

Florida Virtual School® Legislative Report 2015-16

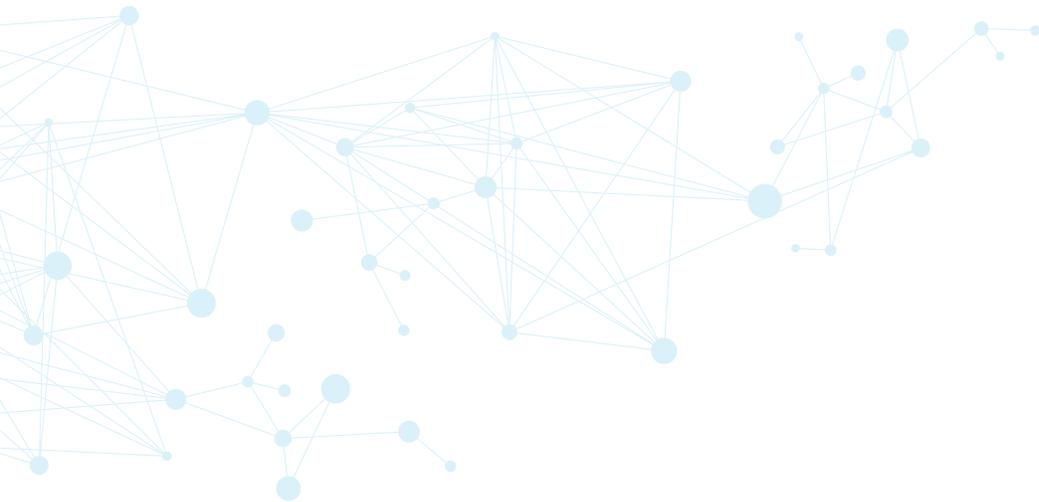


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Mission

To deliver a high quality, technology-based education that provides the skills and knowledge students need for success.



Vision

To transform education worldwide—one student at a time.



Values

Student Focus
Innovation
Integrity
Quality



Commitment

The student is at the center of every decision we make.

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Executive Summary

Florida Virtual School (FLVS) is a statewide public school district, chartered by the state of Florida, to provide innovative educational solutions that ensure each student's unique educational needs are met. At the core is the school offerings- FLVS Flex, formerly known as FLVS Part Time, for students supplementing their education with one or more FLVS courses at a flexible pace; FLVS Full Time, where students complete a full course load and FLVS is the school of record; and FLVS Global School, for students outside of Florida.

Through a variety of personalized instructional programs, FLVS provides successful custom solutions for students. All teachers are state certified in the content areas they teach and have completed extensive professional development in virtual education. For 19 years, our dedicated instructors and support staff have worked with our students to successfully complete more than 3.1 million semester courses. Over the last year, FLVS successfully served more than 207,000 students collectively through FLVS Full Time and FLVS Flex with a 25 percent increase in FLVS Full Time semester completions.

As a result of the hard work of our dedicated students, instructors, and support staff, our students continue to outperform state averages on End-of-Course Assessments and state overall averages on Advanced Placement® (AP®) Exams. Our third graders also outperformed state averages on the FSA ELA assessments.

Additionally, FLVS continues to be recognized as an industry leader by winning more than 10 awards covering instructional practices, technology, staff development, and communications. FLVS Global provides more choices and opportunities for success to students in all 50 states and in more than 50 countries by bringing online education products to market that otherwise may not be available. In 2015-16, FLVS Global School had more than 5,000 semester completions offering more than 119 courses. Keeping the student at the center of every decision, revenue generated from these endeavors is invested back into improving educational outcomes for Florida students through research and development of courses.

Our experience has shown the value of online learning in providing increased opportunities, improving educational outcomes, and setting students up for future success across Florida and around the world. FLVS is a school of choice. As such, our customers, our students, and their parents deserve educational excellence, and our goal is to continue to bring education to where our students are and when they need it. It is a privilege to be a champion of so many remarkable students.

Sincerely,

Ronald Blocker

President and CEO

Operations of Florida Virtual School

As an online school, FLVS is unique from other schools in that it does not have physical facilities in the traditional manner. FLVS is virtual in the sense that there is no FLVS school building; its students can be anywhere in the state or the world. Although the administrative and technical functions of FLVS are primarily based in Orange County, all teachers and some support staff are home-based throughout the state. In 2015-16, the total staff was 1,986. The FLVS online educational delivery system transcends traditional education programs and offers an unprecedented degree of access and flexibility in serving the unique needs of elementary and secondary school students throughout the state of Florida and beyond.

As a public school, all FLVS instructors possess state certification. FLVS provides online instruction to students in all 67 Florida public school districts, has affiliations with numerous private schools, and provides instruction to homeschooled students throughout the state.

Since it began serving students on a statewide basis in the fall of 1997 with approximately 77 semester enrollments, FLVS has continued to develop into a dynamic organization. In the 2015-16 school year, 394,069 semester enrollments in more than 150 courses (including Advanced Placement^{®*}) were successfully completed through FLVS Flex. *(Please note that enrollment is defined as number of course seats that students have taken. The enrollment number is consistently larger than the student count number. This is because many students sign up for more than one course. It is not uncommon for one student to be enrolled in three courses, thus the student count would be one but the enrollment count would be three. In the 2015-16 school term, the average number of online classes taken was 1.97 enrollments per student).*

A quote by Governor Rick Scott speaks to the efforts that FLVS is making in expanding opportunities for students:

“As a state, we must find new and innovative ways to improve the quality and delivery of services to Floridians. With its mastery-based, one-on-one delivery of instruction model and performance-based funding approach, Florida Virtual School is a prime example of how outside of the box thinking can produce immense success in how we educate our students.” – Rick Scott, Governor

*AP and Advanced Placement Program are registered trademarks of the College Board, which was not involved in the production of and does not endorse this product.

Performance Data

	2015-16	2014-15	2013-14	2012-13	2011-12
Semester Completions*					
Flex Semester Completions	394,069	394,712	377,508	410,962	314,593
Full Time Semester Completions	77,507	61,782	56,814	50,969	28,897
District Total Semester Completions	471,576	456,494	434,322	461,931	343,490
Students Served					
Flex Students Served	199,695	200,844	192,820	206,730	149,036
Full Time Students Served	7,705	5,595	5,104	5,366	2,468
Student Semester Completions* by School Type					
Public & Charter	74%	73%	73%	75%	70%
Homeschool	20%	22%	21%	20%	23%
Private	6%	5%	6%	5%	7%
Student Semester Completions* by Race**					
Caucasian	71%	73%	72%	70%	53%
Minority	29%	27%	28%	30%	47%
Student Semester Completions* by Gender					
Female	57%	57%	57%	57%	58%
Male	43%	43%	43%	43%	42%
Advanced Placement Course Semester Completions* (FLVS Flex only)					
Total AP Semester Completions	7,692	6,351	6,028	5,493	4,829
Minority Student Semester Completions**	32%	48%	52%	33%	49%

Semester Completions* in Priority Schools 2015-16 (FLVS Flex only)

Rural	10%
Low-Performing	1%
High-Minority	19%

AP Semester Completions* in Priority Schools 2015-16 (FLVS Flex only)

Rural	5%
Low-Performing	0.1%
High-Minority	4%

Top 10 Core Courses by Semester Completions* 2015-16

1.	Geometry	3%
2.	Algebra 2	2%
3.	World History	2%
4.	English 3	2%
5.	Algebra 1	2%
6.	Economics with Financial Literacy	2%
7.	U. S. History	2%
8.	English 2	2%
9.	Math for College Readiness	2%
10.	Biology 1	2%

Top 10 Elective Courses by Semester Completions* 2015-16

1.	Driver's Education/Traffic Safety	12%
2.	Health Opportunities through Physical Education (HOPE)	8%
3.	Spanish 1	5%
4.	Spanish 2	4%
5.	Peer Counseling 1	4%
6.	Parenting Skills	2%
7.	Personal Fitness	2%
8.	Creative Photography 1	1%
9.	Introduction to IT	1%
10.	Computing for College and Careers	1%

*A semester completion equals a successful completion (passing grade) of one semester of a course. Students who fail or withdraw from a semester of a course are not included in this number.

**Data reflects new race definitions provided by the Florida Department of Education, starting with 2012-13.

Performance Data continued

	2015-16	2014-15	2013-14	2012-13	2011-12
Total Number of Courses	150	140	120	120	120
FLVS Flex Top District Participation by Semester Completions*					
Miami-Dade	17%	16%	15%	15%	14%
Hillsborough	10%	9%	8%	8%	9%
Broward	8%	8%	9%	12%	9%
Palm Beach	8%	8%	9%	7%	7%
Orange	8%	7%	7%	7%	7%
Staff Demographics					
Total Number of Staff	1,986	1,906	1,945	2,584	2,006
Support Staff	516	411	346	488	359
Full Time Teachers	1,380	1,347	1,263	1,412	1,155
Adjunct Teachers	90	148	336	684	492
Number of Semester Completions* through FLVS Franchises	153,988	127,363	78,106	42,623	33,243

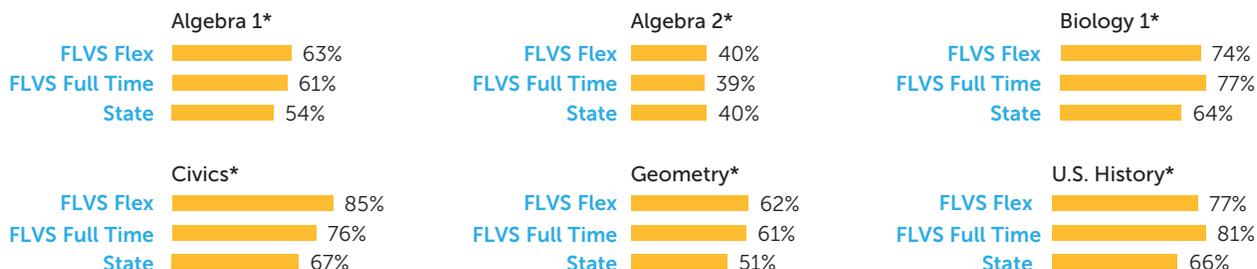
*A semester completion equals a successful completion (passing grade) of one semester of a course. Students who fail or withdraw from a semester of a course are not included in this number.

**As of 2014-15 staff demographics include FLVS Global School.

FLVS EOC and AP Results

End-of-Course (EOC) Assessments Spring 2016

Based on the Spring 2016 EOC assessments, FLVS students outperformed state averages on the Biology 1, Civics, U.S. History, Geometry, and Algebra 1 EOC assessments. FLVS Flex students equaled the state average on the Algebra 2 EOC assessment, while FLVS Full Time was only 1 percentage point below the state average.



Data represents first-time test takers.
*Percentage of Students Scoring Level 3 or Above (Proficient)

Advanced Placement (AP) Results 2016

FLVS is dedicated to providing open doors and abundant support, including exam fee payment, to all students interested in AP. The 2016 AP Exam results revealed that:

- FLVS students exceeded the state of Florida in overall averages by 7.8 percent in comparing the 15 AP courses offered by FLVS.
- FLVS students were above the state qualifying AP averages in 12 of the 15 courses.
- FLVS students were in line with the national overall average of 57.1 percent in comparing the 15 AP courses offered by FLVS.
- FLVS students were above the national qualifying AP averages in 6 of the 15 courses.

FLVS AP Course	FLVS	State	National	FLVS AP Course	FLVS	State	National
AP Computer Science A	75.2%	44.0%	64.5%	AP Microeconomics	58.1%	47.2%	67.3%
AP Calculus BC	71.9%	79.3%	81.1%	AP Human Geography	55.6%	43.0%	51.8%
AP English Literature	65.2%	52.2%	54.6%	AP Macroeconomics	51.3%	44.0%	57.0%
AP Statistics	64.2%	47.9%	60.9%	AP U.S. History	48.0%	45.7%	52.4%
AP English Language	62.8%	53.0%	55.4%	AP Art History	46.8%	54.9%	61.4%
AP Environmental Science	59.8%	36.3%	45.6%	AP U.S. Gov. & Politics	45.0%	39.8%	50.8%
AP Psychology	58.6%	56.7%	64.2%	AP Calculus AB	37.6%	59.0%	59.5%
AP Biology	58.3%	54.5%	61.1%				
Overall Averages					56.8%	49.0%	57.1%

The chart reflects the percent of tests with a qualifying score (a test score of 3, 4, or 5).

FLVS Awards and Accomplishments

2015-16

- Jason Odom, Instructional Leader, and Wilbern Simpson, Assistant Principal, were among eight educators recognized by Governor Rick Scott in Tallahassee Florida. The Governor's Shine Award is presented to teachers and administrators in Florida who make significant contributions to the field of education.
- Quality Matters (QM), a leader in quality assurance for online education, selected FLVS as a recipient of the "Making a Difference for Students" award in the "Outstanding Impact by an Organization," category
- The FLVS Flex Elementary program received a Community Choice Award for a video submitted to the eSchool News Innovate to Educate Awards contest. These awards recognize innovation in making digital classrooms and personalized learning a reality.
- FLVS earned the 2016 Tech and Learning Award for our FLVS Unlock Content tool. The award recognized innovative products, applications, or software that add significant enhancements to education tools. Unlock is a product of the Innovative Customer Evolution team.
- Dr. Jodi Marshall accepted the Florida Diversity Council Glass Ceiling Award recognizing accomplished women who have overcome barriers to advance in their careers and made it possible for others to more easily follow in their footsteps.
- FLVS won the Platinum Learning Impact Award for the FLVS Unlock Content Tool, a next-generation vision of what FLVS can do to empower teachers to serve students using the best-of-class content of FLVS. The award recognizes the most powerful and influential uses of technology worldwide in support of learning worldwide. Learning Impact Awards recognize both the product/service involved as well as the implementing institution as both collaborate to effectively leverage technology to create a positive "learning impact."
- Anne Flenner, FLVS School Counselor, was named one of the 2016 Coca-Cola Foundation Educators of Distinction. One of 250 educators across the country, The Coca-Cola Educator of Distinction Award represents the noble and heartfelt dedication of the educators who win since recipients are nominated by a student.
- FLVS Marketing & Communications team received the 2016 SUNSPRA Sunshine Medallion Award for the "2015-16 Florida Virtual School Course Catalog" in the Special Purpose Publication category. Exclusively sponsored by School Messenger®, first-place awards honor a commitment to communications excellence.
- FLVS was selected as one of Orlando Business Journal's (OBJ) 2016 Technology IQ Award honorees recognizing Central Florida individuals and companies that embrace technology in innovative ways that positively affect both the top and bottom lines.

Assets and Liabilities

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

For the fiscal year ended June 30, 2016, please see page 54 in the Audited Financial Report attached in **Appendix C**.

Audited Financial Report

The audit for the fiscal year ending June 30, 2016, has been completed. The audit firm of Carr, Riggs and Ingram, LLC has conducted the process of completing the audit as of the date of this response. The audited financial statements are attached in **Appendix C**. The audited report will be forwarded upon acceptance by the FLVS Board of Trustees.

Unit Cost Recommendations

Background

The FLVS authorizing legislation requires the Board of Trustees to provide the unit cost of providing services to students as part of the annual legislative report.

Recommendations Regarding the Unit Cost of Providing Services to Students

In order to most effectively develop public policy regarding any future funding of Florida Virtual School, it is imperative that the cost of the program is accurately identified. The identified cost of the program must be based on reliable data.

The inclusion of FLVS in the FEFP in 2003 had a direct and dramatic effect on the growth of FLVS. So much so, in 2013 the FEFP formula was modified such that while students may earn more than one FTE per scholastic year, the providers of the services (school districts, lab schools, and FLVS) are limited to one FTE on a shared basis. The effect on FLVS has been two fold. The rate of increase in student completions has slowed considerably to single digits. More important, FLVS is only funded for 86.31 percent of students who successfully complete a course.

FLVS Cost Per FTE Projections and Funding Per FTE

Operating Cost Only

Fiscal Year	Credit Completions	FTE Enrollment	Cost Per FTE
2008–09	77,447.52	12,907.92	\$6,296.75
2009–10	107,785.74	17,964.29	\$5,623.94
2010–11	135,933.60	22,655.60	\$5,186.42
2011–12	169,535.82	28,255.97	\$4,819.72
2012–13	299,634.88	38,272.48	\$5,182.22
2013–14	203,307.54	33,884.59	\$4,482.04
2014-15	214,562.82	35,760.47	\$4,502.18
2015–16	K–12 (Florida System-wide Funding per FTE**)	2,531,388.80	\$6,765.88
2015–16 Served*	222,956.01	37,159.33	\$4,530.72
2015–16 Funded	192,717.00	32,119.50	\$5,241.64
Total Operation Savings per Virtual Student in 2015-16			\$2,235.16

Fixed Capital Outlay Cost

2015–16	Capital Dollars Per FTE for FLVS	Cost Per FTE
2015–16	K–12 System-wide Capital Dollars per FTE	\$994.70
Total Savings per Virtual Student in 2015-16		\$3,229.86

*Served reflects the actual number of FTE successfully completed before the 1.0 FTE re-calibration is calculated, reflecting per FTE funding based on 2012-13 funding rules for comparison purposes.

**Does not include FLVS FTE or Funding

Accountability

Florida Virtual School contracted with InMoment, for the 2015-16 school year to conduct a Student Survey, Parent Survey, School Survey, and a District Survey to assess the quality of service that FLVS provides.

The survey was used to assess three major components of the FLVS organization:

- 1. Quality of the instructional staff and instructional delivery model**
- 2. Course quality and rigor**
- 3. Overall quality of FLVS**

An Executive Summary of this accountability report appears as **Appendix D** and is available at flvs.net. A copy of the full evaluation results can be provided upon request.

FLVS Strategic Plan 2015-18 and Marketing Plan 2015-16



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FLVS Strategic Plan 2015-18 and Marketing Plan 2015-16

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Environment

Who We Are

Florida Virtual School (FLVS) is a fully accredited public school district providing education solutions to districts, students, and families. Within the state of Florida, FLVS offers more than 150 free courses to Kindergarten–12th grade public, private, charter, and homeschool students. Since 1997, FLVS students have successfully completed more than 3.1 million semester enrollments. FLVS also offers blended learning solutions to districts and schools. One-to-one personalized instruction coupled with engaging content, has positioned FLVS as an international leader and pioneer for quality online learning and education reform.

