

**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, 2023**



**McCRADY & ASSOCIATES**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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

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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, 2023. 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**

- ❖ For the fiscal year ended June 30, 2023, the School's net increase in total governmental fund balances was approximately \$802,000.
  
- ❖ The School maintained a positive general fund balance of approximately \$3.5 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, 2023, 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, 2023 and 2022 is summarized as follows:

	<b>Governmental Funds</b>		<b>Increase (Decrease)</b>
	<b>2023</b>	<b>2022</b>	
Cash and cash equivalents	\$ 4,260,230	\$ 3,149,986	\$ 1,110,244
Due from other agencies	52,063	61,855	(9,792)
Other current assets	963	963	-
Due from other funds	52,063	20,556	31,507
<b>Total assets</b>	<b>4,365,319</b>	<b>3,233,360</b>	<b>1,131,959</b>
Accounts payable and accrued expenses	770,783	471,839	298,944
Due to general fund	52,063	20,556	31,507
	<u>822,846</u>	<u>492,395</u>	<u>330,451</u>
<b>Fund Balances:</b>			
Nonspendable	963	963	-
Spendable	3,541,510	2,740,002	801,508
<b>Total fund balances</b>	<b>\$ 3,542,473</b>	<b>\$ 2,740,965</b>	<b>\$ 801,508</b>

Cash and cash equivalents increased due to current year operations. The increase in accounts payable and accrued expense is due to an increase in accrued payroll. 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 \$3.1 million in fiscal 2023. The total increase in fund balance was approximately \$802,000 after other financial sources—see table below.

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
<b>Revenues:</b>			
Federal sources passed through local school district	\$ 752,119	\$ 525,818	\$ 226,301
State and local sources	9,465,441	7,878,380	1,587,061
Contributions and other revenues	1,288,265	755,923	532,342
Total revenues	<u>11,505,825</u>	<u>9,160,121</u>	<u>2,345,704</u>
<b>Expenditures:</b>			
Instruction	3,750,933	2,880,687	870,246
Pupil personnel services	2,675,305	2,332,909	342,396
Instructional staff training	3,739	7,055	(3,316)
Board	57,911	30,727	27,184
General administration	87,031	33,141	53,890
School administration	1,029,546	953,544	76,002
Facilities acquisition and construction	4,285,396	492,974	3,792,422
Fiscal services	152,690	107,070	45,620
Food services	12,439	15,284	(2,845)
Central services	245	95	150
Pupil transportation	1,135,433	915,853	219,580
Operation of plant	793,966	1,258,867	(464,901)
Maintenance of plant	66,928	54,510	12,418
Debt service			
Principal	83,562	79,133	4,429
Interest	194,716	29,149	165,567
Capital outlay	262,488	243,993	18,495
Total expenditures	<u>14,592,328</u>	<u>9,434,991</u>	<u>5,157,337</u>
Excess (deficiency) of revenue over expenditure	<u>(3,086,503)</u>	<u>(274,870)</u>	<u>(2,819,766)</u>
<b>Other Financial Sources (uses)</b>			
Proceeds from issuance of debt	3,888,011	115,081	3,772,930
Proceeds from finance lease	-	464,065	(464,065)
Transfers to (from) Victory Ridge Charitable Foundation	-	(67,237)	67,237
Total other financial sources (uses)	<u>3,888,011</u>	<u>511,909</u>	<u>3,376,102</u>
Net change in fund balance	<u>\$ 801,508</u>	<u>\$ 237,039</u>	<u>\$ 564,469</u>

The increase in federal sources passed through local school district is due to the ESSER fund reimbursement program and IDEA grant revenues. The change in state and local sources is due to an increase in FEFP funding. Instructional and pupil personnel services increased as a result of increased teacher, para, and support personnel salaries and an increase in student enrollment. Pupil transportation increased due to the increase in transportation salaries and depreciation of

new buses. Facilities acquisition and construction increased due to the ongoing construction project to expand and renovate the school.

## 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 \$3.5 million which is an increase from the prior year as a result of current year operations.

### General Fund Budgetary Highlights

During the fiscal year, the School amended its budget once. 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, 2023, actual revenues were more than budgeted amounts by approximately \$1,300,000. Actual expenditures were approximately \$4,100,000 more than budgeted expenses, exclusive of other financial sources.

