Hamilton County Department of Education
Hamilton County Board of Education Board Meeting - Special Session
February 2, 2026 5:00 PM
3074 Claude Ramsey Parkway
Chattanooga, TN 37421

I. Roll Call

II. **Approval of the Agenda

III. Pledge to the Flag

IV. Board Member Disclaimer Statement - I declare that I have a [spouse, parent, grandparent, child, sibling, aunt, uncle, nephew, niece, relation-in-law or member of my household] who works for the school system and that the Board's vote on [budget, policies, etc.] may have an effect on my relative's employment. Even so, I hereby certify that I will cast my vote in the best interest of the school system.

V. Public Comment

VI. Administrative Business Matters

- A. Chief of Opportunity and Access - Dr. Neelie Parker
  Charter School Coordinator - Fannie Moore
  1. ** Amendment Recommendation for Skillern Elementary

VII. Adjourn

3074 Claude Ramsey Parkway
Chattanooga, TN 37421

To: Hamilton County Board of Education
Dr. Justin Robertson, Superintendent

From: Dr. Neelie Parker, Chief of Opportunity and Access
Fannie Moore, Charter School Coordinator

Date: February 2, 2026

Subject: Amendment Recommendation for Skillern Elementary-Vote

Board Agenda Category:

- ☐ Consent Agenda
- ☑ Action Item
- ☐ Reports and Information

Board to vote on the updated amendment recommendation for Skillern Elementary

Opportunity 2030 Commitment Connection

- ☑ Every Student Learns
- ☐ Every Student Belongs
- ☐ Every School Equipped
- ☐ Every Employee Valued
- ☐ Every Community Served

Hamilton County Schools (HCS)

Charter School Amendment Application Recommendation Report
January 2026

Name of School
Ivy's Skillern Elementary School

Evaluation Team
Jim Boles, Director of Access and School Choice, HCS
Michelle Eargle, Executive Director of Exceptional Education, HCS
Mary Ellen Heuton, Chief Financial Officer, HCS
Fannie Moore, Charter Schools Coordinator, HCS
Dr. Neelie Parker, Chief of Opportunity and Access, HCS
Dr. John Rice, Director of 6-12 Teaching and Learning, HCS
Dr. John Thomas, Federal Programs Coordinator, HCS

Introduction

Charter schools are public schools operated by independent, non-profit governing bodies that are granted greater autonomy in the areas of curriculum, calendar, staffing, methodology, and pedagogy in return for greater accountability in achieving high quality academic results with their students. In Tennessee, students who attend charter schools are measured against the same academic standards as students in other public schools and are required to use the same state-approved assessments as all other public schools. Charter schools are required to serve all eligible students, with the education of at-risk students being of utmost importance.

In accordance with Tennessee Code Annotated (T.C.A.) § 49-13-110(d), the governing body of a charter school may petition its authorizer to amend its charter agreement. A charter school may submit an emergency amendment petition at any time when good cause exists due to unanticipated or extraordinary circumstances. The charter school's governing body must submit a background statement that includes detailed written findings explaining the unanticipated or extraordinary circumstances giving rise to the emergency amendment petition. It is the responsibility of a quality authorizer to establish and apply a rigorous, fair, and thorough amendment review process to ensure that any approved amendments meet or exceed the standards set by the Tennessee State Board of Education.

Charter schools are required to provide appropriate curriculum, aligned professional standards, engaging models of parental and partnership programs, and strategic planning to leverage and grow resources for the school. Schools are held accountable for academic results, responsible school leadership, sound fiscal and operational management, and adherence to the laws and rules that govern education in their state of residence.

Evaluation Process

Charter school emergency amendment applications are evaluated by a review team of internal reviewers who are qualified to assess the academic, operational, and financial implications of proposed changes to an existing charter agreement. Emergency amendment petitions are reviewed in accordance with Tennessee charter policy, which limits emergency consideration to circumstances that are presented as unanticipated and extraordinary and that require review outside of the standard amendment window.

Evaluators examine specific components of the application, including Exceptional Education, English Language learners, business and finance, curriculum and instruction, facilities, transportation, enrollment planning, and strategic capacity, as well as the amendment application as a whole. Particular attention is given to whether the proposed amendment is consistent with the school's approved charter agreement and whether approval is in the best interest of students, families, and the community.

Evaluation Process

This recommendation report is the culmination of the following stages of review for an emergency charter amendment petition:

- **Application review**
  The evaluation team conducts a comprehensive review of the emergency amendment application submitted by an existing HCS approved charter school. The review examines the proposed enrollment increase from multiple perspectives, including, but not limited to, academic performance and capacity, enrollment trends, strategic planning, culture, Exceptional Education and English Language learner services, curriculum and instructional approach, facilities readiness, operational capacity, budgets, and overall financial sustainability.

- **Capacity Interview**
  The evaluation team invites members of the leadership team and or governing board to participate in an in person capacity interview. The purpose of the interview is to allow the school to provide additional context for the emergency request, respond to clarifying questions, and explain how the proposed enrollment increase would impact the operation of the school. Information gathered during the interview informs the team's assessment of the school's readiness to implement the proposed amendment and its ability to sustain the change over time.

For this emergency amendment petition, a separate capacity interview was not conducted following submission of the application. A capacity interview was previously conducted on November 4 during the Fall Amendment window, at which time the charter school operator submitted an amendment application to increase grade levels and student enrollment. Following the capacity interview, the charter school operator elected to withdraw the Fall amendment application. The emergency amendment application did not introduce new information, changes, or evidence beyond what was previously reviewed during the Fall amendment process that would warrant additional questions or require further clarification. As a result, an additional capacity interview was not conducted.

- **Consensus Conclusion**
  Following the application review and capacity interview, the evaluation team meets to discuss findings and arrive at a consensus recommendation to approve or deny the emergency amendment request. Consensus is defined as a majority of the review team being in agreement with the final recommendation.

Rating Characteristics

Meets the Standard

The response thoroughly addresses key issues. The proposed amendment clearly aligns with the mission and goals of the school. The response includes specific, evidence-based information that shows thorough preparation and viability of the plan.

Does Not Meet Standard

The response is substantially incomplete; demonstrates lack of preparation; is unsuited to the mission and goals of the school; or otherwise raises significant concerns about the viability of the plan or the applicant's ability to implement it.

Amendment Petition Scoring Criteria

Characteristics of a strong response:

- Clear, evidenced-based rationale for the proposed amendment that is aligned with the school's mission and goals, and supports the best interest of students.
- Academic results provide compelling support for the proposed amendment. (For Subparts B, C, F, G, and H only)
- Realistic and detailed budget that explains the financial impact of the proposed amendment and clear evidence that the financial outlook of the school supports the costs associated with the proposed amendment.

- Thoughtful and realistic facility plans that accommodate the proposed amendment. (For Subparts B, C, and E only).
- Detailed implementation plan with a realistic timeline that addresses the operational impact of the proposed amendment.
- Clear evidence of support for the proposed amendment from parents, staff and community partners.
- FOR EMERGENCY PETITIONS ONLY: Compelling evidence of unanticipated extraordinary circumstances supporting the filing of an emergency amendment application.

Evaluation Contents

This evaluation report includes the following:

- **School Overview**

  A summary of the emergency amendment request as presented in the application, including the proposed change to student enrollment.

- **Executive Summary**

  An overall judgment, based on extensive analysis of all evidence presented by the charter school operator, regarding whether the emergency amendment request meets the criteria for approval.

  The analysis of the emergency amendment request is based on the following areas:

  › **General Information**

  Identification of the amendment petition category and subpart under which the charter school operator is applying, along with relevant background information about the school.

  › **Specific Amendment Subpart(s)**

  This amendment application focuses on Subpart C Student Enrollment. This subpart is completed by charter school operators seeking approval to change student enrollment outside of the minimum or maximum enrollment thresholds established in the charter agreement. A narrative response and supporting documentation addressing each question within the subpart are required.

Sustaining a successful, high performing charter school requires a complete and coherent plan. Strength in one area cannot compensate for weaknesses in another. Accordingly, in order to receive a positive recommendation, the school must meet or exceed the standard in all major areas of review, including academic capacity, operational readiness, and financial sustainability, as well as the requirements specific to an emergency amendment petition.

School Overview

School Name: Ivy Skillern's Academy

Mission

The mission of Ivy Academy's Skillern Elementary is to cultivate the body, mind, and heart of each student through a classical, content-rich education that nurtures moral and civic virtue in an immersive, outdoor environment.

Location

The school is located on Dayton Pike. Students in K-1 are housed in a new building on the Rich Campus and students in grades 3-5 are housed in portables. The proposed plan allows for any additional students who are in K-5 to enter the current locations.

Current Enrollment

The school's current enrollment is 364 for grades K-4. The approved charter indicates that the maximum number of students enrolled at Ivy Academy's Skillern Elementary is 408 students.

2025-2026	K	1st	2nd	3rd	4th
Number per class/grade	18 X 4 72	20 X 4 80	21 X 4 84	22 X 4 84	22 X 2 44

Proposed Growth By Year

Grade Level	Year 1 22-23	Year 2 23-24	Year 3 24-25	Year 4 25-26	Year 5 26-27	At Capacity 27-28
K	16 X 2 = 32	18 X 4 = 72	72	72	72	72
1	16 X 2 = 32	80	80	80	80	80
2	0	42	84	84	84	84
3	0	0	44	84	84	84
4	0	0	0	44	84	84
5	0	0	0	0	44	88
6	0	0	0	0	0	0

7	0	0	0	0	0	0
8	0	0	0	0	0	0
9	0	0	0	0	0	0
10	0	0	0	0	0	0
11	0	0	0	0	0	0
12	0	0	0	0	0	0
Totals	64	194	280	364	448	492

Executive Summary

In reviewing an emergency charter amendment request, the review team considers whether the request meets the standard outlined in Tennessee charter policy, which defines emergency amendments as those arising from unanticipated, extraordinary circumstances requiring immediate action to protect students and ensure the continued operation of the school. In addition, the review team evaluates whether the proposed amendment is consistent with the school's approved charter agreement and whether approval is in the best interest of students, families, and the broader school community.

Although the circumstances described in Ivy Academy's Skillern Elementary's application do not meet the definition of an emergency under Tennessee charter policy, HCS accepted the request for consideration as an emergency petition in order to allow the amendment to be reviewed outside of the defined amendment window, as requested by the charter school operator.

After a thorough review of Ivy Academy's Skillern Elementary's emergency amendment application, the review team has determined that the request, as submitted, does not meet the standards required for approval.

Ivy Academy's Skillern Elementary is an existing charter school serving students in grades K through 4, with a current enrollment of 364 students and an approved maximum enrollment of 408 students. The school operates as part of a K through 12 pipeline model, with a clearly articulated and previously approved agreement granting Ivy Academy's Skillern Elementary students admission preference to Ivy Academy upon promotion out of elementary. This admission preference was a central and explicit component of the original charter application and remains a material element of the school's model and commitment to families.

The emergency amendment seeks approval for a significant enrollment increase of approximately 20 percent beyond what was originally contemplated in the charter agreement. The review team notes that enrollment growth has been occurring for approximately 2.5 years, raising questions about why this request is being presented as an emergency at this time. Additionally, the school previously indicated through an amendment application submitted in the fall that the board had discussed and approved submitting an amendment during the August 2025 board meeting, but chose to withdraw the amendment application following a capacity interview with the HCS review team. These factors further support the conclusion that the circumstances were not unanticipated or extraordinary.

While the review team acknowledges several strengths, including a robust waitlist, strong English Language Arts performance relative to the district, solid overall academic outcomes, and a clean independent audit, the audit also reflects a negative unrestricted net position, indicating that the school has limited financial cushion to absorb unanticipated costs or enrollment related pressures. This raises concern when considered alongside the proposed enrollment increase and the absence of a clearly articulated plan to address increased operating demands.

