	<u>\$ 811,198</u>	<u>\$ (1,919,697)</u>	<u>\$ 2,730,895</u>

Federal sources increased due to ESSER funds received in the current year. The increase in state and local sources is due to an increase in FEFP funding due to increased student enrollment. Instructional and pupil personnel services increased due to the increase in student enrollment. Pupil transportation increased due to the increase in transportation. Capital outlay increased due to the ongoing construction project to construct the satellite campus.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

The focus of School's governmental funds is to provide information on near term inflows, outflows, and balances of usable resources. Such information is useful in assessing School's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the School completed the year, the general fund reported a fund balance of \$2.1 million which is a decrease from the prior year as a result of current year operations.

General Fund Budgetary Highlights

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

For the year ended June 30, 2025, actual revenues were less than budgeted amounts by approximately \$89,000. Actual expenditures were approximately \$300,000 less than budgeted expenses, exclusive of other financial sources & uses due to the construction on the new facility.

CAPITAL ASSET AND LONG-TERM DEBT

Capital Assets

At the end of fiscal 2025, the School had invested approximately \$15.6 million in capital assets, net of accumulated depreciation of approximately \$1.6 million.

	<u>Governmental Activities</u>		<u>Increase (Decrease)</u>
	<u>2025</u>	<u>2024</u>	
Buildings and improvements	\$ 672,758	\$ 622,867	\$ 49,891
Construction in progress	14,534,096	2,956,883	11,577,213
Furniture, fixtures, and equipment	513,330	414,942	98,388
Vehicles	1,547,587	940,550	607,037
Total	<u>17,267,771</u>	<u>4,935,242</u>	<u>12,332,529</u>
Less – accumulated depreciation	<u>(1,632,483)</u>	<u>(1,275,492)</u>	<u>(356,991)</u>
Total capital assets	<u>\$ 15,635,288</u>	<u>\$ 3,659,750</u>	<u>\$ 11,975,538</u>

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

- Construction in progress - \$11.6 million

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

Long-Term Liabilities

The School's long term debt for the year ended June 30, 2025 of \$19.8 million was composed of approximately \$57,000 of lease obligations related to the School's equipment leases, \$313,000 on bank notes payable for School buses, and \$19.45 million outstanding loans related to ongoing construction and expansion of School facilities. Interest paid during fiscal year June 30, 2025 was approximately \$513,000. More detailed information about the School's long-term liabilities is presented in Note 5 to the financial statements.

Additionally, the School has approximately \$5.9 million in pension liability. For more detailed information, see Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Budget Highlights for the Fiscal Year Ended June 30, 2025

Amounts available for appropriation are approximately \$20.8 million in the general fund which is an increase of approximately \$6.5 million due to an expected increase in FEFP funding and other contributions from 2024.

Budgeted expenditures are expected to decrease by approximately \$5 million to approximately \$19.5 million. The overall change is attributed to the decrease in construction costs in 2026.

If these estimates are realized, the School's general fund balance is expected to increase at the close of fiscal 2026.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at 501 Burns Avenue, Lake Wales, FL 33853.



McCrary & Associates
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors Report

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

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Victory Ridge Academy, Inc. (the "School"), a Charter School and Component Unit of the District School Board of Polk County, Florida as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the 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, each major fund and aggregate remaining fund information of Victory Ridge Academy, Inc. a Charter School and Component Unit of the District School Board of Polk County, Florida as of and for the year ended June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension liability 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2025, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

McCrary & Associates, PLLC

Altamonte Springs, Florida
September 29, 2025

107 Water Oak Lane | Altamonte Springs, FL 32714
Office 407-960-4429 ■ admin@mccradyandassociates.com
www.mccradyandassociates.com

VICTORY RIDGE ACADEMY, INC.

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

Statement of Net Position

June 30, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,987,752
Due from other agencies	17,636
Due from Victory Ridge Charitable Fund	9,167,401
Other current assets	963
Right to use asset:	
Property under lease	126,170
Accumulated amortization	(81,164)
Total right to use asset	45,006
Capital assets:	
Buildings and improvements	15,206,854
Furniture, fixtures, and equipment	513,330
Vehicles	1,547,587
Less accumulated depreciation	(1,632,483)
Total capital assets, net	15,635,288
Total assets	\$ 27,854,046
DEFERRED OUTFLOW OF RESOURCES	
Amount deferred on pension liability	2,800,074
LIABILITIES	
Accounts payable and accrued expenses	\$ 865,690
Compensated absences payable	301,406
Long-term liabilities:	
Portion due or payable due in one year:	
Notes payable	564,194
Lease obligations	27,040
Portion due or payable after one year:	
Notes payable	19,203,949
Lease obligations	30,885
Pension liability	5,914,189
Total liabilities	26,907,353
DEFERRED INFLOW OF RESOURCES	
Amount deferred on pension liability	538,852
NET POSITION	
Invested in capital assets, net of related debt	15,635,288
Unrestricted	(12,427,373)
Total net position	\$ 3,207,915

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

VICTORY RIDGE ACADEMY, INC.