## CAPITAL ASSET AND LONG-TERM DEBT

### Capital Assets

At the end of fiscal 2023, the School had invested approximately \$4,853,000 in capital assets, net of accumulated depreciation of approximately \$983,000.

	<b>Governmental Activities</b>		<b>Increase (Decrease)</b>
	<b>2023</b>	<b>2022</b>	
Buildings and improvements	\$ 5,026,292	\$ 614,499	\$ 4,411,793
Construction in progress	-	426,885	(426,885)
Furniture, fixtures, and equipment	432,835	420,000	26,951
Vehicles	377,007	164,054	212,953
Total	5,836,134	1,625,438	4,224,812
Less – accumulated depreciation	(983,210)	(783,901)	(199,309)
Total capital assets	\$ 4,852,924	\$ 841,537	\$ 4,025,503

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

- Building - \$3,984,908
- Buses - \$212,953

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, 2023 of \$8,184,426 was composed of \$293,641 of lease obligations related to the School's bus leases, \$210,086 on bank notes payable for School buses, and a \$7,680,699 outstanding loan related to ongoing construction and expansion of School facilities. Interest paid during fiscal year June 30, 2023 was approximately \$195,000. More detailed information about the School's long-term liabilities is presented in Note 5 to the financial statements.

Additionally, the School has approximately \$4.2 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, 2024**

Amounts available for appropriation are approximately \$6.7 million in the general fund which is a decrease of approximately \$3.8 million due to an expected decrease in FEFP funding and other contributions from 2023.

Budgeted expenditures are expected to decrease by approximately \$6.5 million to approximately \$7.1 million. The overall change is attributed to the decrease in facilities acquisition and construction costs on 2024.

If these estimates are realized, the School's general fund balance is expected to remain relatively consistent at the close of fiscal 2024.

## **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.





**McCRAZY & 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 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, 2023, 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 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, 2023, 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. 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 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, 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.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2023, 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.

The 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*, are not presented and are not a required part of the basic financial statements.

*McCrary & Associates, PLLC*

Altamonte Springs, Florida  
September 29, 2023

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**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, 2023**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 4,260,230
Due from other agencies	52,063
Due from Victory Ridge Charitable Fund	4,189,963
Other current assets	963
Right to use asset:	
Property under lease	464,065
Accumulated amortization	(199,484)
Total right to use asset	<u>264,581</u>
Capital assets:	
Buildings and improvements	5,026,292
Furniture, fixtures, and equipment	432,835
Vehicles	377,007
Less accumulated depreciation	(983,210)
Total capital assets, net	<u>4,852,924</u>
Total assets	<u><u>\$ 13,620,724</u></u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	
Amount deferred on pension liability	<u>2,034,239</u>
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 770,783
Compensated absences payable	59,805
Long-term liabilities:	
Portion due or payable due in one year:	
Notes payable	438,713
Lease obligations	99,868
Portion due or payable after one year:	
Notes payable	7,452,072
Lease obligations	193,773
Pension liability	4,189,916
Total liabilities	<u>13,204,930</u>
<b>DEFERRED INFLOW OF RESOURCES</b>	
Amount deferred on pension liability	<u>241,440</u>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	4,852,924
Unrestricted	(2,644,331)
Total net position	<u><u>\$ 2,208,593</u></u>

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, 2023**

	<u>Program Specific Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
Governmental Activities:						
Instruction	\$ 4,004,365	\$ -	\$ 350,558	\$ -	\$ (3,653,807)	\$ (3,653,807)
Pupil personnel services	2,677,259	-	343,029	-	(2,334,230)	(2,334,230)
Instructional staff training	3,739	-	3,739	-	-	-
Board	57,911	-	-	-	(57,911)	(57,911)
General administration	87,031	-	-	-	(87,031)	(87,031)
School administration	1,035,264	-	268	-	(1,034,996)	(1,034,996)
Facilities acquisition and construction	367,578	-	-	-	(367,578)	(367,578)
Fiscal services	152,690	-	-	-	(152,690)	(152,690)
Food services	16,036	-	-	-	(16,036)	(16,036)
Central services	245	-	-	-	(245)	(245)
Pupil transportation	1,279,529	-	-	-	(1,279,529)	(1,279,529)
Operation of plant	904,928	-	54,525	-	(850,403)	(850,403)
Maintenance of plant	66,928	-	-	-	(66,928)	(66,928)
Interest	194,716	-	-	238,433	43,717	43,717
<b>Total primary government</b>	<b>\$ 10,848,219</b>	<b>\$ -</b>	<b>\$ 752,119</b>	<b>\$ 238,433</b>	<b>(9,857,667)</b>	<b>(9,857,667)</b>
General revenues:						
State and local sources					9,227,008	9,227,008
Contributions and other revenues					1,288,265	1,288,265
Total general revenues					<u>10,515,273</u>	<u>10,515,273</u>
Changes in net position					657,606	657,606
Net position at beginning of year					<u>1,550,987</u>	<u>1,550,987</u>
Net position at end of year					<u>\$ 2,208,593</u>	<u>\$ 2,208,593</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**