The Ivy Academy's Skillern Elementary charter envisions a close working relationship with Ivy Academy across multiple operational and programmatic levels, including a matriculation agreement intended to provide continuity for families. The changes proposed in this amendment application would impact Ivy Academy in several ways, most notably through the proposed enrollment increase. This increase creates a direct conflict with Ivy Academy's Skillern Elementary charter agreement and the expectations communicated to families. Increasing elementary enrollment without a corresponding and clearly articulated plan for Ivy Academy would result in students who are no longer able to matriculate with the admission preference that families were promised. The application does not address what happens to students who are unable to enroll in Ivy Academy, nor does it provide evidence that this plan has been coordinated with or approved by Ivy Academy. The review team finds that shifting this burden onto families and Ivy Academy is not in the best interest of students.

Additionally, the application contains internal inconsistencies related to financial sustainability. The school asserts that increasing class size is necessary to maintain a sustainable model while simultaneously stating that the school is currently in a strong financial position. The financial projections primarily reflect inflationary cost increases of approximately 3 percent and show salary increases for existing staff, but do not reflect increases in staffing that would reasonably be expected with a substantial increase in student enrollment. This raises concern that projected expenses may be understated, particularly given the likelihood of increased costs associated with staffing, Exceptional Education services, English language learner supports, instructional materials, and operational needs tied to higher enrollment.

With the school reporting a current Exceptional Education population of approximately 25 percent, even a modest enrollment increase would necessitate additional Exceptional Education staffing, further increasing expenditures. However, the application does not clearly demonstrate how these additional costs would be absorbed given the school's limited unrestricted reserves.

The review team also notes that specific math performance data was not provided in the current application, despite explicit feedback during the prior amendment capacity interview identifying the absence of this data as a concern. As a result, the previously identified questions related to math performance remain unaddressed. In addition, the application does not provide sufficient information describing how the school will adapt its staffing, including teachers, educational aides, special population staff, and other support staff, to accommodate the proposed change in enrollment, nor does it clearly describe how the school will ensure the recruitment, enrollment, and retention of students with disabilities and English Language learners within the school's target population.

Finally, the application acknowledges that the school previously received a *falls far below* rating for current assets due to the intentional use of reserves during periods of expansion. The review team finds this explanation concerning in light of the additional costs associated with increased enrollment, including textbooks, furniture, instructional materials, facilities, and staffing, particularly when combined with the school's negative unrestricted net position and limited demonstrated capacity to absorb enrollment driven cost increases.

Based on the totality of the evidence, the review team concludes that Ivy Academy's Skillern Elementary's emergency amendment request does not meet the requirements for approval, raises unresolved concerns regarding academic impact, operational capacity, financial sustainability, and student matriculation to Ivy Academy, and is inconsistent with the school's approved charter agreement. As a result, the amendment application, as written, does not meet the standards required for approval.

Charter School

Amendment Petition

Instructions for Petitioning to Amend a Charter Agreement

In accordance with Tennessee Code Annotated (T.C.A.) § 49-13-110(d), the governing body of a charter school may petition its authorizer to amend its charter agreement. Timelines for review and the appeals process are defined by Tennessee Public Charter School Commission (Charter Commission) Rule 1185-01-01-.04.

Below are the steps that a charter school shall follow to complete and submit a petition to amend a charter agreement. Directions for submitting a Letter of Intent are available on the Tennessee State Board of Education's (State Board) website.

1. **All applicants complete Part I "General Information" of the application below**, including:
    a. Selecting the amendment petition category, as indicated in the submitted Letter of Intent;
    b. Providing the requested School Background information;
    c. Providing the Background Statements and related attachments for each amendment that is requested; and
    d. Signing of the completed application by both the Contact Person and Board Chair.
2. **Applicants ONLY complete the subpart(s) in Part II "Specific Amendment Requests" that applies to the category of amendment the school is seeking**. The subparts contain more specific questions relevant to the identified category. If a school is seeking multiple amendments, the school shall complete the applicable subpart for each requested amendment category. A school should include any attachments requested by the applicable subpart.
3. An application for a single amendment, including Parts I and II, must not exceed 15 single-spaced pages, with one-inch margins and 12-point font, excluding attachments. The maximum page limit increases by 5 pages for each additional amendment sought by the applicant. For example, if a school is applying for 2 amendments, the maximum page limit (excluding attachments) is 20 pages.
4. The completed application and all attachments shall be submitted in PDF form to the authorizer.
5. Failure to submit a complete application, including attachments, to the authorizer by the deadlines listed below will result in the amendment application not being reviewed by the authorizer.

<u>Deadlines</u>:
If the Letter of Intent was submitted by **September 1**, the application is due by **October 1**. If the Letter of Intent was submitted by **January 15**, the application is due by **February 14**. If the due date falls on a Saturday, Sunday, or state-observed holiday, the due date shall be the next business day.

<u>Emergency Amendment Petitions</u>:
A charter school may submit an emergency amendment petition **at any time** if good cause exists for an amendment due to unanticipated or extraordinary circumstances. In addition to the category of amendment, the school should check "EMERGENCY Petition" at the bottom of the first page of Part I and briefly describe the circumstances constituting the emergency. The Background Statements shall

include detailed written findings explaining the unanticipated or extraordinary circumstances giving rise to the emergency amendment petition.

Timeline for Review:
The authorizer must rule on an amendment petition within 60 days of its due date, or within 60 days of the date of submission of an emergency petition. If the authorizer fails to do so, the school's amendment petition shall be deemed approved. If the school's petition is denied, the school may appeal the decision to the Charter Commission. See the Charter Commission Rule 1185-01-01-.04 for more details regarding the appeals process.

Ratings and Criteria:
Charter Commission Rule 1185-01-01-.04 requires the Tennessee State Board of Education (State Board) to develop a scoring rubric for use in evaluating petitions to amend the charter agreement. Evaluators will use the following criteria to rate each amendment for which a petition is received:

Rating	Criteria
Meets or Exceeds the Standard	The response thoroughly addresses key issues. The proposed amendment clearly aligns with the mission and goals of the school. The response includes specific, evidence-based information that shows thorough preparation and viability of the plan.
Does Not Meet Standard	The response is substantially incomplete; demonstrates lack of preparation; is unsuited to the mission and goals of the school; or otherwise raises significant concerns about the viability of the plan or the applicant's ability to implement it.

Recommendations for approval or denial of each amendment requested in an amendment petition will be based on the materials submitted as well as the authorizer's independent due diligence.

Amendment Petition Scoring Criteria
Characteristics of a strong response: ● Clear, evidenced-based rationale for the proposed amendment that is aligned with the school's mission and goals, and supports the best interest of students. ● Academic results provide compelling support for the proposed amendment. (For Subparts B, C, F, G, and H only) ● Realistic and detailed budget that explains the financial impact of the proposed amendment and clear evidence that the financial outlook of the school supports the costs associated with the proposed amendment. ● Thoughtful and realistic facility plans that accommodate the proposed amendment. (For Subparts B, C, and E only) ● Detailed implementation plan with a realistic timeline that addresses the operational impact of the proposed amendment. ● Clear evidence of support for the proposed amendment from parents, staff and community partners.

● FOR EMERGENCY PETITIONS ONLY: Compelling evidence of unanticipated extraordinary circumstances supporting the filing of an emergency amendment application.

Amendment Petition Review Summary	
☐ Meets or Exceeds Standard	X Does Not Meet Standard

Strengths	Page
● Robust waitlist ● ELA data is a strength ● Performing at or above the district in ELA and math ● No findings were listed on the independent audit	

Concerns/Questions	Page

● Emergency petition - increased enrollment has been happening for 2.5 years. Why is it an emergency now? Emergency petitions are meant for unanticipated extraordinary circumstances as stated in the Tennessee's Charter School Amendment Petition.
  o Furthermore, there was an amendment application submitted in the Fall that stated the Skillern Board discussed and approved for an amendment application to be submitted during the August 2025 board meeting.
● Lack of math data was discussed during the last amendment application capacity interview; however, no additional data was provided within the current application.
● The application contradicts itself - The argument to increase class size is that if an increase is not granted then the model is not sustainable; however, the application also reinforces the notion of having sound finances and that the school is in a good place financially.
● Question 2 states that the school would add sections to create a financially stable model which leads to the following question/concern:
  o If class sizes stay the same and sections are added then that would mean that expenses would be increased since additional teachers would be needed. Furthermore, the budget shows pay increases, but does not show an increased number of employees.
  o Adding to existing classrooms could help financially, but adding additional sections adds to the financial burden (increases staffing needs, Ex Ed, ESL, etc.)
● Question 3 (page 4) - Documentation has not been provided to support the need for an increase in enrollment outside of the waiting lists. There is no indication that this plan has been communicated with Ivy Academy.
● On page 4 of the submitted application, the last sentence states, "For a charter school in a good standing, a modest enrollment increase should not present a burden or concern for central office staff or the board." The concern is not that an increased	

burden would be placed on central office staff or the board; rather, the concern is that an increase in enrollment would shift the burden to families who may no longer be able to matriculate to Ivy Academy as originally expected and to Ivy Academy, which would then face its own enrollment capacity and charter agreement implications. o A 20% enrollment increase is not a modest increase. ● Page 4 - the questions that were raised during the Fall Capacity Interview remain unanswered - the application does not provide any insight on what happens to the students who cannot enroll in Ivy Academy like they once thought possible. o This request is in violation of Ivy Academy's Skillern Elementary's charter agreement because not all students will be able to matriculate into Ivy Academy. ● If the school's Exceptional Education ratio remains consistent with current levels of approximately 25%, as noted on page 8 of the application, the proposed enrollment increase would require, at a minimum, the addition of one Exceptional Education teacher, assuming a ratio of one Exceptional Education teacher for every 20 students. This represents a minimum staffing increase, as additional or more intensive student support needs could necessitate further staffing. o This further supports the inherent conflict within application. ● Question 7 - The question was not addressed. ● Question 8 - The question was not addressed ● Question 9 - "However, during periods of grade-level expansion, when we must invest in new textbooks, furniture, instructional materials, and facility additions, reserves are intentionally used to build program quality and campus capacity rather than accumulated. As a result, we received a "falls far below" rating for current assets last year." - Increased enrollment would require additional expenses mentioned within the application. ● The audited financials indicated a negative unrestricted net position. ● The submitted financial documents show inflationary cost increases (3%); however, there is no evidence of financial planning items that would increase due to the increased number of enrollments. Therefore, the current plan may be underprojecting expenses.	

Amendment Petition Checklist

The following components make up a complete amendment petition and shall be submitted to the school's authorizer:

- ☐ Letter of Intent (unless an Emergency Petition)
- ☐ Part I of the application (fill in the blanks, check the applicable box(es) and provide the Background Statements)
- ☐ Most recent audit*
- ☐ Balance sheet for the fiscal quarter ending thirty (30) or more days prior to submission of the petition*
- ☐ Budgets for the current and two (2) succeeding fiscal years, assuming approval of the amendment
- ☐ Written communications with stakeholders regarding the proposed amendment
- ☐ Governing body meeting minutes approving the amendment and vote results
- ☐ Executed Signature Page
- ☐ Responses to questions in the applicable subpart(s) in Part II

* This is not required if the amendment application is submitted prior to the charter school's first year of operation.