FLVS Global was established in 2000 as the national and international arm of Florida Virtual School. FLVS Global has proudly served students and provided courseware, training, and expertise to a variety of online and blended learning programs in all 50 states and in 50 countries. Services include FLVS Global School, professional development, course licensing, and custom development for schools, districts, states, and international agencies. Profits from sales are reinvested into FLVS for marketing, research, and development. FLVS Global is self-sufficient, meaning all expenses are covered by the revenue generated by the Global sales team. No taxpayer funds are used for this endeavor.

As an award-winning innovator in global virtual learning, FLVS has developed into a highly productive, technology-driven organization that adheres to the strongest performance measurement standards for instructional staff, support staff, and students. Moving forward, the organization will strategically focus its efforts on personalized and blended learning education solutions for districts and schools.

FLVS remains strongly committed to providing a student-centric, innovative learning environment that places students at the center, providing them the tools and knowledge they need to succeed in today's technological world.

Mapping the Student Reach of Florida Virtual School: 2015-16 FLVS Semester Completions by District



Strategic Goals

Florida Virtual School has established three goals for the organization to drive student success and global growth and to ensure that everything we do links back to our Mission, Vision, and Values. Each of the goals will be measured through defined metrics, and progress will be documented through the performance indicators included in this Strategic Plan.

- **Develop innovative learning solutions to increase Kindergarten–12 Student success**
- **Seek targeted Kindergarten–12 opportunities to generate revenue**
- **Drive quality, efficiency, and financial stewardship**

The goals will be supported by the priorities identified by the FLVS Leadership Team, as approved by its Board of Trustees.

Strategies and Indicators

Assessment

The plan develops a framework for assessing progress that emphasizes the importance of (a) multiple measures for a given objective or priority, (b) combining quantitative metrics and qualitative indicators, and (c) minimizing the staff time devoted to such measurements. This plan specifies a core set of metrics for assessing institutional progress toward key goals and strategies.

Strategies and Action Steps

In order to monitor the progress toward achieving the goals and objectives of the Strategic Plan, Florida Virtual School will report results to the Board.

Performance Indicators

The following performance indicators will be used to measure the progress toward attaining each of the three goals of Florida Virtual School. The goals and performance indicators are not static and will continue to evolve as the Strategic Plan is reviewed and refined.

Strategic Charts

Curriculum/Innovation

STRATEGIC GOAL	OBJECTIVE	KEY PERFORMANCE INDICATOR 2015-16	DATA MEASUREMENT METHODOLOGY	OWNER
Develop innovative learning solutions to dramatically increase K-12 student success	Increase the percentage of projects focused on new products vs. sustaining	10% of projects focused on new product development	Calculation: (Annual) # of projects designated new in flight this year / total that were in flight this year	EVP, Business and School Solutions
	Prepare targeted courses for use in the personalized learning initiative	40% of targeted courses prepared	Calculation: (Annual) # of courses prepared / total number of targeted courses	
	Develop the curriculum product team's knowledge and ability to use innovative methodologies in the creation of curriculum products	Train 30% of the curriculum product team in innovative methodologies	Calculation: (Annual) # of team members trained / total team members eligible to be trained	
	Develop crowdsourcing platform and participation plan	25 completed and reviewed crowdsourced assets	Calculation: (Annual) Tracking of number of assets created	
	Increase prototype development	16 prototypes completed and analyzed per year	Calculation: (Annual) Tracking of number of prototypes created	

Strategic Charts continued

Instruction

STRATEGIC GOAL	OBJECTIVE	KEY PERFORMANCE INDICATOR 2015-16	DATA MEASUREMENT METHODOLOGY	OWNER
Develop innovative learning solutions to dramatically increase K-12 student success	Intense focus on Flex Student Achievement (End-of-Course Exam)	Increase % of first time takers with a passing score in each course by 1%	Calculation: (Annual) Identify students with level 3 or above on End-of-Course Exam and compare to prior year	EVP, Business and School Solutions
		Increase % of re takers with a passing score in each course by 3%	Calculation: (Annual) Identify students with level 3 or above on End-of-Course Exam and compare to prior year	
		Meet or exceed state average for overall End-of-Course Exam Performance annually	Calculation: (Annual) Identify students with level 3 or above on End-of-Course Exam and compare to State	
	Intense focus on Flex Student Achievement (Advanced Placement Exam)	For courses where we currently exceed the state, increase our % with a qualifying score by 1%	Calculation: (Annual) Identify students with level 3 or above on Advanced Placement Exam and compare to prior year	
		For courses where we currently do not exceed the state, increase our % with a qualifying score by 2%		
		Meet or exceed state average percent passing Advanced Placement Exam	Calculation: (Annual) Identify students with level 3 or above on Advanced Placement Exam and compare to State	
	Reduce attrition rate of Flex students	1% increase in conversions from Classroom Assigned to complete	Calculation: (Annual) Measure the percentage of Classroom Assigned students who successfully complete courses	
	Intense focus on Full Time Student Achievement (End-of-Course Exam)	Increase % of first time takers with a passing score in each course by 1%	Calculation: (Annual) Identify students with level 3 or above on End-of-Course Exam and compare to prior year	
		Increase % of re takers with a passing score in each course by 3%	Calculation: (Annual) Identify students with level 3 or above on End-of-Course Exam and compare to prior year	
		Meet or exceed state average for overall End-of-Course Exam Performance annually	Calculation: (Annual) Identify students with level 3 or above on End-of-Course Exam and compare to State	
	Intense focus on Full Time Student Achievement (Advanced Placement Exam)	For courses where we currently exceed the state, increase our % with a qualifying score by 1%	Calculation: (Annual) Identify students with level 3 or above on Advanced Placement Exam and compare to prior year	
		For courses where we currently do not exceed the state, increase our % with a qualifying score by 2%		
		Meet or exceed state average percent passing Advanced Placement Exam	Calculation: (Annual) Identify students with level 3 or above on Advanced Placement Exam and compare to State	

Strategic Charts continued

Teacher Development

STRATEGIC GOAL	OBJECTIVE	KEY PERFORMANCE INDICATOR 2015-16	DATA MEASUREMENT METHODOLOGY	OWNER
Develop innovative learning solutions to dramatically increase K-12 student success	Align instructional performance to student achievement	Improve Discussion-based Assessment concerns by 25%	Calculation: (Annual) # Discussion-based Assessment concerns / # audits and checks	EVP, Business and School Solutions
		Improve failed final exam concerns by 25%	Calculation: (Annual) # failed final exam concerns / # failed final exam reviews	
	Align support staff employee performance to organizational strategic goals	98% connectivity between individual goals and organizational strategies 85% of employees trained	Calculation: (Annual) # employees who completed goals / total employees # employees trained / total employees	
	Implement an expanded and continuous Professional Learning Community model that focuses on all areas of student achievement and provide creative professional development instructional leadership opportunities	80% of Professional Learning Communities meeting on a monthly basis sharing best practices, disaggregating student data, and integrating expanded focus areas	Calculation: (Annual) # of Professional Learning Communities who met at least once a month / total # of Professional Learning Communities	

Business Development

STRATEGIC GOAL	OBJECTIVE	KEY PERFORMANCE INDICATOR 2015-16	DATA MEASUREMENT METHODOLOGY	OWNER
Seek targeted K-12 opportunities to generate revenue	Support franchise growth	175,000 billable franchise enrollments	Calculation: (Annual) Billable enrollment = franchise enrollment more than 30 days active or more than 20% complete.	EVP, Business and School Solutions
	Grow Content Licensing	Increase sales from course licensing product line with a focus on recurring sales (6.8M Total Content Licensing)	YTD targets calculated by adding the monthly target(s)	
	Build and maintain positive relationships with physical school and district personnel	Annual survey results are meeting 85% or above	Calculation: (Annual) Survey results	

Strategic Charts continued

Marketing and Communications

STRATEGIC GOAL	OBJECTIVE	KEY PERFORMANCE INDICATOR 2015-16	DATA MEASUREMENT METHODOLOGY	OWNER
Seek targeted K-12 opportunities to generate revenue	Execute ROI-focused enrollment campaigns to support Course Requests in the FLVS Flex program	898,893 estimated	Calculation: (Annual) Monthly targets will be identified by increasing 2014-15 monthly CRs by 4%. Will be able to finalize targets and actuals once we receive data. Will compare target vs. actual each month; annually, will take sum of all totals compared to KPI to determine success.	EVP, Business and School Solutions
	Gain insights into needed customer experience improvements through a customer listening plan	Create a comprehensive customer listening plan by target audience	Calculation: (Annual) Roadmap used to monitor development of plan	
	Drive operational improvements in customer experience	Execute 5 customer experience improvements	Calculation: (Annual) Tracking number of projects completed	

Technology

STRATEGIC GOAL	OBJECTIVE	KEY PERFORMANCE INDICATOR 2015-16	DATA MEASUREMENT METHODOLOGY	OWNER
Drive quality, efficiency, and financial stewardship	Drive a digital organization culture through optimized utilization of current technologies	Formalize the Inventory of all FLVS applications (100%) and assess their status on the progress ladder	Calculation: (Annual) % completion on Inventory & assessment (L,M,H) portion to the progress ladder	Chief Operations Officer
		Market to and educate managers (25%) on using and developing analytical skills with tools to manage their departments.	Calculation: (Annual) Tracking spreadsheet for formal and meeting events with FLVS management for training on analytical skills and tools.	
		Identify 35% of the data in FLVS that should be stored within the Data Warehouse.	Calculation: (Annual) % of applications analyzed on the BUS Matrix by tier. (Enterprise Bus Matrix is a data Warehouse planning tool and model)	

Strategic Charts continued

Project Management

STRATEGIC GOAL	OBJECTIVE	KEY PERFORMANCE INDICATOR 2015-16	DATA MEASUREMENT METHODOLOGY	OWNER
Drive quality, efficiency, and financial stewardship	Optimize project vetting tool process to increase project success	90% of all projects run through the vetting process and approved will finish successfully	Calculation: (Annual) # of vetted projects completed this year or on track to complete successfully / # of projects that went through the vetting tool and are active or closed this year	Chief Operations Officer
	Improve the organization's ability to interpret the effectiveness of projects	90% or more of projects that pass tri-annual evaluation will complete successfully	Calculation: (Annual) # of evaluated projects completed or on track to complete successfully / total # of projects that pass tri-annual evaluations	

Strategic Charts continued

Government Affairs and Strategic Solutions

STRATEGIC GOAL	OBJECTIVE	KEY PERFORMANCE INDICATOR 2015-16	DATA MEASUREMENT METHODOLOGY	OWNER
Develop innovative learning solutions to dramatically increase K-12 student success	Plan and Implement Florida legislative strategy both short-term and long-term to support increasing FLVS student access and success.	20% of supported policy positions related to student access and success improved at the state level	Calculation: (Annual) # of FLVS supported policy positions actually improved / total # of FLVS supported policy positions related to student access & success	Chief Operations Officer
	Plan and Implement National legislative strategy both short-term and long-term to support increasing access to FLVS solutions.	5% of supported policy positions improved in other states and/or federal level to increase access to FLVS solutions.	Calculation: (Annual) # of supported policy position improved in other states or nationally related to increasing access to FLVS solutions / total # of supported policies improved in other states or nationally related to increasing access to FLVS solutions	
	Grow and Strengthen relationships with key Florida and National policy makers to support increasing access to FLVS solutions	5% increase of relationships formed or strengthened relating to increasing access to FLVS solutions	Calculation: (Annual) # of new/stronger relationships with key Florida and National policy makers / Total # of formed relationships in 14-15 with key Florida and National policy makers related to increasing access to FLVS solutions	
Seek targeted K-12 opportunities to generate revenue	Plan and Implement Florida legislative strategy both short-term and long-term to support opportunities to generate revenue	20% of supported policy positions related to opportunities to generate revenue improved at the state level	Calculation: (Annual) # of FLVS supported policy positions actually improved / total # of FLVS supported policy positions related to revenue generating opportunities	
	Plan and Implement National legislative strategy both short-term and long-term to support opportunities to generate revenue	5% of supported policy positions improved in other states and/or federal level relating to revenue generating opportunities.	Calculation: (Annual) # of supported policy position improved in other states or nationally related to increasing access to FLVS solutions / total # of supported policies improved in other states or nationally related to generating revenue	
	Grow and Strengthen relationships with key Florida and National policy makers to support opportunities to generate revenue	5% increase of relationships formed or strengthened relating to revenue generating opportunities	Calculation: (Annual) # of new/stronger relationships with key Florida and National policy makers / Total # of formed relationships in 14-15 with key Florida and National policy makers related to revenue generating opportunities	
	Grow Thought Leadership nationwide to position FLVS as a virtual education policy expert	5% increase of thought leadership opportunities	Calculation: (Annual) # of thought leadership opportunities / Total number of thought leadership opportunities in 14-15	
	Increase access to underserved populations	0% increase over baseline in access to targeted underserved populations - baseline data will be determined in this same school year; Create and implement plan by August, 2016	Calculation: (Annual) Plan is on-track for August, 2016 implementation July - October: % of activities completed to create the plan Nov. - Dec.: % of planned project activities completed per plan timeline	

Strategic Charts continued

Talent Management

STRATEGIC GOAL	OBJECTIVE	KEY PERFORMANCE INDICATOR 2015-16	DATA MEASUREMENT METHODOLOGY	OWNER
Drive quality, efficiency, and financial stewardship	Attract, recruit and retain high performing talent	Reduce ethnicity diversity gap between FLVS students and faculty by 10%	Calculation: (Annual) % = non-white student % at 2015 Survey 3 - current non-white employee % Baseline = 31.8-20.2=11.6	Chief Operations Officer
		FT Teacher Negative Turnover below 12% for the Year - Full 12 Month Look; Maintain turnover gains from 2014-15; 2011-2014 was 18-25%,	Calculation: (Annual) # of negative turnover full-time teachers current / total full-time teachers current; Cumulative turnover month to month divided by current month headcount	
	Correlate instructional performance to student achievement and organizational strategic goals	Reduce # of Discussion-based Assessment concerns by 25%	Calculation: (Annual) # Discussion-based Assessment concerns / # audits and checks	
	Correlate employee performance to student achievement and organizational strategic goals	Increase connectivity between individual goals and strategy	Calculation: (Annual) # employees who completed goals / total employees # employees trained / total support staff employees	

Purchasing

STRATEGIC GOAL	OBJECTIVE	KEY PERFORMANCE INDICATOR 2015-16	DATA MEASUREMENT METHODOLOGY	OWNER
Drive quality, efficiency, and financial stewardship	Improve the efficiency of Procurement service to the district – savings/cost avoidance	10% overall reduction in district spend	Calculation: (Annual) Total savings/cost avoidance from solicitations &/ or negotiations + Total savings from quotes or secondary quote competition / Total New PO Spend	Chief Operations Officer
	Improve the efficiency of Procurement service to the district – ER to PO	< 2.5 days for ER to PO	Calculation: (Annual) Days between entering requisition and PO generation	
	Improve the efficiency of Procurement service to the district and community through financial stewardship	>80% of all eligible solicitations that are competitive	Calculation: (Annual) # competitive solicitations / total # of eligible solicitations	

Finance

STRATEGIC GOAL	OBJECTIVE	KEY PERFORMANCE INDICATOR 2015-16	DATA MEASUREMENT METHODOLOGY	OWNER
Drive quality, efficiency, and financial stewardship	Provide the funding necessary to implement personalized learning initiative	A need for an additional \$1,300,000 to be set aside for the following year's budget	Calculation: (Annual) FLVS budget and periodic budget to actual reports	Chief Financial Officer
	Maintain an 8% fund balance reserve	Maintain an 8% fund balance reserve	Calculation: (Annual) The BOT General Fund monthly financial	
	Implementation and oversight of a balanced budget	Meet requirements of F.S. 1001.51	Calculation: (Annual) The BOT monthly General Fund financial report and other periodic financial reports	

History

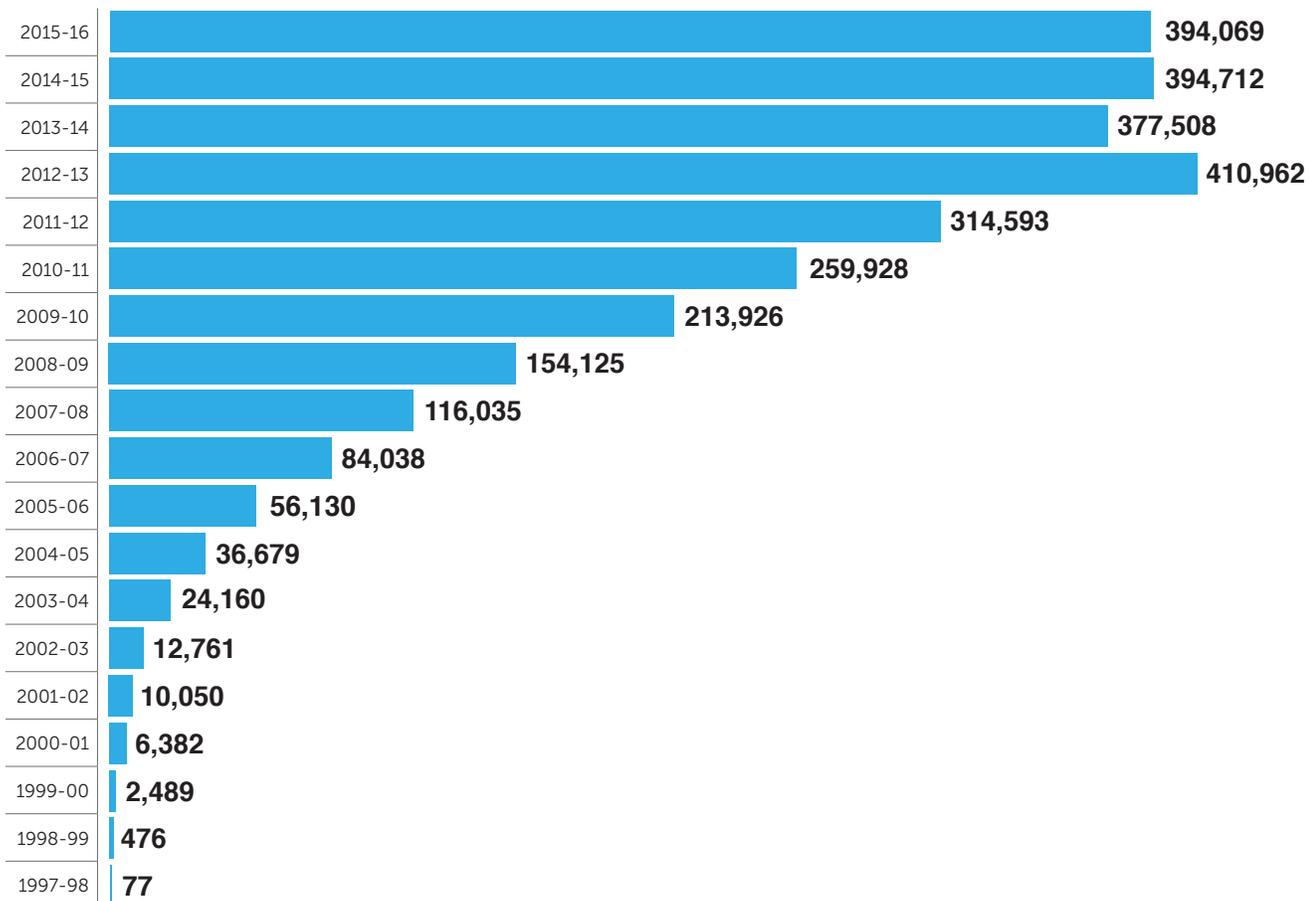
During the 1996 school year, Orange County, Florida, piloted a “Web School” with five online courses. The Florida Department of Education (FLDOE) acted as the catalyst in initially encouraging a partnership between Orange and Alachua Counties. In November 1996, the FLDOE provided the two districts with a \$200,000 “Break the Mold” school grant to develop the Florida High School (FHS) project. Following an intensive six-month period of planning and development, FHS officially launched with seven staff members in August of 1997.