**Balance Sheet - Governmental Funds**

**June 30, 2023**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,260,230	\$ -	\$ -	\$ 4,260,230
Due from other agencies	-	35,374	16,689	52,063
Other current assets	963	-	-	963
Due from other funds	52,063	-	-	52,063
	<b>\$ 4,313,256</b>	<b>\$ 35,374</b>	<b>\$ 16,689</b>	<b>\$ 4,365,319</b>
<b>Total assets</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 770,783	\$ -	\$ -	\$ 770,783
Due to general fund	-	35,374	16,689	52,063
	<b>770,783</b>	<b>35,374</b>	<b>16,689</b>	<b>822,846</b>
<b>Total liabilities</b>				
<b>FUND BALANCES</b>				
Nonspendable:				
Deposits	963	-	-	963
Spendable:				
Unassigned	3,541,510	-	-	3,541,510
	<b>3,542,473</b>	<b>-</b>	<b>-</b>	<b>3,542,473</b>
<b>Total fund balances</b>				
	<b>\$ 4,313,256</b>	<b>\$ 35,374</b>	<b>\$ 16,689</b>	<b>\$ 4,365,319</b>
<b>Total liabilities and fund balances</b>				

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, 2023**

**Total fund balances - governmental funds** \$ 3,542,473

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	5,836,134
Accumulated depreciation	(983,210)
Right to use - lease asset	464,065
Accumulated amortization	(199,484)

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. 4,189,963

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	(7,890,785)
Lease obligations	(293,641)
Pension liability	(4,189,916)

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. (59,805)

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. 1,792,799

**Total net position - governmental activities** \$ 2,208,593

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, 2023

	General Fund	Special Revenue Funds	Capital Projects Fund	Other Governmental Fund	Total Governmental Funds
<b>REVENUES</b>					
Federal sources pass through local school district	\$ -	\$ 752,119	\$ -	\$ -	\$ 752,119
State and local sources	9,227,008	-	238,433	-	9,465,441
Contributions and other revenue	1,288,265	-	-	-	1,288,265
Total revenues	10,515,273	752,119	238,433	-	11,505,825
<b>EXPENDITURES</b>					
Current:					
Instruction	3,400,375	350,558	-	-	3,750,933
Pupil personnel services	2,332,276	343,029	-	-	2,675,305
Instructional staff training	-	3,739	-	-	3,739
Board	57,911	-	-	-	57,911
General administration	87,031	-	-	-	87,031
School administration	1,029,278	268	-	-	1,029,546
Facilities acquisition and construction	300,488	-	3,984,908	-	4,285,396
Fiscal services	152,690	-	-	-	152,690
Food services	12,439	-	-	-	12,439
Central services	245	-	-	-	245
Pupil transportation	1,135,433	-	-	-	1,135,433
Operation of plant	739,441	54,525	-	-	793,966
Maintenance of plant	66,928	-	-	-	66,928
Debt service					
Principal	-	-	-	83,562	83,562
Interest	-	-	-	194,716	194,716
Capital outlay	262,488	-	-	-	262,488
Total expenditures	9,577,023	752,119	3,984,908	278,278	14,592,328
Excess (deficiency) of revenues over expenditures	938,250	-	(3,746,475)	(278,278)	(3,086,503)
<b>OTHER FINANCIAL SOURCES (USES)</b>					
Proceeds from note payable	212,953	-	3,675,058	-	3,888,011
Operating transfers in	-	-	71,417	278,278	349,695
Operating transfers out	(349,695)	-	-	-	(349,695)
Total other financial sources (uses)	(136,742)	-	3,746,475	278,278	3,888,011
Net changes in fund balances	801,508	-	-	-	801,508
Fund balances at beginning of year	2,740,965	-	-	-	2,740,965
Fund balances at end of year	\$ 3,542,473	\$ -	\$ -	\$ -	\$ 3,542,473

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, 2023

**Net changes in fund balances - total governmental funds** \$ 801,508

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	4,210,696
Depreciation expense	(199,309)
Amortization expense	(99,742)

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.