TENNESSEE
STATE BOARD OF EDUCATION

Charter School

Skillern Elementary

Amendment Petition

TENNESSEE
STATE BOARD OF EDUCATION

Petition to Amend a Charter Agreement

Part I: General Information (Required for All Applicants)

Name of Charter School ____Ivy Academy's Skillern Elementary_________

Amendment Petition Category, as identified in the Letter of Intent:

Check the box for the category under which this Amendment Petition falls

☐ Change in governance structure (including, but not limited to, a change in the nonprofit entity governing the school), or addition of or changes to the charter management organization

☐ The addition or removal of a grade level or levels

☑ Changes in student enrollment which fall outside of the minimum or maximum enrollment thresholds set forth in the charter school's charter agreement

☐ The addition or removal of a plan to provide transportation to students attending the charter school

☐ Changes to the charter school's location, if outside the geographic area set forth in the charter agreement

☐ Changes to the charter school's academic focus or goals set forth in the charter agreement

☐ Changes identified in the charter agreement as material modifications or amendments. Please specify:

____

☐ Other material changes not covered by any of the above categories. Please specify:

____

☑ EMERGENCY Petition. Please briefly describe the emergency: After consideration and consultation, we need to submit this amendment now, have it reviewed and voted on in January so the correct number of seats can be open at lottery at the time. The alternative of this January review would give a temporary false lottery result to families if not approved by the time the lottery is drawn in February, 2026, causing them to have to take their second choice. We need to do our best to serve families well and not cause them additional stress in choosing a school. Deferring this process, and only generating a waiting list, would not provide the best service to our county's families for their school of choice.

School Background

Provide the following information about your school:

a) Campus address 8459 Springfield Road and 8443 Dayton Pike, Soddy-Daisy, 37379

b) First school year in operation: 2022 -2023

c) Grade levels and enrollment currently serving: K-4th

d) Grade levels and maximum enrollment to be served at maturation of charter agreement, if different: Agreement: 408 Requested 492 at max SY 2026-2027 at 436

e) End of current charter term: SY 2031 - 2032

Background Statements

This is a petition to amend a school's charter agreement by changing the item selected above. Please submit a narrative response and related attachments addressing the questions below.

1. **Provide details on the selected amendment above and describe the requested change, including the school's rationale for the proposed change. Describe any plan that is already underway to prepare for the proposed amendment.**

   Our approved charter application had a 16 – 18 student per class model. We tried that and it did not work financially. It caused a deficit. We needed to raise our classroom sizes to 18 (K) and up to an average of 20 (for above K). This will increase our overall enrollment from the approved 408 up to 492 (84 students more), when we are fully grown and at maximum enrollment.

2. **How will the proposed amendment support or enhance the school's mission and goals?**

   We have exceeded expectations for our first three operating years with this class size of 18 to an average of 20. According to family surveys, our parental satisfaction rate is 92% or higher annually. Our teacher retention rate has been 95% or higher, and our first TCAP results places us in the top 18% of public schools in the state as far as third grade ELA, which is a major emphasis within our state and county. The results we have justify increasing our enrollment to the aforementioned number so we can maintain this student per class model once we completed our grade growth pattern and have all sections of all grade levels in order to have a financially sustainable model.

3. **Describe how the proposed amendment will impact the school's finances. Explain any anticipated revenues or expenses arising from the proposed change. If expenses are anticipated, explain how the school will finance them. Please <u>attach</u> the school's (i) most recent audit, (ii) balance sheet for the fiscal quarter ending thirty (30) or more days prior to submission of the application, and (iii) budgets for the current fiscal year and two (2) succeeding fiscal years assuming the proposed amendment is approved.**

   The proposed amendment enables us to have the number of students needed and the funding that follows them to support the necessary staff for excellent academic results.

Conversely, a class size model of less than what is requested does not allow us to do that. Having a population of 30%+ of SWD, requires a larger investment on the front end (before TISA ULC additional reimbursements come the year after the services are rendered and paid for), so our population is more costly to service than a setting with a more average SWD percentage of 12% to 20%. Having a few more students per class enables us to provide the services and have a balanced budget.

4. **How has the school informed its external stakeholders (e.g. local school board representatives, neighbors, community partners) and internal stakeholders (e.g. staff, parents) of the proposed amendment? Please <u>attach</u> any written communication (e.g., meeting minutes). Describe any notable support for or opposition to the proposed amendment. If concerns have been brought to the school or governing board's attention, what is the plan to address them?**

   The board meeting minutes and parent memo documenting this communication are attached. There will be no change for families. We will continue to maintain the same class sizes we have had for the past 2.5 years. As our enrollment grows by grade level, we will exceed the maximum student enrollment outlined in our approved charter application. The proposed adjustment represents a modest increase, 84 additional students, and does not alter the overall educational model. Families are satisfied with our current class sizes, and we have shared at parent meetings that we are requesting approval to extend these same class sizes across additional sections as enrollment continues to grow. We communicated that increased enrollment is being sought specifically to preserve the classroom experience our families expect.

5. **When did the school's governing board approve the proposed amendment? Please <u>attach</u> minutes from the meeting and vote results.** December 17, 2025

6. **FOR EMERGENCY PETITIONS ONLY: Explain the unanticipated extraordinary circumstances giving rise to the emergency amendment application. Identify when these circumstances were first discovered and brought to the attention of the governing board. Why did the governing board determine that the circumstances constituted an emergency that warranted the filing of an emergency petition?**

   We intended to submit this request in a timely manner, and did, but had included a grade expansion plan with the request. There were several questions raised about the grade expansion plan, some hypothetical.

   Based on the questions raised by the evaluation team, our founder concluded that the district had sufficient reservations about the proposed grade expansion to potentially recommend denial of the amendment request. However, approval of the enrollment increase was needed in advance of this fall's lottery drawing, and we could not risk a delay or denial.

After consulting with state-level advisors and to ensure timely approval, we chose to withdraw the original petition, remove the grade expansion component and resubmit a streamlined request focused solely on increasing enrollment through an emergency petition. This approach allows the amendment to be considered and approved prior to the lottery drawing or at least publication, which is essential for families applying through the HCS choice lottery system. It also addresses any hesitation the central office evaluation team may have had regarding the broader scope of the original request. The review, questions, and vote can take place prior to the families being notified on February 13th. For a charter school in good standing, a modest enrollment increase should not present a burden or concern for central office staff or the board.

We plan to revisit the grade expansion request at a later date after further review and planning.

This completed and signed form and all attachments shall be saved as a PDF and submitted to the charter school's authorizer.

Continue to Part II

Subpart C – Student Enrollment
ONLY complete if applying to amend enrollment

Amendments Covered by this Subpart: A charter school should use this Subpart C to apply for a change in student enrollment outside of the minimum or maximum enrollment thresholds set forth in its charter agreement.

Application: Please submit a narrative and related attachments addressing each of the questions below. If a question is inapplicable, mark it N/A.

1. **What is the school's current enrollment by grade level and by year of the charter agreement?**
   The school's current enrollment is 364 students as shown in the below table. We only have grades K – 4th. We were approved for 408 students in our charter application. This round of the lottery and resulting enrollment will bump us up to 436 students (28 students over our approved number for fall 2026).

2025 - 2026	K	1st	2nd	3rd	4th
Number per class/grade	18 X 4 72	20 X 4 80	21 X 4 84	22 X 4 84	22 X 2 44

2. **How will a change in enrollment improve the school's existing program and benefit students?**
   The change in enrollment will allow us to have the needed number of students per classroom to continue providing the same quality service and excellent results that we have been delivering for the past two years with these same class sizes, it is just that now there are more classes of this size, and we will go over our approved maximum enrollment. The first year we only had 16 students per class, resulting in a financial deficit, which is not sustainable.
3. **Describe and attach documentary evidence of the demand for this enrollment change. How does the scope, pace, and need for this enrollment change align with current demographic and growth projections in the city?**
   Our waiting lists are included as an attachment. This evidence demands that we at least increase our enrollment in keeping with the class sizes we have had these past 2.5 years, as does our academic data. This is a school that serves all demographics well. We serve 25% - 30%+ of SWD and 26% ED, and our retention rate is over 95% each year. As far as growth projections, our county is expected to continue migration growth through 2030.
4. **Describe the school's post-lottery enrollment/waiting list process.**
   After the lottery is run, we have a sibling waitlist that we draw from, as well as a homeschool waitlist that we draw from. This is at the request of the district to pull from the homeschool community before pulling from district schools. The number of seats open over the course of the year averages ten or less.

5. **Discuss the school's enrollment trends over the past three (3) years, including any waitlist information.**
We always have a robust waitlist. It has held steady or increased annually for our four years of starting off a school year.
6. **How will the school adapt its physical space to accommodate a change in enrollment?**
Ever since year one when we had a financial deficit, we have planned for class sizes from 18 up to an average of 20. We have already planned for these larger class sizes. No need to adapt the physical space to accommodate. It is accommodated already in our growth plan. We are setting a 7-plex modular unit in April 2026 for fall 2026's growth, and beginning construction again on the next permanent building in July 2026 to be occupied by fall 2027. It is a duplicate of our current building, which took us 9.5 months to construct, during a spring with the wettest May on record for our area. All municipal permitting has been secured for both projects. Financing secured and payments begin in March for the modular unit.
7. **How will the school adapt its staffing (e.g., teachers, educational aids, special population staff, other support staff, etc.) to accommodate the change in enrollment?**
We have been operating with these class sizes since the 2023 – 2024 school year. Parents expect that size. Again, there is no need to adapt from our current plan.
8. **Describe ways that the school ensures recruitment, enrollment, and retention of students with disabilities and English language learners, along with the school's target population.**
We wrote the charter to provide an effective and rigorous program different from other options that previously existed in our county. That is our target audience, families who want a more academically challenging setting. Our literacy program has the best data of any literacy curricula, and it is challenging to most students. Our families who were looking for that are pleased as is evidenced by our retention rate and our TCAP scores. Our girls in particular are scoring well. When a student has diverse learning needs, parents seek non-standard settings. Thus, we have a large population of students who are neurodivergent. We have an ENL population on par with the suburban and rural areas of our county. We happily, efficiently, and effectively serve whoever comes to us, and they don't leave. Our retention rate has been 95% or higher annually.
9. **How does the school's record of achievement support the approval of this amendment? For purposes of this question, the authorizer will review various metrics of success, including but not limited to the school's scores on TVAAS, TNReady and the authorizer's school performance framework, as well as the school's financial information and duration of operations.**
The 2024–2025 school year was our first year with state assessment data; therefore, a TVAAS growth score was not generated. A minimum of two years of data is required to calculate growth. Our initial achievement results were strong for a start-up school. We earned the highest third-grade ELA scores among elementary charter schools in the district and ranked in the top 18 percent statewide. Our math performance was slightly above average but did not meet our internal expectations. In response, we conducted classroom observations, engaged a curriculum expert, and identified areas for improvement. As a result, we have

already designed targeted professional development for January 2026 and summer 2026 to ensure math outcomes align with or exceed our ELA performance.

With class sizes already operating at the levels proposed in this amendment request and with demonstrated academic results, our performance record supports approval of this petition.

Our financial position is sound. We have no material audit findings and continue to increase assets annually. However, during periods of grade-level expansion, when we must invest in new textbooks, furniture, instructional materials, and facility additions, reserves are intentionally used to build program quality and campus capacity rather than accumulated. As a result, we received a "falls far below" rating for current assets last year.

For this reason, we believe the current state performance framework would benefit from modification to more accurately assess financial stability for schools in active grade-growth phases, particularly with respect to current and long-term asset metrics. Our founder has communicated this concern extensively to the State Board of Education, and we are hopeful that future revisions will address this issue.

10. **Complete the proposed enrollment summary for each grade level and each year remaining in the charter agreement in the tables below.**

<u>Number of Students</u>

Grade Level	Year 1 2022 - 2023	Year 2: 2023-2024	Year 3: 2024-2025	Year 4: 2025-2026	Year 5: 2026-2027	At Capacity: 2027-2028
K	16 X 2 =32	18 X 4 =72	72	72	72	72
1	16 X 2 =32	80	80	80	80	80
2	0	42	84	84	84	84
3	0	0	44	84	84	84
4	0	0	0	44	84	84
5	0	0	0	0	44	88
6	0	0	0	0	0	0
7	0	0	0	0	0	0
8	0	0	0	0	0	0
9	0	0	0	0	0	0
10	0	0	0	0	0	0
11	0	0	0	0	0	0
12	0	0	0	0	0	0
Totals	64	194	280	364	448	492

Anticipated Demographics

% of Economically Disadvantaged Students	% of Students with Disabilities	% of English Language Learners
25-30% Currently 26.5%	20 – 30% Currently 25% with enough in the evaluation process to raise it to 30%	<5%

Signature Page

By our signatures below, we hereby certify that the governing body of the charter school identified herein has approved the submission of this petition to amend a charter agreement.