Following the original grant, FLVS operated from a recurring line-item in Florida’s legislative budget until the school year 2003-04, when FLVS became fully funded as a statewide virtual school and became part of the Florida Education Finance Program (FEFP). From the \$200,000 grant in 1996, FLVS continues to grow and has become a statewide school district with five schools, serving both full-time and part-time students. In 2013, FLVS celebrated the first graduating class of FLVS Full Time students. FLVS is affiliated with all 67 Florida school districts and has become the model for distance learning initiatives across the globe, as evident by the 2005 feature as a model of success in the National Education Technology Plan.

The graphs below show the exponential growth FLVS enrollments have experienced since 1997. For the 2015-16 school year, FLVS Flex students completed 394,069 half credits and FLVS Full Time students completed 77,507 half credits. Enrollments began to level off during the 2013-14 school year as a result of the shared FTE funding formula implemented by the legislature.

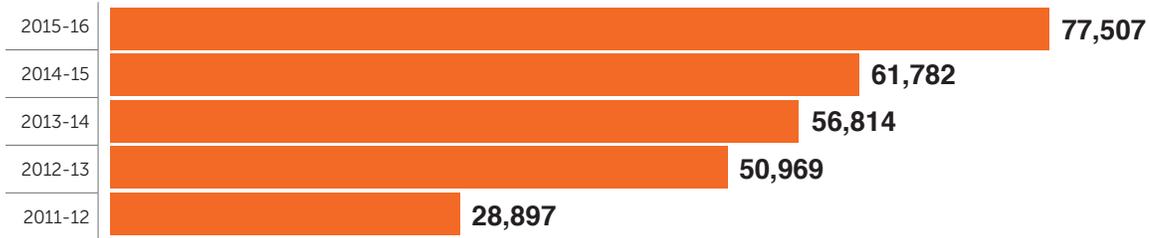
FLVS Flex Completion History

Total number of successful semester completions as of June 30, 2016: 2,869,100



FLVS Full Time Completion History

Total number of successful semester completions as of June 30, 2016: 275,969



In the 2003-04 school year, FLVS initiated partnerships with Florida school districts in order to increase the capacity of students who could be served online through an in-state franchise program. This program operates as an extension of FLVS. Each franchise uses all of the FLVS systems, and the franchise staff is trained in FLVS policies and procedures, instructional pedagogy and best practices, and virtual leadership models. In 2015-16, 35 districts participated in the FLVS franchise program.

This continual growth pattern in student enrollments directly with FLVS and with the in-state franchises is evidence of both the program's success in providing an educational choice to students and the need for e-learning. Furthering that evidence in 2011, The Florida Legislature mandated The Digital Learning Act, requiring that all students entering the ninth grade in 2011-12 and after complete at least one online course to meet graduation requirements.

FLVS now delivers more than 150 courses, including middle school, both regular and honors high school courses, Advanced Placement courses, and Career and Technical Education courses. The FLVS district provides clubs, activities, and virtual events to students throughout the State.

Milestone Dates in Our History

1996

- A \$200,000 Break the Mold Grant was awarded for Orange and Alachua counties to jointly develop an online learning program. The first year was funded for planning.

1997

- Program began with just 77 enrollments.

1997–2003

- The Florida Legislature funded FLVS as a line item. It was treated as a research and development program, and gave FLVS the time to develop courses and experiment with course development, policies, and instructional strategies.

2000

- Recognition of Florida’s program began to filter to other states. FLVS created a separate division—Florida Virtual Global Services—to serve needs outside of Florida, with revenues to be reinvested into course and program development.

2001

- FLVS received full accreditation by the Southern Association of Schools and Colleges and by The Commission on International and Trans-Regional Education.

2003

- Funding changed to be contingent on student success, and to follow the student across geographical boundaries. The performance-based funding model was a first not only for online education, but for Kindergarten–12 education in general, where the emphasis was placed totally on student learning results.

2004

- The Florida Legislature required that FLVS create a full suite of middle school courses. As with all FLVS courses, the classes were developed to meet state and national standards.

2005

- FLVS was featured in the National Education Technology Plan as a model of success for other states to follow.

2007

- FLVS Global School was launched to provide instruction on a tuition basis to students across the nation.

2011

- The Florida Legislature mandated The Digital Learning Act, requiring that all students entering the ninth grade in 2011-12 and after complete at least one online course to meet graduation requirements and that all statewide end-of-course assessments be administered online by the 2014-15 school year.

2012

- Received the highest accreditation rating possible awarded by AdvancED in every category.
- Celebrated our first FLVS Full Time graduating Kindergarten class of 177 students.

2013

- Celebrated the first graduating class of FLVS Full Time, providing high school diplomas to 275 students.
- FLVS Full Time high school received its first ever grade from the Florida Department of Education, earning a “B” for the 2012-13 school year. Our FLVS Full Time Kindergarten-8 earned a “C” for the 2012-13 school year.

2014

- Since 1997, FLVS students have successfully completed more than 2 million semester enrollments.
- FLVS Full Time class of 2014 celebrated graduation with 378 students receiving their high school diplomas.

2015

- Initiated as a Kindergarten-1st grade elementary program pilot, FLVS expanded the successful program into a part-time Kindergarten-5th grade option. Comprehensive curriculum is utilized in a flexible learning model setting which helps to develop close teacher and classmate relationships in a virtual environment.

Marketing Plan 2015-16

Organizational Goal

FLVS will continue to be recognized as a leader in online education and across all of Kindergarten–12th grade education.

Educational Community: Goal 1

Seek opportunities to share best practices through all levels of the organization.

Florida Virtual School developed a cross-organizational marketing plan to communicate what we have learned, as well as best practices, to national, state, and regional stakeholders. The tactical communication initiatives that were executed in the 2015-16 school year are outlined below.

National Level

1. Teaching and Professional Development Best Practices

- Virtual Leadership Training: Two-day workshop that addresses:
 - Hiring and staffing
 - Funding and budget
 - Data and performance management
 - Student recruiting and retention
 - Marketing your program
- Professional Learning Course Catalog: Live webinar sessions and book talks for teachers/administrators everywhere
- National Reading and Literacy outreach

2. Emerging Technology Opportunities

- Course tours
- Mobile learning demonstrations

3. Thought Leadership: National Conference Presence

- United States Distance Learning Association (USDLA)
- EdTECH
- Consortium of School Networking (COSN)
- EdVoice Symposium
- Southeast Regional Education Board (SREB)
- Sloan Consortium
- Learning Impact
- Specialist Schools and Academic Trust (SSAT)
- Program of Education Policy and Governance (PEPG)
- Australasian Association of Distance Education Schools (AADES)
- International Association for K–12 Online Learning (iNACOL) Blended and Online Learning Symposium
- National Association of Independent Schools (NAIS)
- Excel in Education National Summit
- League of Innovative Schools
- ASU + GSV Summit

4. Community Relations

- Press releases to share student and program success

State Level

1. Thought Leadership: State and Regional Conference Presence

- Florida Parent Educators Association (FPEA) Conference
- Florida School Board Association (FSBA) Conferences
- DCF Summit
- The State University System Tour
- The Association for Independent Schools in Florida (AISF) Conference
- Florida Charter School Conference
- Florida Press Association Conference
- South Florida Home School Convention
- Florida Emerging Technology Conference
- Florida Educational Technology Conference (FETC)
- Florida Distance Learning Association

2. Statewide Conferences

- Florida Parent Educators Association (FPEA) Conference
- Home Education Resources and Information (HERI) Conference
- Florida Emerging Technology Conference
- Florida District Virtual Instruction Program Network 2015 Symposium (FLDVIP)

3. District Relations Manager Visits

4. School Counselor Presentations

- Regional level
- District and school level

5. Franchise Leadership and Teacher Training

Marketing Plan 2015-16 continued

Educational Community: Goal 2

Partner with Florida districts and schools to provide virtual education solutions to students.

In the spirit of innovation, Florida Virtual School built online solutions, communication vehicles, and strategies for passing our knowledge on to our district and school stakeholders in the 2015-16 school year. With our customized solutions, education was enhanced for students through the following initiatives.

Districts

- 1. Yearly visits with all of the districts to assess needs and provide solutions**
- 2. Monthly communications to district contacts**
- 2. Present at District Guidance meetings**

Schools

- 1. Provide facilitator training for Virtual Learning Labs and conduct follow up visits**
- 2. District Relations Managers provide customized and frequent School Counselor customer service based on specific school needs**
- 3. Summer Options**
- 4. Virtual Events**
- 5. Private school conferences held around the state to teach schools about FLVS**

Marketing Plan 2015-16 continued

Learner Community: Goal 1

Reach out to the learner community and inform them of virtual education.

In order to reach organizational goals, strategies were developed to reach our target markets, which were identified as learners of all ages, students, and the general public. The tactical communication initiatives that were executed in the 2015-16 school year are outlined below.

Of All Ages

1. Community Organization Outreach: District Relations Managers encourage the community to share virtual education success by keeping the public informed through presentations at:

- Guardian Ad Litem regional meetings
- Chamber of Commerce events
- Treatment Centers
- Children's Hospitals
- Teen Mothers Organization
- Targeted Sports Leagues
- Boys & Girls Clubs
- Homeschool Organizations

2. Community Event Outreach

- Community festivals
- Community back-to-school events
- Library staff education visits

3. Marketing & Communications

- Press releases to share student and district success
- Print advertising in community programs and publications
- Radio and television interviews
- Social media channels

4. Virtual Library: A vast library of resources open to the public.

Kindergarten–Grade 12 Students

1. Student Activities

- Student ambassador opportunities
- Literacy Week celebrations
- Student History Fair
- Hispanic Heritage Festival
- Shakespeare Festival
- Virtual Open House
- WorldFest
- Student Literacy Magazine

2. Student Clubs

- Newspaper Club
- Future Business Leaders of America
- History Club
- International Club
- Latin Club
- Science Club
- National English Honors Society
- Model UN Club
- Beta Delta Sigma Math Club
- Creative Writing Club
- Fine Arts Club
- FLVS Peer Tutors
- FLVS Yearbook
- Spanish Honor Society

3. Student Success Outreach

- Student-focused website initiatives
- Tips geared towards student success
- Homeschool Hub: information and resources
- myFLVS site
- Student career webinars
- New Student Orientation

4. Student Conferences

- Key Club
- Future Business Leaders of America

FLVS Global 2015-16

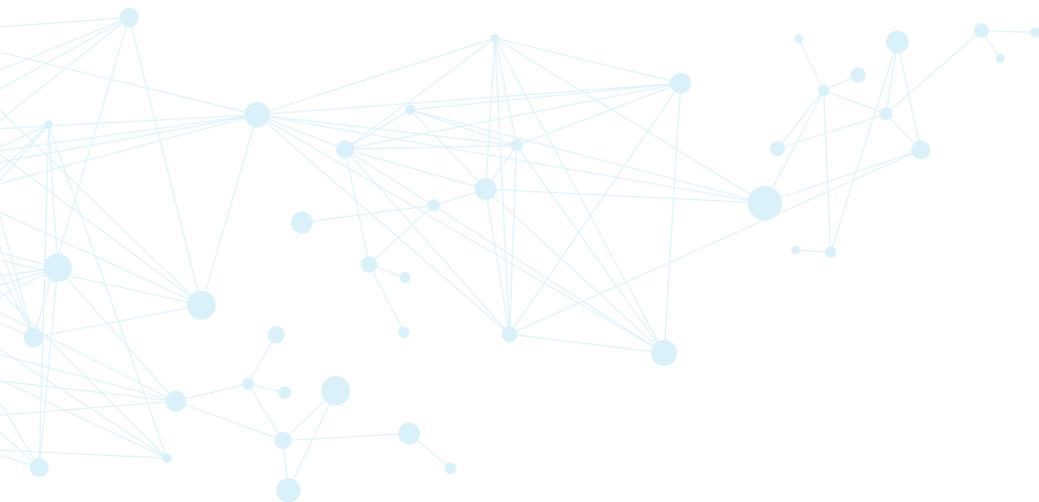


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Operations of FLVS Global

In the 2000 legislative session, the state of Florida created a separate division within Florida Virtual School called Florida Virtual Global Services, commonly referred to as FLVS Global and now a sub segment of the Business Development department, stipulating that revenues would be reinvested into research and development to maintain the highest quality courses available for students both inside and outside the state of Florida.

FLVS Global is a steadily growing provider of virtual educational solutions for 50 states and more than 50 countries. By bringing online education products to market that otherwise may not be readily available to students, FLVS Global provides more choice and opportunities for success to students around the world. Additionally, FLVS Global regularly exposes the FLVS brand, culture, and product line to schools, educators, students, and businesses that might not otherwise encounter online education options.

The driving mission of FLVS Global is to **provide the best virtual and blended education solutions and services with a focus on high customer satisfaction**. Evidenced in course development, professional training, technology deployment, and student and parent outreach, the products and services of FLVS Global are one way that FLVS continues to be a thought leader worldwide.

Over the last 16 years, FLVS Global has licensed content, provided training, and shared expertise that has led to the implementation of some of the most successful online and blended programs currently in operation at the school, district, and state levels.

The FLVS Global products and services were, and continue to be, developed using insights gleaned from the many inquiries received from those interested in implementing an online or blended program. The following products currently offered are a reflection of the worldwide thought leadership generated by FLVS:

- **Global School** – FLVS Global School engages students throughout the United States and across the world. Clients gain access to our entire catalog with no minimum enrollment purchase required, have access to our trained teachers, and participate in student programs. This program is modeled after the FLVS Flex program.
- **Course Licensing** – A variety of licensing options are available in multiple models. Additionally, course content may be delivered to the client's Learning Management System (LMS) or the client may access content on the FLVS Global hosted platform.
- **Virtual Leadership Training** – This two-day intensive training provides administrators and online leaders an opportunity to learn from a veteran and experienced team at FLVS. The training fosters international collaboration that assists clients in developing high quality, effective blended and online programs.
- **Professional Development** – FLVS Global offers an assortment of professional development opportunities for teachers including basic "teaching online" facilitated courses, customized training programs, webinars, and individual course guides. We also provide custom training for administrators and staff.

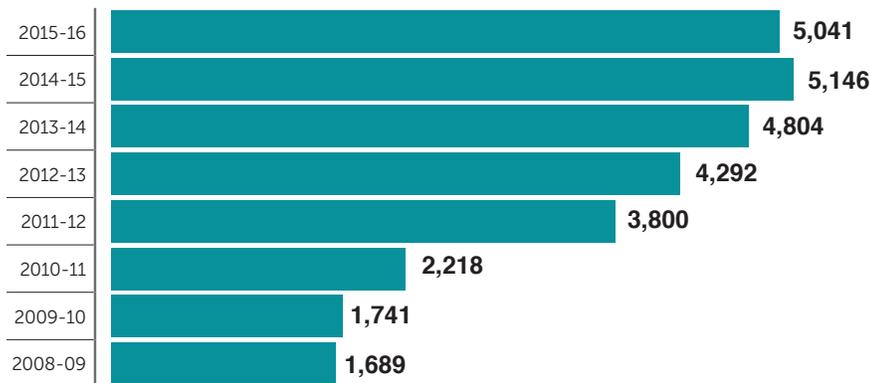
Operations of FLVS Global continued

In 2015-16, FLVS Global School served 3,466 students and offered 150 courses made up of AP titles, NCAA-approved core courses, credit recovery courses, and electives for middle and high school students. Students from 47 states, the District of Columbia, and 56 countries and U.S. territories were active and are reflected in the 5,041 successful completions of FLVS Global School.

As an accredited public school, each FLVS Global School instructor possesses state certification(s) and teaches within the field he or she is certified. Many states have specific certification requirements, which are under constant review by FLVS Global staff to ensure we meet the state's requirements prior to accepting a client's students for enrollment in FLVS Global School.