(3,888,011)

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.

83,562

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.

(251,098)

**Change in net position of governmental activities** \$ 657,606

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, 2023

#### 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, special revenue and capital outlay funds are considered major funds. Debt service fund is a non-major fund and reported as an other governmental fund.

#### Basis of Accounting

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

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

## **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, 2023.

**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. The general fund has recorded total receivable of approximately \$52,000 which is related to amounts paid by the general fund on behalf of the special revenue fund and capital projects fund.

**Interfund Transfers**

The School reports its debt service expenditures in the debt service fund and the facilities acquisition and construction expenditures in the capital outlay fund. For the year ended June 30, 2023, the general fund transferred approximately \$71,000 and \$278,000 to the capital projects fund and debt service fund, respectively.

**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.

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

**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, 2023, the School reported 294.02 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 May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. This pronouncement establishes a definition for SBITAs and provides guidance for accounting and financial reporting for transactions that meet that definition. Under this pronouncement, a school is required to recognize an intangible right-to-use subscription asset and corresponding subscription liability, thereby enhancing the relevance and consistency of information about a school's activities. The cumulative effect of any changes implemented to conform to this pronouncement would be reported as a restatement of beginning net position and fund balance. The original effective implementation date was reporting periods beginning after June 15, 2021. However, GASB Statement No. 95 postponed the implementation of this statement to be effective for reporting beginning after June 15, 2022. Currently, the School is not engaged in any software subscription services but is aware of the adoption 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  
(continued)**

**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  
District School Board of Polk County, Florida**

**Notes to Financial Statements  
(continued)**

Estimated fair value of certain assets and (liabilities) measured on a recurring basis at June 30, 2023, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Deferred outflows related to pension liability	\$ -	\$ -	\$ 1,726,723	\$ 1,726,723
Pension liability	-	-	(1,894,781)	(1,894,781)
Deferred inflows related to pension liability	<u>-</u>	<u>-</u>	<u>(1,986,094)</u>	<u>(1,986,094)</u>
Total	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(2,154,152)</u>	\$ <u>(2,154,152)</u>

**3 DUE FROM OTHER AGENCIES**

Amounts accompanying statement of net position and balance sheet – governmental fund includes approximately \$35,000 due from FEFP funds and \$17,000 due from capital outlay. Based on the collectability of funds from these sources, an allowance for doubtful accounts is not considered necessary.

**VICTORY RIDGE ACADEMY, INC.**

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

**Notes to Financial Statements  
(continued)**

**4 CAPITAL ASSETS**

Capital assets activity during the year ended June 30, 2023 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Transfers</b>	<b>Ending Balance</b>
<b>Capital assets:</b>				
Building and improvements	\$ 1,041,384	\$ 3,984,908	\$ -	\$ 5,026,292
Furniture, fixtures and equipment	420,000	12,835	-	432,835
Vehicles	164,054	212,953	-	377,007
Total capital assets	1,625,438	4,210,696	-	5,836,134
<b>Accumulated depreciation:</b>				
Building and improvements	(192,481)	(65,058)	(152,865)	(410,404)
Furniture, fixtures and equipment	(521,922)	(6,751)	152,865	(375,808)
Vehicles	(69,498)	(127,500)	-	(196,998)
Total accumulated depreciation	(783,901)	(199,309)	-	(983,210)
Capital assets, net	\$ 841,537	\$ 4,011,387	\$ -	\$ 4,852,924
<b>Depreciation expense:</b>				
Instruction		\$ 2,334		
Pupil personnel services		1,954		
School administration		5,718		
Facilities and acquisition		30,390		
Food services		3,597		
Transportation		144,096		
Operation of plant		11,219		
Total governmental activities depreciation expense		\$ 199,309		

**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 \$5,534,902 due on February 24, 2032. As of June 30, 2023, loan proceeds of \$7,341,095 have been received by the School. 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, 2023 is \$339,604.