Angela R Markum
Contact Signature

Ronald E Jones Sr
Board Chair Signature

Angela R. Markum, Founder & CEO
Contact Name & Title

Ronald E. Jones, Senior
Board Chair Name

amarkum@skillernelementary.com
Contact Email Address

rjones@skillernelementary.com
Board Chair Email Address

12/17/25
Date

12/17/25
Date

This completed and signed form and all attachments shall be saved as a PDF and submitted to the charter school's authorizer.

Continue to Part II

IVY ACADEMY'S SKILLERN ELEMENTARY SCHOOL

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025

JOHNSON, MURPHEY & WRIGHT, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CHATTANOOGA, TENNESSEE

I. INTRODUCTORY SECTION

IVY ACADEMY'S SKILLERN ELEMENTARY SCHOOL
Table of Contents
June 30, 2025

		Page
I.	**INTRODUCTORY SECTION**	
	Table of Contents	i
	Roster of Officials	ii
II.	**FINANCIAL SECTION**	
	Independent Auditor's Report	1-4
	Management's Discussion and Analysis	5-9
	Basic Financial Statements	
	Government-wide Financial Statements	
	Statement of Net Position	10-11
	Statement of Activities	12
	Fund Financial Statements	
	Governmental Fund	
	Balance Sheet	13
	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	14
	Statement of Revenues, Expenditures and Changes in Fund Balances	15
	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
	Notes to Financial Statements	17-44
	Required Supplementary Information other than MD&A	
	Schedule of Proportionate Share of the Net Pension Liability (Asset) - Teacher Legacy Pension Plan of the TCRS	45
	Schedule of Contributions - Teacher Legacy Pension Plan of the TCRS	46
	Schedule of Proportionate Share of the Net Pension Liability (Asset) - Teacher Retirement Plan of the TCRS	47
	Schedule of Contributions - Teacher Retirement Plan of the TCRS	48
	Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of the TCRS - Hamilton County Retirement Plan (with Cost Controls)	49
	Schedule of Contributions Based on Participation in the Public Employee Pension Plan of the TCRS - Hamilton County Retirement Plan (with Cost Controls)	50
	Other Supplementary Information	
	Schedule of Expenditures of Federal and State Awards	51
	Notes to the Schedule of Expenditures of Federal and State Awards	52
	Schedule of Changes in Long-term Debt by Individual Issue	53
	Schedule of Lease Requirements by Year	54
	Schedule of Changes in Lease Obligations	55
III.	**INTERNAL CONTROL AND COMPLIANCE SECTION**	
	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*	56-57
	Schedule of Findings and Responses	58
	Schedule of Prior Audit Findings	59

IVY ACADEMY'S SKILLERN ELEMENTARY SCHOOL
Roster of Officials
June 30, 2025

Chief Executive Officer	Angie Markum
President	Ron Jones
Secretary	Sherrie Ford
Treasurer	Kathy Wilson
Director	Dr. Patti Skates
Director	Victoria Blevins
Director	Corey Holloway
At-Large	Nilca Billow
At Large	Kathleen Holloway

II. FINANCIAL SECTION

Certified Public Accountants

301 N. Market
Chattanooga, TN
37405

Office: 423-756-1170
Fax: 423-756-1436
www.jmw-cpa.com

Members
American Institute of Certified Public Accountants

Paul Johnson, III, CPA

Brian T. Wright, CPA

Marianne Hart, CPA

Stuart Johnson, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ivy Academy's Skillern Elementary School

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Ivy Academy's Skillern Elementary School, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Ivy Academy's Skillern Elementary School's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Ivy Academy's Skillern Elementary School, as of June 30, 2025, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ivy Academy's Skillern Elementary 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 Ivy Academy's Skillern Elementary School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ivy Academy's Skillern Elementary 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ivy Academy's Skillern Elementary 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 have 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, Schedule of Proportionate Share of the Net Pension Liability (Asset) - Teacher Legacy Pension Plan of the TCRS, Schedule of Contributions - Teacher Legacy Pension Plan of the TCRS, Schedule of Proportionate Share of the Net Pension Liability (Asset) - Teacher Retirement Plan of the TCRS, Schedule of Contributions - Teacher Retirement Plan of the TCRS, Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of the TCRS - Hamilton County Retirement Plan (with Cost Controls), and Schedule of Contributions Based on Participation in the Public Employee Pension Plan of the TCRS - Hamilton County Retirement Plan (with Cost Controls), listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ivy Academy's Skillern Elementary School's basic financial statements. The financial schedules listed in the Table of Contents as Other Supplementary Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2025, on our consideration of Ivy Academy's Skillern Elementary School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Ivy Academy's Skillern Elementary School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ivy Academy's Skillern Elementary School's internal control over financial reporting and compliance.

Johnson, Murphy & Wright, P.C.

Chattanooga, Tennessee
November 10, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Ivy Academy's Skillern Elementary School (the School), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of the School exceeded its liabilities and deferred inflows by $1,659,613 (net position). None of this amount is unrestricted net position which could be used to meet the School's ongoing obligations.

The change in net position for the year was an increase of $410,944.

As of the close of the current fiscal year, the School's General Fund reported an ending fund balance of $277,278. Approximately 64.39%, or $178,552 is restricted for specific purposes. The remaining 35.61%, or $98,726 is available for spending at the School's discretion (unassigned fund balance).

At the end of the current fiscal year, unassigned fund balance for the General Fund was 1.47% of total General Fund expenditures.

The School received $551,473 in federal and state awards.

State funding increased $1,261,064 over the previous year due to the School adding more students to their enrollment.

During the year, the School borrowed $2,674,853 in order to fund building costs of a new campus.

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 comprise three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. This report also contains required supplementary information, supplementary information, and other information in addition to the basic financial statements themselves.

Government-wide Financial Statements

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

The *Statement of Net Position* presents information on all of the School's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating. The Statement of Net Position can be found on pages 10 and 11 of this report.

The *Statement of Activities* presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave). The Statement of Activities can be found on page 12 of this report.

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

Governmental Funds
Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements. These reconciliations can be found on pages 14 and 16 of this report.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between the governmental funds and governmental activities.

The *Balance Sheet* for governmental funds, shown on page 13, presents financial information by fund type showing money left at year-end available for spending.

The *Statement of Revenues, Expenditures, and Changes in Fund Balances* for all governmental fund types, shown on page 15, focuses on how money flows in and out of the various funds.

Notes to the Financial Statements
The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 17 through 44 of this report.

FINANCIAL ANALYSIS

Net Position
Net position may serve over time as a useful indicator of a government's financial position. In the case of the School, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $1,659,613 at the close of this fiscal year.

A large portion of the School's net position (90.20%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any debt used to acquire those assets that is still outstanding. The School uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the School's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 11.53%, or $191,339 of the School's net position represents resources that are subject to external restrictions on how they may be used.

Since the remaining unrestricted net position balance is $(28,729), none of the School's net position may be used to meet ongoing obligations.

At June 30, 2025, the School is able to report positive balances in two of its categories of net position. Unrestricted net position is $(28,729) at year-end.

The table below provides a summary of the School's net position for its governmental activities as of June 30, 2025 and 2024:

	2025	2024	$ Change
Capital assets	$ 4,640,439	$ 1,630,111	$ 3,010,328
Other assets	835,085	460,012	375,073
Total assets	$ 5,475,524	$ 2,090,123	$ 3,385,401
Deferred outflows of resources	$ 107,726	$ 72,231	$ 35,495
Long-term liabilities	$ 462,861	$ 420,395	$ 42,466
Other liabilities	3,351,673	440,883	2,910,790
Total liabilities	$ 3,814,534	$ 861,278	$ 2,953,256
Deferred inflows of resources	$ 109,103	$ 52,407	$ 56,696
Net investment in capital assets	$ 1,497,003	$ 994,946	$ 502,057
Restricted	191,339	17,589	173,750
Unrestricted	(28,729)	236,134	(264,863)
Total net position	$ 1,659,613	$ 1,248,669	$ 410,944

Statement of Activities

The School's total revenues for the fiscal year ended June 30, 2025 increased by $1,430,608 over June 30, 2024 revenues. The increase was primarily due to the increase in state funding of $1,261,064 due to the School adding more students to their enrollment.

The School's total expenses increased by $1,442,186 over June 30, 2024 expenses. The increase was primarily due to the increase in student instruction and services of $1,438,909 due to the School's addition of students. Salary related items accounted for $1,500,535 of this increase in expenses.

A summary of the School's governmental activities related to operations for the years ended June 30, 2025 and 2024 is as follows:

	2025	2024	$ Change
Revenues:			
Program revenues:			
Operating grants and contributions	$ 800,342	$ 726,072	$ 74,270
Revenues - internal school funds	25,335	10,209	15,126
Total program revenues	825,677	736,281	89,396
General revenues:			
State funding	3,196,837	1,935,773	1,261,064
Other revenues	120,957	40,809	80,148
Total general revenues	3,317,794	1,976,582	1,341,212
Total revenues	4,143,471	2,712,863	1,430,608
Program expenses:			
Student instruction and services	3,559,226	2,120,317	1,438,909
General and administrative	173,301	170,024	3,277
Total expenses	3,732,527	2,290,341	1,442,186
Change in net position	410,944	422,522	(11,578)
Net position - beginning	1,248,669	826,147	422,522
Net position - end	$ 1,659,613	$ 1,248,669	$ 410,944

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The School's investment in capital assets for its governmental activities as of June 30, 2025, amounts to $4,640,439 (net of accumulated depreciation).

During the 2024-2025 school year, the School acquired $3,181,201 in additions to capital assets. The most significant of those additions are as follows:

Building construction	$ 2,995,832
Land on Springfield Road	$ 68,273
Building costs	$ 41,334
Electric and conduit	$ 37,258
Hytera portable radios	$ 15,480

The table below provides a summary of the School's capital assets, net of depreciation, as of June 30, 2025 and 2024.

	2025	2024
Land	$ 507,633	$ 439,360
Construction in progress	3,516,106	428,953
Furniture and equipment	144,167	137,314
Leasehold improvements	1,531	6,267
Technology equipment	47,173	53,112
Right to use leased asset	423,829	565,105
Total	$ 4,640,439	$ 1,630,111

Additional information on the School's capital assets can be found in Note 5 on pages 23 and 24 of this report.

Long-Term Debt

At the end of the current fiscal year, the School had total long-term debt outstanding of $3,374,572. Of that amount, $2,911,711 is due in the next fiscal year.

	2025	2024
Lines of credit	$ 2,723,223	$ 83,594
Compensated absences	231,136	-
Right to use lease liability	420,213	551,571
Total long-term debt	3,374,572	635,165
Less: current portion	(2,911,711)	(214,951)
Long-term portion of debt	$ 462,861	$ 420,214

Additional information on outstanding debt can be found in Note 6 on pages 24 and 25 and Note 7 on page 25.

CURRENTLY KNOWN CONDITIONS EFFECTING FUTURE YEARS

The School's primary source of funding is based on student enrollment. Each enrolled student generates state and district funding that supports the educational services provided. With a current waiting list exceeding 500 students, the School is well-positioned for continued financial growth, contingent upon maintaining strong academic outcomes and fulfillment of its educational commitments.

During the fiscal year covered by this audit, the School participated for the first time in the Tennessee Comprehensive Assessment Program (TCAP) and achieved results in the top 18% statewide for third-grade literacy. This performance demonstrates the School's effectiveness in meeting the educational needs of families in Hamilton County, Tennessee; and places us in a position of financial stability and sustainability.