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

Statement of Activities

For the Year Ended June 30, 2025

	Program Specific Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental Activities:						
Instruction	\$ 5,364,864	\$ -	\$ 1,005,495	\$ -	\$ (4,359,369)	\$ (4,359,369)
Pupil personnel services	3,851,625	-	386,204	-	(3,465,421)	(3,465,421)
Instructional staff training	17,488	-	-	-	(17,488.00)	(17,488)
Board	44,171	-	-	-	(44,171)	(44,171)
General administration	147,561	-	-	-	(147,561)	(147,561)
School administration	1,652,396	-	-	-	(1,652,396)	(1,652,396)
Facilities acquisition and construction	34,840	-	-	-	(34,840)	(34,840)
Fiscal services	230,413	-	-	-	(230,413)	(230,413)
Food services	14,166	-	-	-	(14,166)	(14,166)
Central services	5,499	-	-	-	(5,499)	(5,499)
Pupil transportation	1,930,762	-	-	-	(1,930,762)	(1,930,762)
Operation of plant	932,340	-	-	-	(932,340)	(932,340)
Maintenance of plant	110,027	-	-	-	(110,027)	(110,027)
Interest	513,133	-	-	206,995	(306,138)	(306,138)
Total primary government	\$ 14,849,285	\$ -	\$ 1,391,699	\$ 206,995	(13,250,591)	(13,250,591)
General revenues:						
State and local sources					12,945,826	12,945,826
Contributions and other revenues					1,389,978	1,389,978
Total general revenues					14,335,804	14,335,804
Changes in net position					1,085,213	1,085,213
Net position at beginning of year					2,122,702	2,122,702
Net position at end of year					\$ 3,207,915	\$ 3,207,915

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

VICTORY RIDGE ACADEMY, INC.

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

Balance Sheet - Governmental Funds

June 30, 2025

	General Fund
ASSETS	
Cash and cash equivalents	\$ 2,987,752
Due from other agencies	17,636
Other current assets	963
Total assets	<u>\$ 3,006,351</u>
LIABILITIES	
Accounts payable and accrued expenses	<u>\$ 865,690</u>
Total liabilities	<u>865,690</u>
FUND BALANCES	
Nonspendable:	
Deposits	963
Spendable:	
Unassigned	<u>2,139,698</u>
Total fund balances	<u>2,140,661</u>
Total liabilities and fund balances	<u>\$ 3,006,351</u>

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

VICTORY RIDGE ACADEMY, INC.

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

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

June 30, 2025

Total fund balances - governmental funds \$ 2,140,661

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental fund. The cost of the assets at year-end consist of:

Capital assets	17,267,771
Accumulated depreciation	(1,632,483)
Right to use - lease asset	126,170
Accumulated amortization	(81,164)

Long-term receivables applicable to governmental activities are not due and collectible in the current period and therefore, are not reported as assets in the governmental funds. 9,167,401

Long-term liabilities are not due and payable in the current year. Therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consisted of:

Note payable	(19,768,143)
Lease obligations	(57,925)
Pension liability	(5,914,189)

Amounts accrued for compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. (301,406)

Deferred amounts are reported in the statement of net position as deferred outflows or deferred inflows of resources but are not reported in the funds. 2,261,222

Total net position - governmental activities \$ 3,207,915

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

VICTORY RIDGE ACADEMY, INC.

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

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

For the Year Ended June 30, 2025

	General Fund	Special Revenue Funds	Other Governmental Fund	Total Governmental Funds
REVENUES				
Federal sources pass through local school district	\$ -	\$ 1,391,699	\$ -	\$ 1,391,699
State and local sources	12,945,826	-	206,995	13,152,821
Contributions and other revenue	1,389,978	-	-	1,389,978
Total revenues	<u>14,335,804</u>	<u>1,391,699</u>	<u>206,995</u>	<u>15,934,498</u>
EXPENDITURES				
Current:				
Instruction	4,214,614	1,005,495	-	5,220,109
Pupil personnel services	3,399,375	386,204	-	3,785,579
Instructional staff training	17,488	-	-	17,488
Board	44,171	-	-	44,171
General administration	147,561	-	-	147,561
School administration	1,565,680	-	-	1,565,680
Fiscal services	230,413	-	-	230,413
Food services	12,591	-	-	12,591
Central services	3,547	-	-	3,547
Pupil transportation	1,614,973	-	-	1,614,973
Operation of plant	890,573	-	-	890,573
Maintenance of plant	101,364	-	-	101,364
Debt service				
Principal	-	-	542,140	542,140
Interest	-	-	513,133	513,133
Capital outlay	12,332,529	-	-	12,332,529
Total expenditures	<u>24,574,879</u>	<u>1,391,699</u>	<u>1,055,273</u>	<u>27,021,851</u>
Excess (deficiency) of revenues over expenditures	<u>(10,239,075)</u>	<u>-</u>	<u>(848,278)</u>	<u>(11,087,353)</u>
OTHER FINANCIAL SOURCES (USES)				
Proceeds from note payable	11,898,551	-	-	11,898,551
Operating transfers in	-	-	848,278	848,278
Operating transfers out	(848,278)	-	-	(848,278)
Total other financial sources (uses)	<u>11,050,273</u>	<u>-</u>	<u>848,278</u>	<u>11,898,551</u>
Net changes in fund balances	811,198	-	-	811,198
Fund balances at beginning of year	1,329,463	-	-	1,329,463
Fund balances at end of year	<u>\$ 2,140,661</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,140,661</u>

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

VICTORY RIDGE ACADEMY, INC.

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

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

For the Year Ended June 30, 2025

Net changes in fund balances - total governmental funds \$ 811,198

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount incurred in the current period:

Capital additions	12,332,529
Depreciation expense	(356,991)
Amortization expense	(25,234)

Compensated absences included in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds. (241,601)

Proceeds from issuance of long-term debt are reported as an other financial source in the governmental funds. However, in the statement of net position, the amount of funds borrowed is reported as an increase in long-term liabilities. (11,898,551)

Principal payments on long-term liabilities are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position. 542,140

In the statement of activities, some revenues and expenses are recognized that do not provide current financial resources and are not recognized in the governmental funds, such as deferred inflows and outflows of resources. (78,277)

Change in net position of governmental activities \$ 1,085,213

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

VICTORY RIDGE ACADEMY, INC.

