



**ANNUAL
FINANCIAL
REPORT**

FOR FISCAL YEAR ENDED JUNE 30, 2023



THE FLORIDA VIRTUAL SCHOOL

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INDEPENDENT AUDITOR'S REPORT

Chairman and Members of
The Board of Trustees
The Florida Virtual School
Orlando, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The Florida Virtual School (the "School") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis-of-Matter

Change in Accounting Principle

As discussed in Note II.A to the financial statements, in the year ended June 30, 2023, the School adopted the provisions of Government Accounting Standards Board Statement ("GASBS") Number 96, *Subscription-Based Information Technology Arrangements (SBITA)*.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Chairman and Members of
The Board of Trustees
The Florida Virtual School

INDEPENDENT AUDITOR'S REPORT
(Concluded)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Other Postemployment Benefit Schedules, and Pension Schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2024, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
February 20, 2024

**THE FLORIDA VIRTUAL SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2023**

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, 2023.

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 and notes to the financial statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2022-2023 fiscal year are as follows:

- In total, net position decreased \$4,335,974 during the 2022-23 fiscal year. This decrease is primarily due to the increase in net pension liability.
- The School's total assets and deferred outflows exceeded liabilities and deferred inflows by \$107,267,985 at the end of the fiscal year. Of this amount, \$21,089,719 represents investments in capital assets, \$4,176,998 represents Restricted for State Categoricals and \$82,001,268 represents unrestricted net position.
- Total revenues of \$369,064,007 were comprised of revenues generated from governmental activities in the amount of \$328,356,819 and \$40,707,188 generated from business-type activities.
- As of the close of the current fiscal year, the School's governmental funds reported an ending fund balance of \$145,534,810. This is an increase of \$8,237,130 in comparison with the prior year due to an increase in state funding of \$29 in base student allocation.
- The unassigned fund balance in the General Fund, representing the net current financial resources available for contingency, future initiatives, and research and development appropriations by the Board, totals \$120,948,840 at June 30, 2023, or 38.0 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 includes supplementary information intended to furnish additional details to support the basic financial statements.

**THE FLORIDA VIRTUAL SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2023**

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, liabilities, deferred inflows and outflows of resources, using an economic resources measurement focus. Assets plus deferred outflows of resources, less liabilities and deferred inflows of resources, equals net position, which is a measure of the School's financial health. The statement of activities presents information about the change in the School's net position, the results of operations during the fiscal year.

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 FlexPoint, FlexPoint Virtual School and the Florida franchises, which includes functions that are intended to recover all of their costs through user fees and charges for services.

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.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide

**THE FLORIDA VIRTUAL SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2023**

financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School adopts an annual appropriations budget for its governmental funds. 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. Two types of proprietary funds are maintained.
 - Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The School uses the enterprise fund to account for its FlexPoint, FlexPoint Virtual School and Florida franchises divisions.
 - Internal service funds are used to report activities that provide goods and services to support the School's other programs and functions through user charges. The School uses the internal service fund to account for its health insurance and course development activities. The School's internal service funds are combined into a single, aggregated column in the proprietary fund financial statements.

**THE FLORIDA VIRTUAL SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2023**

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, 2023, and June 30, 2022:

	Net Position, End of Year					
	Governmental Activities		Business-Type Activities		Total	
	6-30-23	6-30-22	6-30-23	6-30-22	6-30-23	6-30-22
Current Assets	\$ 201,474,513	\$ 189,790,867	\$ 78,746,061	\$ 75,577,184	\$ 280,220,574	\$ 265,368,051
Capital Assets	27,384,379	23,689,340	29,573	6,951	27,413,952	23,696,291
Total Assets	228,858,892	213,480,207	78,775,634	75,584,135	307,634,526	289,064,342
Deferred outflows of Resources	117,691,676	99,048,208	4,903,821	4,127,009	122,595,497	103,175,217
Other Liabilities	23,219,273	23,532,468	3,861,165	5,979,159	27,080,438	29,511,627
Long-Term Liabilities	265,924,940	141,555,330	11,472,076	6,759,551	277,397,016	148,314,881
Total Liabilities	289,144,213	165,087,798	15,333,241	12,738,710	304,477,454	177,826,508
Deferred inflows of Resources	17,745,198	98,696,727	739,386	4,112,365	18,484,584	102,809,092
Net Position:						
Invested in Capital Assets	21,060,146	21,774,565	29,573	6,951	21,089,719	21,781,516
Restricted for State Categoricals	4,176,998	4,448,999	-	-	4,176,998	4,448,999
Unrestricted (Deficit)	14,424,013	22,520,326	67,577,255	62,853,118	82,001,268	85,373,444
Total Net Position	\$ 39,661,157	\$ 48,743,890	\$ 67,606,828	\$ 62,860,069	\$ 107,267,985	\$ 111,603,959