Several external factors may influence the School's future operations and financial stability. These include changes in state legislation, shifts in public perception of charter schools, and economic conditions affecting interest rates and borrowing costs. Additionally, the continued use of portable classroom facilities may impact long-term enrollment and community satisfaction. To address this, the School intends to pursue a low-interest loan, such as a USDA Office of Rural Development (ORD) loan, to fund future building projects. Inability to secure such financing, due to circumstances beyond the School's control, could constrain growth and affect stakeholder confidence.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Ivy Academy's Skillern Elementary School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to Ivy Academy's Skillern Elementary School, P.O. Box 39, Soddy-Daisy, TN 37384.

BASIC FINANCIAL STATEMENTS

IVY ACADEMY'S SKILLERN ELEMENTARY SCHOOL
Statement of Net Position
June 30, 2025

	Governmental Activities
ASSETS	
Current assets	
Cash	$ 420,506
Accounts receivable	94,095
Grants receivable	25,445
Security deposits	165
Total current assets	540,211
Non-current assets	
Restricted assets	
Cash - restricted for construction	146,730
Stabilization reserve trust	30,299
Net pension asset	117,845
Total restricted assets	294,874
Capital assets	
Land and construction in progress	4,023,739
Other capital assets - net	
Capital assets being depreciated - net of accumulated depreciation	192,871
Right to use leased asset - net of accumulated amortization	423,829
Total other capital assets - net	616,700
Total capital assets	4,640,439
Total non-current assets	4,935,313
TOTAL ASSETS	$ 5,475,524
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	$ 107,726

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

IVY ACADEMY'S SKILLERN ELEMENTARY SCHOOL
Statement of Net Position (Continued)
June 30, 2025

		Governmental Activities
LIABILITIES		
Current liabilities		
Accounts payable	$	12,178
Accrued liabilities		416,739
Payable to pension		11,045
Line of credit		2,723,223
Compensated absences - due in one year		46,227
Right to use lease liability - due in one year		142,261
Total current liabilities		3,351,673
Non-current liabilities		
Compensated absences		184,909
Right to use lease liability		277,952
Total non-current liabilities		462,861
TOTAL LIABILITIES	$	3,814,534
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	$	109,103
NET POSITION		
Net investment in capital assets	$	1,497,003
Restricted for internal school funds		1,523
Restricted for construction		146,730
Restricted for stabilization reserve trust		30,299
Restricted for pension		12,787
Unrestricted		(28,729)
TOTAL NET POSITION	$	1,659,613

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

IVY ACADEMY'S SKILLERN ELEMENTARY SCHOOL
Statement of Activities
Year Ended June 30, 2025

School Activities	Total	Functions: Student Instruction and Services	Functions: General and Administrative
Program expenses			
Salaries, payroll taxes, and benefits	$ 2,864,708	$ 2,864,708	$ -
Instruction	254,273	254,273	-
Administration	135,167	52,555	82,612
Occupancy	339,672	339,672	-
Expenditures - internal school funds	26,557	26,557	-
Interest	61,313	-	61,313
Other charges	50,837	21,461	29,376
Total program expenses	3,732,527	3,559,226	173,301
Program revenues			
Operating grants and contributions	800,342	800,342	-
Revenues - internal school funds	25,335	25,335	-
Total program revenues	825,677	825,677	-
Net program expenses	(2,906,850)	$ (2,733,549)	$ (173,301)
General revenues			
State funding	3,196,837		
Other revenues	120,957		
Total general revenues	3,317,794		
Change in net position	410,944		
Net position - beginning	1,248,669		
Net position - end	$ 1,659,613		

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

IVY ACADEMY'S SKILLERN ELEMENTARY SCHOOL
Governmental Fund
Balance Sheet
June 30, 2025

		General Fund
ASSETS		
Cash	$	567,236
Accounts receivable		94,095
Grants receivable		25,445
Security deposits		165
Stabilization reserve trust		30,299
TOTAL ASSETS	$	717,240
LIABILITIES		
Accounts payable	$	12,178
Accrued liabilities		416,739
Payable to pension		11,045
TOTAL LIABILITIES	$	439,962
FUND BALANCES		
Restricted	$	178,552
Unassigned		98,726
TOTAL FUND BALANCES	$	277,278

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

IVY ACADEMY'S SKILLERN ELEMENTARY SCHOOL
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2025

Total fund balance per governmental fund balance sheet	$ 277,278
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,216,610
Right to use leased assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	423,829
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(3,374,572)
Pension liabilities, including deferred inflows and deferred outflows, are not due and payable in the current period and, therefore, are not reported in the funds.	116,468
Net position of governmental activities	$ 1,659,613

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

IVY ACADEMY'S SKILLERN ELEMENTARY SCHOOL
Governmental Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2025

	General Fund
REVENUES	
State - TISA funding	$ 3,196,837
Federal and state awards	551,473
Other awards and contributions	248,869
Stabilization interest income	2,186
Revenues - internal school funds	25,335
Other revenues	118,771
TOTAL REVENUES	4,143,471
EXPENDITURES	
Current expenditures	
Salaries, payroll taxes, and benefits	2,693,118
Instruction	254,273
Administration	135,167
Occupancy	105,150
Expenditures - internal school funds	26,557
Other charges	50,837
Total current expenditures	3,265,102
Capital outlay	3,244,849
Debt service	
Principal	166,582
Interest	61,313
Total debt service	227,895
TOTAL EXPENDITURES	6,737,846
Excess (deficiency) of revenues over (under) expenditures	(2,594,375)
OTHER FINANCING SOURCES (USES)	
Loan proceeds	2,674,853
Net change in fund balance	80,478
FUND BALANCE - beginning	196,800
FUND BALANCE - end	$ 277,278

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

IVY ACADEMY'S SKILLERN ELEMENTARY SCHOOL
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
June 30, 2025

Net change in fund balance for total governmental funds	$ 80,478
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 by which capital outlay exceeded depreciation in the current period.	3,151,604
Governmental funds report right to use leased assets as capital outlay expenditures. However, in the Statement of Activities, the cost of those assets is allocated and reported as amortization expense. This is the amount by which amortization expense exceeded the right to use leased asset in the current period.	(141,276)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position	166,582
New debts issued are reported as a financial resource in the governmental funds. However, this is reported as an increase in long-term liabilities in the Statement of Net Position. During the current year, additional proceeds were drawn.	(2,674,853)
Pension expense for the prior year is not reported in the governmental funds but is reported in the Statement of Activities. Current year pension contributions are reported as an expense in the governmental funds but are not reported in the Statement of Activities.	59,545
Compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(231,136)
Change in net position of governmental activities	$ 410,944

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

IVY ACADEMY'S SKILLERN ELEMENTARY SCHOOL
Notes to Financial Statements
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Ivy Academy's Skillern Elementary School have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the more significant accounting policies:

A. Reporting Entity

Ivy Academy's Skillern Elementary School (the School) is a non-profit entity which operates under provisions of the laws of Tennessee. The School is governed by an executive director and board members who jointly oversee the general administrative responsibilities. The mission of the School is to cultivate the body, mind, and heart of each student through a classical, content-rich education that nurtures moral and civic virtue in an immersive, outdoor environment.

The School's funding comes primarily from monthly payments from the Hamilton County Board of Education from funds received from the Tennessee Department of Education. This State assistance is computed based on the Tennessee Investment in Student Achievement (TISA) formula, adopted by the General Assembly in 2022, and implemented for the 2023-24 school year.

The School is considered to be a special purpose governmental entity and is not a component unit of another governmental entity.

B. Basic Financial Statements

The basic financial statements include both government-wide (based on the School as a whole) and fund financial statements. Both the government-wide and fund financial statements categorize activities as either governmental activities or business-type activities. The School has no business-type activities.

Government-wide Statements - The School's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental Activities for the School applicable to governmental units which are generally accepted in the United States of America.

The Statement of Net Position and the Statement of Activities display information about the primary government. These statements include the financial activities of the overall government. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Certain indirect costs are included in program expenses reported for individual functions. Program revenues include grants and contributions that are restricted to meeting the operational requirements of a particular program. The net cost (by function) is normally covered by general revenue (unrestricted grants and contributions, interest income, etc.).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements (Continued)

Government-wide Statements (Continued)
This government-wide focus is designed to view Ivy Academy's Skillern Elementary School as a complete entity and the change in aggregate financial position resulting from the activities of the fiscal period. Fiduciary funds are not included in the government-wide financial statements.

Fund Financial Statements - The fund financial statements provide information about the School's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on the major governmental fund, displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds. The School does not have non-major funds.

The School reports the following major governmental fund:

General Fund - This is the School's primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.

C. Measurement Focus - Basis of Accounting

The government-wide financial statements are presented in an economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the School's assets, deferred outflows, liabilities, and deferred inflows, including capital assets, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues are reported in the following categories: 1) charges for services; 2) operating grants and contributions; and 3) capital grants and contributions.

Government Fund Financial Statements
Government fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for the governmental fund. The School has presented all funds that qualify to be presented.

All governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to financial expenditures of the current period. Accordingly, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences claims and judgments are recorded when payment is due.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the governmental activities column in the government-wide financial statements, a reconciliation is presented on the page following each statement which briefly explains the adjustments necessary to transform the fund-based financial statements into the governmental activities column of the government-wide presentation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles but are not required to be included in this presentation. All annual appropriations lapse at fiscal year-end. Budgeted amounts are as originally adopted, or as amended by the Board prior to June 30, 2025.

E. Cash and Cash Equivalents

For financial statement purposes, the School considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

F. Investments

All investments are reported at fair value, which is based on quoted market prices.

The School is authorized by State Statutes to invest in the following:

Bonds, notes, or treasury bills of the United States.
Nonconvertible debt securities of the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Farm Credit Bank, and the Student Loan Marketing Association.
Any obligation guaranteed by the United States or any of its agencies.
Certificates-of-deposit at state and federal chartered banks and savings and loan associations.
The Local Government Investment Pool created by Title 9.

G. Interfund Transactions

Interfund Receivables and Payables

Short-term advances between funds are not eliminated but accounted for in the appropriate interfund receivable and payable accounts classified as due to other funds and due from other funds in the fund financial statements, and are subject to elimination upon consolidation.

Transactions between Funds

Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the governmental unit are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditures or expense in the fund that is reimbursed. All other legally authorized transfers are not eliminated but treated as operating transfers and are included as other financing sources or uses in the governmental funds.

H. Prepayment of Expenditures

Governmental fund expenditures for insurance and similar services extending over more than one accounting period are allocated between accounting periods and reported as an expense of the period in which they relate. At year-end, there were no prepaid expenditures.

I. Inventories

Supplies and materials are recorded as expenditures/expenses at the time items are purchased and are not inventoried at year-end due to lack of materiality.

J. Restricted Assets

Certain resources can be classified as restricted assets on the Statement of Net Position because their use is limited.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Subscription IT Arrangements

The School follows GASB No. 96, *Subscription-Based Information Technology Arrangements*, (SBITA), to address the accounting treatment and financial reporting for these agreements. The SBITA asset is measured as the initial value of the subscription liability plus payments made to the vendor at the commencement of the subscription term, plus capitalizable initial implementation costs, and less any vendor incentives received at the commencement of the subscription term. The Entity will amortize the SBITA asset in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying asset. Currently, the School does not have any subscription IT arrangements.

L. Leases

The School follows GASB No. 87, *Leases,* to address the accounting treatment and financial reporting of leases. Leases that are not classified as short-term leases or contracts that transfer ownership are required to recognize a right to use asset and a related lease liability. Right to use leased assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. Right to use leased assets are amortized on a straight-line basis over the life of the related lease.

M. Capital Assets

Capital assets are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets' lives are not capitalized.