FLVS Global Completion History

Total number of successful half-credit completions: 28,731



FLVS Global Awards and Accomplishments

2016

- IMS Global Learning Impact Award - Platinum for the Unlock Content tool
- Tech & Learning Award for the Unlock Content tool
- Codie finalist for the “Unlock” tool
- Jason Odom, Instructional Leader for Global School, received the Governor’s Shine Award
- Jodi Marshall nominated and selected to serve on IMS board
- Fishtree Partnership agreement
- Learn Beyond Partnership agreement
- BlazingSoft Partnership agreement

2015

- Blackboard and FLVS Global join forces through a Joint Marketing agreement to offer “Award-winning FLVS Global content at the click of a button with xpLOR”
- The Lampo Group and FLVS Global execute a Course Distribution agreement for Dave Ramsey’s Foundations of Personal Finance
- FLVS Global launches “Unlock,” a course delivery method that provides customers with more flexibility and additional usability features
- Jennifer Whiting selected to serve on IMS K-12 Institutional Executive Board.
- Instructure (Canvas) Partnership agreement
- Core Learning Exchange Partnership agreement

2014

- IMS Learning Impact Award - Platinum

2013

- Lynnice Hockaday is named FLVS Global School Teacher of the Year for her non-stop commitment and dedication in helping students around the world.

2012

- IMS Learning Impact Award - Silver

2011

- Ucompass.com and Florida Virtual School receive Platinum IMS Learning Impact Award

2010

- Gold Award for Learning Impact from the IMS Global Learning Consortium

2007

- FLVS Global School is launched to provide instruction on a tuition basis to students across the nation.

2000

- Recognition of Florida’s program began to filter to other states. FLVS creates a separate division - Florida Virtual Global Services to serve needs outside of Florida with revenues to be reinvested into course and program development.

Assets and Liabilities

Statement of Net Position – Proprietary Funds

For the fiscal year ended June 30, 2016, please see page 57 in the Audited Financial Report attached in Appendix C.

Unit Cost Recommendations

Background

The FLVS authorizing legislation requires the Board of Trustees to provide the unit cost of providing services to out-of-state students as part of the annual legislative report.

Recommendations Regarding the Unit Cost of Providing Services to Out-of-State Students

In order to meet departmental profit goals, it is imperative to accurately identify the cost of the program. The identified cost of the program must be based on reliable data.

FLVS Global must balance its profit objectives with the costs inherent in providing a high quality, high touch product such as FLVS Global School while also taking into account competitor pricing and what the market will bear. FLVS Global continuously reviews its per unit pricing and costs to determine whether it is meeting profit objectives and returning that profit to FLVS.

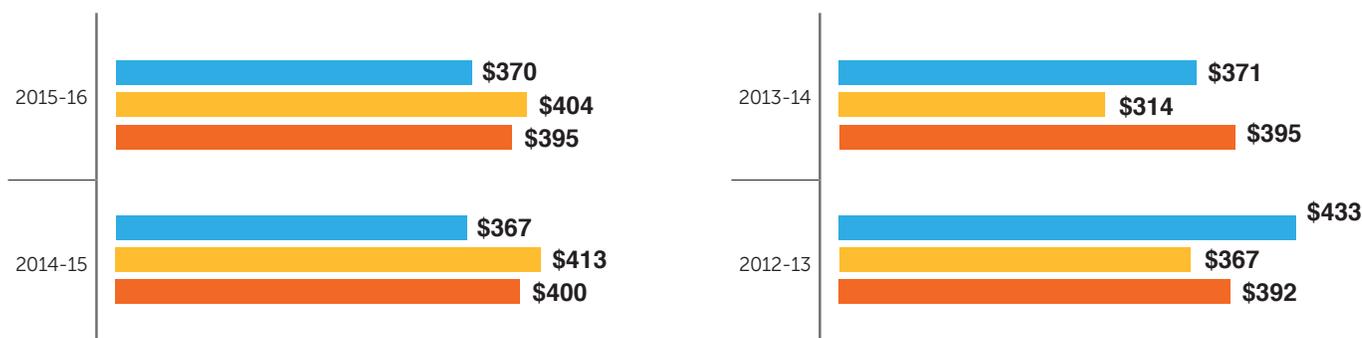
As seen in the following table, FLVS Global was successful in its endeavor to provide a profit back to FLVS.

FLVS Global Cost Per FTE Enrollments

Fiscal Year*	Billable Enrollments (.5)	FTE Enrollment (Billable Enrollments/12)	Cost Per FTE (Cost per .5 enrollment*12)
2015-16	6,165	513.75	\$4,153.63
		Average Price per Enrollment	
		\$395	\$4,744.18
Total Profit per FTE in 2015-16			\$590.55

FLVS Global Tuition Rate Comparisons

■ Average FLVS Paid per Completion
 ■ Average FLVS Paid per Enrollment
■ Average Global School Tuition Rate Paid per Enrollment



FLVS Global Marketing Plan 2015-16

FLVS School & District Solutions serves both national and international customers. Primary customers include public schools and districts, private schools, parochial schools, and state departments of education. Secondary customers include international students and homeschooled students.

Customers are targeted through multiple channels including national and regional conferences, marketing campaigns, customer and partner referrals, and direct contact by the sales and business development teams. FLVS emphasizes customer service and strives for high customer satisfaction, which brings both repeat business and new clients to the door.

FLVS School & District Solutions' major target market has shifted from the statewide virtual program to the local school district. In order to better penetrate this local level market, marketing highlights the specific benefits and positive effects school districts realize from using FLVS products and services. For example, school districts can:

- Use high-quality products in virtual and blended environments
- Offer a high-quality American education
- Maintain school budgets
- Expand curriculum, including AP/Honors and electives
- Run hospital-homebound programs
- Increase graduation rates, decrease drop-out rates, and provide acceleration
- Garner parent support by providing creative solutions to schedule conflicts
- Replace a teacher who leaves unexpectedly

The FLVS Marketing team supports the B2B sales team in growing the FLVS presence in the digital and blended learning marketplace. Marketing works to drive revenue and profit through a multi-dimensional effort that emphasizes the key differentiators that set FLVS apart from the competition.

The following strategic goals guide the marketing spend for conference and event marketing, print and multimedia advertising, client testimonial creation, case studies, national and regional B2B-specific print collateral, targeted digital marketing, and strategic joint marketing campaigns with key learning platform partners.

- Create a cohesive FLVS brand that capitalizes on existing brand equity and positions the organization for long-term B2B sales growth.
- Create a unique market space based around initial credits and student-teacher engagement.
- Promote student success by emphasizing the rigor of FLVS digital curriculum and robust assessments that are designed to provide college and career readiness in a way that encourages schools and districts to select FLVS courses over less thorough options.

FLVS Global Marketing Plan 2015-16 continued

Reflecting the tighter integration between School & District Solutions and the rest of FLVS and in support of the ONE FLVS initiative, the Marketing team reimagined the FLVS brand to build on the brand equity of FLVS as an organization while simultaneously de-emphasizing “Florida,” which was undesirable and confusing to prospects outside of Florida. The Marketing team also worked to re-platform and redesign the web presence of FLVS to optimize search engine performance, strengthen the B2B product offering components and improve user experience. The standalone B2B website is being transitioned to the main FLVS.net, which will prominently feature a dedicated section for schools and districts seeking digital curriculum and education technology solutions.

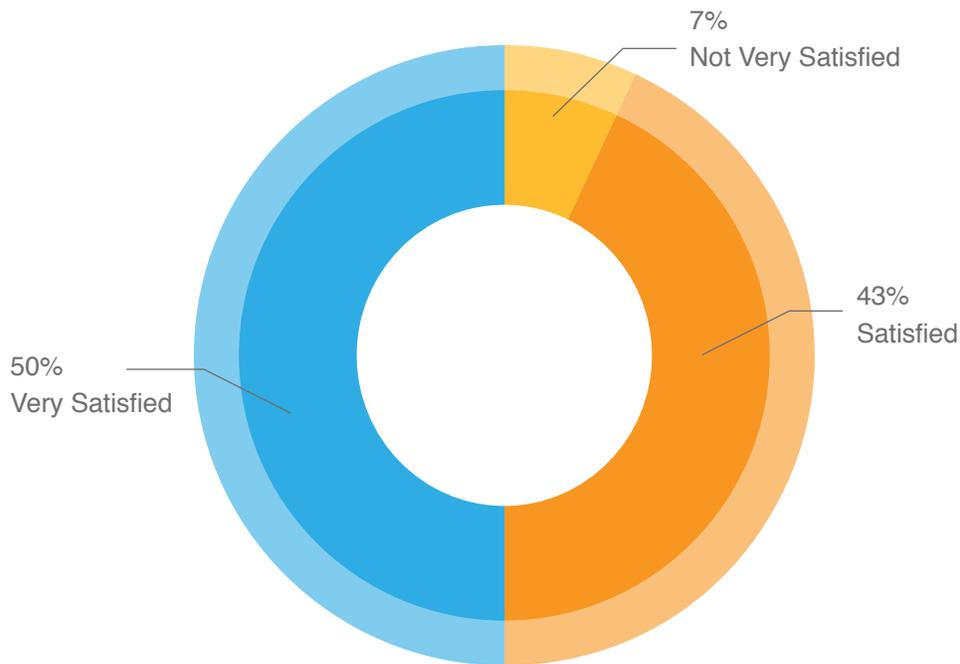
To support the Sales team’s focus on recurring sales models, Marketing created and maintains a set of standardized key messages that speak to the strength of FLVS curriculum. It also maintains a core sales presentation that enables the sales team to better explain the value proposition of FLVS and enhance engagement with prospects. All messaging reflects that FLVS is structured and operated primarily as a school and that the organization seeks to empower, not replace, teachers with technology. We will continue to focus on the messaging that FLVS places the “student at the center of every decision we make” and use student data from Florida operations to support our claims of offering a superior curriculum product.

The Marketing team continues to develop content that reinforces our LMS optimized strategy, which is designed to maximize client investment and generate productive partnerships with learning platform companies. The FLVS Marketing team assesses opportunities to engage in strategic joint marketing campaigns with key LMS partners to provide mutually beneficial returns.

Survey Highlights

Global Customer Satisfaction Survey Results 2015-16

The Global Department of Florida Virtual School sends out customer satisfaction surveys on a monthly basis to any customers that recently purchased products or services. The survey gauges the customer's satisfaction with the delivery of the product as well as the quality of the product as a whole. The survey requests additional information such as the type of support the customer used during the implementation of the product and elicits feedback about what Global can do differently to improve the entire process from purchase to delivery to on-going customer support.



FLVS Annual Financial Report 2015-16



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Management Discussion and Analysis

For the Fiscal Year Ended June 30, 2016

The management of The Florida Virtual School (the “School”) has prepared the following discussion and analysis to (a) assist the reader in focusing on significant financial issues; (b) provide an overview and analysis of the School’s financial activities; (c) identify changes in the School’s financial position; (d) identify material deviations from the approved budget; and (e) highlight significant issues in individual funds for the fiscal year ended June 30, 2016.

Because the information contained in the Management’s Discussion and Analysis (MD&A) is intended to highlight significant transactions, events and conditions, it should be considered in conjunction with the School’s financial statements.

FINANCIAL HIGHLIGHTS

- During the current year, General Fund revenues increased \$6,177,319. This increase is due to increased FTE of approximately 1,377 in the FLVS part-time and full-time programs.
- The unassigned fund balance in the General Fund, representing the net current financial resources available for general appropriation by the Board, totals \$39,943,451 at June 30, 2016, or 22 percent of total General Fund revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

The School's basic financial statements are comprised of three components:

- Government-wide financial statements.
- Fund financial statements.
- Notes to the financial statements.

In addition, this report also contains other supplementary information which includes management’s discussion and analysis.

Government-Wide Financial Statements

The government-wide financial statements (or school-wide financial statements) provide both short-term and long-term information about the School’s overall financial condition in a manner similar to a private-sector business. The statements include a statement of net position and a statement of activities that are designed to provide consolidated financial information about the activities of the primary government presented on the accrual basis of accounting. The statement of net position presents information about the School's financial position, its assets and liabilities and deferred inflows and outflows of resources, using an economic resources measurement focus. The difference between the assets, deferred outflows, liabilities, and deferred inflows is the net position, which is a measure of the financial health of the School. The statement of activities presents information about the change in the School’s net position, the results of operations during the fiscal year.

Management Discussion and Analysis continued

For the Fiscal Year Ended June 30, 2016

The government-wide statements present the School's activities in two categories:

- Governmental activities – This represents most of the School's services including its educational programs. Support functions such as curriculum, technology and administration are also included. The State's education finance program provides most of the resources that support these activities.
- Business-type activities – This consists of the School's FLVS global division and the Florida franchises, which includes functions that are intended to recover all of their costs through user fees and charges for services and provide for curriculum development.

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. Fund financial statements provide more detailed information about the School's financial activities, focusing on its most significant or "major" funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide statements.

All of the funds of the School can be divided into two categories:

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

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

The School adopts an annual appropriations budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

- Proprietary Funds – Proprietary funds may be established to account for activities in which a fee is charged for services. The School uses the proprietary fund to account for its FLVS global, Florida franchises, course development, and self-insurance.

Management Discussion and Analysis continued

For the Fiscal Year Ended June 30, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following is a summary of the School's net position as of June 30, 2015 and June 30, 2016:

	Net Position, End of Year					
	Governmental Activities		Business-Type Activities		Total	
	6-30-16	6-30-15	6-30-16	6-30-15	6-30-16	6-30-15
Current Assets	\$ 82,790,770	\$ 79,261,861	\$ 10,665,420	\$ 11,930,454	\$ 93,456,190	\$ 91,192,315
Capital Assets	3,137,650	3,919,934	1,503,980	2,073,115	4,641,630	5,993,049
Total Assets	85,928,420	83,181,795	12,169,400	14,003,569	98,097,820	97,185,364
Pension related deferred outflows	12,860,863	8,726,453	676,888	557,008	13,537,751	9,283,461
Other Liabilities	17,838,766	25,565,354	903,938	1,582,464	18,742,704	27,147,818
Long-Term Liabilities	75,512,938	58,283,095	4,562,376	3,321,579	80,075,314	61,604,674
Total Liabilities	93,351,704	83,848,449	5,466,314	4,904,043	98,818,018	88,752,492
Pension related deferred inflows	10,122,625	23,632,909	532,770	1,508,483	10,655,395	25,141,392
Net Position:						
Invested in Capital Assets	3,137,650	3,919,934	1,503,980	2,073,115	4,641,630	5,993,049
Restricted for State Categoricals	3,592,358	3,657,733	-	-	3,592,358	3,657,733
Unrestricted	(11,415,054)	(23,150,777)	5,343,224	6,074,936	(6,071,830)	(17,075,841)
Total Net Position	\$ (4,685,046)	\$ (15,573,110)	\$ 6,847,204	\$ 8,148,051	\$ 2,162,158	\$ (7,425,059)

In the case of the School's total governmental and business-type activities, assets and deferred outflows exceed liabilities and deferred inflows by \$2,162,158 at the end of the fiscal year.

The deficit unrestricted net position of (\$6,071,830) is a direct result of the long term pension liability in the amount of \$57,301,749. The pension liability represents the School's proportionate share of the net pension liability of the Florida Retirement System (FRS) plan and the Retiree Health Insurance Subsidy (HIS) plan. Though this long term liability is now required to be reported on the School's financial statements due to the new GASB requirement, it is important to note that the School pays the full amount of its State required retirement contribution each year, which includes an assessment to fund the State's actuarially unfunded liability.

Management Discussion and Analysis continued

For the Fiscal Year Ended June 30, 2016

The following is a summary of the School's changes in net position for the fiscal years ended June 30, 2015 and June 30, 2016, as follows:

	Governmental Activities		Business-Type Activities		Total	
	6-30-16	6-30-15	6-30-16	6-30-15	6-30-16	6-30-15
Program Revenues:						
Charges for Services	\$ -	\$ 283,865	\$ 21,885,237	\$ 14,240,117	\$ 21,885,237	\$ 14,523,982
General Revenues:						
Grants and Contributions Not Restricted						
to Specific Programs	171,572,553	162,953,872	-	-	171,572,553	162,953,872
Virtual Learning Labs	8,199,362	8,512,951	-	-	8,199,362	8,512,951
Miscellaneous Local	4,780,817	7,063,189	1,395	127,559	4,782,212	7,190,748
Unrestricted Investment Earnings	198,782	66,764	6,527	4,988	205,309	71,752
Total Revenues	184,751,514	178,880,641	21,893,159	14,372,664	206,644,673	193,253,305
Functions/Program Expenses:						
Instruction	136,824,238	124,233,027	-	-	136,824,238	124,233,027
Pupil Personnel Services	4,306,223	3,633,908	-	-	4,306,223	3,633,908
Instruction and Curriculum Development Svcs	630,724	683,836	-	-	630,724	683,836
Instructional Staff Training Services	2,689,932	2,819,843	-	-	2,689,932	2,819,843
Instructional Related Technology	7,430,050	7,181,805	-	-	7,430,050	7,181,805
Board	1,055,070	1,134,783	-	-	1,055,070	1,134,783
General Administration	2,671,010	2,523,920	-	-	2,671,010	2,523,920
School Administration	6,127,469	5,081,665	-	-	6,127,469	5,081,665
Fiscal Services	2,199,518	1,973,886	-	-	2,199,518	1,973,886
Central Services	9,816,669	8,445,821	-	-	9,816,669	8,445,821
Operation of Plant	1,894,061	1,321,763	-	-	1,894,061	1,321,763
Administrative Technology Services	6,300,012	8,683,430	-	-	6,300,012	8,683,430
FLVS Global/Franchises Expenses	-	-	15,112,480	10,919,127	15,112,480	10,919,127
Total Expenses	181,944,976	167,717,687	15,112,480	10,919,127	197,057,456	178,636,814
Excess (deficiency) of revenue over (under) expenses	2,806,538	11,162,954	6,780,679	3,453,537	9,587,217	14,616,491
Other financial sources (uses):						
Transfers In	8,081,526	-	-	7,402,464	8,081,526	7,402,464
Transfers Out	-	-	(8,081,526)	(7,402,464)	(8,081,526)	(7,402,464)
Total other financial sources (uses)	8,081,526	-	(8,081,526)	-	-	-
Change in net position	10,888,064	11,162,954	(1,300,847)	3,453,537	9,587,217	14,616,491
Net Position, beginning	(15,573,110)	(26,736,064)	8,148,051	4,694,514	(7,425,059)	(22,041,550)
Net Position, ending	\$ (4,685,046)	\$ (15,573,110)	\$ 6,847,204	\$ 8,148,051	\$ 2,162,158	\$ (7,425,059)

The largest revenue source is the State of Florida (82 percent). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula.