In the case of the School's total governmental and business-type activities, assets and deferred outflows exceed liabilities and deferred inflows by \$107,267,985 at the end of the fiscal year. Of this amount \$21,089,719 represents investment in capital assets, \$4,176,998 represents Restricted for State Categoricals, and \$82,001,268 represents unrestricted net position.

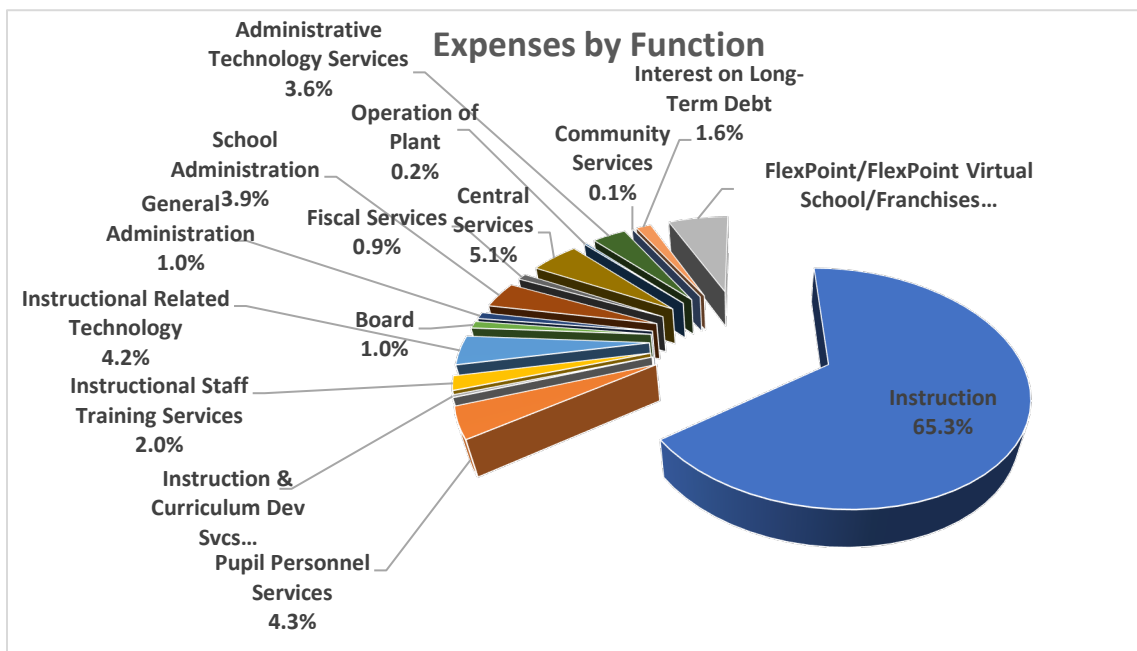
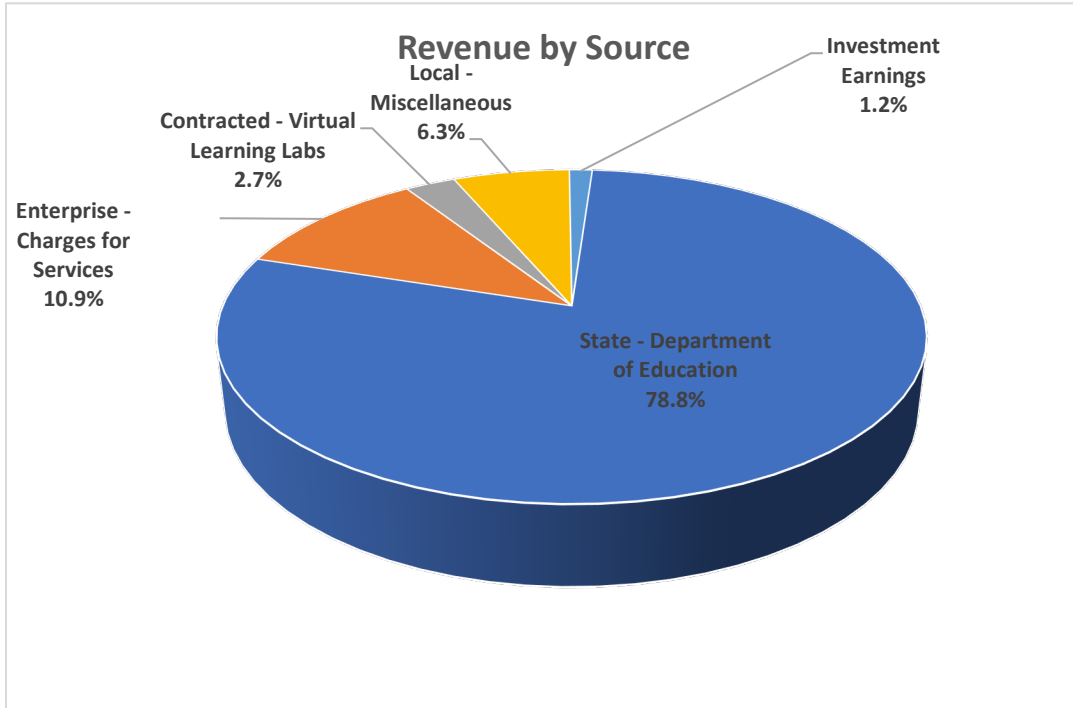
**THE FLORIDA VIRTUAL SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2023**