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

Asset Class	Years
Furniture and equipment	5-10
Leasehold improvements	3
Technology equipment	10

N. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Currently, the School has only one type of item that qualifies for reporting in this category: deferred outflows related to pensions.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Currently, the School has only one type of item that qualifies for reporting in this category: deferred inflows related to pensions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Compensated Absences

Faculty receive ten sick days and three personal days per year. Twelve-month employees receive 12 sick days per year. Personal days do roll over into the employee's sick leave bank if not used each year. Any of the ten sick days per year which are not used within a given school year, roll over to the next year and can be accumulated with a 40-day limit to be used toward sick days. The days over 40 can be banked and used toward early retirement but cannot be used for paid days off nor will they be paid out in compensatory cash. The estimated liability for leave is recorded in the financial statements.

P. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

Q. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Legacy Pension Plan, Teacher Retirement Plan, the School's portion of Hamilton County's Legacy Plan, and the School's portion of Hamilton County's Retirement Plan (with Cost Controls) of the Tennessee Consolidated Retirement System (TCRS) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the TCRS plans. Investments are reported at fair value.

R. Net Position

Net position is the residual of all elements presented in the Statement of Net Position (i.e., assets + deferred outflows - liabilities - deferred inflows). Net investment in capital assets represent capital assets reduced by accumulated depreciation and by any outstanding debt related to the acquisition, construction, or improvement of those assets. Restricted net position represents restricted assets reduced by any related outstanding debt.

S. Fund Balance

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* established standards for fund balance classifications for state and local governments and requires that resources be classified for accounting reporting purposes into the following fund balances:

Nonspendable: The School cannot spend these amounts due to form.

Restricted: The State or other sources can restrict funds to specific purposes by externally imposing restrictions or imposing by law through constitutional provisions or enabling legislation.

Committed: The Board of Directors has the authority to commit funds for a specific purpose. Any funds set aside as committed fund balance requires, at a minimum, the passage of a resolution by a simple majority vote.

Assigned: The Board of Directors has the authority to set aside funds for the intended use of a specific purpose. Any funds set aside as assigned fund balance requires a simple majority vote and must be recorded in the minutes.

Unassigned: Amounts not classified as nonspendable, restricted, committed, or assigned.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Fund Balance (Continued)

When both restricted and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirements disallow it.

When restricted, committed, assigned and unassigned funds are available for use, restricted funds should be spent first, committed funds second, assigned funds third and unassigned funds last.

T. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

U. Income Tax Status

The School is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal income taxes on related income pursuant to Section 501 of the Code.

V. Uncertain Tax Position

The School accounts for the effect of any uncertain tax position based on a more likely than not threshold of the recognition of the tax position being sustained based on the merits of the position under examination by the applicable taxing authority. If a tax position is deemed to be uncertain, the unrecognized tax benefit is estimated based on a probability assessment. Tax positions include, but are not limited to, the tax-exempt status and determination of whether income is subject to unrelated business income tax. There were no uncertain tax positions requiring recognition in the financial statements at year-end.

W. Events Occurring after Reporting Date

The School has evaluated events and transactions that occurred between June 30, 2025, and November 10, 2025, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that in the event of a bank failure the School's deposits may not be returned to it. The School does not have a deposit or investment policy for custodial credit risk; however, the State of Tennessee requires its governmental entities to either meet the deposit and collateralization regulations under TCA Title 9, Chapter 4, Parts 1 and 4, or as provided in the collateral pool. As of June 30, 2025, the carrying amount of the School's deposits was $567,136 and the bank balance was $620,648. None of the bank balance was exposed to custodial credit risk as uninsured or uncollateralized due to the fact that its deposits and investments are in a financial institution that is a participant in the State of Tennessee collateral pool.

The carrying amount of the School's deposits is classified as follows on the Statement of Net Position:

Cash	$ 420,506
Cash - restricted for construction	146,730
Less: petty cash	(100)
Total	$ 567,136

The School had no investments at year-end.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable at year-end, consisted of the following:

Hamilton County Department of Education	$ 88,970
Ivy Academy, Inc.	4,714
Other	411
Total	$ 94,095

Due to the nature of the receivables, no allowance for doubtful accounts was deemed necessary.

NOTE 4 - GRANTS RECEIVABLE

Grants receivable at year-end, consisted of the following:

U.S. Department of Education	$ 22,728
U.S Department of Agriculture	2,717
Total	$ 25,445

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, was as follows for the governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 439,360	$ 68,273	$ -	$ 507,633
Construction in progress	428,953	3,087,153	-	3,516,106
Total capital assets not being depreciated	868,313	3,155,426	-	4,023,739
Capital assets being depreciated:				
Furniture and equipment	154,305	25,775	-	180,080
Leasehold improvements	14,710	-	-	14,710
Technology equipment	59,387	-	-	59,387
Total capital assets being depreciated	228,402	25,775	-	254,177
Less accumulated depreciation for:				
Furniture and equipment	16,991	18,922	-	35,913
Leasehold improvements	8,443	4,736	-	13,179
Technology equipment	6,275	5,939	-	12,214
Total accumulated depreciation	31,709	29,597	-	61,306
Total capital assets being depreciated - net	196,693	(3,822)	-	192,871
Governmental activities capital assets - net, excluding right to use leased asset	$ 1,065,006	$3,151,604	$ -	4,216,610
Right to use leased asset, net				423,829
Total capital assets, net as reported in the Statement of Net Position				$ 4,640,439

NOTE 5 - CAPITAL ASSETS (Continued)

Depreciation and amortization expenses were charged to the functions/activities of the School as follows:

Student instruction and services/Occupancy	$ 170,873

The School has recorded a right to use leased asset for leased modular buildings. These leased modular buildings have an original book value of $706,381 and accumulated amortization of $282,552. The related lease is discussed in footnote 7. The right to use leased asset is amortized on a straight-line basis over the term of the lease.

NOTE 6 - LONG-TERM DEBT

Long-term debt, payable by the governmental fund, which consists of lines of credit and compensated absences, is summarized as follows:

	Principal Balance
Line of credit with First Horizon Bank, secured by assets, maximum credit line $50,000, 8.50% interest, due upon demand, other debt	$ 28,268
Line of credit with Citizens Tri-County Bank, secured by assets, maximum credit line $50,350, 9.00% interest, due upon demand, other debt	20,102
Line of credit with First Horizon Bank, secured by assets, maximum credit line $500,000, 6.857% interest, due upon demand, other debt	500,000
Line of credit with First Horizon Bank, secured by assets, maximum credit line $3,851,250, 6.737% interest, due upon demand, other debt	2,174,853
Compensated absences, other debt	231,136
	2,954,359
Less: current portion of long-term debt	(2,769,450)
Total long-term debt	$ 184,909

A summary of changes in long-term debt for the year ended June 30, 2025, is as follows:

	Balance July 1, 2024	Additions	Retirements	Balance June 30, 2025	Amount Due Within One Year
Other debt:					
First Horizon Bank LOC	$ 39,499	$ -	$ (11,231)	$ 28,268	$ 28,268
Citizens Tri-County LOC	44,095	-	(23,993)	20,102	20,102
First Horizon Bank LOC	-	500,000	-	500,000	500,000
First Horizon Bank LOC	-	2,174,853	-	2,174,853	2,174,853
Compensated absences	-	231,136	-	231,136	46,227
Total	$ 83,594	$ 2,905,989	$ (35,224)	2,954,359	$ 2,769,450
Less: current portion of long-term debt				(2,769,450)	
Total long-term debt				$ 184,909	

NOTE 6 - LONG-TERM DEBT (Continued)

The change in liability for compensated absences is shown as the net change, rather than gross increases and decreases.

Interest paid during the year ended June 30, 2025, on long-term debt was $21,934.

All debt is payable from the current general revenues of the School. The School's full faith and credit are irrevocably pledged as collateral, along with various assets. If in default and there are insufficient funds from the current general revenues, the principal and interest will be paid from the prior year funds of the School.

NOTE 7 - LEASE LIABILITY

The School has entered into an agreement to lease modular buildings. The lease agreement qualifies as an other than short-term lease under GASB 87 and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. The agreement was executed on April 1, 2023, and requires 60 monthly payments of $14,228. There are no variable components of the lease. The lease liability is measured at a discount rate of 8%. As a result of the lease, the School has recorded a right to use leased asset with a net book value of $423,829 at June 30, 2025. The right to use leased asset is discussed in footnote 5. Interest paid during the year on this lease was $39,379. Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025, are as follows:

Year Ended June 30,	Minimum Payments Principal	Interest	Total
2026	$ 142,261	$ 28,475	$ 170,736
2027	154,067	16,669	170,736
2028	123,885	4,167	128,052
Total	$ 420,213	$ 49,311	$ 469,524

A summary of changes in the lease liability for the year ended June 30, 2025, is as follows:

	Balance July 1, 2024	Additions	Retirements	Balance June 30, 2025	Amount Due Within One Year
Modular buildings lease	$ 551,571	$ -	$ (131,358)	$ 420,213	$ 142,261

NOTE 8 - NET POSITION RESTRICTIONS

The School can restrict net position to be maintained for specific purposes. The nature and purpose of these are explained as follows:

Restricted for internal school funds - Net position in the amount of $1,523 is legally restricted for the internal school fund activity in accordance with TCA Section 49-2-110.

Restricted for construction - $146,730 is restricted in a savings account for construction expenditures.

Restricted for stabilization reserve trust - Net position in the amount of $30,299 is legally restricted for the stabilization reserve trust.

Restricted for pension - Net position in the amount of $12,787 is legally restricted for pension expenditures.

NOTE 9 - FUND BALANCES

Fund balances are classified as follows:

Restricted: $1,523 is legally restricted for the internal school fund activity in accordance with TCA Section 49-2-110. $146,730 is restricted for future construction expenditures. $30,299 is legally restricted for the stabilization reserve trust.

Unassigned: In accordance with generally accepted accounting principles, the General Fund is the only fund at the School that reports amounts for unassigned fund balance. This classification represents fund balance that is not nonspendable and has not been committed to specific purposes within the General Fund.

NOTE 10 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position:

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds, and net position - governmental activities as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that, "Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds." The details of this $(3,374,572) difference is as follows:

Lines of credit	$(2,723,223)
Compensated absences	(231,136)
Lease liability	(420,213)
Net adjustment	$(3,374,572)

Another element of that reconciliation states that, "Pension liabilities, including deferred inflows and deferred outflows, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this $116,468 difference are as follows:

Net pension asset	$ 117,845
Deferred outflows related to pensions	107,726
Deferred inflows related to pensions	(109,103)
Net adjustment	$ 116,468

Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and the government-wide Statement of Activities:

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes a reconciliation between net changes in fund balances for total governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. One element of that reconciliation explains that "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." The details of this $3,151,604 difference are as follows:

Capital outlay	$ 3,181,201
Depreciation expense	(29,597)
Net adjustment	$ 3,151,604

NOTE 10 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Another element of that reconciliation states that, "Repayment of long-term debt is reported as an expenditure in governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position." The details of this $166,582 difference are as follows:

Lines of credit	$ 35,224
Lease liability	131,358
Net adjustment	$ 166,582

Another element of that reconciliation states that, "Pension expense for the prior year is not reported in the governmental funds but is reported in the Statement of Activities. Current year pension contributions are reported as an expense in the governmental funds but are not reported in the Statement of Activities." The details of this $59,545 difference are as follows:

Pension expense	$ (4,390)
Contributions	65,937
Changes in proportionate share	(2,002)
Net adjustment	$ 59,545

NOTE 11 - ADVERTISING

Advertising costs are expensed as incurred. Advertising costs for the year ended June 30, 2025 amounted to $9,931.

NOTE 12 - CONCENTRATIONS

The School receives the majority of its funding from pass-through allocations paid to the Hamilton County Board of Education by the Tennessee Department of Education. The Entity believes that it is highly unlikely that funding would be discontinued because of the nature of the services provided.