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

Notes to Financial Statements

For the Year Ended June 30, 2025

1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Victory Ridge Academy, Inc. (the "School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-for-Profit Corporation Act. The governing body of the School is the not-for-profit corporation Board of Directors, ("The Board") which is composed of no less than three members. The organization was previously named Our Children's Academy, Inc., effective July 1, 2017 the name was changed to Victory Ridge Academy, Inc.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Polk County Florida, (the "School Board"). The School is considered a component unit of the School Board and meets the definition of a governmental entity under the Governmental Accounting Standards Board (GASB).

Charter Contract

The current charter expires June 20, 2026 and may be renewed for a maximum of an additional fifteen years by mutual written agreement between the School and the School Board. Upon the expiration of the charter, the School Board may elect not to renew the charter under grounds specified in the charter. However, the School Board may terminate the current charter at any time if good cause is shown.

Basis of Presentation

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

Government-wide Financial Statements

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

VICTORY RIDGE ACADEMY, INC.

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

Notes to Financial Statements (continued)

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

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

Fund Financial Statements

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

- General Fund – the School's primary operating fund that accounts for all financial resources of the school, except those that are required to be accounted for in another fund.
- Capital Projects Fund – to account for all resources for the acquisition of capital items by the School purchased with capital outlay funds.
- Special Revenue Fund – to account for the proceeds of specific revenue sources that restricted or committed to expenditures for a specific purpose including all federal grant revenues passed through the School District.
- Debt Service Fund – to account for the accumulation of resources for, and payment of general long-term debt principal, interest and related costs.

For the purpose of these statements the general and special revenue funds are considered major funds. Capital projects and debt service fund are reported as other governmental fund.

Basis of Accounting

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

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

VICTORY RIDGE ACADEMY, INC.

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

**Notes to Financial Statements
(continued)**

The governmental funds basic financial statements are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when they become measurable and available. Revenues are considered to be available when they are collectable within a current period. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made.

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

Budgetary Basis Accounting

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

Use of Estimates

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

Cash and Cash Equivalents

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

As State of Florida Statutes and the School's policy require, all deposits must be made into and held by financial institutions designated by the treasurer of the State of Florida as qualified public depositories as defined by Chapter 280 of the Florida Statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by the institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the treasurer is defined by the ability to assess members of the pool should the need arise. The School's deposits are held in a qualified public depository. They are covered by the collateral pool as the School has identified itself as a public entity at June 30, 2025.

VICTORY RIDGE ACADEMY, INC.

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

**Notes to Financial Statements
(continued)**

Interfund Receivables and Payables

Activities between the funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. There are no receivables from other funds outstanding at year-end.

Interfund Transfers

The School reports its debt service expenditures and the facilities acquisition and construction expenditures in other governmental funds. For the year ended June 30, 2025, the general fund transferred approximately \$848,000 to the debt service fund.

Capital Assets and Depreciation

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

	<u>Years</u>
Buildings and improvements	15 - 30
Furniture, fixtures, and equipment	5 - 7
Vehicles	5

Compensated Absences

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

Pensions

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

The School's retirement plans and related amounts are described in a Note 6.

VICTORY RIDGE ACADEMY, INC.

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

**Notes to Financial Statements
(continued)**

Net Position and Fund Balance Classifications

Government-wide financial statements

Net position is classified and reported in three components:

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

Fund financial statements

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

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

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

VICTORY RIDGE ACADEMY, INC.

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

Notes to Financial Statements (continued)

Order of Fund Balance Spending Policy

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The School has one item that qualifies for reporting in this category which is the deferred amount of pension reported in the government-wide statement of net position. A deferred amount of pension results from the difference in the expected and actual amounts of experience, earnings and contributions. This amount is deferred and amortized over the service life of all employees that are provided with pensions through the pension plan. However, earnings are amortized over 5 years.

Revenue Sources

Revenues for operations are received primarily from the District School Board of Polk County, Florida pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the School Board. The School Board receives a 5% administrative fee from the School, which is withheld from the respective Florida Education Finance Program (FEFP) payments. The administrative fee is calculated on gross FEFP revenue, up to 250 students, except when 75% or more of the students enrolled are exceptional students as defined in Section 1003.01(3). The 5% is then calculated based on unweighted full-time equivalent students. The administrative expense is reflected as a school administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds.

VICTORY RIDGE ACADEMY, INC.

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

Notes to Financial Statements (continued)

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of students and related data to the Florida Department of Education (FDOE) for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey period. The FDOE may also adjust subsequent fiscal period allocations based on an audit of the School's compliance in determining and reporting FTE and related data. Generally, such adjustments are treated as reductions or additions of revenues in the year when the adjustments are made.

The basic amount of funding through the FEFP under Section 1011.62 is calculated based on (1) unweighted FTE, multiplied by (2) the cost factor for each program multiplied by (3) the base student allocation established by the Florida legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the year ended June 30, 2025, the School reported 317.5 unweighted FTE.

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

The School is also eligible for charter school capital outlay funding. The amounts received under this program are based on the School's actual and projected student enrollment during the fiscal year. Funds received under this program may only be used for lawful capital outlay expenditures.