The following is a summary of the School's changes in net position for the fiscal years ended June 30, 2023 and June 30, 2022, as follows:

	Governmental Activities		Business-Type Activities		Total	
	6-30-23	6-30-22	6-30-23	6-30-22	6-30-23	6-30-22
Program Revenues						
Charges for Services	\$ -	\$ -	\$ 40,058,123	\$ 54,540,127	\$ 40,058,123	\$ 54,540,127
General Revenues:						
Grants and Contributions Not Restricted						
to Specific Programs	290,977,520	299,636,900	-	-	290,977,520	299,636,900
Virtual Learning Labs	10,076,799	10,442,518	-	-	10,076,799	10,442,518
Miscellaneous Local	23,348,470	7,750,783	14,395	46,366	23,362,865	7,797,149
Unrestricted Investment Earnings	3,954,030	242,376	634,670	11,741	4,588,700	254,117
Total Revenues	328,356,819	318,072,577	40,707,188	54,598,234	369,064,007	372,670,811
Functions/Program Expenses:						
Instruction	243,660,750	223,461,910	-	-	243,660,750	223,461,910
Pupil Personnel Services	15,984,330	12,047,962	-	-	15,984,330	12,047,962
Instruction & Curriculum Dev Svcs	1,270,805	645,213	-	-	1,270,805	645,213
Instructional Staff Training Services	7,299,522	3,067,070	-	-	7,299,522	3,067,070
Instructional Related Technology	15,505,060	13,106,842	-	-	15,505,060	13,106,842
Board	3,827,077	3,791,106	-	-	3,827,077	3,791,106
General Administration	3,557,533	1,585,280	-	-	3,557,533	1,585,280
School Administration	14,546,478	12,839,419	-	-	14,546,478	12,839,419
Fiscal Services	3,471,853	2,686,336	-	-	3,471,853	2,686,336
Central Services	18,980,323	14,464,411	-	-	18,980,323	14,464,411
Operation of Plant	912,021	2,277,550	-	-	912,021	2,277,550
Administrative Technology Services	13,519,776	13,592,695	-	-	13,519,776	13,592,695
Community Services	195,087	163,848	-	-	195,087	163,848
Interest on Long Term Debt	6,111,656	36,439	-	-	6,111,656	36,439
FlexPoint, FlexPoint Virtual Schools & Franchises			24,557,710	29,036,865	24,557,710	29,036,865
Total Expenses	348,842,271	303,766,081	24,557,710	29,036,865	373,399,981	332,802,946
Excess (deficiency) of revenue over (under) expenses	(20,485,452)	14,306,496	16,149,478	25,561,369	(4,335,974)	39,867,865
Other financial sources (uses)						
Transfers In	11,402,719	21,000,000	-	-	11,402,719	21,000,000
Transfers Out	-	-	(11,402,719)	(21,000,000)	(11,402,719)	(21,000,000)
Total other financial sources (uses)	11,402,719	21,000,000	(11,402,719)	(21,000,000)	-	-
Change in net position	(9,082,733)	35,306,496	4,746,759	4,561,369	(4,335,974)	39,867,865
Beginning Net Position, as previously reported	48,743,890	13,437,394	62,860,069	58,298,700	111,603,959	71,736,094
Net Position, ending	\$ 39,661,157	\$ 48,743,890	\$ 67,606,828	\$ 62,860,069	\$ 107,267,985	\$ 111,603,959

**THE FLORIDA VIRTUAL SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2023**

The largest revenue source is the State of Florida (78.8 percent). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. 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.