NOTE 13 - RISK MANAGEMENT

It is the policy of the School to purchase commercial insurance for various risks of losses to which it is exposed. Settled claims have not exceeded this commercial insurance coverage in any of the past three fiscal years.

NOTE 14 - TEACHER LEGACY PENSION PLAN

General Information about the Pension Plan

Plan Description

The Tennessee Consolidated Retirement System (TCRS) was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

NOTE 14 - TEACHER LEGACY PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Teachers employed by the School with membership in the TCRS before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014 but will continue providing benefits to existing members and retirees.

The Teacher Retirement Plan became effective July 1, 2014 for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

Benefits Provided
Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit, or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive years average compensation and the member's service credit. A reduced early retirement benefit is available at age 55 if vested. Members are vested with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced by 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions
Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions of the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions contractually required by the School for the year ended June 30, 2025 to the Teacher Legacy Pension Plan were $26,404, which is 6.24 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities (Assets)
At June 30, 2025, the School reported a liability (asset) of $(98,293) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability (asset) was based on the School's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2024, the School's proportion was 0.005705 percent. The proportion measured as of June 30, 2023 was 0.002785 percent.

NOTE 14 - TEACHER LEGACY PENSION PLAN (Continued)

Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Pension Expense (Negative Pension Expense)
For the year ended June 30, 2025, the School recognized pension expense (negative pension expense) of $(12,147).

Deferred Outflows of Resources and Deferred Inflows of Resources
For the year ended June 30, 2025, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 26,212	$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	19,143
Changes in proportion of net pension liability (asset)	-	66,808
LEA's contributions subsequent to the measurement date of June 30, 2024	26,404	(not applicable)
Total	$ 52,616	$ 85,951

The School's employer contributions of $26,404 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) to the net pension liability (asset) in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2026	$ (44,398)
2027	$ 4,725
2028	$ (9,988)
2029	$ (10,079)
2030	$ -
Thereafter	$ -

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

NOTE 14 - TEACHER LEGACY PENSION PLAN (Continued)

Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial assumptions

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net pension plan investment expenses, including inflation
Cost-of living adjustment	2.125 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2024 actuarial valuation are based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. As a result of the 2020 actuarial experience study, investment and demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

NOTE 14 - TEACHER LEGACY PENSION PLAN (Continued)

Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Discount Rate
The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate
The following presents the School's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75 percent, as well as what the School's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Proportionate share of the net pension liability (asset)	$ 124,866	$ (98,293)	$ (283,372)

Pension Plan Fiduciary Net Position
Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Payable to Pension Plan
At June 30, 2025, the School reported a payable of $2,306 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2025.

NOTE 15 - TEACHER RETIREMENT PLAN

General Information about the Pension Plan

Plan Description
The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Teachers employed by the School with membership in the TCRS before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014 but will continue providing benefits to existing members and retirees.

The Teacher Retirement Plan became effective July 1, 2014 for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

NOTE 15 - TEACHER RETIREMENT PLAN (Continued)

General Information about the Pension Plan (Continued)

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive years average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80. Members are vested with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced by 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers contribute 5 percent of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. By law, employer contributions of the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions contractually required by the School for the year ended June 30, 2025 to the Teacher Retirement Plan were $25,853, which is 3.08 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities (Assets)

At June 30, 2025, the School reported a liability (asset) of $(18,565) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability (asset) was based on the School's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2024, the School's proportion was 0.026052 percent. The proportion measured as of June 30, 2023 was 0.010480 percent.

Pension Expense (Negative Pension Expense)

For the year ended June 30, 2025, the School recognized pension expense (negative pension expense) of $14,072.

NOTE 15 - TEACHER RETIREMENT PLAN (Continued)

Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources
For the year ended June 30, 2025, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,534	$ 5,704
Net difference between projected and actual earnings on pension plan investments	-	3,132
Changes in assumptions	7,377	-
Changes in proportion of net pension liability (asset)	-	13,774
LEA's contributions subsequent to the measurement date of June 30, 2024	25,853	(not applicable)
Total	$ 34,764	$ 22,610

The School's employer contributions of $25,853 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) to the net pension liability (asset) in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2026	$ (3,255)
2027	$ 1,078
2028	$ (2,596)
2029	$ (2,579)
2030	$ (1,056)
Thereafter	$ (5,291)

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial assumptions
The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net pension plan investment expenses, including inflation
Cost-of living adjustment	2.125 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial assumptions (Continued)
The actuarial assumptions used in the June 30, 2024 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. As a result of the 2020 actuarial experience study, investment and demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

Discount Rate
The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate
The following presents the School's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75 percent, as well as what the School's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Proportionate share of the net pension liability (asset)	$ 48,962	$ (18,565)	$ (68,820)

NOTE 15 - TEACHER RETIREMENT PLAN (Continued)

Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Pension Plan Fiduciary Net Position
Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Payable to Pension Plan
At June 30, 2025, the School reported a payable of $2,342 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2025.

NOTE 16 - EMPLOYER IN PUBLIC EMPLOYEE RETIREMENT PLAN (LEGACY)

The School participates in the Hamilton County plan.

Employees of the School are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. Full disclosures and schedules will be available for the year ended June 30, 2026.

At the measurement date of June 30, 2024, no employees of the School were covered by the benefit terms.

Employer contributions by the School for the year ended June 30, 2025 to the Public Employee Retirement Plan were $4,310 based on a rate of 14.70 percent of covered payroll. Covered payroll totaled $29,317.

For the year ended June 30, 2025, the School reported deferred outflows of $4,310 for current year employer contributions.

At June 30, 2025, the School reported a payable of $376 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2025.

NOTE 17 - EMPLOYER IN PUBLIC EMPLOYEE RETIREMENT PLAN (WITH COST CONTROLS)

The School participates in the Hamilton County plan.

General Information about the Pension Plan

Plan description
Employees of Hamilton County Schools are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The School participates in the Hamilton County plan. The TCRS was created by state statute under Tennessee Code Annotated, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

NOTE 17 - EMPLOYER IN PUBLIC EMPLOYEE RETIREMENT PLAN (WITH COST CONTROLS) (Continued)

General Information about the Pension Plan (Continued)

Benefits provided

Tennessee Code Annotated, Title 8, Chapters 34-37, establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 60 and vested or pursuant to the rule of 80 in which the member's age and service credit total 80. Members vest with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Employees covered by benefit terms

At the measurement date of June 30, 2024, the following employees of the School were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	0
Active employees	17
Total employees	17

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Employees contribute 5 percent of salary. The School makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except in years when the maximum funded level, as established by the TCRS Board of Trustees is reached. By law, employer contributions are required to be paid. The TCRS may intercept the School's state shared taxes if required employer contributions are not remitted. Employer contributions in relation to the actuarially determined contribution by the School for the year ended June 30, 2025 to the Public Employee Retirement Plan were $9,370 based on a rate of 2.35 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

NOTE 17 - EMPLOYER IN PUBLIC EMPLOYEE RETIREMENT PLAN (WITH COST CONTROLS) (Continued)

Net Pension Liability (Asset)

Pension liabilities (assets)
The School's net pension liability (asset) was measured as of June 30, 2024, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions
The total pension liability as of the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	2.125 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2024 actuarial valuation are based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

NOTE 17 - EMPLOYER IN PUBLIC EMPLOYEE RETIREMENT PLAN (WITH COST CONTROLS) (Continued)

Net Pension Liability (Asset) (Continued)

Discount rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the School will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 6/30/23	$ 69,650	$ 69,469	$ 181
Changes for the year:			
Service cost	8,103	-	8,103
Interest	2,890	-	2,890
Changes of benefit terms	-	-	-
Differences between expected and actual experience	2,701	-	2,701
Changes in assumptions	-	-	-
Contributions - employer	-	3,837	(3,837)
Contributions - employees	-	7,061	(7,061)
Net investment income	-	3,919	(3,919)
Benefit payments, including refunds of employee contributions	(445)	(445)	-
Administrative expense	-	(226)	226
Change in proportionate share	(34,712)	(34,441)	(271)
Net changes	(21,463)	(20,295)	(1,168)
Balance at 6/30/24	$ 48,187	$ 49,174	$ (987)

Sensitivity of the net pension liability (asset) to changes in the discount rate

The following presents the net pension liability (asset) of the School calculated using the discount rate of 6.75 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability (asset)	$ 8,270	$ (987)	$ (7,961)

NOTE 17 - EMPLOYER IN PUBLIC EMPLOYEE RETIREMENT PLAN (WITH COST CONTROLS) (Continued)

Pension Expense (Negative Pension Expense) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense (negative pension expense)
For the year ended June 30, 2025, the School recognized pension expense (negative pension expense) of $2,465.

Deferred outflows of resources and deferred inflows of resources
For the year ended June 30, 2025, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 5,926	$ 26
Net difference between projected and actual earnings on pension plan investments	-	516
Changes in assumptions	740	-
Contributions subsequent to the measurement date of June 30, 2024	9,370	(not applicable)
Total	$ 16,036	$ 542

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2024," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2026	$ 981
2027	$ 1,498
2028	$ 1,016
2029	$ 788
2030	$ 898
Thereafter	$ 941

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to the Pension Plan

At June 30, 2025, the School reported a payable of $730 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2025.

NOTE 18 - TCRS STABILIZATION TRUST

Legal Provisions
The School is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The School has placed funds into the irrevocable trust as authorized by statute under *Tennessee Code Annotated (TCA),* Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the School.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The School may not impose any restrictions on investments placed by the trust on their behalf.

Investment Balances
Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investment and interest and dividend income. Interest income is recognized when earned. Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2025, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.

Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.

Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments where fair value is measured using the Net Asset Value ("NAV") per share have no readily determinable fair value and have been determined to be calculated consistent with FASB principles for investment companies.

NOTE 18 - TCRS STABILIZATION TRUST (Continued)

Investment Balances (Continued)
Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan's custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes to be represented in the following table.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

U.S. Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute ("MAI"), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter's NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

NOTE 18 - TCRS STABILIZATION TRUST (Continued)

Investment Balances (Continued)
On June 30, 2025, the School had the following investments held by the trust on its behalf:

Investment	Percentage Target Allocations	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:				
U.S. equity	31%	N/A	N/A	$ 9,392
Developed market international equity	14%	N/A	N/A	4,242
Emerging market international equity	4%	N/A	N/A	1,212
Private equity and strategic lending	20%	N/A	N/A	6,060
U.S. fixed income	20%	N/A	N/A	6,060
Real estate	10%	N/A	N/A	3,030
Short-term securities	1%	N/A	N/A	303
Total				$ 30,299

Investment by Fair Value Level	Fair Value 6-30-2025	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
U.S. equity	$ 9,392	$ 9,392	$ -	$ -	$ -
Developed market international equity	4,242	4,242	-	-	-
Emerging market international equity	1,212	1,212	-	-	-
Private equity and strategic lending	6,060	-	-	-	6,060
U.S. fixed income	6,060	-	6,060	-	-
Real estate	3,030	-	-	3,030	-
Short-term securities	303	-	303	-	-
Total	$ 30,299	$ 14,846	$ 6,363	$ 3,030	$ 6,060

Risks and Uncertainties
The trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

NOTE 18 - TCRS STABILIZATION TRUST (Continued)

Interest Rate Risk
Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School does not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk
Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School does not have the ability to limit the credit ratings of individual investments made by the trust.

Concentration of Credit Risk
Concentration of credit risk is the risk of loss attributed to the magnitude of the School's investment in a single issuer. The School places no limit on the amount it may invest in one issuer.

Custodial Credit Risk
Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the School will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the School to pay retirement benefits of the School's employees.

For further information concerning the School's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at https://treasury.tn.gov.