Management Discussion and Analysis continued

For the Fiscal Year Ended June 30, 2016

Included in the FEFP funds is revenue the School receives for both part-time and full-time programs. The FEFP formula utilizes student enrollment data, and is designed to maintain equity in funding across all Florida school districts. The Florida Virtual School is a unique member of the FEFP in that revenues are only earned for students that successfully complete a course.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

The General Fund is the chief operating fund of the School. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$39,943,451. The total unassigned fund balance represents 22 percent of total General Fund revenues, which increased over last year's unassigned fund balance of \$37,205,181 or 21 percent of total General Fund revenues. The School does not have the ability to draw cash in the event of an emergency from other funds, such as capital, or to borrow funds from outside sources so it is necessary to maintain a higher than standard fund balance.

General Fund Budgetary Highlights

The actual General Fund revenues were higher than the adjusted budgeted revenues by \$2,574,667 due to the increase in state and local revenues. The actual General Fund expenditures were less than the adjusted budgeted appropriations by \$19,538,765 due to several unfilled job opportunities as well as various other budgetary accounts that were not fully expended. Included in the unexpended balance are outstanding purchasing commitments of \$2,035,395, restricted categorical programs of \$3,592,358, and re-budgeted programs of \$5,065,929.

CAPITAL ASSET ADMINISTRATION

Capital Assets

The School's investment in capital assets as of June 30, 2016, amounts to \$4,641,630 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures and equipment; computer software, and courses. The total decrease in the School's investment in capital assets (net of accumulated depreciation) for the current fiscal year was \$1,351,419.

OTHER MATTERS

For fiscal year 2017, the Board of Trustees adopted a budget for the General Fund appropriations of approximately \$185,346,873. Revenues for fiscal year 2017 is expected to be approximately \$180,179,080. To ensure adequate fund balance is available for financial emergencies, the School has reserved approximately 8% of state and virtual learning lab revenues.

Management Discussion and Analysis continued

For the Fiscal Year Ended June 30, 2016

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the School's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the John Pavelchak, Chief Financial Officer, The Florida Virtual School, 2145 MetroCenter Blvd, Suite 100, Orlando, Florida, 32835, 407-513-3320, jpavelchak@flvs.net.

Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

Statement of Net Position

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash	\$ 32,081,684	\$ 5,834,557	\$ 37,916,241
Investments	41,250,964	-	41,250,964
Accounts Receivable, net	9,156,558	4,830,863	13,987,421
Due from Other Agencies	301,564	-	301,564
Capital Assets:			
Depreciable, net	3,137,650	1,503,980	4,641,630
Total Assets	<u>85,928,420</u>	<u>12,169,400</u>	<u>98,097,820</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	<u>12,860,863</u>	<u>676,888</u>	<u>13,537,751</u>
LIABILITIES			
Wages and Benefits Payable	7,214,987	327,709	7,542,696
Accounts Payable	9,422,600	354,977	9,777,577
Due to Other Agencies	1,201,179	-	1,201,179
Unearned Revenue	-	221,252	221,252
Long-Term Liabilities:			
Portion Due and Payable Within One Year:			
Liability for Compensated Absences	1,886,306	91,899	1,978,205
Estimated Insurance Claims Payable	1,238,985	-	1,238,985
Portion Due and Payable After One Year:			
Liability for Compensated Absences	9,352,688	546,481	9,899,169
Liability for Other Post Employment Benefits	9,174,346	482,860	9,657,206
Liability for Florida Retirement Pension & Health Subsidy	<u>53,860,613</u>	<u>3,441,136</u>	<u>57,301,749</u>
Total Liabilities	<u>93,351,704</u>	<u>5,466,314</u>	<u>98,818,018</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows	<u>10,122,625</u>	<u>532,770</u>	<u>10,655,395</u>
NET POSITION			
Investment in Capital Assets	3,137,650	1,503,980	4,641,630
Restricted for State Categoricals	3,592,358	-	3,592,358
Unrestricted	<u>(11,415,054)</u>	<u>5,343,224</u>	<u>(6,071,830)</u>
Total Net Position	<u>\$ (4,685,046)</u>	<u>\$ 6,847,204</u>	<u>\$ 2,162,158</u>

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

Basic Financial Statements continued

For the Fiscal Year Ended June 30, 2016

Statement of Activities

FUNCTIONS/ PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction	\$ 136,824,238	\$ -	\$ -	\$ -	\$ (136,824,238)	\$ -	\$ (136,824,238)
Pupil Personnel Services	4,306,223	-	-	-	(4,306,223)	-	(4,306,223)
Instruction and Curriculum Development Services	630,724	-	-	-	(630,724)	-	(630,724)
Instructional Staff Training Services	2,689,932	-	-	-	(2,689,932)	-	(2,689,932)
Instructional Related Technology	7,430,050	-	-	-	(7,430,050)	-	(7,430,050)
Board	1,055,070	-	-	-	(1,055,070)	-	(1,055,070)
General Administration	2,671,010	-	-	-	(2,671,010)	-	(2,671,010)
School Administration	6,127,469	-	-	-	(6,127,469)	-	(6,127,469)
Fiscal Services	2,199,518	-	-	-	(2,199,518)	-	(2,199,518)
Central Services	9,816,669	-	-	-	(9,816,669)	-	(9,816,669)
Operation of Plant	1,894,061	-	-	-	(1,894,061)	-	(1,894,061)
Administrative Technology Services	6,300,012	-	-	-	(6,300,012)	-	(6,300,012)
Total Governmental Activities	181,944,976	-	-	-	(181,944,976)	-	(181,944,976)
Business-type Activities:							
FLVS Global & Franchises	15,112,480	21,885,237	-	-	-	6,772,757	6,772,757
Total Primary Government	\$ 197,057,456	\$ 21,885,237	\$ -	\$ -	\$ (181,944,976)	\$ 6,772,757	\$ (175,172,219)
General Revenues:							
Grants and Contributions not Restricted to Specific Programs					171,572,553	-	171,572,553
Virtual Learning Labs					8,199,362	-	8,199,362
Miscellaneous Local					4,780,817	1,395	4,782,212
Unrestricted Investment Earnings					198,782	6,527	205,309
Transfers In (Out)					8,081,526	(8,081,526)	-
Total General Revenues					192,833,040	(8,073,604)	184,759,436
Change in Net Position					10,888,064	(1,300,847)	9,587,217
Net Position July 1, 2015					(15,573,110)	8,148,051	(7,425,059)
Net Position, June 30, 2016					\$ (4,685,046)	\$ 6,847,204	\$ 2,162,158

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

Basic Financial Statements continued

For the Fiscal Year Ended June 30, 2016

Balance Sheet – Governmental Funds

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash	\$ 23,811,980	\$ -	\$ 23,811,980
Investments	34,236,709	-	34,236,709
Accounts Receivable, net	8,173,181	-	8,173,181
Due from Other Funds	48,738	-	48,738
Due from Other Agencies	-	301,564	301,564
Total Assets	\$ 66,270,608	\$ 301,564	\$ 66,572,172
LIABILITIES AND FUND BALANCE			
Liabilities:			
Salaries, Benefits, and Payroll Taxes Payable	\$ 6,902,100	\$ 20,561	\$ 6,922,661
Accounts Payable	7,530,196	232,265	7,762,461
Due to Other Funds	-	48,738	48,738
Due to Other Agencies	1,201,179	-	1,201,179
Total Liabilities	15,633,475	301,564	15,935,039
Fund Balances:			
Spendable:			
Restricted for State Categoricals	3,592,358	-	3,592,358
Assigned for Encumbrances	2,035,395	-	2,035,395
Assigned for Re-budget	5,065,929	-	5,065,929
Unassigned	39,943,451	-	39,943,451
Total Fund Balance	50,637,133	-	50,637,133
Total Liabilities and Fund Balance	\$ 66,270,608	\$ 301,564	\$ 66,572,172

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

Basic Financial Statements continued

For the Fiscal Year Ended June 30, 2016

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

Total Fund Balances - Governmental Funds	\$	50,637,133
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Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		3,137,650
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Internal service funds are used by management to charge the costs of its self-insurance program and course development. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.

Total Assets - Internal Service Fund	17,116,475	
Less: Total Liabilities - Internal Service Fund	(3,191,450)	
Less: Depreciable Assets Reported Above	<u>(849,139)</u>	
		13,075,886

Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.

Net pension liability		(53,860,613)
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Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions of \$12,860,863 = \$6,600,263 deferred outflows assumptions and experience + \$6,260,600 deferred outflows contributions subsequent to measurement date, 6/30/2015		12,860,863
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Deferred inflows of resources related to pensions (from pension schedule).		(10,122,625)
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Compensated Absences are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

		(11,238,994)
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Other Post Employment Benefits are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

		<u>(9,174,346)</u>
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Net Position - Governmental Activities

	\$	<u>(4,685,046)</u>
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The accompanying notes to the basic financial statements are an integral part of this statement.

Basic Financial Statements continued

For the Fiscal Year Ended June 30, 2016

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

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Federal Through State Sources:			
Other Federal Through State Sources	\$ -	\$ 1,699,249	\$ 1,699,249
Total Federal Through State	-	1,699,249	1,699,249
State Sources:			
Florida Education Finance Program	166,652,887	-	166,652,887
Reading Program	1,431,614	-	1,431,614
School Recognition Program	157,635	-	157,635
Other State Sources	1,631,168	-	1,631,168
Total State Sources	169,873,304	-	169,873,304
Local Sources:			
Other Local Sources	13,155,150	-	13,155,150
Total Local Sources	13,155,150	-	13,155,150
Total Revenues	183,028,454	1,699,249	184,727,703
EXPENDITURES			
Current:			
Instruction	132,027,679	1,505,420	133,533,099
Pupil Personnel Services	4,216,097	28,272	4,244,369
Instruction and Curriculum Development Services	557,266	91,912	649,178
Instructional Staff Training Services	2,608,481	34,122	2,642,603
Instruction Related Technology	7,317,450	-	7,317,450
School Board	1,047,885	-	1,047,885
General Administration	2,576,677	36,544	2,613,221
School Administration	5,943,088	-	5,943,088
Fiscal Services	2,166,193	-	2,166,193
Central Services	9,742,408	2,979	9,745,387
Operation of Plant	1,896,112	-	1,896,112
Administrative Technology Services	5,883,138	-	5,883,138
Capital Outlay:			
Other Capital Outlay	1,283,638	-	1,283,638
Total Expenditures	177,266,112	1,699,249	178,965,361
Excess of Revenues Over Expenditures	5,762,342	-	5,762,342
OTHER FINANCIAL SOURCES (USES)			
Transfers In	1,768,680	-	1,768,680
Total Other Financial Sources	1,768,680	-	1,768,680
Net Change in Fund Balance	7,531,022	-	7,531,022
Fund Balance, July 1, 2015	43,106,111	-	43,106,111
Fund Balance, June 30, 2016	\$ 50,637,133	\$ -	\$ 50,637,133

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

Basic Financial Statements continued

For the Fiscal Year Ended June 30, 2016

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

Net Change in Fund Balances - Governmental Funds \$ 7,531,022

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount of capital outlay, \$2,416,011 less than depreciation/amortization expense, (\$3,198,295) in the current period.

(782,284)

Internal service funds are used by management to charge the cost of certain activities, such as insurance and course development to individual funds. The net revenue of internal service funds is reported with governmental activities less depreciable assets reported above.

Net Revenue	4,380,542	
Less: Depreciable Assets Reported Above	(849,139)	3,531,403

Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as an expense.

District pension contributions	6,260,599	
Cost of benefits earned net of employee contributions (pension expense from the pension schedule)	(3,234,264)	3,026,335

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

(1,540,025)

Other Post Employment Benefits (OPEB) costs are recorded in government funds under the pay-as-you-go method, but under the full accrual method for government-wide statements.

(878,387)

Change in Net Position - Governmental Activities \$ 10,888,064

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

Basic Financial Statements continued

For the Fiscal Year Ended June 30, 2016

Statement of Net Position – Proprietary Fund

	Business-type Activities FLVS Enterprise Funds ^(a)	Business-type Activities Franchises	Business-type Activities Total	Governmental Activities Internal Service Fund
ASSETS				
Cash	\$ 3,476,153	\$ 2,358,404	\$ 5,834,557	\$ 8,269,704
Investments	-	-	-	7,014,255
Accounts Receivable, net	2,198,273	2,632,590	4,830,863	983,377
Capital Assets:				
Depreciable (net)	1,503,980	-	1,503,980	849,139
Total Assets	<u>7,178,406</u>	<u>4,990,994</u>	<u>12,169,400</u>	<u>17,116,475</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows - FRS and HIS	<u>541,511</u>	<u>135,377</u>	<u>676,888</u>	<u>-</u>
LIABILITIES				
Wages and Benefits Payable	297,639	30,070	327,709	292,326
Accounts Payable	162,466	192,511	354,977	1,660,139
Estimated Insurance Claims Payable	-	-	-	1,238,985
Unearned Revenue	221,252	-	221,252	-
Long-term Liabilities:				
Portion Due and Payable Within One Year:				
Liability for Compensated Absences	77,040	14,859	91,899	-
Portion Due and Payable After One Year:				
Liability for Compensated Absences	459,038	87,443	546,481	-
Liability for Other Post Employment Benefits	386,288	96,572	482,860	-
Liability for Florida Retirement Pension & Health Subsidy	2,868,120	573,016	3,441,136	-
Total Liabilities	<u>4,471,843</u>	<u>994,471</u>	<u>5,466,314</u>	<u>3,191,450</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - FRS and HIS	<u>426,216</u>	<u>106,554</u>	<u>532,770</u>	<u>-</u>
NET POSITION				
Invested in Capital Assets	1,503,980	-	1,503,980	849,139
Restricted for Encumbrances	127,722	102,781	230,503	-
Unrestricted	1,190,156	3,922,565	5,112,721	13,075,886
Total Net Position	<u>\$ 2,821,858</u>	<u>\$ 4,025,346</u>	<u>\$ 6,847,204</u>	<u>\$ 13,925,025</u>

(a) FLVS enterprise funds include the global services fund, global school fund, and the development fund.

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

Basic Financial Statements continued

For the Fiscal Year Ended June 30, 2016

Statement of Revenues, Expenditures, and Changes in Net Position – Proprietary Fund

	Business-type Activities FLVS Enterprise Funds ^(a)	Business-type Activities Franchises	Business-type Activities Total	Governmental Activities Internal Service Fund
OPERATING REVENUES				
Charges for Sales or Services	\$ 10,232,277	\$ 11,652,960	\$ 21,885,237	\$ 4,312,435
Premium Revenues	-	-	-	18,277,473
Miscellaneous Revenues	1,395	-	1,395	-
Total Operating Revenue	10,233,672	11,652,960	21,886,632	22,589,908
OPERATING EXPENSES				
Salaries	3,289,670	641,874	3,931,544	3,282,825
Employee Benefits	1,290,440	225,881	1,516,321	1,199,313
Purchased Services	2,518,645	3,344,608	5,863,253	1,298,697
Materials and Supplies	8,063	48,024	56,087	514
Capital Outlay	856	-	856	-
Other Expenses	836,912	2,172,816	3,009,728	18,481,440
Bad Debt Expense	2,105	-	2,105	-
Unallocated Depreciation/Amortization Expense	732,586	-	-	283,234
Total Operating Expenses	8,679,277	6,433,203	15,112,480	24,546,023
Operating Income (Loss)	1,554,395	5,219,757	6,774,152	(1,956,115)
NONOPERATING REVENUES				
Interest	6,527	-	6,527	23,811
Income (Loss) Before Operating Transfers	1,560,922	5,219,757	6,780,679	(1,932,304)
Transfers In	-	-	-	6,312,846
Transfers Out	5,031,750	3,049,776	8,081,526	-
Change in Net Position	(3,470,828)	2,169,981	(1,300,847)	4,380,542
Net Position - July 1, 2015	6,292,686	1,855,365	8,148,051	9,544,483
Net Position - June 30, 2016	\$ 2,821,858	\$ 4,025,346	\$ 6,847,204	\$ 13,925,025

(a) FLVS enterprise funds include the global services fund, global school fund, and the development fund.

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

Basic Financial Statements continued

For the Fiscal Year Ended June 30, 2016

Statement of Cash Flows – Proprietary Fund

	Business-type Activities FLVS Enterprise Funds ^(a)	Business-type Activities Franchises	Business-type Activities Total	Governmental Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 10,899,484	\$ 12,343,250	\$ 23,242,734	\$ 23,105,603
Payments to Suppliers of Goods and Services	(8,665,312)	(9,227,655)	(17,892,967)	(12,574,653)
Payments to Employees	(4,933,583)	(757,191)	(5,690,774)	(4,927,879)
Net Cash Provided by Operating Activities	(2,699,411)	2,358,404	(341,007)	5,603,071
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(163,450)	-	(163,450)	(1,132,373)
Net Cash Used in Capital and Related Financing Activities	(163,450)	-	(163,450)	(1,132,373)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on Investments	6,527	-	6,527	23,811
Purchases of Investments	-	-	-	(7,014,254)
Net Cash Provided by Investing Activities	6,527	-	6,527	(6,990,443)
Net Change in Cash	(2,856,334)	2,358,404	(497,930)	(2,519,745)
Cash at Beginning of Year	6,332,487	-	6,332,487	10,789,449
Cash at End of Year	\$ 3,476,153	\$ 2,358,404	\$ 5,834,557	\$ 8,269,704
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income	\$ 1,554,395	\$ 5,219,757	\$ 6,774,152	\$ (1,956,115)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Amortization Expense	732,585	-	732,585	283,234
Transfers In	-	-	-	6,312,846
Transfers Out	(5,031,750)	(3,049,776)	(8,081,526)	-
Changes in Assets and Liabilities:				
Decrease (Increase) in Accounts Receivable	585,844	690,290	1,276,134	515,696
Increase (Decrease) in Due to Other Funds	-	(509,031)	(509,031)	-
Increase (Decrease) in Accounts Payable	(386,509)	(103,401)	(489,910)	(37,987)
Increase (Decrease) in Salaries and Benefits Payable	(273,141)	4,559	(268,582)	292,325
Increase (Decrease) in Compensated Absence Payable	(219,666)	41,290	(178,376)	-
Increase (Decrease) in OPEB Payable	386,288	96,572	482,860	-
Increase (Decrease) in Pension Contribution Payable	(127,425)	(31,856)	(159,281)	-
Increase (Decrease) in Unearned Revenue	79,968	-	79,968	-
Increase (Decrease) in Est Unpaid Claims	-	-	-	193,072
Total adjustments	(4,253,806)	(2,861,353)	(7,115,159)	7,559,186
Net Cash Provided by Operating Activities	\$ (2,699,411)	\$ 2,358,404	\$ (341,007)	\$ 5,603,071

(a) FLVS enterprise funds include the global services fund, global school fund, and the development fund.