**THE FLORIDA VIRTUAL SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2023**

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. Specifically, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as it represents the portion of fund balance that has not been limited to a particular purpose by an external party or by the School.

Major 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 \$120,948,840, which represents an increase of \$3,522,766 or 3 percent from the previous year. The total unassigned fund balance represents 38.0 percent of total General Fund revenues. It is necessary for the School to maintain a fund balance which is higher than what is normally expected of many other Governmental agencies in order to (1) have funds available to periodically improve its products and services through capital investment, since the School is not authorized to borrow funds; (2) have adequate reserves available to cover the effects of potential State funding cuts, potential unanticipated enrollment or course completion reductions (Florida Virtual School is a choice school funded through successful student course completions), and unanticipated effects of the Florida 1.0 FTE sharing formula (funding per student varies based upon the proportionate share of courses taken with the School compared to other public schools in the State).

Major Proprietary Funds

The Enterprise fund are used to report the same functions as business-type activities in the government-wide financial statements. The School uses the enterprise funds to account for its FlexPoint, FlexPoint Virtual School and Florida franchises divisions. The fund had total revenues of \$40,707,188 total expenditures and transfers-out of \$35,960,429. The School recorded a net position of \$67,606,828 at June 30, 2023. The receivable balance of \$7,146,301 at June 30, 2023, represents amounts due from FlexPoint, FlexPoint Virtual and franchise customers.

Major Special Revenue Funds

The Special Revenue Funds are used to account for certain Federal program resources, such as grants, which are typically funded on a cost-reimbursement basis. During the fiscal year the funds had total revenues of \$7,399,704, and total expenditures of \$7,375,690. The receivables balance of \$1,180,273 at June 30, 2023, represents amounts due from other agencies for outstanding reimbursements due for expenditures incurred during the fiscal year.

**THE FLORIDA VIRTUAL SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2023**

GENERAL FUND BUDGETARY HIGHLIGHTS

Original Budget Compared to Final Budget

During the 2022-2023 fiscal year, the School amended its General Fund budget several times to account for budget increases/decreases in revenue, primarily due to changes in student completion forecasts and State funding adjustments.

The actual General Fund revenues were lower than the adjusted budgeted revenues by \$451,226 due to the decrease in state sources and the increase in other local sources. The actual General Fund expenditures were less than the adjusted budgeted appropriations by \$30,354,406 due to several unfilled job opportunities as well as various other budgetary accounts that were not fully expended. Included in the unexpended fund balance are outstanding purchasing commitments of \$1,577,552, restricted categorical programs of \$4,176,998, assigned for research and development of \$7,775,326, and re-budgeted programs of \$10,983,870.

CAPITAL ASSET & LONG-TERM DEBT ADMINISTRATION

Capital Assets

The School's investment in capital assets as of June 30, 2023, amounts to \$27,413,952 (net of accumulated depreciation). The School's capital assets includes furniture, fixtures and equipment; computer software and courses; and a learning management system. The total increase in the School's investment in capital assets (net of accumulated depreciation) for the current fiscal year was \$3,717,661.

Long-Term Debt

In accordance with GASB 87 FLVS capitalized \$1,848,786 right to use assets consisting of data servers, racks and the main headquarters office building that are leased. The associated lease obligation was also reported.

In accordance with GASB 96 FLVS capitalized \$4,176,249 subscription based IT assets for Workday software. The associated lease obligations were also reported.

Additional information on the capital assets and long-term debt can be found in the Notes to the Financial Statements.

OTHER SIGNIFICANT MATTERS

In developing the 2023-2024 fiscal year budget, the School considered many factors, including the following:

- The adjustment of the completion and revenue forecasts for the School prior to the COVID-19 pandemic.
- Federal and State funding sources available to defray costs of COVID-19 prevention and response ending in fiscal year 2024.