NOTE 19 - 401(K) PLAN

In addition to the TCRS pension plans, the School also participates in the State of Tennessee Deferred Compensation Plan II, a 401(k) defined contribution pension plan administered by Great West. In this plan, participants are immediately vested in all employee and, if applicable, employer contributions to the State 401(k) plan. Benefit terms are established and amended by T.C.A., Title 8, Chapter 25, Parts 1 and 3. Contribution rates are established and amended by T.C.A., Title 8, Chapter 25, Parts 1 and 3 and T.C.A., Title 8, Chapter 36, Part 9. In this plan teachers contribute 2% of their salary and also receive a 5% employer contribution. At year-end, the employer liability payable to the plan was $5,291. There were no forfeitures reflected in the current year expenses. Current year expenses for this plan totaled $121,774.

NOTE 20 - RELATED PARTY TRANSACTION

The spouse of the School's Chief Executive Officer received a W-2 for $4,054 from the School for maintenance work performed.

NOTE 21 - LITIGATION AND CLAIMS

Management is not aware of any litigation or claims that would be material to the School's financial statements.

NOTE 22 - CONTINGENT LIABILITIES

As of June 30, 2025, the School did not have any material contingent liabilities.

NOTE 23 - COMPLIANCE WITH FINANCE RELATED LEGAL AND CONTRACTUAL PROVISIONS

As of June 30, 2025, the School had no material violations of finance related legal and contractual provisions.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

IVY ACADEMY'S SKILLERN ELEMENTARY SCHOOL
Schedule of Proportionate Share of the Net Pension Liability (Asset)
Teacher Legacy Pension Plan of the TCRS
Fiscal Year Ended June 30

	2023	2024
Proportion of the net pension liability (asset)	0.002785%	0.005705%
Proportionate share of the net pension liability (asset)	$ (32,833)	$ (98,293)
Covered payroll	$ 90,372	$ 191,288
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-36.33%	-51.38%
Plan fiduciary net position as a percentage of the total liability (asset)	104.11%	105.76%

Notes to Schedule:
GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date.

IVY ACADEMY'S SKILLERN ELEMENTARY SCHOOL
Schedule of Contributions
Teacher Legacy Pension Plan of the TCRS
Fiscal Year Ended June 30

	2023	2024	2025
Contractually required contribution	$ 7,853	$ 12,865	$ 26,404
Contribution in relation to the contractually required contribution	7,853	12,865	26,404
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 90,372	$ 191,288	$ 423,056
Contributions as a percentage of covered payroll	8.69%	6.73%	6.24%

Notes to Schedule:
GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date.

IVY ACADEMY'S SKILLERN ELEMENTARY SCHOOL
Schedule of Proportionate Share of the Net Pension Liability (Asset)
Teacher Retirement Plan of the TCRS
Fiscal Year Ended June 30

	2022	2023	2024
Proportion of the net pension liability (asset)	0.000293%	0.010480%	0.026052%
Proportionate share of the net pension liability (asset)	$ (91)	$ (4,447)	$ (18,565)
Covered payroll	$ 5,000	$ 208,446	$ 611,899
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-1.77%	-2.13%	-3.03%
Plan fiduciary net position as a percentage of the total pension liability (asset)	104.55%	104.97%	106.49%

Notes to Schedule:
GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68.
The information in this schedule is not required to be presented retroactively prior to the implementation date.

IVY ACADEMY'S SKILLERN ELEMENTARY SCHOOL
Schedule of Contributions
Teacher Retirement Plan of the TCRS
Fiscal Year Ended June 30

	2022	2023	2024	2025
Contractually required contribution	$ 101	$ 5,982	$ 18,054	$ 25,853
Contribution in relation to the contractually required contribution	101	5,982	18,054	25,853
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 5,000	$ 208,446	$ 611,899	$ 838,867
Contributions as a percentage of covered payroll	2.01%	2.87%	2.95%	3.08%

Notes to Schedule:
GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68.
The information in this schedule is not required to be presented retroactively prior to the implementation date.

In 2025, the School placed the actuarially determined contribution rate (3.08%) of covered payroll into the pension plan and placed 0.92% of covered payroll into the Penion Stabilization Reserve Trust.

IVY ACADEMY'S SKILLERN ELEMENTARY SCHOOL
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Based on Participation in the Public Employee Pension Plan of the TCRS
Fiscal Year Ended June 30

The School participates in the Hamilton County Retirement Plan (with Cost Controls).

	2022	2023	2024
Total pension liability			
Service cost	$ 2,871	$ 12,934	$ 8,103
Interest	793	4,158	2,890
Changes in benefit terms	-	-	-
Differences between actual and expected experience	656	4,237	2,701
Change of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	-	(682)	(445)
Change in proportionate share	-	44,683	(34,712)
Net change in total pension liability	4,320	65,330	(21,463)
Total pension liability - beginning	-	4,320	69,650
Total pension liability - ending (a)	4,320	69,650	48,187
Plan fiduciary net position			
Contributions - employer	1,010	6,053	3,837
Contributions - employee	2,434	11,485	7,061
Net investment income	(464)	3,878	3,919
Benefit payments, including refunds of employee contributions	-	(682)	(445)
Administrative expense	(120)	(328)	(226)
Change in proportionate share	-	46,203	(34,441)
Net change in plan fiduciary net position	2,860	66,609	(20,295)
Plan fiduciary net position - beginning	-	2,860	69,469
Plan fiduciary net position - ending (b)	2,860	69,469	49,174
Net pension liability (asset) - ending (a) - (b)	$ 1,460	$ 181	$ (987)
Plan fiduciary net position as a percentage of total pension liability	66.20%	100.26%	102.05%
Covered payroll	$ 5,000	$ 233,696	$ 141,587
Net pension liability (asset) as a percentage of covered payroll	29.20%	0.08%	-0.70%

Notes to Schedule:
GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68.
The information in this schedule is not required to be presented retroactively prior to the implementation date.

IVY ACADEMY'S SKILLERN ELEMENTARY SCHOOL
Schedule of Contributions Based on Participation
in the Public Employee Pension Plan of the TCRS
Fiscal Year Ended June 30

The School participates in the Hamilton County Retirement Plan (with Cost Controls).

	2023	2024	2025
Actuarially determined contribution	$ 6,053	$ 3,837	$ 9,370
Contributions in relation to the actuarially determined contribution	6,053	3,837	9,370
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 233,696	$ 141,587	$ 397,941
Contributions as a percentage of covered payroll	2.59%	2.71%	2.35%

Notes to Schedule:
GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68.
The information in this schedule is not required to be presented retroactively prior to the implementation date.

Valuation date: Actuarially determined contribution rates for fiscal year 2025 were calculated based on the June 30, 2023 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	10-year smoothed wthin a 20 percent corridor to market value
Inflation	2.25 percent
Salary increase	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.125 percent

OTHER SUPPLEMENTARY INFORMATION

IVY ACADEMY'S SKILLERN ELEMENTARY SCHOOL
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2025

Federal Agency/Pass-through Agency/ State Grantor Program or Cluster Title	Assistance Listing Number	(Receivable) Deferred July 1, 2024	Receipts	Expenditures	(Receivable) Deferred June 30, 2025
FEDERAL FINANCIAL AWARDS					
U.S. Department of Education					
Passed through Hamilton County Department of Education:					
Special Education Cluster:					
Special Education - Grants to States:					
IDEA - Part B	84.027	$ -	$ 55,063	$ 77,791	$ (22,728)
Title II	84.027	-	2,005	2,005	-
Title IV	84.027	-	6,080	6,080	-
Total Special Education Cluster		-	63,148	85,876	(22,728)
U.S. Department of Agriculture					
Child Nutrition Cluster:					
National School Lunch Program	10.555	-	25,785	28,502	(2,717)
Total Child Nutrition Cluster		-	25,785	28,502	(2,717)
Total federal financial awards		-	88,933	114,378	(25,445)
STATE FINANCIAL AWARDS					
Tennessee Department of Education					
Charter School Facilities		-	437,095	437,095	-
TOTAL FEDERAL AND STATE AWARDS		$ -	$ 526,028	$ 551,473	$ (25,445)

IVY ACADEMY'S SKILLERN ELEMENTARY SCHOOL
Notes to the Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2025

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal and State Awards includes the federal and state grant activity of Ivy Academy's Skillern Elementary School and is presented on the modified accrual basis of accounting.

NOTE 2 - INDIRECT COST RATE

Ivy Academy's Skillern Elementary School has not elected to use the 10-percent de minimis indirect cost rate or to allocate any indirect cost.

IVY ACADEMY'S SKILLERN ELEMENTARY SCHOOL
Schedule of Changes in Long-term Debt by Individual Issue
June 30, 2025

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding 7/1/2024	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2025
Governmental Activities									
Other Loans Payable									
Payable through General Fund									
Line of credit - First Horizon Bank	$ 50,000	8.50%	07/01/22	N/A	$ 39,499	$ -	$ (11,231)	$ -	$ 28,268
Line of credit - Citizens Tri-County Bank	$ 50,350	9.00%	08/01/23	N/A	44,095	-	(23,993)	-	20,102
Line of credit - First Horizon Bank	$ 500,000	6.857%	01/31/25	N/A	-	500,000	-	-	500,000
Line of credit - First Horizon Bank	$2,174,853	6.737%	06/12/25	N/A	-	2,174,853	-	-	2,174,853
Total Other Loans Payable					$ 83,594	$2,674,853	$ (35,224)	$ -	$ 2,723,223

IVY ACADEMY'S SKILLERN ELEMENTARY SCHOOL
Schedule of Lease Requirements by Year
June 30, 2025

LEASED MODULAR BUILDINGS

Maturing June 30,	Principal	Interest	Total
2026	$ 142,261	$ 28,475	$ 170,736
2027	154,067	16,669	170,736
2028	123,885	4,167	128,052
Total	$ 420,213	$ 49,311	$ 469,524

IVY ACADEMY'S SKILLERN ELEMENTARY SCHOOL
Schedule of Changes in Lease Obligations
June 30, 2025

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Maturity Date	Outstanding 7/1/2024	Issued During Period	Paid and/or Matured During Period	Remeasurements	Outstanding 6/30/2025
Governmental Activities									
Lease Payable									
Payable through General Fund									
Modular buildings	$ 706,381	8.00%	04/01/23	03/01/28	$ 551,571	$ -	$ (131,358)	$ -	$ 420,213

III. INTERNAL CONTROL AND COMPLIANCE SECTION

Johnson, Murphey & Wright

Certified Public Accountants

301 N. Market
Chattanooga, TN
37405

Office: 423-756-1170
Fax: 423-756-1436
www.jmw-cpa.com

Members
American Institute
of Certified
Public Accountants

Paul Johnson, III, CPA

Brian T. Wright, CPA

Marianne Hart, CPA

Stuart Johnson, CPA

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

To the Board of Directors
Ivy Academy's Skillern Elementary School

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Ivy Academy's Skillern Elementary School as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Ivy Academy's Skillern Elementary School's basic financial statements and have issued our report thereon dated November 10, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ivy Academy's Skillern Elementary School's internal control over financial reporting (internal control) as a basis for designing 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 Ivy Academy's Skillern Elementary School's internal control. Accordingly, we do not express an opinion on the effectiveness of Ivy Academy's Skillern Elementary School's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Johnson, Murphey & Wright, P.C.

Chattanooga, Tennessee
November 10, 2025

IVY ACADEMY'S SKILLERN ELEMENTARY SCHOOL
Schedule of Findings and Responses
June 30, 2025

SUMMARY OF AUDITOR'S RESULTS

Opinion:

Unmodified opinion issued on the financial statements in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Reportable Conditions:

No material weaknesses were identified.
No significant deficiencies were reported.

Material Noncompliance:

No instances were noted.

IVY ACADEMY'S SKILLERN ELEMENTARY SCHOOL
Schedule of Prior Audit Findings
June 30, 2025

Prior Year Finding Number	Finding Title	Status/Current Year Finding Number
2024-001	Property Tax Exemption (Original finding 2024-001)	Corrected