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, 2023 is \$97,133.

On June 12, 2023, the School purchased an additional 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, 2023 is \$112,953.

Future minimum bank note payments are as follows:

Year Ended June 30:	Principal	Interest	Total
2024	\$ 438,713	\$ 268,025	\$ 706,738
2025	328,965	248,358	577,323
2026	231,519	237,958	469,477
2027	240,402	229,075	469,477
2028	245,766	219,836	465,602
2029 - 2032	6,405,420	712,465	7,117,885
Total	\$ 7,890,785	\$ 1,915,717	\$ 9,806,502

**VICTORY RIDGE ACADEMY, INC.**

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

**Notes to Financial Statements  
(continued)**

**Lease Asset and Liability**

During fiscal year 2021 and 2022, the School entered into various leases related to the acquisition of buses. 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 2022, the School recorded a lease asset and liability in the amount of \$464,065. 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, 2023 is as follows:

Right to Use Asset:		
Right to use asset, net as of July 1, 2022	\$	364,323
2023 Amortization		<u>(99,742)</u>
Right to use asset, net as of June 30, 2023	\$	<u>264,581</u>
Lease payable	\$	<u>293,641</u>

Interest expense related to the amortization of the lease note payable is \$23,881 for the year ended June 30, 2023 and is included in debt service. Amortization of the right to use asset was charged to governmental activities and included within transportation.

Future minimum lease note payments are as follows:

Year Ended June 30:	Principal	Interest	Total
2024	\$ 99,868	\$ 11,424	\$ 111,292
2025	104,754	6,538	111,292
2026	80,354	1,845	82,199
2027	8,665	44	8,709
Total	\$ <u>293,641</u>	\$ <u>19,851</u>	\$ <u>313,492</u>

**6 RETIREMENT PLANS**

**PENSION PLANS**

The Florida Department of Management Services, Division of Retirement (the "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, 2022, 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

## VICTORY RIDGE ACADEMY, INC.

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

#### Notes to Financial Statements (continued)

various general revenue funded pension programs. The division issued a publicly available, audited annual comprehensive financial report (ACFR) on behalf of the system that includes financial statements, notes and required supplementary information for each of the pension plans. Detailed information about the plans is provided in the ACFR, which is available online, or by contacting the division.

#### **Cost-Sharing Defined Benefit Plans**

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

- The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the FRS Pension Plan. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a non-integrated defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.
- The Retiree Health Insurance Subsidy (HIS) Program is a 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 retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which may include Medicare.

Over 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.

**VICTORY RIDGE ACADEMY, INC.**

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**Notes to Financial Statements  
(continued)**

**Basis of Accounting**

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

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

**Employer Contributions**

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

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

**Contributions**

Effective July 1, 2002, the Florida Legislature established a uniform contribution rate system for the FRS, covering both the Pension Plan and the Investment Plan. Effective July 1, 2011, FRS members are required to make employee contributions in addition to employer contributions to establish service credit for work performed in a regularly established position. The total uniform contribution rates by membership class for Fiscal Year 2021-22 are as follows:

<b>Class or Plan</b>	<b>Percent of Gross Salary</b>	
	<b>Employee</b>	<b>Employer (A)</b>
<b>Regular class</b>	<b>3.3%</b>	<b>10.82%</b>
<b>Senior management</b>	<b>4.6%</b>	<b>29.01%</b>
<b>Drop</b>	<b>N/A</b>	<b>18.40%</b>

(A) Employer rates include 1.66% for the Retiree Health Insurance Subsidy,

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**Notes to Financial Statements  
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assessment of 0.06% for administration for the FRS Investment Plan and the administration of the MyFRS Financial Guidance Program for both plans, and an unfunded actuarial liability contribution determined by membership class.

**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, 2022 are shown below (*in thousands*):

	<u>FRS</u>	<u>HIS</u>
<b>Total pension liability</b>	<b>\$ 217,434,441</b>	<b>\$ 11,126,966</b>
<b>Plan fiduciary net position</b>	<b>(180,226,405)</b>	<b>(535,368)</b>
<b>Net pension liability</b>	<b><u>\$ 37,208,036</u></b>	<b><u>\$ 10,591,598</u></b>
<b>Plan fiduciary net position as a percentage Of the total pension liability</b>	<b>82.89%</b>	<b>4.81%</b>

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, 2022. 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, 2022. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements.