Recently Issued Accounting Pronouncements

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This pronouncement requires liabilities relates to compensated absences recognized for 1) leave that has not been used and 2) leave that has not been used but not yet paid in cash or settled through non- cash means and includes but is not limited to vacation, sick leave, and paid time off (PTO). This statement establishes standards of accounting and financial reporting for compensated absences and other associated salary-related payments such as certain defined contribution pensions. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies. This statement also provides guidance for measuring this liability. A liability for leave that has been used but not yet paid or settled should be measured at the employee's pay rate as of the date of the financial statements or the amount of the cash or non-cash amount settled. This statement also allows governments to disclose only the net change in the liability and are no longer required to disclose which governmental funds typically have been used to liquidate the liability. This statement applies to all financial statements of all state and local governments. The required effective date for this statement is for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Early application is encouraged. The School has included a liability for compensated absences in accrued expenses which is consistent with Statement No.101 in

VICTORY RIDGE ACADEMY, INC.

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

Notes to Financial Statements (continued)

previous years as well as in these financial statements. See Note 7 for more information on the school's policies and procedures regarding compensated absences.

2 FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

The carrying values of cash and cash equivalents, accounts receivable and payable, and the note payable do not differ materially from reasonable estimates of fair value, as the terms of such instruments do not vary significantly from the assumptions that would be made in estimating fair value.

VICTORY RIDGE ACADEMY, INC.

**A Charter School and Component Unit of the
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**Notes to Financial Statements
(continued)**

Estimated fair value of certain assets and (liabilities) measured on a recurring basis at June 30, 2025, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Deferred outflows related to pension liability	\$ -	\$ -	\$ 2,800,074	\$ 2,261,035
Pension liability	-	-	(5,914,189)	(5,585,683)
Deferred inflows related to pension liability	<u>-</u>	<u>-</u>	<u>(538,852)</u>	<u>(225,074)</u>
Total	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(3,652,967)</u>	\$ <u>(3,549,722)</u>

3 DUE FROM OTHER AGENCIES

Amount accompanying statement of net position and balance sheet – governmental fund includes approximately \$18,000 due from state sources. Based on the collectability of funds from this source, an allowance for doubtful accounts is not considered necessary.

VICTORY RIDGE ACADEMY, INC.

**A Charter School and Component Unit of the
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**Notes to Financial Statements
(continued)**

4 CAPITAL ASSETS

Capital assets activity during the year ended June 30, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets:				
Building and improvements	\$ 3,579,750	\$ 11,627,104	\$ -	\$ 15,206,854
Furniture, fixtures and equipment	414,942	98,388	-	513,330
Vehicles	940,550	607,037	-	1,547,587
Total capital assets	<u>4,935,242</u>	<u>12,332,529</u>	<u>-</u>	<u>17,267,771</u>
 Accumulated depreciation:				
Building and improvements	(412,894)	(34,840)	-	(447,734)
Furniture, fixtures and equipment	(359,036)	(49,029)	-	(408,065)
Vehicles	(503,562)	(273,122)	-	(776,684)
Total accumulated depreciation	<u>(1,275,492)</u>	<u>(356,991)</u>	<u>-</u>	<u>(1,632,483)</u>
 Capital assets, net	 <u>\$ 3,659,750</u>	 <u>\$ 11,975,538</u>	 <u>\$ -</u>	 <u>\$ 15,635,288</u>
 Depreciation expense:				
Instruction		\$ 2,600		
Pupil personnel services		7,267		
School administration		5,789		
Facilities and acquisition		34,840		
Food services		1,575		
Central		1,952		
Transportation		288,603		
Operation of plant		<u>14,365</u>		
Total governmental activities depreciation expense		<u>\$ 356,991</u>		

VICTORY RIDGE ACADEMY, INC.

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

**Notes to Financial Statements
(continued)**

5 LONG-TERM LIABILITIES

Notes Payable

On February 24, 2022, the School converted a previous construction note into a 3.35% fixed rate loan for the purpose of ongoing construction and expansion of School facilities. Loan proceeds of \$7,338,223 have been approved by SouthState Bank, National Association ("Lender") and will be disbursed as Lender's conditions have been satisfied. Terms of the loan require 16 monthly interest only payments beginning March 24, 2023, followed by 103 monthly principal and interest payments of \$35,531, and one final payment of \$5,684,531 due on February 24, 2032. As of June 30, 2025, the loan balance is \$6,964,146. Victory Ridge Charitable Fund is a co-borrower and guarantor on the note payable.

On December 12, 2022 the School entered into a \$1,000,000 loan with SouthState Bank for additional costs associated with construction and expansion of School facilities. This 6.00% fixed rate loan requires 7 monthly interest only payments beginning January 12, 2023 followed by 53 monthly consecutive principal and interest payments of \$21,569 beginning August 12, 2023. The loan balance as of June 30, 2025 is \$592,189.

On April 18, 2023, the School purchased a school bus by financing with a 6.00% fixed rate \$100,000 SouthState bank loan payable. The loan requires 60 monthly principal and interest payments of \$1,938 beginning May 18, 2023. The loan balance at June 30, 2025 is \$60,365.

On June 12, 2023, the School purchased a bus by entering into a 6.00% fixed rate \$112,953 Citizen Bank and Trust loan payable. The loan requires 84 monthly principal and interest payments of \$1,655 beginning July 12, 2023. The loan balance at June 30, 2025 is \$83,198.

On August 26, 2024 the School entered into an \$15,725,000 loan with SouthState Bank for additional costs associated with construction and expansion of School facilities. This 5.14% fixed rate loan requires interest only payments beginning October 1, 2024 until October 1, 2027 at which point monthly principal and interest payments of \$93,905.88 commence. The loan balance as of June 30, 2025 is \$11,898,551.

VICTORY RIDGE ACADEMY, INC.