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

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ Reporting Entity

The Florida Virtual School (the School) was established by an act of the Florida Legislature, as specified under Title XLVIII, Chapter 1002, Section 1002.37, Florida Statutes, to develop and deliver online and distance learning education. The School initiated online activities in August 1997 in partnership with the School Board of Alachua County and Orange County Public Schools with the name of Florida Online High School. As a result of legislative activity in 2001, the Florida Online High School changed its name to The Florida Virtual School and ended its partnership with the School Board of Alachua and Orange County Public Schools. The Florida Virtual School is a component unit of the State of Florida.

The School is governed by a board of trustees consisting of seven members appointed by the Governor. Members have experience working in a variety of fields such as education, business and government. The board of trustees is required to meet a minimum of four times each year. The board members and the President who served during the 2015-16 fiscal year are shown in the following tabulation:

<u>Board Member</u>	<u>County</u>
Lady Dhyana Ziegler, Ph.D, Chair	Leon
Mr. Brian Cunningham	Broward
Ms. Linda Pellegrini	Orange
Ms. Dorene McShea	Collier
Robert Gidel, Sr.	Orange
Iris Gonzalez	Pinellas
Robert Saltzman	Orange
Ronald Blocker, President, Chief Executive Officer	

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

➤ Basis of Presentation

Government-wide Financial Statements - Government-wide financial statements, including the statement of net position and the statement of activities, present information about the School as a whole. These statements include the non-fiduciary financial activity of the primary government. The statements distinguish between governmental activities of the School and those that are considered business-type activities.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities and for each

Notes to Financial Statements continued

For the Fiscal Year Ended June 30, 2016

segment of the business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

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

The School eliminates from the statement of net position and the statement of activities interfund transfers and most interfund receivables and payables between funds.

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

The School reports the following major governmental fund:

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

The School reports the following non-major fund:

- Special Revenue Fund – Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Additionally, the School reports the following proprietary fund types:

- Internal Service Fund – to account for the self-insurance activities and course development.
- Enterprise Fund – to account for the activities of FLVS global and Florida franchises.

➤ **Basis of Accounting**

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

The government-wide financial statements are prepared using the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Revenues from the Enterprise Fund are recognized at the gross value

Notes to Financial Statements continued

For the Fiscal Year Ended June 30, 2016

earned. Commissions related to the sales are recorded as an expense. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues and expenses of the School's proprietary funds relate to the sales and services provided by FLVS global services, FLVS global school, and Florida franchises. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as they are needed.

➤ **Deposits and Investments**

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes. The statement of cash flows considers cash as those accounts used as demand deposit accounts and investments.

Investments consist of amounts placed with the State Board of Administration for participation in the Local Government Surplus Funds Trust Fund investment pool created by Section 218.405, Florida Statutes. This investment pool operates under investments guidelines established by Section 215.47, Florida Statutes. The School's investments in the Local Government Surplus Funds Trust Fund, a Securities and Exchange Commission Rule 2a7-like external investment pool, are reported at fair value, which is amortized cost.

➤ **Capital Assets**

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

Interest costs incurred during the construction of capital assets are not considered material and are not capitalized as part of the cost of construction.

Internally generated software, such as coursework for the School, is recognized as an intangible asset. Expenditures relating to the creation of intangible assets are capitalized and reported at cost in the government-wide statement of net position but are reported as expenditures in the governmental fund financial statements. An intangible asset is recognized in the statement of net position only if it is considered identifiable.

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

Notes to Financial Statements continued

For the Fiscal Year Ended June 30, 2016

<u>Description</u>	<u>Estimated Lives</u>
Furniture, Fixtures, and Equipment	3 years
Internally Generated Courses & Purchased Software	4 years

Current-year information relative to changes in capital assets is described in a subsequent note.

➤ **Long-Term Liabilities**

Long-term obligations that will be financed from resources to be received in the future are reported as liabilities in the government-wide statement of net position.

In the government-wide financial statements, compensated absences (i.e., paid absences for employee vacation leave and sick leave) are accrued as liabilities to the extent that it is probable that the benefits will result in termination payments. A liability is reported in the governmental fund financial statements only for the current portion of compensated absences expected to be paid using expendable available resources.

Changes in long-term liabilities for the current year are reported in a subsequent note.

➤ **State Revenue Sources**

Revenues from State sources for current operations are primarily from the Florida Education Finance Program administered by the Florida Department of Education (Department) under the provisions of Section 1011.62, Florida Statutes. In accordance with this law, the School determines and reports the number of full-time equivalent (FTE) students and related data to the Department. The Department performs certain edit checks on the reported number of FTE and related data, and calculates the allocation of funds to the School. The School is permitted to amend its original reporting based on the DOE Schedule of FTE Amendments. Such amendments may impact funding allocations for subsequent years. The Department may also adjust subsequent fiscal period allocations based upon an audit of the School's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

The State provides financial assistance to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for certain programs be expended only for the program for which the money is provided, and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical educational programs. The Department generally requires that categorical educational program revenues be accounted for in the General Fund. A portion of the fund balance of the General Fund is restricted in the governmental fund financial statements for the unencumbered balance of categorical educational program resources.

A schedule of revenue from State sources for the current year is presented in a subsequent note.

➤ **Fund Balance Policy**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Board itself can establish limitations on the use of resources through a commitment (committed fund balance). The Board does not have a policy regarding the commitment of fund balances. As such, the School does not report any committed fund balances. However, to ensure that an adequate fund balance is

Notes to Financial Statements continued

For the Fiscal Year Ended June 30, 2016

available for financial emergencies, it is a normal practice of the Board to annually budget at least an 8% reserve of its State (FEFP) and Virtual Learning Lab (VLL) revenue in its general fund budget.

➤ **Pensions**

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

2. ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable are presented on the balance sheet net of estimated uncollectible amounts. The School records an allowance for estimated uncollectible accounts in an amount approximating anticipated losses. Individual uncollectible accounts are written off against the allowance when collection of the individual accounts appears doubtful. The School recorded an allowance for doubtful accounts of \$63,353 as of June 30, 2016.

3. BUDGETARY COMPLIANCE AND ACCOUNTABILITY

The Board follows procedures established by State statutes and State Board of Education rules in establishing budget balances for governmental funds, as described below:

- Budgets are prepared, public meetings are held, and original budgets are adopted annually for all governmental fund types in accordance with procedures and time intervals prescribed by law and State Board of Education rules.
- Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each function (e.g., instruction, pupil personnel services, and school administration) and may be amended by resolution at any Board of Trustees meeting prior to the due date for the annual financial report.
- Budgets are prepared using the same modified accrual basis as is used to account for governmental funds.
- Budgetary information is integrated into the accounting system and, to facilitate budget control, budget balances are encumbered when purchase orders and other commitments are issued. Appropriations lapse at fiscal year-end and encumbrances outstanding are honored from the subsequent year's appropriations.

4. INVESTMENTS

Section 218.415(17), Florida Statutes, authorizes the School to invest in the Local Government Surplus Funds Trust Fund, any intergovernmental investment pool, money market funds registered with the

Notes to Financial Statements continued

For the Fiscal Year Ended June 30, 2016

Securities and Exchange Commission, interest-bearing time deposits or savings accounts, and direct obligations of the U.S. Treasury.

Investments with a fair value of \$41,250,964 at June 30, 2016, are in the State Board of Administration investment pool (Florida PRIME) with a weighted average maturity (WAM) of 39 days. A portfolio's WAMP reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes. The School's investment in Florida PRIME is rated AAAM by Standard and Poor's.

5. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below:

	Balance 7-1-15	Additions	Deletions	Balance 6-30-16
Capital Assets Being Depreciated				
<u>GOVERNMENTAL ACTIVITIES:</u>				
Furniture, Fixtures, and Equipment	\$ 5,176,079	\$ 233,677	\$ 187,000	\$ 5,222,756
Less Accumulated Depreciation	4,598,822	419,856	187,000	4,831,678
Total Furniture, Fixtures, and Equipment	577,257	(186,179)	-	391,078
Internally Created Software	25,363,952	1,492,578	-	26,856,530
Less Accumulated Amortization	22,021,275	2,606,000	-	24,627,275
Total Internally Created Software	3,342,677	(1,113,422)	-	2,229,255
Learning Content Management System	-	689,756	-	689,756
Less: Accumulated Amortization	-	172,439	-	172,439
Total LCMS	-	517,317	-	517,317
<u>BUSINESS-TYPE ACTIVITIES:</u>				
Furniture, Fixtures, and Equipment	20,290	15,833	-	36,123
Less Accumulated Depreciation	7,341	10,919	-	18,260
Total Furniture, Fixtures, and Equipment	12,949	4,914	-	17,863
Internally Created Software	2,746,888	147,618	-	2,894,506
Less Accumulated Amortization	686,722	721,667	-	1,408,389
Total Internally Created Software	2,060,166	(574,049)	-	1,486,117
TOTAL GOV'T & BUSINESS-TYPE CAPITAL ASSETS, NET	\$ 5,993,049	\$ (1,351,419)	\$ -	\$ 4,641,630

Notes to Financial Statements continued

For the Fiscal Year Ended June 30, 2016

Depreciation/Amortization expense for the governmental funds was charged to functions for the year ended June 30, 2016 as follows:

Function	Amount
GOVERNMENTAL	
Instruction	\$ 2,779,001
Administrative Related Technology	385,750
Instructional Related Technology	33,544
Total Depreciation/Amortization-Governmental Activities	<u>\$ 3,198,295</u>

6. OPERATING LEASES

The School is obligated under a lease agreement for office facilities beginning October 1, 2013 and ending July 31, 2023. The base rent is being waived for the period of February 1, 2016 through July 31, 2016. The annual lease payments increase approximately 3% beginning fiscal year 2018. The total amount of payments for fiscal year ending June 30, 2016 is \$1,049,736.

Annual remaining rent payments are shown in the table below:

Fiscal Year Ending June 30	Payment
2017	1,142,144
2018	1,176,550
2019	1,211,691
2020	1,248,056
2021	1,285,524
2022-2023	1,435,516
Total	<u>\$ 7,499,481</u>

Notes to Financial Statements continued

For the Fiscal Year Ended June 30, 2016

7. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities:

Description	Balance			Balance 6-30-16	Due in One Year
	7-1-15	Additions	Reductions		
Comp Abs - Governmental Activities	\$ 9,698,969	\$ 2,113,425	\$ 573,400	\$ 11,238,994	\$ 1,886,306
Comp Abs - Business-Type Activities	816,754	-	178,374	638,380	91,899
Total Compensated Absences Payable	10,515,723	2,113,425	751,774	11,877,374	1,978,205
OPEB - Governmental Activities	8,295,959	878,387	-	9,174,346	-
OPEB - Business-Type Activities	-	482,860	-	482,860	-
Total Other Post Employment Benefits	8,295,959	1,361,247	-	9,657,206	-
Pension - Governmental Activities	39,242,254	14,618,359	-	53,860,613	-
Pension - Business-Type Activities	2,504,825	936,311	-	3,441,136	-
Total Net Pension Liability	41,747,079	15,554,670	-	57,301,749	-
Estimated Insurance Claims Payable	1,045,913	193,072	-	1,238,985	1,238,985
Total Long-Term Liabilities	\$ 61,604,674	\$19,222,414	\$ 751,774	\$ 80,075,314	\$ 3,217,190

8. ENCUMBRANCES

Appropriations in governmental funds are encumbered upon issuance of purchase orders for goods and services. Even though appropriations lapse at the end of the fiscal year, unfilled purchase orders of the current year are carried forward and the next year's appropriations are likewise encumbered.

9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The following is a summary of interfund transfers reported in the proprietary financial statements at June 30, 2016:

Funds	Interfund	
	Transfer In	Transfer Out
General Fund	\$ 1,768,680	
Internal Service Fund	\$ 6,312,846	
Enterprise Funds		
FLVS Global Services Fund		2,052,533
Development Fund		2,979,217
Franchises Fund		3,049,776
Total	\$ 8,081,526	\$ 8,081,526

Notes to Financial Statements continued

For the Fiscal Year Ended June 30, 2016

The interfund transfers represent a transfer of profit from the FLVS global and franchise enterprise funds, as well as from the development fund to the governmental funds. Of the amount transferred to the governmental funds, \$6,312,846 was used for the development of student courses, with the remainder used for various technology upgrades.

10. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the School's State revenue for the General Fund for the 2014-15 fiscal year:

<u>Source</u>	<u>2015-16</u>
Florida Education Finance Program	<u>\$ 166,652,887</u>
Other State Sources:	
Reading Program	1,431,614
School Recognition Program	157,635
Miscellaneous State	<u>1,631,168</u>
Total Other State Sources	<u>3,220,417</u>
Total State Revenues	<u><u>\$ 169,873,304</u></u>

Accounting policies relating to certain State revenue sources are described in Note 1.

11. STATE RETIREMENT PROGRAMS

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

Essentially all regular employees of the School are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' web site (www.dms.myflorida.com).

Notes to Financial Statements continued

For the Fiscal Year Ended June 30, 2016

The School's pension expense totaled \$3,404,489 for the fiscal year ended June 30, 2016.

Plan Description. The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Teacher's Retirement System, Plan E and a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- Regular Class – Members of the FRS who do not qualify for membership in the other classes.
- Elected County Officers Class – Members who hold specified elective offices in local government.
- Senior Management Service Class (SMSC) – Members in senior management level positions.

Vesting refers to an earned right to receive retirement benefits when the employee reaches normal retirement of 62 years of age or by 30 years of service for employees who began participation in the FRS prior to July 1, 2011. **On or after July 1, 2011**, vesting refers to an earned right to receive retirement benefits when the employee reaches normal retirement of 65 years of age or by 33 years of service for employees who began participation in the FRS.

- Six (6) years of contiguous service is required to become fully vested for FRS members whose participation in the FRS began prior to July 1, 2011.
- Eight (8) years of contiguous service is required to become fully vested for employees who begin participation in the FRS on or after July 1, 2011.
- Effective July 1, 2011 all employee contributions are immediately vested, minus any interest earnings for those in the Pension Plan, once the member has been off all FRS covered payrolls for three full calendar months. Employer contributions made on behalf of the member are not refundable prior to vesting.

The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, and death benefits and annual cost-of-living adjustments.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

Notes to Financial Statements continued

For the Fiscal Year Ended June 30, 2016

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% of Value</u>
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 years of service	1.68
Senior Management Service Class	2.00

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

FRS Retirement Contribution Rates

The Florida Legislature establishes, and may amend, contribution rates for each membership class of the FRS. During the 2015-16 fiscal year, contribution rates were as follows:

Class or Plan	<u>Percent of Gross Salary</u>	
	Employee	Employer (A)
Florida Retirement System, Regular	3.00	7.26
Florida Retirement System, Senior Management Service	3.00	21.43
Deferred Retirement Option Program - Applicable to Members from all of the Above Classes or Plans	0.00	12.88
Florida Retirement System, Reemployed Retiree	(B)	(B)

Notes: (A) In addition to the rates shown, employer rates include 1.66 percent for the post-employment health insurance supplement. Also, employer rates, other than for DROP participants, include 0.04 percent for administrative costs of the Public Employee Optional Retirement Program.

(B) Contribution rates are dependent upon the retirement class in which re-employed.

The School's liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the School. The School's contributions for the fiscal years ended June 30, 2014, June 30, 2015 and June 30, 2016, totaled \$6,722,389, \$7,061,736, and \$7,616,012 respectively, which were equal to the required contributions for each fiscal year.

Notes to Financial Statements continued

For the Fiscal Year Ended June 30, 2016

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to FRS Pensions.

At June 30, 2016, the School reported a liability of \$25,973,394 for its proportionate share of the net pension liability. The total pension liability was determined by the plans' actuary and reported in the plans' valuations dated July 1, 2015. The School's proportion of the net pension liability was based on the School's share of contributions to the pension plan relative to the contributions of all Division of Retirement participating employers. At June 30, 2015, the School's proportion was .201089408% compared to .203303791% at June 30, 2014.