**THE FLORIDA VIRTUAL SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2023**

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 Corey Wheeler (cowheeler@flvs.net), Senior Director, Financial and Treasury Services, The Florida Virtual School, 5422 Carrier Drive, Suite 201, Orlando, Florida, 32819.



**BASIC FINANCIAL STATEMENTS
ANNUAL FINANCIAL REPORT
2023**

**The Florida Virtual School
Statement of Net Position
June 30, 2023**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash	\$ 73,015,695	\$ 41,124,179	\$ 114,139,874
Investments	112,843,128	30,475,581	143,318,709
Accounts Receivable, net	14,142,839	7,146,301	21,289,140
Due from Other Agencies	1,472,851	-	1,472,851
Capital Assets:			
Development in Progress	21,650	-	21,650
Depreciable, net	27,362,729	29,573	27,392,302
Total Assets	<u>228,858,892</u>	<u>78,775,634</u>	<u>307,634,526</u>
DEFERRED OUTFLOWS OF RESOURCES			
Other Postemployment Benefits	10,258,449	427,435	10,685,884
Pensions	107,433,227	4,476,386	111,909,613
Total Deferred Outflows of Resources	<u>117,691,676</u>	<u>4,903,821</u>	<u>122,595,497</u>
LIABILITIES			
Wages and Benefits Payable	14,315,473	974,892	15,290,365
Accounts Payable	6,992,693	610,964	7,603,657
Estimated Insurance Claims Payable	1,867,066	-	1,867,066
Due to Other Agencies	39,706	-	39,706
Unearned Revenue	4,335	2,275,309	2,279,644
Long-Term Liabilities:			
Portion Due and Payable Within One Year:			
Liability for Compensated Absences	3,351,566	104,139	3,455,705
Liability for right to use asset	2,047,549	-	2,047,549
Portion Due and Payable After One Year:			
Liability for Compensated Absences	32,998,874	898,924	33,897,798
Liability for Other Post Employment Benefits	25,019,425	1,042,477	26,061,902
Liability for right to use asset	4,276,684	-	4,276,684
Liability for Florida Retirement Pension & Health Subsidy	198,230,842	9,426,536	207,657,378
Total Liabilities	<u>289,144,213</u>	<u>15,333,241</u>	<u>304,477,454</u>
DEFERRED INFLOWS OF RESOURCES			
Other Postemployment Benefits	8,725,092	363,547	9,088,639
Pensions	9,020,106	375,839	9,395,945
Total Deferred Inflows of Resources	<u>17,745,198</u>	<u>739,386</u>	<u>18,484,584</u>
NET POSITION			
Investment in Capital Assets	21,060,146	29,573	21,089,719
Restricted for State Categoricals	4,176,998	-	4,176,998
Unrestricted	14,424,013	67,577,255	82,001,268
Total Net Position	<u>\$ 39,661,157</u>	<u>\$ 67,606,828</u>	<u>\$ 107,267,985</u>

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

**The Florida Virtual School
Statement of Activities
For the Fiscal Year Ended June 30, 2023**

FUNCTIONS/ PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating	Capital	Primary Government		Total
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:							
Instruction	\$ 243,660,750	\$ -	\$ -	\$ -	\$ (243,660,750)	\$ -	\$ (243,660,750)
Pupil Personnel Services	15,984,330	-	-	-	(15,984,330)	-	(15,984,330)
Instruction and Curriculum Development Services	1,270,805	-	-	-	(1,270,805)	-	(1,270,805)
Instructional Staff Training Services	7,299,522	-	-	-	(7,299,522)	-	(7,299,522)
Instructional Related Technology	15,505,060	-	-	-	(15,505,060)	-	(15,505,060)
Board	3,827,077	-	-	-	(3,827,077)	-	(3,827,077)
General Administration	3,557,533	-	-	-	(3,557,533)	-	(3,557,533)
School Administration	14,546,478	-	-	-	(14,546,478)	-	(14,546,478)
Fiscal Services	3,471,853	-	-	-	(3,471,853)	-	(3,471,853)
Central Services	18,980,323	-	-	-	(18,980,323)	-	(18,980,323)
Operation of Plant	912,021	-	-	-	(912,021)	-	(912,021)
Administrative Technology Services	13,519,776	-	-	-	(13,519,776)	-	(13,519,776)
Community Service	195,087	-	-	-	(195,087)	-	(195,087)
Interest on Long term Debt (Leases)	6,111,656	-	-	-	(6,111,656)	-	(6,111,656)
Total Governmental Activities	348,842,271	-	-	-	(348,842,271)	-	(348,842,271)
Business-type Activities:							
FlexPoint, FlexPoint Virtual School & Franchises	24,557,710	40,058,123	-	-	-	15,500,413	15,500,413
Total Primary Government	\$ 373,399,981	\$ 40,058,123	\$ -	\$ -	(348,842,271)	15,500,413	(333,341,858)
General Revenues:							
Taxes:							
Grants and Contributions not Restricted to Specific Programs					290,977,520	-	290,977,520
Virtual Learning Labs					10,076,799	-	10,076,799
Miscellaneous Local					23,348,470	14,395	23,362,865
Unrestricted Investment Earnings					3,954,030	634,670	4,588,700
Transfers In (Out)					11,402,719	(11,402,719)	-
Total General Revenues and Transfers					339,759,538	(10,753,654)	329,005,884
Change in Net Position					(9,082,733)	4,746,759	(4,335,974)
Net Position - Beginning					48,743,890	62,860,069	111,603,959
Net Position, Ending					\$ 39,661,157	\$ 67,606,828	\$ 107,267,985