**A Charter School and Component Unit of the
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**Notes to Financial Statements
(continued)**

Future minimum bank loan payments are as follows:

Year Ended June 30:	Principal	Interest	Total
2026	\$ 591,234	\$ 886,554	\$ 1,477,788
2027	523,165	856,535	1,379,700
2028	721,954	828,171	1,550,125
2029	781,134	791,963	1,573,097
2030	817,859	754,728	1,572,586
2031 - 2035	9,270,239	2,593,607	11,863,846
2036 - 2040	4,342,536	1,291,816	5,634,353
2041 - 2045	2,720,022	191,309	2,911,331
Total	\$ 19,768,143	\$ 8,194,683	\$ 27,962,826

Interest expense related to the bank loan is approximately \$507,000 for the year ended June 30, 2025 and is included in debt service.

Lease Asset and Liability

During fiscal year 2021 and 2022, the School entered into various leases related to the acquisition of copiers. The leases require monthly principal and interest payments totaling approximately \$9,300 and mature in fiscal 2026 and 2027. Adhering to the requirements of GASB 87 in July 2022, the School recorded a lease asset and liability in the amount of \$153,484. The lease obligation is being amortized as monthly principal payments are being applied against the lease note payable. The lease assets are being amortized using the straight line basis over the lease terms.

Information regarding the School's lease activity during the year ended June 30, 2025 is as follows:

Right to Use Asset:		
Right to use asset, net as of July 1, 2024	\$	70,240
2025 Amortization		(25,234)
Right to use asset, net as of June 30, 2025	\$	45,006
Lease payable	\$	57,925

Interest expense related to the lease note payable is approximately \$6,000 for the year ended June 30, 2025 and is included in debt service. Amortization of the right to use asset was charged to governmental activities and included within operation of plant.

VICTORY RIDGE ACADEMY, INC.

**A Charter School and Component Unit of the
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**Notes to Financial Statements
(continued)**

Future minimum lease note payments are as follows:

Year Ended June 30:	Principal	Interest	Total
2026	\$ 27,040	\$ 3,657	\$ 30,697
2027	29,283	1,413	30,696
2028	1,602	-	1,602
Total:	\$ 57,925	\$ 5,070	\$ 62,995

6 RETIREMENT PLANS

PENSION PLANS

Reporting Entity

The Florida Department of Management Services, Division of Retirement (division), is part of the primary government of the state of Florida and is responsible for administering the Florida Retirement System Pension Plan and Other State-Administered Systems (system). For the fiscal year ended June 30, 2024, the division administered two cost-sharing, multiple employer defined benefit plans, one single employer defined benefit plan, two defined contribution plans, a supplemental funding of defined benefit plans for municipal police officers and firefighters, and various general revenue funded pension programs. The division issued a publicly available, audited annual comprehensive financial report (ACFR) on behalf of the system that includes financial statements, notes and required supplementary information for each of the pension plans. Detailed information about the plans is provided in the ACFR, which is available online, or by contacting the division.

Cost-Sharing Defined Benefit Plans

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

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

VICTORY RIDGE ACADEMY, INC.

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

Notes to Financial Statements (continued)

Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program is a non-qualified, cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS Program. The benefit is a monthly payment to assist eligible retirees and surviving beneficiaries of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2024, retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$7.50. The payments are at least \$45 but not more than \$225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

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

Basis of Accounting

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

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

Employer Contributions

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

VICTORY RIDGE ACADEMY, INC.

**A Charter School and Component Unit of the
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**Notes to Financial Statements
(continued)**

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

Use of Estimates

The preparation of these schedules, and the associated financial statements, requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and changes therein, including appropriate disclosures at the date of the financial statements. Actual results could differ from those estimates.

Net Pension Plan's Fiduciary Net Position

The components of the collective fiduciary's net position liability of the participating employers for each defined benefit plan for the measurement date of June 30, 2024 are shown below (*in thousands*):

	<u>FRS</u>	<u>HIS</u>
Total pension liability	\$ 237,370,289,000	\$ 15,757,751,902
Plan fiduciary net position	(198,685,586,034)	(756,775,056)
Net pension liability	<u>\$ 38,684,702,966</u>	<u>\$ 15,881,333,755</u>
Plan fiduciary net position as a percentage of the total pension liability	83.70%	4.80%

The total pension liability for the FRS was determined by the plan's actuary and reported in the plan's GASB 67 valuation as of June 30, 2024. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

The total pension liability for the HIS was determined by the plan's actuary and reported in the plan's GASB 67 valuation as of June 30, 2024. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

Basis of Allocation

The School's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions related to the reporting periods included in the system's

VICTORY RIDGE ACADEMY, INC.

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

Notes to Financial Statements (continued)

current and several prior measurement dates. Prior measurement dates shown in exhibits align with the oldest deferred (inflow)/outflow base through June 30, 2024, for employers that were members of the FRS and HIS during those fiscal years. For fiscal years ended June 30, 2015, through June 30, 2024, in addition to contributions from employers, the required accrued contributions for the division (paid on behalf of the division's employees who administer the plans) were allocated to each employer on a proportional basis. The division administers the plans, and therefore, cannot allocate a portion of the liability to itself. Although GASB 68 encourages the use of the School's projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is acceptable. The aggregate employer contribution amounts for each fiscal year agree to the employer contribution amounts reported in the system's ACFR for that fiscal year.

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

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

Actuarial Methods and Assumptions

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

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

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.93% was used to determine the total pension liability for the program (Bond Buyer General

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**Notes to Financial Statements
(continued)**

Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both the FRS Pension Plan and the HIS Program were based on the PUB-2010 base table.