For the fiscal year ended June 30, 2016, the School recognized pension expense of \$1,423,828 related to the Plan. At June 30, 2016, 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	
	Gov't Activities	Bus-type Activities	Gov't Activities	Bus-type Activities
Differences between expected and actual experience	\$ 2,604,920	\$ 137,101	\$ 585,211	\$ 30,800
Changes in assumptions or other inputs	1,637,744	86,197	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	5,891,911	310,101
Changes in proportion and differences between district contributions and proportionate share of contributions	-	-	1,821,393	95,863
District contributions subsequent to the measurement date, 6/30/2015	4,660,978	245,315	-	-
Total	\$ 8,903,642	\$ 468,613	\$ 8,298,515	\$ 436,764

The deferred outflows of resources related to pensions, totaling \$4,906,293 (4,660,978 + 245,315), resulting from the School contributions subsequent to the measurement date, will be recognized as a reduction of net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2017	\$ (2,054,695)
2018	(2,054,695)
2019	(2,054,695)
2020	3,062,158
2021	594,660
Thereafter	155,209
Totals	\$ (2,352,058)

Notes to Financial Statements continued

For the Fiscal Year Ended June 30, 2016

Actuarial Methods and Assumptions. The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Investment rate of return	7.65 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.2%	3.1%	1.7%
Fixed Income	18.0%	4.8%	4.7%	4.7%
Global Equity	53.0%	8.5%	7.2%	17.7%
Real Estate (Property)	10.0%	6.8%	6.2%	12.0%
Private Equity	6.0%	11.9%	8.2%	30.0%
Strategic Investments	12.0%	6.7%	6.1%	11.4%
Total	100.0%			
Assumed Inflation - Mean		2.6%		1.9%

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

Discount Rate. The discount rate used to measure the total pension liability was 7.65 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the School's Proportionate Share of the Net Position Liability to Changes in the Discount Rate. The following tables demonstrate the sensitivity of the net liability to changes to the discount rate. The sensitivity analysis shows the impact to the collective net pension liability of the participating employers if the discount rate was 1.00 percent higher or 1.00 percent lower than the current discount rate at June 30, 2015.

Notes to Financial Statements continued

For the Fiscal Year Ended June 30, 2016

	FRS Net Pension Liability (Asset)		
	1% Decrease	Current	1% Increase
	6.65%	7.65%	8.65%
NPL per FRS, June 30, 2015	\$ 33,469,161,224	\$ 12,916,341,186	\$ (4,186,981,004)
FLVS proportionate @measurement date, date, June 30, 2015	0.201089408%	0.201089408%	0.201089408%
FLVS proportionate share of NPL	\$ 67,302,938	\$ 25,973,394	\$ (8,419,575)

Additional Financial and Actuarial Information. Additional audited financial information supporting the Schedules of Employer Allocations and the Schedules of Pension Amounts by Employer, is located in the Florida CAFR for the fiscal year ended June 30, 2014, and in the Florida Retirement System Pension Plan and Other State-Administered Systems CAFR for the fiscal year ended June 30, 2015.

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended June 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2016, the contribution rate was 1.26 percent of payroll pursuant to section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and proceeding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The School's contribution for HIS Plan totaled \$1,683,813 for fiscal year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIS Pensions. At June 30, 2016, the School reported a net pension liability of \$31,328,356 for its proportionate share of the HIS Plan's net pension liability. The current portion of

Notes to Financial Statements continued

For the Fiscal Year Ended June 30, 2016

the net pension liability is the School's proportionate share of benefit payments expected to be paid within one year, net of the District's proportionate share of the pension plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The School's proportionate share of the net pension liability was based on the School's 2014-15 fiscal year contributions relative to the total 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the School's proportionate share was .307188119% for HIS, compared to .313815997% measured as of June 30, 2014.

For fiscal year ended June 30, 2016, the School recognized pension expense of \$1,980,661 related to the HIS Plan. In addition, 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	
	Gov't Activities	Bus-type Activities	Gov't Activities	Bus-type Activities
Changes in assumptions or other inputs	\$ 2,341,488	\$ 123,236	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	16,111	848	-	-
Changes in proportion and differences between district contributions and proportionate share of contributions	-	-	1,824,110	96,006
District contributions subsequent to the measurement date, 6/30/2015	1,599,622	84,191	-	-
Total	\$ 3,957,221	\$ 208,275	\$ 1,824,110	\$ 96,006

The deferred outflows of resources related to pensions, totaling \$1,683,813 (1,599,622 + 84,191), resulting from School contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2017	\$ 429,226
2018	429,226
2019	429,226
2020	425,779
2021	424,125
Thereafter	344,099
Totals	\$ 2,481,681

Notes to Financial Statements continued

For the Fiscal Year Ended June 30, 2016

Actuarial Assumptions. The total pension liability in the July 1, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	3.80 percent

Mortality rates were based on the Generational RP-2000 with Projected Scale BB.

The HIS Plan has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study was completed in 2015 for the period July 1, 2008, through June 30, 2013. Because the HIS Plan is funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 3.80 percent, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percent lower (2.80 percent) or 1 percent higher (4.80 percent) than the current rate:

	HIS Net Pension Liability (Asset)		
	1% Decrease	Current	1% Increase
	2.80%	3.80%	4.80%
NPL per HIS, June 30, 2015	\$ 11,620,632,800	\$ 10,198,426,975	\$ 9,012,520,805
FLVS proportionate @measurement date, date, June 30, 2015	0.307188119%	0.307188119%	0.307188119%
FLVS proportionate share of NPL	\$ 35,697,203	\$ 31,328,356	\$ 27,685,393

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

Payables to the Pension Plan. The School reported no payables for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2016.

Defined Contribution Pension Plan

The School contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the SBA, and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member's account upon retirement.

Notes to Financial Statements continued

For the Fiscal Year Ended June 30, 2016

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. School employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment members accounts during the 2015-16 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30
FRS, Senior Management Service	7.67

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended June 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the School.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income. The School's Investment Plan pension expense totaled \$2,263,080 and there were 624 School participates for the fiscal year ended June 30, 2016.

12. RISK MANAGEMENT PROGRAMS

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Florida Virtual School is a member of the North East Florida Educational Consortium (NEFEC) under which several district school boards have established a combined limited self-insurance program for property protection, general liability, automobile liability, workers' compensation, and other coverage deemed necessary by the

Notes to Financial Statements continued

For the Fiscal Year Ended June 30, 2016

members of the Consortium. However, workers' compensation for employees who reside in states other than Florida is provided through fully insured plans that are not part of NEFEC. Arthur Gallagher Risk Management Services handles the School's multi-state worker's compensation policy for all states in which we have employees that allow such a policy. Section 1001.42(10)(k), Florida Statutes, provides the authority for the School to enter in such a risk management program. The Consortium is self-sustaining through member assessments (premiums), and purchases coverage through commercial companies for claims in excess of specified amounts. Reinsurance from commercial companies provided excess property coverage of up to \$50 million during the 2015-16 fiscal year. The Board of Directors of the Consortium is composed of superintendents of all participating districts and schools. The Putnam County District School Board serves as fiscal agent for the Consortium. The School has not reduced insurance coverage for the past two years. Settled claims have not exceeded insurance coverage for the past three years.

The School provides group health, life and disability insurance to benefited employees. There are three different health plans offered. All are PPO (Preferred Organization) plans, with one plan offering a lower-premium higher-deductible option coupled with an employer-funded HRA contribution. Under these plans, the Board contributes to a portion of the premiums as part of the "fringe benefits" offered to employees. These plans offer four participant tiers to include employee-only, employee plus spouse, employee plus child(ren), and full family coverage. The three plans are administered by Blue Cross Blue Shield of Florida. The School reported an estimated unpaid claims liability of \$1,238,985.

13. OTHER POSTEMPLOYMENT BENEFITS

Plan Description. Pursuant to the provision of the Section 112.0801, Florida Statutes, former employees who retire from the School, and eligible dependents, may continue to participate in the School's health and hospitalization plan for medical and prescription coverages. The School subsidizes the premium rates paid by the retirees by allowing them to participate in the plan at the blended group premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the School on average than those of active employees. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The rates by retirees eligible for Medicare are reduced by the Medicare premium. Separate stand-alone financial statements for the plan are not prepared.

Funding Policy. The School funds the postemployment benefit on a pay-as-you-go basis. For fiscal year 2015-16, 14 retirees received health care benefits. The School provided required contributions estimated at (\$597) toward the annual Other Post Employment Benefits ("OPEB") cost, comprised of benefit payments made on behalf of retirees net of retiree contributions.

Annual OPEB Cost and Net OPEB Obligations. The following table shows the School's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the School's net OPEB obligation:

Notes to Financial Statements continued

For the Fiscal Year Ended June 30, 2016

Description	Amount
Normal Cost (service cost for one year)	\$ 824,384
Amortization of Unfunded Actuarial Accrued Liability	550,093
Interest on Normal Cost and Amortization	-
Annual Required Contribution (ARC)	1,374,477
Interest on Net OPEB Obligation (NOO)	331,838
Adjustment to Annual Required Contribution	(345,665)
Annual OPEB Cost (Expense)	1,360,650
Estimated Contribution Toward the OPEB Cost	597
Increase in Net OPEB Obligation	1,361,247
Net OPEB Obligation, Beginning of Year	8,295,959
Net OPEB Obligation, End of Year	<u>\$ 9,657,206</u>

The School's annual OPEB Cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, was as follows:

Year Ended	Annual OPEB Cost	Amount Contributed	Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	\$ 1,719,780	\$ (51,021)	-2.97%	\$ 7,099,161
June 30, 2015	\$ 1,302,980	\$ 106,182	8.15%	\$ 8,295,959
June 30, 2016	\$ 1,360,650	\$ (597)	-0.04%	\$ 9,657,206

Funded Status and Funding Progress. As of June 30, 2015, the most recent valuation date, the actuarial accrued liability for benefits was \$12,447,964, and the actuarial value of assets was \$0, resulting in an unfunded actuarial liability of \$12,447,964 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$91,872,334 for the 2014-2015 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 13.55 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress is presented as required supplementary information following the notes to the financial statements.

Notes to Financial Statements continued

For the Fiscal Year Ended June 30, 2016

Actuarial Methods and Assumptions. Projection of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and the participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis.

The School's OPEB actuarial valuation as of June 30, 2016, used the Entry Age actuarial method with amortization on a level percentage basis, to estimate the unfunded and funded actuarial liability as of June 30, 2016 and to estimate the School's 2015-2016 fiscal year ARC. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4 percent discount rate, compounded annually. The actuarial assumptions also included a payroll growth rate of 4 percent per year, and projected salary increases of 4.0% through 7.80%. The unfunded actuarial accrued liability is being amortized as a level percentage of expected payroll on a closed basis. The remaining amortization period at June 30, 2016, is 23 years.

14. LITIGATION

From time to time, the School may be involved in litigation. Currently, the School is not aware of any pending or threatened legal actions that would have a material effect on the financial statements.

Required Supplementary Information

For the Fiscal Year Ended June 30, 2016

Budgetary Comparison Schedule – General Fund

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive / (Negative)
REVENUES				
State Sources:				
Florida Education Finance Program	\$ 159,914,653	\$ 164,496,780	\$ 166,652,887	\$ 2,156,107
Reading Program	1,378,549	1,414,147	1,431,614	17,467
School Recognition Program	330,715	1,969,889	157,635	(1,812,254)
Other State Sources	-	-	1,631,168	1,631,168
Total State Sources	161,623,917	167,880,816	169,873,304	1,992,488
Local Sources:				
Other Local Sources	15,419,318	12,572,971	13,155,150	582,179
Total Local Sources	15,419,318	12,572,971	13,155,150	582,179
Total Revenues	177,043,235	180,453,787	183,028,454	2,574,667
EXPENDITURES				
Current:				
Instruction	130,992,408	138,465,234	132,027,679	6,437,555
Pupil Personnel Services	4,033,429	4,748,977	4,216,097	532,880
Instruction and Curriculum Development Services	614,523	3,909,212	557,266	3,351,946
Instructional Staff Training Services	2,874,861	4,004,329	2,608,481	1,395,848
Instruction Related Technology	8,733,857	8,640,408	7,317,450	1,322,958
School Board	1,085,010	1,756,874	1,047,885	708,989
General Administration	2,756,287	3,069,058	2,576,677	492,381
School Administration	5,794,081	6,408,609	5,943,088	465,521
Fiscal Services	2,090,174	2,166,193	2,166,193	-
Central Services	10,331,301	11,162,296	9,742,408	1,419,888
Operation of Plant	1,643,345	2,129,394	1,896,112	233,282
Administrative Technology Services	6,795,950	9,060,655	5,883,138	3,177,517
Capital Outlay:				
Other Capital Outlay		1,283,638	1,283,638	-
Total Expenditures	177,745,226	196,804,877	177,266,112	19,538,765
Excess (Deficiency) of Revenues Over Expenditures	(701,991)	(16,351,090)	5,762,342	22,113,432
OTHER FINANCIAL SOURCES (USES)				
Transfers In	-	1,768,680	1,768,680	-
Total Other Financial Sources (Uses)	-	1,768,680	1,768,680	-
Net Change in Fund Balance	(701,991)	(14,582,410)	7,531,022	22,113,432
Fund Balance, July 1, 2015	30,568,114	43,106,111	43,106,111	-
Fund Balance, June 30, 2016	\$ 29,866,123	\$ 28,523,701	\$ 50,637,133	\$ 22,113,432

Required Supplementary Information continued

For the Fiscal Year Ended June 30, 2016

Schedule of Funding Progress – Other Post Employment Benefits Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
June 30, 2014	\$ -	\$ 14,010,519	\$ 14,010,519	0.00%	\$ 87,176,211	16.07%
June 30, 2015	\$ -	\$ 12,447,964	\$ 12,447,964	0.00%	\$ 91,872,334	13.55%
June 30, 2016	\$ -	\$ 12,447,964	\$ 12,447,964	0.00%	\$ 91,872,334	13.55%

Required Supplementary Information continued

For the Fiscal Year Ended June 30, 2016

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

	2015		2014
Florida Virtual School's proportion of the net pension liability (asset)	0.201089408%		0.203303739%
Florida Virtual School's proportionate share of the net pension liability (asset)	\$ 25,973,394	\$	12,404,518
Florida Virtual School's covered-employee payroll	\$ 101,434,489	\$	91,872,334
Florida Virtual School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	25.61%		13.50%
Plan fiduciary net position as a percentage of the total pension liability	92.00%		96.09%

Note: Two years of data available for GASB 68 compliance which was adopted June 30, 2015.

Required Supplementary Information continued

For the Fiscal Year Ended June 30, 2016

Schedule of Contributions – Florida Retirement System

	2016		2015
Contractually required contribution	\$ 4,906,293	\$	4,902,731
Contributions in relation to the contractually required contribution	\$ (4,906,293)	\$	(4,902,731)
Contribution deficiency (excess)	\$ -	\$	-
Florida Virtual School's covered-employee payroll	\$ 101,434,489	\$	91,872,334
Contributions as a percentage of covered-employee payroll	4.84%		5.34%

Note: Two years of data available for GASB 68 compliance which was adopted June 30, 2015.

Required Supplementary Information continued

For the Fiscal Year Ended June 30, 2016

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

	2015		2014
Florida Virtual School's proportion of the net pension liability (asset)	0.307188119%		0.313815997%
Florida Virtual School's proportionate share of the net pension liability (asset)	\$ 31,328,356	\$	29,342,561
Florida Virtual School's covered-employee payroll	\$ 101,434,489	\$	91,872,334
Florida Virtual School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	30.89%		31.94%
Plan fiduciary net position as a percentage of the total pension liability	0.50%		0.99%

Note: Two years of data available for GASB 68 compliance which was adopted June 30, 2015.

Required Supplementary Information continued

For the Fiscal Year Ended June 30, 2016

Schedule of Contributions – Health Insurance Subsidy Program

	2016	2015
Contractually required contribution	\$ 1,683,813	\$ 1,174,264
Contributions in relation to the contractually required contribution	\$ (1,683,813)	\$ (1,174,264)
Contribution deficiency (excess)	\$ -	\$ -
Florida Virtual School's covered-employee payroll	\$ 101,434,489	\$ 91,872,334
Contributions as a percentage of covered-employee payroll	1.66%	1.28%

Note: Two years of data available for GASB 68 compliance which was adopted June 30, 2015.

Required Supplementary Information continued

For the Fiscal Year Ended June 30, 2016

Notes to the Pension Plans Schedules

Note 1. Factors That Affect Trend

Actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2015 for the period July 1, 2008, through June 30, 2013. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for this program.

The following changes in actuarial assumptions occurred in 2015:

- FRS: As of June 30, 2015, the inflation rate assumption was 2.60%, the overall payroll growth rate assumption was 3.25%, and the long-term expected rate of return was 7.65%.
- HIS: The municipal bond rate used to determine total pension liability was decreased from 4.29% to 3.80%.

Other Reports

For the Fiscal Year Ended June 30, 2016

Schedule of Expenditures of Federal Awards

Federal Pass-Through Entity Federal Program	CFDA Number	Contract/ Grant Number	Contract Period	Expenditures	Amount Provided to Sub-Recipients
Federal Awards					
U.S. Department of Education					
Indirect:					
Passed through the State of Florida Department of Education					
Carl D. Perkins Career & Technical Education	84.048A	48C-1616A-6CV01	07/01/15 - 06/30/16	\$ 25,000	\$ -
Title I - Part A, Education of Disadvantaged Children & Youth	84.010A	48C-2126B-6CB01	07/01/15 - 06/30/16	904,736	666,053
Title II - Teacher and Principal Training and Recruiting Fund	84.367A	48C-2246B-6CT01	07/01/15 - 06/30/16	37,139	21,243
IDEA - Part B K-12	84.027A	48C-2636B-6CB01	07/01/15 - 06/30/16	732,374	471,373
Total Federal Awards				<u>\$ 1,699,249</u>	<u>\$ 1,158,669</u>

See Accompanying Notes to Schedule

Notes to the Schedule of Expenditures of Federal Awards

NOTE 1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of the Florida Virtual School. The School reporting entity is defined in Note 1 to the School's Basic Financial Statements for the year ended June 30, 2016. All federal awards passed through to other government agencies are included in the schedule.

NOTE 2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the School's Basic Financial Statements for the year ended June 30, 2016.

Stakeholder Surveys – Executive Summary 2015-16

This survey was conducted and executive summary produced by Marc Morris and Kimball High of InMoment, Inc.



Florida Virtual School Stakeholder Surveys: Executive Summary 2015-16

July 2016



FLORIDA VIRTUAL
SCHOOL

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Executive Summary

Florida continues to support the development of Florida Virtual School (FLVS) as a resource for addressing the technological and learning needs within its Kindergarten-12 student population. FLVS Flex students completed 394,069 course enrollments during the 2015-16 school year.