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

**The Florida Virtual School
Balance Sheet
Governmental Funds
June 30, 2023**

	General Fund	Special Revenue Funds	Total Governmental Funds
ASSETS			
Cash	\$ 48,421,340	\$ 72,311	\$ 48,493,651
Investments	102,574,911	-	102,574,911
Accounts Receivable, net	9,591,118	-	9,591,118
Due from Other Funds	850,293	-	850,293
Due from Other Agencies	292,578	1,180,273	1,472,851
Total Assets	\$ 161,730,240	\$ 1,252,584	\$ 162,982,824
LIABILITIES AND FUND BALANCE			
Salaries, Benefits, and Payroll Taxes Payable	13,269,425	258,594	13,528,019
Accounts Payable	2,973,104	52,557	3,025,661
Due to Other Funds	-	850,293	850,293
Due to Other Agencies	20,790	18,916	39,706
Unapplied Payments	4,335	-	4,335
Total Liabilities	16,267,654	1,180,360	17,448,014
Fund Balances:			
Restricted for State Categoricals	4,176,998	-	4,176,998
Assigned for Encumbrances	1,577,552	-	1,577,552
Assigned for Re-budget	10,983,870	72,224	11,056,094
Assigned for Research & Development	7,775,326	-	7,775,326
Unassigned	120,948,840	-	120,948,840
Total Fund Balance	145,462,586	72,224	145,534,810
Total Liabilities and Fund Balance	\$ 161,730,240	\$ 1,252,584	\$ 162,982,824

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

**The Florida Virtual School
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2023**

Total Fund Balances - Governmental Funds	\$	145,534,810
 Amounts reported for <i>governmental activities</i> 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.		27,384,379
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	59,408,096	
Less: Total Liabilities - Internal Service Fund	(6,621,552)	
Less: Depreciable Assets Reported Above	<u>(20,066,114)</u>	32,720,430
Some liabilities, including net pension obligations, OPEB and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Net pension liability	(198,230,842)	
Other postemployment benefits payable	(25,019,425)	
Compensated absences payable	(36,350,440)	
Lease Liability	<u>(6,324,233)</u>	(265,924,940)
The deferred outflows of resources and deferred inflows of resources related to other postemployment benefits are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred outflows of resources related to OPEB	10,258,449	
Deferred inflows of resources related to OPEB	<u>(8,725,092)</u>	1,533,357
The deferred outflows of resources and deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred outflows of resources related to pensions	107,433,227	
Deferred inflows of resources related to pensions	<u>(9,020,106)</u>	98,413,121
 Net Position - Governmental Activities	 \$	 <u><u>39,661,157</u></u>

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

The Florida Virtual School
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023