**Basis of Allocation**

At June 30, 2022, the School reported a liability of \$2,918,315 for its proportionate share of the Plan's net pension liability. The School's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions related to the reporting periods



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included in the system's fiscal years ended June 30, 2013, through June 30, 2022, for employers that were members of the FRS and HIS during those fiscal years.

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.

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The School's proportionate share of the net pension liability was based on the School's 2021-22 fiscal year contributions of all participating members.

**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 2019 for the period July 1, 2013, through June 30, 2018. 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 3.25%. 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 3.54% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both the FRS Pension Plan and HIS Program were based on the PUB-2010 base table.

**VICTORY RIDGE ACADEMY, INC.**

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

The following changes in actuarial assumptions occurred in 2022:

- FRS: The long-term expected rate of return decreased from 6.80% to 6.70%.
- HIS: The demographic assumptions for the Special Risk class were updated to reflect plan changes due to HB5007, HB689, and SB838.
- HIS: The election assumption for vested terminated members was updated from 20% to 50% to reflect recent experience.
- HIS: The municipal bond rate used to determine total pension liability was increased from 2.16% to 3.54%.

**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, 2022.

**School's Proportionate Share of FRS  
Net Pension Liability**

<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
5.70%	6.70%	7.70%
\$5,047,025	\$2,918,315	\$1,138,460

**School's Proportionate Share of HIS  
Net Pension Liability**

<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
2.54%	3.54%	4.54%
\$1,454,816	\$1,271,601	\$1,119,994

The School's proportions are as follows:

	<b>FRS</b>	<b>HIS</b>
June 30, 2022	.00784%	.01200%
June 30, 2021	.00707%	.01109%
Change	.00007%	.00009%

**VICTORY RIDGE ACADEMY, INC.**

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**Notes to Financial Statements  
(continued)**

**Pension Expense and Deferred Outflow / Inflow of Resources**

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

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

Employer contributions to the pension plans from the School's employers 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, 2022, was 5.5 years for FRS and 6.4 years for HIS.

At June 30, 2022, the School reported deferred outflows of resources and deferred inflow of resources related to the pensions from the following sources:

**VICTORY RIDGE ACADEMY, INC.**

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

<u>Description</u>	<b>FRS</b>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 138,603	\$ -
Changes of assumptions	359,403	-
Net difference between projected and actual investment earnings	192,597	-
Employer-specific amounts due to changes in employer proportion	518,597	37,660
School FRS contributions subsequent to the measurement date	353,421	-
<b>Total</b>	<b>\$ <u>1,562,621</u></b>	<b>\$ <u>37,660</u></b>

<u>Description</u>	<b>HIS</b>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 38,596	\$ 5,595
Changes of assumptions	72,889	196,716
Net difference between projected and actual investment earnings	1,841	-
Employer-specific amounts due to changes in employer proportion	281,461	1,469
School FRS contributions subsequent to the measurement date	76,831	-
<b>Total</b>	<b>\$ <u>471,618</u></b>	<b>\$ <u>203,780</u></b>

**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:

<b>Measurement period ending June 30,</b>	<b>FRS Expense</b>	<b>HIS Expense</b>
<b>2023</b>	\$ 283,319	\$ 45,743
<b>2024</b>	106,910	24,667
<b>2025</b>	(95,678)	11,278
<b>2026</b>	832,474	24,965
<b>2027</b>	44,515	57,946
<b>Thereafter</b>	-	26,408
<b>Total</b>	<u>\$ 1,171,540</u>	<u>\$ 191,007</u>

**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, 2022. The system's ACFR and the actuarial valuation reports referenced herein are available online at: [http://www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications).