The following changes in actuarial assumptions occurred in 2024 for the HIS Program:

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

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the collective net pension liability of the participating employers if the discount rate was 1.00% higher or 1.00% lower than the current discount rate at June 30, 2024.

School's Proportionate Share of FRS Net Pension Liability			School's Proportionate Share of HIS Net Pension Liability		
1% Decrease	Current Discount Rate	1% Increase	1% Decrease	Current Discount Rate	1% Increase
5.70%	6.70%	7.70%	2.93%	3.93%	4.93%
\$6,051,985	\$3,440,651	\$1,253,105	\$2,815,805	\$2,473,538	\$2,189,401

The School's proportions are as follows:

	FRS	HIS
June 30, 2024	.00889%	.01648%
June 30, 2023	.00836%	.01417%
Change	.00053%	.00231%

Pension Expense and Deferred Outflow / Inflow of Resources

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

VICTORY RIDGE ACADEMY, INC.

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**Notes to Financial Statements
(continued)**

inflows of resources using a systematic and rational method over a closed period, as defined below:

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

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

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2024, was 5.3 years for FRS and 6.3 years for HIS.

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

<u>Description</u>	FRS	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 347,598	\$ -
Changes of assumptions	471,573	-
Net difference between projected and actual investment earnings	-	228,684
Employer-specific amounts due to changes in employer proportion	457,827	11,688
School FRS contributions subsequent to the measurement date	654,949	-
Total	\$ 1,931,947	\$ 240,372

VICTORY RIDGE ACADEMY, INC.

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**Notes to Financial Statements
(continued)**

Description	HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 23,884	\$ 4,750
Changes of assumptions	43,776	292,835
Net difference between projected and actual investment earnings	-	895
Employer-specific amounts due to changes in employer proportion	632,446	-
School FRS contributions subsequent to the measurement date	177,021	-
Total	\$ 868,127	\$ 298,480

VICTORY RIDGE ACADEMY, INC.

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**Notes to Financial Statements
(continued)**

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

Measurement period ending June 30,	FRS Expense	HIS Expense
2025	\$ (91,824)	\$ 63,697
2026	997,532	78,593
2027	72,719	114,490
2028	3,439	80,049
2029	54,760	43,616
Thereafter	-	12,181
Total	\$ 1,036,626	\$ 392,626

Additional Financial and Actuarial Information

Additional audited financial information supporting the Schedules of Employer Allocations and the Schedules of Pension Amounts by Employer is located in the Florida Retirement System Pension Plan and Other State-Administered Systems ACFR for the fiscal year ended June 30, 2024. The system's ACFR and the actuarial valuation reports referenced herein are available online at: http://www.dms.myflorida.com/workforce_operations/retirement/publications.

VICTORY RIDGE ACADEMY, INC.

**A Charter School and Component Unit of the
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**Notes to Financial Statements
(continued)**

7 COMPENSATED ABSENCES

Employees are entitled to ten to eighteen days of paid time off (PTO) a year, depending on contract length. If any PTO remains at the end of the contract year, the employee shall receive additional compensation for each unused day at one-half individually pro-rated daily rate. In the event the employee and School enter into additional, consecutive contracts, employee's PTO shall accrue up to a maximum of 350 hours total, payable to the employee at one-half individually pro-rated daily rate if the employee is separating from the School in good standing and/or not in lieu of disciplinary action. A provision is also that allows a one-time annual "cash out" option for compensation of up to 5 days or 10% of the PTO balance, whichever is lesser, for those employees that are active, in good standing, and maintain a balance of at least 15 days at the end of the school year.

8 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

District School Board of Polk County, Florida:

Florida Education Finance Program	\$ 9,551,355
Class size reduction	1,665,572
Student transportation	577,864
Discretionary local effort	692,820
Vocational program	311,120
Capital outlay	206,995
Discretionary millage funds	130,031
Supplemental academic instruction	79,836
Safe schools	28,279
ESE guaranteed allocation	18,747
Education enrichment stabilization program	8,443
Miscellaneous	2,659
Safe schools	(120,900)
Total	<u>\$ 13,152,821</u>

The administrative fee paid to the School Board during the year ended June 30, 2025 totaled approximately \$148,000 which is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds.

VICTORY RIDGE ACADEMY, INC.

**A Charter School and Component Unit of the
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**Notes to Financial Statements
(continued)**

9 RISK MANAGEMENT PROGRAM

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

10 COMMITMENTS AND CONTINGENT LIABILITIES

Grants

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

Management believes there may be contingent liabilities related to compliance with the rules and regulations governing the respective grants. For example there is a potential liability related to the calculation of FEFP monies. The county has not yet determined the potential amount of overpayment. Therefore, we are unable to estimate for financial statement preparation.

Legal Matters

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. Although there was one pending case against Victory Ridge Academy in prior year, the lawsuit has since been resolved. Additionally, should there be an adverse judgment against the School, management believes VRA has appropriate insurance coverage that would cover any material damages.

VICTORY RIDGE ACADEMY, INC.

**A Charter School and Component Unit of the
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**Notes to Financial Statements
(continued)**

Lease Commitments

In August 2018, the School entered into a facilities lease agreement for with Victory Ridge Charitable Fund (VRCF). The lease is in effect until July 2028 and the lease provides for an annual automatic extension. The School and VRCF are co-borrowers on the facility's mortgage, as described in Note 5. Rent payments shall be the monthly principal and interest payments due on the related mortgage note payable. The School is responsible for all taxes assessed, all licenses and permits, utilities and maintenance and shall maintain appropriate insurance coverage. No future minimum lease payments are provided since future amounts are not determinable.