	General Fund	Special Revenue Funds	Total Governmental Funds
REVENUES			
Federal Through State Sources:			
Other Federal Through State Sources	\$ -	\$ 7,212,885	\$ 7,212,885
Total Federal Through State	-	7,212,885	7,212,885
State Sources:			
Florida Education Finance Program	286,473,198	-	286,473,198
Reading Programs	2,631,720	-	2,631,720
Mental Health	2,314,296		
Other State Sources	13,678,556	69,162	13,747,718
Total State Sources	305,097,770	69,162	302,852,636
Local Sources:			
Other Local Sources	15,362,214	117,657	15,479,871
Total Local Sources	15,362,214	117,657	15,479,871
Total Revenues	320,459,984	7,399,704	325,545,392
EXPENDITURES			
Current:			
Instruction	223,209,574	3,978,260	227,187,834
Pupil Personnel Services	13,606,990	1,290,925	14,897,915
Instruction and Curriculum Development Services	352,094	499,413	851,507
Instructional Staff Training Services	6,373,464	518,269	6,891,733
Instruction Related Technology	14,953,322	17,141	14,970,463
School Board	3,574,732	-	3,574,732
General Administration	2,899,970	435,373	3,335,343
School Administration	13,525,795	480,862	14,006,657
Fiscal Services	3,200,859	-	3,200,859
Central Services	17,716,094	61,803	17,777,897
Operation of Plant	658,628	-	658,628
Administrative Technology Services	16,190,552	-	16,190,552
Community Services	90,647	93,644	184,291
Debt Service:			
Principal	1,615,577	-	1,615,577
Interest	86,618	-	86,618
Capital Outlay:			
Other Capital Outlay	6,983,992	-	6,983,992
Total Expenditures	325,038,908	7,375,690	332,414,598
Excess of Revenues Over Expenditures	(4,578,924)	24,014	(6,869,206)
OTHER FINANCIAL SOURCES (USES)			
Transfers In	6,767,005	-	6,767,005
Lease Proceeds	6,025,035	-	6,025,035
Total Other Financial Sources (Uses)	12,792,040	-	12,792,040
Net Change in Fund Balance	8,213,116	24,014	5,922,834
FUND BALANCES			
Fund Balance, July 1, 2022	137,249,470	48,210	137,297,680
Fund Balance, June 30, 2023	\$ 145,462,586	\$ 72,224	\$ 143,220,514

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

**The Florida Virtual School
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2023**

Net Change in Fund Balances - Governmental Funds	\$	8,237,130
 Amounts reported for <i>governmental activities</i> 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, \$6,983,992 less depreciation/amortization expense, (\$2,365,894) in the current period.		4,618,098
Repayment of debt principal is reflected as an expenditure in the governmental funds, however in the Statement of Net Position it is reflected as a reduction of liabilities and does not affect the statement of Activities.		
Proceeds from the issuance of Lease Obligations	(6,025,035)	
Repayment of debt principal for Leases	1,615,577	(4,409,458)
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 and transfers in of certain activities of internal service funds are report with governmental activities.		
Net Revenue		2,836,654
Governmental funds report district OPEB contributions as expenditures. However, in the statement of activities, the cost of OPEB benefits earned net of employee contributions, as determined through an actuarial valuation, is reported as an OPEB expense.		
Increase in OPEB Liability	(3,182,631)	
Increase in Deferred Outflow of Resources - OPEB	4,288,652	
Decrease in Deferred Inflows of Resources - OPEB	(3,268,083)	(2,162,062)
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		
Decrease in Pension Liability	(113,197,568)	
Increase in Deferred Outflow of Resources - Pension	14,354,814	
Increase in Deferred Inflows of Resources - Pension	84,219,611	(14,623,143)
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.		(3,579,952)
Change in Net Position - Governmental Activities	\$	(9,082,733)