**VICTORY RIDGE ACADEMY, INC.**

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**Notes to Financial Statements  
(continued)**

**7 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES**

**District School Board of Polk County, Florida:**

Florida Education Finance Program	\$ 5,982,488
Class size reduction	1,232,187
Student transportation	475,479
Discretionary local effort	452,323
Vocational program	348,975
Teacher salary increase	313,437
Capital outlay	238,433
Discretionary millage funds	104,748
ESE guaranteed allocation	98,050
Supplemental academic instruction	73,667
Reading allocation	65,533
Instructional materials	24,660
Safe schools	17,753
Funds compression allocation	17,236
Proration to funds available	10,894
Other state revenue	9,998
Lead teacher	4,140
Prior year adjustment	(4,560)
Total	<u>\$ 9,465,441</u>

The administrative fee paid to the School Board during the year ended June 30, 2023 totaled approximately \$87,000 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.**

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**Notes to Financial Statements  
(continued)**

**8 RISK MANAGEMENT PROGRAM**

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

**9 COMMITMENTS AND CONTINGENT LIABILITIES**

**Grants**

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

Management believes there 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. There is one pending case against Victory Ridge Academy. Management believes the ultimate resolution of these legal matters will not have a significant adverse effect on the accompanying financial statements. Additionally should there be an adverse judgment in the resolution of these matters, management believes VRA has appropriate insurance coverage that would cover any material damages.

**VICTORY RIDGE ACADEMY, INC.**

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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. Future minimum lease payments are as follows:

<b>Year Ended June 30,</b>	
2024	\$ 436,034
2025	436,034
2026	436,034
2027	436,034
2028	436,034
Thereafter	<u>1,579,913</u>
	<u>\$ 3,760,083</u>

**10 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.

**11 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, 2023, which is the date the financial statements were available to be issued



**VICTORY RIDGE ACADEMY, INC.**

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District School Board of Polk County, Florida**

**Required Supplementary Information**

**Budgetary Comparison Schedule - General Fund**

**For the Year Ended June 30, 2023**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
State and local sources	\$ 9,142,355	\$ 9,142,355	\$ 9,227,008	\$ 84,653
Contributions and other revenues	55,100	55,100	1,288,265	1,233,165
Total revenues	<u>9,197,455</u>	<u>9,197,455</u>	<u>10,515,273</u>	<u>1,317,818</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	3,343,650	3,343,650	3,400,375	56,725
Pupil personnel services	2,373,600	2,373,600	2,332,276	(41,324)
Board	65,850	65,850	57,911	(7,939)
General administration	35,000	35,000	87,031	52,031
School administration	928,600	928,600	1,029,278	100,678
Facilities acquisition and construction	575,000	575,000	300,488	(274,512)
Fiscal services	102,500	102,500	152,690	50,190
Food services	20,500	20,500	12,439	(8,061)
Central services	-	-	245	245
Pupil transportation services	1,180,200	1,180,200	1,135,433	(44,767)
Operation of plant	705,600	705,600	739,441	33,841
Maintenance of plant	54,800	54,800	66,928	12,128
Capital outlay	120,000	120,000	262,488	142,488
Total expenditures	<u>9,505,300</u>	<u>9,505,300</u>	<u>9,577,023</u>	<u>71,723</u>
Excess (deficiency) of revenues over expenditures	(307,845)	(307,845)	938,250	1,246,095
<b>OTHER FINANCIAL SOURCES (USES)</b>				
Proceeds from note payable	-	-	212,953	212,953
Operating transfers out	(143,000)	(143,000)	(349,695)	(206,695)
Total other financial sources (uses)	<u>(143,000)</u>	<u>(143,000)</u>	<u>(136,742)</u>	<u>6,258</u>
Net changes in fund balances	(450,845)	(450,845)	801,508	1,252,353
Fund balance at beginning of year	<u>2,740,965</u>	<u>2,740,965</u>	<u>2,740,965</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,290,120</u>	<u>\$ 2,290,120</u>	<u>\$ 3,542,473</u>	<u>\$ 1,252,353</u>

See Independent Auditor's Report.

VICTORY RIDGE ACADEMY, INC.