11 INCOME TAXES

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

12 SUBSEQUENT EVENTS

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through September 29, 2025, which is the date the financial statements were available to be issued.

VICTORY RIDGE ACADEMY, INC.

**A Charter School and Component Unit of the
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Required Supplementary Information

Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
State and local sources	\$ 14,302,000	\$ 14,302,000	\$ 12,945,826	\$(1,356,174)
Contributions and other revenues	122,500	122,500	1,389,978	1,267,478
Total revenues	<u>14,424,500</u>	<u>14,424,500</u>	<u>14,335,804</u>	<u>(88,696)</u>
EXPENDITURES				
Current:				
Instruction	4,867,500	4,867,500	4,214,614	(652,886)
Pupil personnel services	3,316,223	3,316,223	3,399,375	83,152
Instructional staff training	11,000	11,000	17,488	6,488
Board	71,500	71,500	44,171	(27,329)
General administration	120,000	120,000	147,561	27,561
School administration	1,314,500	1,314,500	1,565,680	251,180
Fiscal services	190,000	190,000	230,413	40,413
Food services	23,500	23,500	12,591	(10,909)
Central services	-	-	3,547	3,547
Pupil transportation services	2,099,000	2,099,000	1,614,973	(484,027)
Operation of plant	888,500	888,500	890,573	2,073
Maintenance of plant	85,100	85,100	101,364	16,264
Capital outlay	-	-	12,332,529	12,332,529
Total expenditures	<u>12,986,823</u>	<u>12,986,823</u>	<u>24,574,879</u>	<u>11,588,056</u>
Excess (deficiency) of revenues over expenditures	1,437,677	1,437,677	(10,239,075)	(11,676,752)
OTHER FINANCIAL SOURCES (USES)				
Proceeds from note payable	-	-	11,898,551	11,898,551
Operating transfers out	-	-	(848,278)	(848,278)
Total other financial sources (uses)	<u>-</u>	<u>-</u>	<u>11,050,273</u>	<u>11,050,273</u>
Net changes in fund balances	1,437,677	1,437,677	811,198	(626,479)
Fund balance at beginning of year	<u>1,329,463</u>	<u>1,329,463</u>	<u>1,329,463</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,767,140</u>	<u>\$ 2,767,140</u>	<u>\$ 2,140,661</u>	<u>\$ (626,479)</u>

See Independent Auditor's Report.

VICTORY RIDGE ACADEMY, INC.

A Charter School and Component Unit of the
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Budgetary Comparison Schedule - Special Revenue Fund

For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Federal sources passed through local school district	\$ 538,804	\$ 538,804	\$ 1,391,699	\$ 852,895
Total revenues	<u>538,804</u>	<u>538,804</u>	<u>1,391,699</u>	<u>852,895</u>
EXPENDITURES				
Current:				
Instruction	118,000	118,000	1,005,495	887,495
Pupil personnel services	<u>420,804</u>	<u>420,804</u>	<u>386,204</u>	<u>(34,600)</u>
Total expenditures	<u>538,804</u>	<u>538,804</u>	<u>1,391,699</u>	<u>852,895</u>
Net changes in fund balances	-	-	-	-
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report.

VICTORY RIDGE ACADEMY, INC.

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

For the Year End June 30, 2024

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
School's proportion of the FRS net pension liability (asset)	0.00890%	0.00837%	0.00784%	0.00707%	0.00576%	0.00606%	0.00522%	0.00494%	0.00443%	0.00507%
School's proportionate share of the FRS net pension liability (asset)	\$ 3,440,651	\$ 3,334,007	\$ 2,918,315	\$ 534,385	\$ 2,496,341	\$ 2,087,136	\$ 1,572,688	\$ 1,462,456	\$ 1,117,650	\$ 655,034
School's covered-employee payroll	\$ 8,215,887	\$ 7,096,225	\$ 5,850,708	\$ 4,439,027	\$ 4,077,088	\$ 3,604,153	\$ 3,026,910	\$ 2,762,584	\$ 2,516,451	\$ 2,149,997
School's proportionate share if the FRS net pension liability (asset) as a percentage of its covered-employee payroll	41.88%	46.98%	49.88%	12.04%	61.23%	57.91%	51.96%	52.94%	44.41%	30.47%
FRS Plan fiduciary net position as a percentage of the total pension liability	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

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**Schedule of School Contributions
Florida Retirement System Pension Plan**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required FRS contribution	\$ 654,949	\$ 481,116	\$ 353,421	\$ 321,292	\$ 206,727	\$ 191,370	\$ 187,918	\$ 148,803	\$ 128,709	\$ 107,943
FRS contribution in relation to the contractually required FRS contribution	(654,949)	(481,116)	(353,421)	(321,292)	(206,727)	(191,370)	(187,918)	(148,803)	(128,709)	(107,943)
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered employee payroll	\$ 8,215,887	\$ 7,096,225	\$ 5,850,708	\$ 4,439,027	\$ 4,077,088	\$ 3,604,153	\$ 3,026,910	\$ 2,762,584	\$ 2,516,451	\$ 2,149,997
FRS contribution as a percentage of covered employee payroll	7.97%	6.78%	6.04%	7.24%	5.07%	5.31%	6.21%	5.39%	5.11%	5.02%

VICTORY RIDGE ACADEMY, INC.