FLVS has an ongoing process for conducting surveys of the various stakeholders it serves and uses the data to monitor organizational performance and evaluate areas for improvement. Individual findings from the surveys FLVS administered to its stakeholders are summarized in four separate annual reports (Student-Parent, District Virtual Schools, School, and District Survey Reports for 2015-16).

This report provides an executive summary of the major findings from these surveys. Detailed three-year comparison summarizing the Student-Parent survey results is located in the appendix. Due to significant survey changes to the School and District survey, a two-year comparison was not conducted. Table 1 summarizes total responses collected for the Student-Parent surveys.¹

Fig 1. FLVS Student-Parent Responses Collected

	Student	Parent
Survey	Response Count	Response Count
Midcourse	67,476	5,177
End of Course	28,859	3,480

Table 2. FLVS Annual Survey Response Rates, 2015-16

Survey	Total Sent	Number Returned	Response Rate
School	11,423	627	5.5%
District	112	19	17.0%

¹ Counts include responses captured for District Virtual Schools.

Reactions from Students and Parents

Overall Satisfaction

Teacher satisfaction was one of the highest rated of all survey questions asked of both students and parents. In fact, students and parents rated teacher satisfaction higher in 2015-16 than 2014-15; 2.4 and 4.6 percentage points higher respectively. Students and parents were also very satisfied with the course overall. The numbers for parents continue to strengthen year over year (see appendix), while the average rating from students are almost identical to 2014-15. There was a high likelihood to take another course from their respective FLVS teachers (82.5 percent) as well as recommend FLVS to a friend (79.2 percent). Both of these scores were slightly lower than the prior year.

Average scores for teacher overall communication from students was 85.9 percent (+2.5 percent) and from parents was 91.4 percent (+4.4 percent)

Teacher Quality

Teacher Quality questions averaged 90 percent based on ratings from parents and students. Both students' and parents' responses indicated overall communication with their teacher was excellent. Students rated teacher overall communication at 85.9 percent (+2.5 percent vs. prior year) and parents rating was 91.4 percent (+4.4 percent). Teachers were available for learning needs when needed. The highest scores of all questions on teacher quality from the surveys came from the two new questions: Willingness to Help (91.0 percent) and Teacher Focused on Success (91.1 percent). Average scores for students (89.5 percent) and parents (91.4 percent) indicate high level of care for student success.

Course Quality

Course quality scores were not as high as teacher quality, but averaged a high 82 percent across all questions. Overall, both students and parents indicated course materials helped to understand the subject matter and average scores increased over prior year by 0.8 percent and 2.9 percent respectively. Ease of finding their way through course lessons was also excellent at 85 percent. Students and parents also showed high agreement towards the course being set up in the way the student likes to learn; however the average score for students was a slight decrease from prior year (-1.6 percent). The students rated course materials a slight increase over prior year (+.9 percent) while resources being interesting and new scored lower than 2014-15 (-1.2 percent).

Reaction from Schools and Districts

Support to Schools and Districts

In general, both school and district personnel indicated they received what was needed with the services FLVS provided to their students, as well as the support and communication provided to their school or district.

School contacts reported positive experiences with FLVS. Respondents indicated communication between FLVS and schools has been more than sufficient. There is an opportunity for improvement with nearly 40 percent of school respondents unfamiliar with the Counselor Resources web page, and 30 percent unfamiliar with the Terms of Agreement. Even with these shortcomings, 80 percent said their primary FLVS contact has been in touch with someone at their school and 87 percent are satisfied with the level of service they receive.

Compared to prior year school level personnel indicated the quality of their experience with FLVS increased 3.0 percent to 76.8 percent for 2015-16 (full comparative data available in the appendix).

District contacts reported positive experiences with FLVS. Respondents on the district level rated FLVS performance 88.9 percent for receiving sufficient support from FLVS.

District Relations Manager Partnership

Both school and district personnel responded overwhelmingly positive to questions regarding their District Relations Manager (DRM) partnership.

School contacts reported having a strong partnership with FLVS DRMs with a near 100 percent rating. The majority of respondents felt DRMs were always accessible to help resolve concerns, were responsive to inquiries, and provided support relating to FLVS information. Additionally, they see DRMs as valuable support.

District contacts reported having a strong partnership with FLVS DRMs rating each of these questions at 100 percent. All respondents felt DRMs were always accessible to help resolve concerns, were always responsive to inquiries, and provided support relating to FLVS information. Additionally, they see DRMs as valuable support.

Student Monitoring

Schools feel that they are well equipped to monitor the progress of FLVS students. FLVS schools also reported using administrative accounts to monitor student progress. Last year InMoment recommended that schools should focus on student information provided to them by FLVS to help monitor progress and this year's score has increased to 78.3 (up 4.3 percent from 2014-15).

District respondents indicated FLVS provided the information needed to monitor the progress of their district's FLVS students with a score of 69.4 percent. One area of improvement for district personnel would be their use of FLVS administrative accounts. Despite the active use of FLVS administrative accounts, almost 40 percent of district respondents do not strongly agree to using this resource.

Awareness and Participation

School contacts indicated there was a moderate to high level of awareness of the FLVS program. Fifty-six percent of the responding school contacts indicated more than 70 percent of their students are aware of FLVS. A positive signal in the data showed 70 percent of school respondents agree that they encourage enrollment with FLVS. Schools indicated that specific limitations are placed on students when scheduling FLVS courses with an average score of 57.1 percent. Encouragement and limitations are both up nearly 4 points from prior year.

District contacts indicated 100 percent awareness of the FLVS program among the high schools in their districts. All but one district contacts believe 70 percent or more of students are aware of FLVS in the districts.

Regarding student participation in FLVS, 75 percent of respondents agree that their school does not placing any limits on access to FLVS courses. Eighty-four percent of respondents indicated they specified policies related to FLVS participation in their Student Progression Plans. This number is up dramatically from prior year (+17.5 percent). The vast majority of respondents (84.2 percent) have used FLVS to accommodate unique student situations. A small group (36.8 percent +8.2 percent from prior year) indicated implementing specific strategies to encourage minority enrollment. This could be a result of the specific districts responding to the survey. There may be districts without a need for this kind of outreach based on their student ethnicity enrollment mix.

Quality and Benefits to Schools and Districts

There was strong agreement from school contacts that FLVS benefited both the schools and students. Higher ratings for the benefits FLVS provides students lifted the schools' average rating from 76.5 percent to 80.6 percent. The benefit to students and schools saw big increases over prior year scores. School respondents gave higher ratings than last year regarding FLVS as a key partner and for the quality of their experience with FLVS (up 7 points to 74.6 percent and up 3 points to 76.8 percent, respectively).

Potential Barriers and Concerns to Schools and Districts

The lack of technology at home was reported as a greater challenge for students to access FLVS compared to technology at school. A minority (15 percent) of school respondents reported having technical problems with their courses. Respondents strongly indicated having little to no concerns about either FLVS courses or teachers.

The lack of technology at school reported to be a barrier increased slightly to 29.1 percent of the cases, while the lack of technology at home is a concern at 51.6 percent.

The district contacts believe the lack of technology is a barrier for students in both the schools and the home. They rated the lack of technology in the home at 55.6 percent, and the lack of technology in schools at 31.9 percent.

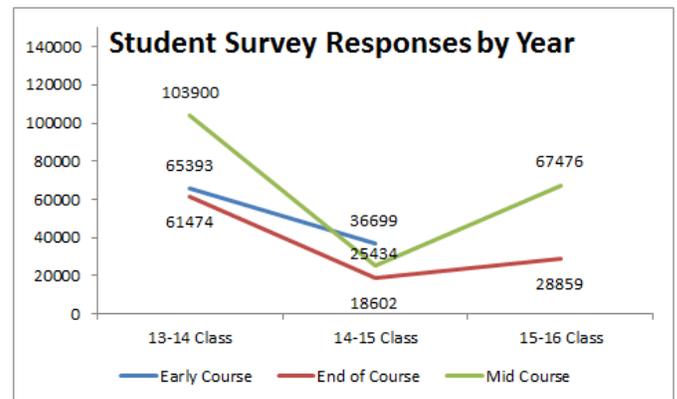
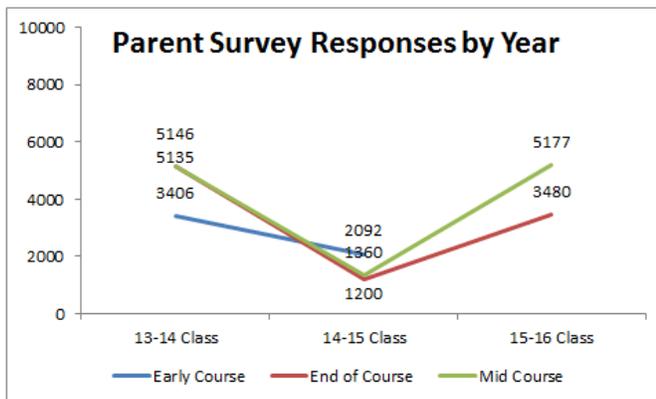
Appendix. Year-To-Year Comparison

Surveys and Response Rates

Student and Parent Surveys

Each year, Florida Virtual School (FLVS) conducts surveys of its students and their parents to learn more about the strengths and weaknesses of its virtual education program. This report provides results segmented by student and parent completed surveys. Surveys were administered to enrolled students via email to evaluate two phases within a student's FLVS course:

- **Midcourse:** Upon approximately 45 percent completion of the course, students receive a survey addressing ten topics.
- **End of Course:** Upon 90 percent course completion, students receive a survey addressing the same ten topics as the midcourse survey. This survey also asked five additional items related to overall satisfaction with the course and teacher (15 items total).



Annual Surveys

Florida Virtual School conducts an annual school and district survey to gather feedback and data from the staff with whom it partners. Contacts were invited via email to participate in the survey during the summer of 2016.

Student and Parent Surveys

All Respondents

Below presents the average score for each rating question year over year segmented by all student and parent responses.

Overall Satisfaction

		School Year		
Parent or Student		2013-14	2014-15	2015-16
OSAT - Course	Parent	83.6	85.2	88.1
	Student	79.7	81.8	81.4
OSAT - Teacher	Parent	88.3	87.3	91.9
	Student	87.5	87.0	89.4
Best Learning Experience	Parent	74.1	79.3	79.6
	Student	71.1	74.9	72.3
Take Another Course	Parent	86.0	86.6	89.5
	Student	80.1	82.7	82.5
Recommend	Parent	87.3	88.4	90.9
	Student	81.0	81.1	79.2

Teacher Quality

		School Year		
Parent or Student		2013-14	2014-15	2015-16
Quality of Communication	Parent	87.2	87.0	91.4
	Student	82.4	83.4	85.9
Wait Time	Parent	86.9	87.3	90.3
	Student	84.6	84.9	87.4
Learning Needs Assistance	Parent	87.7	87.2	91.0
	Student	87.0	86.8	88.9
Level of Care	Parent	88.3	87.8	91.4
	Student	87.8	87.3	89.5
Willingness to Help	Parent			92.9
	Student			91.1
Teacher Focused on Success	Parent			92.6
	Student			91.0

Course Quality

	Parent or Student	School Year		
		2013-14	2014-15	2015-16
Course Materials	Parent	81.8	83.9	86.8
	Student	79.2	80.2	81.1
Ease of Use	Parent	82.8	85.5	87.8
	Student	82.6	84.4	84.9
Course Set Up	Parent	77.2	83.3	83.4
	Student	73.6	77.1	75.5
Innovative Resources	Parent	78.3	83.0	83.5
	Student	74.4	77.2	76.0

Annual Surveys

School

Question	Score 2014-15	Score 2015-16
Are you familiar with the Counselor Resource page of the FLVS website? (Yes/No) Percentages indicating “Yes”	64.8	61.5
Are you familiar with the “Terms of Agreement” between your district and FLVS? (Yes/No) Percentages indicating “Yes”	69.2	70.2
Have you or other school personnel been in touch with your primary FLVS contact? (Yes/No) Percentages indicating “Yes”	70.3	80.2
You are satisfied with level of service you receive from your primary FLVS contact. (Strongly Agree to Strongly Disagree 5 point rating scale)	79.9	86.1
Do you receive FLVS information from the FLVS District Contact person in your district? (Yes/No) Administrator Percentages indicating “Yes”	81.1	85.4
Do you feel the District Relations Manager (DRM) is accessible to help you resolve concerns regarding your FLVS needs? (Yes/No) Percentages indicating “Yes”	98.9	99.6
Do you find the DRM to be responsive regarding your inquiries regarding FLVS questions? (Yes/No) Percentages indicating “Yes”	98.4	99.6
Do you believe the DRM provides support as it relates to FLVS information? (Yes/No) Percentages indicating “Yes”	99.5	98.8
Considering your overall experience with FLVS, do you see the DRM as a valuable support? (Yes/No) Percentages indicating “Yes”	98.9	98.8

FLVS provides you with the information you needed to monitor the progress of your FLVS student. (Strongly Agree to Strongly Disagree 5 point rating scale)	74.0	78.9
You or school personnel use FLVS administrative accounts to monitor student progress over the web. (Strongly Agree to Strongly Disagree 5 point rating scale)	75.6	80.3
Your school encourages enrollment in FLVS courses. (Strongly Agree to Strongly Disagree 5 point rating scale)	71.0	74.9
Your school places specific limitations on students when scheduling FLVS courses. (Strongly Agree to Strongly Disagree 5 point rating scale)	53.6	57.1
You are satisfied with quality of your school's experience with FLVS. (Strongly Agree to Strongly Disagree 5 point rating scale)	73.8	76.8
Florida Virtual School benefits your students. (Strongly Agree to Strongly Disagree 5 point rating scale)	76.5	80.6
Florida Virtual School benefits your school. (Strongly Agree to Strongly Disagree 5 point rating scale)	71.3	76.6
You consider Florida Virtual School to be a key partner to your school. (Strongly Agree to Strongly Disagree 5 point rating scale)	67.5	74.6
Your students experience little to no technical or technical problems in their FLVS courses. (Strongly Agree to Strongly Disagree 5 point rating scale)	58.3	61.0
The lack of school technology has been a barrier for some students to access Florida Virtual School courses. (Strongly Agree to Strongly Disagree 5 point rating scale)	28.1	29.1
The lack of home technology has been a barrier for some students to access Florida Virtual School courses. (Strongly Agree to Strongly Disagree 5 point rating scale)	53.0	51.6
Have you had any concerns about FLVS courses this past school year? (Yes/No) Percentages indicating "Yes"	19.5	13.3
Have you had any concerns about FLVS teachers this past school year? (Yes/No) Percentages indicating "Yes"	18.8	18.0

District

Question	Score 2014-15	Score 2015-16
FLVS policies and procedures are clearly communicated to the affiliated districts. (Strongly Agree to Strongly Disagree 5 point rating scale)	75.0	76.4
You receive sufficient support from your primary FLVS contact. (Strongly Agree to Strongly Disagree 5 point rating scale)	82.5	88.9
Have you or other school personnel been in touch with your primary FLVS contact? (Yes/No) Percentages indicating "Yes"	90.5	89.5
FLVS provides you with the information needed to monitor the progress of your district's FLVS students. (Strongly Agree to Strongly Disagree 5 point rating scale)	66.7	69.4
District personnel use FLVS administrative accounts to monitor student progress over the Web. (Strongly Agree to Strongly Disagree 5 point rating scale)	66.7	69.4
Do you feel the District Relations Manager (DRM) is accessible to help you resolve concerns regarding your FLVS needs? (Yes/No) Percentages indicating "Yes"	100	100
Do you find the DRM to be responsive regarding your inquiries regarding FLVS questions? (Yes/No) Percentages indicating "Yes"	100	100
Do you believe the DRM provides support as it relates to FLVS information? (Yes/No) Percentages indicating "Yes"	100	100
Considering your overall experience with FLVS, do you see the DRM as a valuable support? (Yes/No) Percentages indicating "Yes"	100	100
What percentage of high schools in your district are aware of FLVS? <i>Awareness greater than 70%</i>	100	100
Are high school students in your district aware of FLVS? <i>Awareness greater than 70%</i>	62.0	84.2
What percentage of your schools students are aware of FLVS? <i>Awareness greater than 70%</i>	54.0	56.8
Your district places specific limitations on students when scheduling FLVS courses. (Strongly Agree to Strongly Disagree 5 point rating scale)	38.9	25.0
Your district ensures all students have access to FLVS courses if needed. (Strongly Agree to Strongly Disagree 5 point rating scale)	81.9	73.6
Does your district Student Progression Plan specify policies regarding students' participation in FLVS courses? (Yes/No)	66.7	84.2
Does your district implement any specific strategies to encourage minority enrollment in FLVS? (Yes/No)	28.6	36.8

Has your district utilized FLVS to accommodate students with extraordinary circumstances? (Yes/No) Percentages indicating “Yes”	90.5	84.2
Florida Virtual School benefits your students. (Strongly Agree to Strongly Disagree 5 point rating scale)	80.0	77.8
Florida Virtual School benefits your district. (Strongly Agree to Strongly Disagree 5 point rating scale)	76.3	75.0
You consider Florida Virtual School to be a key partner to your school. (Strongly Agree to Strongly Disagree 5 point rating scale)	78.8	75.0
The lack of school technology has been a barrier for some students in accessing FLVS courses. (Strongly Agree to Strongly Disagree 5 point rating scale)	36.1	31.9
The lack of home technology has been a barrier for some students in accessing FLVS courses. (Strongly Agree to Strongly Disagree 5 point rating scale)	51.4	55.6
Have you had any concerns about FLVS courses this past school year? (Yes/No) Percentages indicating “Yes”	22.2	16.7
Have you had any concerns about FLVS teachers this past school year? (Yes/No) Percentages indicating “Yes”	16.7	5.6



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About InMoment™

InMoment™ is a cloud-based customer experience (CX) optimization platform that gives companies the ability to listen to and engage with their customers to improve business results through better experiences. Through its Experience Hub™, InMoment provides Voice of Customer (VoC), Social Reviews & Advocacy, and Employee Engagement technology, as well as strategic guidance and tactical instruction, support, and services, to 350 brands across 25 industries in 128 countries. The company is the leading VoC vendor for the food services, retail, and contact center industries, with deep domain expertise in B2B, healthcare, hospitality, and numerous others.