A Charter School and Component Unit of the  
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Required Supplementary Information

Budgetary Comparison Schedule - Special Revenue Fund

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Federal sources passed through local school district	\$ 685,000	\$ 685,000	\$ 752,119	\$ 67,119
Total revenues	<u>685,000</u>	<u>685,000</u>	<u>752,119</u>	<u>67,119</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	311,950	311,950	350,558	38,608
Pupil personnel services	308,250	308,250	343,029	34,779
Instructional staff training	7,000	7,000	3,739	(3,261)
School administration	-	-	268	268
Operation of plant	<u>57,800</u>	<u>57,800</u>	<u>54,525</u>	<u>(3,275)</u>
Total expenditures	<u>685,000</u>	<u>685,000</u>	<u>752,119</u>	<u>67,119</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  
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For the Year End June 30, 2023

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
School's proportion of the FRS net pension liability (asset)	0.00576%	0.00576%	0.00576%	0.00606%	0.00522%	0.00494%	0.00443%	0.00507%	0.00369%
School's proportionate share of the FRS net pension liability (asset)	\$ 2,918,315	\$ 534,385	\$ 2,496,341	\$ 2,087,136	\$ 1,572,688	\$ 1,462,456	\$ 1,117,650	\$ 655,034	\$ 225,209
School's covered-employee payroll	\$ 5,850,708	\$ 4,439,027	\$ 4,077,088	\$ 3,604,153	\$ 3,026,910	\$ 2,762,584	\$ 2,516,451	\$ 2,149,997	\$ 2,454,135
School's proportionate share if the FRS net pension liability (asset) as a percentage of its covered-employee payroll	49.88%	12.04%	61.23%	57.91%	51.96%	52.94%	44.41%	30.47%	9.18%
FRS Plan fiduciary net position as a percentage of the total pension liability	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

Schedule of School Contributions  
Florida Retirement System Pension Plan

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required FRS contribution	\$ 353,421	\$ 321,292	\$ 206,727	\$ 191,370	\$ 187,918	\$ 148,803	\$ 128,709	\$ 107,943	\$ 123,644
FRS contribution in relation to the contractually required FRS contribution	(353,421)	(321,292)	(206,727)	(191,370)	(187,918)	(148,803)	(128,709)	(107,943)	(123,644)
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered employee payroll	\$ 5,850,708	\$ 4,439,027	\$ 4,077,088	\$ 3,604,153	\$ 3,026,910	\$ 2,762,584	\$ 2,516,451	\$ 2,149,997	\$ 2,454,135
FRS contribution as a percentage of covered employee payroll	6.04%	7.24%	5.07%	5.31%	6.21%	5.39%	5.11%	5.02%	5.04%

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
School's proportion of the HIS net pension liability (asset)	0.0102%	0.0102%	0.0102%	0.0101%	0.0081%	0.0075%	0.0069%	0.0075%	0.0057%
School's proportionate share of the HIS net pension liability (asset)	\$ 1,271,601	\$ 1,360,396	\$ 1,239,975	\$ 1,129,039	\$ 860,837	\$ 806,267	\$ 811,688	\$ 767,696	\$ 528,440
School's covered-employee payroll	\$ 5,850,708	\$ 4,439,027	\$ 4,077,088	\$ 3,604,153	\$ 3,026,910	\$ 2,762,584	\$ 2,516,451	\$ 2,149,997	\$ 2,454,135
School's proportionate share if the HIS net pension liability (asset) as a percentage of its covered-employee payroll	21.73%	30.65%	30.41%	31.33%	28.44%	29.19%	32.26%	35.71%	21.53%
HIS Plan fiduciary net position as a percentage of the total pension liability	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	10.00%	50.00%	99.00%

Schedule of School Contributions  
Health Insurance Subsidy Pension Plan

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required HIS contribution	\$ 76,831	\$ 69,846	\$ 49,781	\$ 58,522	\$ 56,032	\$ 44,107	\$ 39,907	\$ 35,698	\$ 28,775
FRS contribution in relation to the contractually required HIS contribution	(76,831)	(69,846)	(49,781)	(58,522)	(56,032)	(44,107)	(39,907)	(35,698)	(28,775)
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered employee payroll	\$ 5,850,708	\$ 4,439,027	\$ 4,077,088	\$ 3,604,153	\$ 3,026,910	\$ 2,762,584	\$ 2,516,451	\$ 2,149,997	\$ 2,454,135
HIS contribution as a percentage of covered employee payroll	1.31%	1.57%	1.22%	1.62%	1.85%	1.60%	1.59%	1.66%	1.17%

**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, 2023**

**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.

DRAFT



McCRAZY & 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, 2023, 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, 2023.

**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, 2023

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**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, 2023, and have issued our report thereon dated September 29, 2023.

**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, 2023, 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, 2023

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