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

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
School's proportion of the HIS net pension liability (asset)	0.0160%	0.0141%	0.0102%	0.0110%	0.0102%	0.0101%	0.0081%	0.0075%	0.0069%	0.0075%
School's proportionate share of the HIS net pension liability (asset)	\$ 2,473,538	\$ 2,251,676	\$ 1,271,601	\$ 1,360,396	\$ 1,239,975	\$ 1,129,039	\$ 860,837	\$ 806,267	\$ 811,688	\$ 767,696
School's covered-employee payroll	\$ 8,215,887	\$ 7,096,225	\$ 5,850,708	\$ 4,439,027	\$ 4,077,088	\$ 3,604,153	\$ 3,026,910	\$ 2,762,584	\$ 2,516,451	\$ 2,149,997
School's proportionate share if the HIS net pension liability (asset) as a percentage of its covered-employee payroll	30.11%	31.73%	21.73%	30.65%	30.41%	31.33%	28.44%	29.19%	32.26%	35.71%
HIS Plan fiduciary net position as a percentage of the total pension liability	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	10.00%	50.00%

Schedule of School Contributions
Health Insurance Subsidy Pension Plan

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required HIS contribution	\$ 177,021	\$ 116,622	\$ 76,831	\$ 69,846	\$ 49,781	\$ 58,522	\$ 56,032	\$ 44,107	\$ 39,907	\$ 35,698
FRS contribution in relation to the contractually required HIS contribution	(177,021)	(116,622)	(76,831)	(69,846)	(49,781)	(58,522)	(56,032)	(44,107)	(39,907)	(35,698)
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered employee payroll	\$ 8,215,887	\$ 7,096,225	\$ 5,850,708	\$ 4,439,027	\$ 4,077,088	\$ 3,604,153	\$ 3,026,910	\$ 2,762,584	\$ 2,516,451	\$ 2,149,997
HIS contribution as a percentage of covered employee payroll	2.15%	1.64%	1.31%	1.57%	1.22%	1.62%	1.85%	1.60%	1.59%	1.66%

VICTORY RIDGE ACADEMY, INC.

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

Notes to Budgetary Schedules

For the Year Ended June 30, 2025

1 BUDGETARY BASIS OF ACCOUNTING

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

VICTORY RIDGE ACADEMY, INC.

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

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2025

Federal Grantor / Pass-through Grantor / Program Title	Federal Assistance Listing Number	Grant Period	Expenditures
United States Department of Education / Florida Department of Education / Education Stabilization Fund Under the American Rescue Act / Elementary and Secondary Emergency Relief (ESSER)	84.425U	3/13/20 - 9/30/24	935,575
United States Department of Education / Florida Department of Education / Title I Grants to Local Education Agencies	84.010	7/1/24-6/30/25	69,920
United States Department of Education / Florida Department of Education / Polk County School District / Special Education Grants to States (IDEA, Part B)	84.027	7/1/24-6/30/25	<u>386,204</u>
Total Federal Award Expenditures			<u><u>1,391,699</u></u>

VICTORY RIDGE ACADEMY, INC.

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

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2025

1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the School under Federal Government programs for the year ended June 30, 2025. The information in this schedule has been presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a select portion of the operations of the School, it is not intended to and does not present the net position, or statement of activities of the School.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the School and is presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of the U.S. Office of Management and Budget Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*.

3 DE MINIMIS INDIRECT COST RATE

The auditee used actual costs and did not elect to use the 10% indirect cost rate.



McCrary & Associates
CERTIFIED PUBLIC ACCOUNTANTS

**Report of Independent Auditor on Internal Control Over
Financial Reporting and on Compliance and Other Matters Based
on an Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards***

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

We have audited the financial statements of the governmental activities and each major fund of Victory Ridge Academy, Inc. (the "School"), a charter school and component unit of the District School Board of Polk County, Florida, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 29, 2025.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

McCrary & Associates, PLLC

Altamonte Springs, Florida
September 29, 2025

107 Water Oak Lane | Altamonte Springs, FL 32714
Office 407-960-4429 ■ admin@mccradyandassociates.com
www.mccradyandassociates.com



McCRAZY & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance

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

Opinion on Each Major Federal Program

We have audited Victory Ridge Academy, Inc. (the "School"), a charter school and component unit of the District School Board of Polk County, Florida's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2025. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent the School and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable the School's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

McCrary & Associates, PLLC

Altamonte Springs, Florida
September 29, 2025

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www.mccradyandassociates.com

Members of American Institute of Certified Public Accountants and Florida Institute of Certified Public Accountants

Victory Ridge Academy, Inc.

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

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2025

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s restated report issued: Unmodified

Internal Control over financial reporting:

- Material weakness identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? None noted

Type of auditor report issued on compliance for major programs? Unmodified

Any audit findings that are required to be reported in accordance with section CFR 200.516 (a)? No

Identification of major programs:

<u>Federal Assistance Listing Number</u>	<u>Grant Period</u>	<u>Name of Federal Program</u>
COVID-19, 84.425U	3/13/20 -9/30/24	Elementary and Secondary Emergency Relief (ESSER)

Dollar threshold used to distinguish between type A and type B programs? \$750,000

Qualified as a low-risk auditee? No

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



McCRAZY & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

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

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

Report on the Financial Statements

We have audited the financial statements of Victory Ridge Academy, Inc. (the "School") as of and for the fiscal year ended June 30, 2025, and have issued our report thereon dated September 29, 2025.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, if applicable, which is dated, September 29, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title

Section 10.854(1)(e)5. Rules of the Auditor General, requires the name or official title of the entity be disclosed in this management letter. The official title of the entity is Victory Ridge Academy, Inc. The School code is 8143.

Financial Condition and Management

Sections 10.854(1)(e)2., and 10.855(11). Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

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

Purpose of this Letter

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

McCrary & Associates, PLLC

Altamonte Springs, Florida
September 29, 2025

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