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

**The Florida Virtual School
Statement of Net Position
Proprietary Funds
June 30, 2023**

	Business-type Activities FlexPoint	Business-type Activities FlexPoint Virtual School	Business-type Activities Franchises	Business-type Activities Total	Governmental Activities Internal Service Fund
ASSETS					
Current Assets					
Cash	\$ 15,761,371	\$ 8,814,825	\$ 16,547,983	\$ 41,124,179	\$ 24,522,044
Investments	30,475,581	-	-	30,475,581	10,268,217
Accounts Receivable, net	3,729,788	119,355	3,297,158	7,146,301	4,551,721
Noncurrent Assets					
Capital Assets:					
Depreciable (net)	29,573	-	-	29,573	20,066,114
Total Assets	49,996,313	8,934,180	19,845,141	78,775,634	59,408,096
DEFERRED OUTFLOWS OF RESOURCES					
Other Postemployment Benefits	213,719	106,858	106,858	427,435	-
Pensions	2,238,192	1,119,097	1,119,097	4,476,386	-
Total Deferred Outflows of Resources	2,451,911	1,225,955	1,225,955	4,903,821	-
LIABILITIES					
Current Liabilities					
Salaries and Benefits Payable	791,582	148,686	34,624	974,892	787,454
Accounts Payable	485,864	1,548	123,552	610,964	3,967,032
Estimated Insurance Claims Payable				-	1,867,066
Unearned Revenue	2,268,818	-	6,491	2,275,309	-
Long-term Liabilities:					
Portion Due and Payable Within One Year:					
Liability for Compensated Absences	40,426	51,536	12,177	104,139	-
Portion Due and Payable After One Year:					
Liability for Compensated Absences	481,697	218,603	198,624	898,924	-
Liability for Other Post Employment Benefits	521,239	260,619	260,619	1,042,477	-
Liability for Florida Retirement Pension & Health Subsidy	4,729,198	2,620,766	2,076,572	9,426,536	-
Total Liabilities	9,318,824	3,301,758	2,712,659	15,333,241	6,621,552
DEFERRED INFLOWS OF RESOURCES					
Other Postemployment Benefits	181,773	98,459	83,315	363,547	-
Pensions	187,919	93,960	93,960	375,839	-
Total Deferred Inflows of Resources	369,692	192,419	177,275	739,386	-
NET POSITION					
Invested in Capital Assets	29,573	-	-	29,573	20,066,114
Unrestricted	42,730,135	6,665,958	18,181,162	67,577,255	32,720,430
Total Net Position	\$ 42,759,708	\$ 6,665,958	\$ 18,181,162	\$ 67,606,828	\$ 52,786,544

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

**The Florida Virtual School
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2023**

	Business-type Activities FlexPoint	Business-type Activities FlexPoint Virtual School	Business-type Activities Franchises	Business-type Activities Total	Governmental Activities Internal Service Fund
OPERATING REVENUES					
Charges for Sales or Services	\$ 19,911,543	\$ 5,123,186	\$ 15,023,394	\$ 40,058,123	\$ 13,303,478
Premium Revenues	-	-	-	-	45,923,546
Miscellaneous Revenues	-	-	14,395	14,395	4,486,060
Total Operating Revenue	19,911,543	5,123,186	15,037,789	40,072,518	63,713,084
OPERATING EXPENSES					
Salaries	4,930,114	1,806,777	884,749	7,621,640	5,763,059
Employee Benefits	1,738,167	774,509	362,797	2,875,473	3,869,514
Purchased Services	1,760,406	149,360	4,155,810	6,065,576	1,049,745
Materials and Supplies	3,843,515	7,639	157,310	4,008,464	5,977
Other Expenses	1,753,557	533,431	1,134,080	3,421,068	49,420,309
Bad Debt Expense	556,762	-	-	556,762	-
Unallocated Depreciation/Amortization Expense	8,123	-	604	8,727	5,900,671
Total Operating Expenses	14,590,644	3,271,716	6,695,350	24,557,710	66,009,275
Operating Income (Loss)	5,320,899	1,851,470	8,342,439	15,514,808	(2,296,191)
NONOPERATING REVENUES					
Interest	634,670	-	-	634,670	497,131
Income (Loss) Before Operating Transfers	5,955,569	1,851,470	8,342,439	16,149,478	(1,799,060)
Transfers In	-	-	-	-	4,635,714
Transfers Out	3,867,237	768,478	6,767,004	11,402,719	-
Change in Net Position	2,088,332	1,082,992	1,575,435	4,746,759	2,836,654
Beginning Net Position	40,671,376	5,582,966	16,605,727	62,860,069	49,949,890
Net Position - June 30, 2022	\$ 42,759,708	\$ 6,665,958	\$ 18,181,162	\$ 67,606,828	\$ 52,786,544

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

**The Florida Virtual School
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2023**

	Business-type Activities FlexPoint	Business-type Activities FlexPoint Virtual School	Business-type Activities Franchises	Business-type Activities Total	Governmental Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users	\$ 22,353,831	\$ 3,086,876	\$ 14,392,204	\$ 39,832,911	\$ 62,382,386
Payments to Suppliers of Goods and Services	(11,615,987)	(1,460,330)	(12,220,660)	(25,296,977)	(41,524,015)
Payments to Employees	(6,414,768)	(3,567,520)	(1,059,333)	(11,041,621)	(14,780,235)
Net Cash Provided by Operating Activities	4,323,076	(1,940,974)	1,112,211	3,494,313	6,078,136
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of Capital Assets	(31,348)	-	-	(31,348)	(4,977,613)
Net Cash Used in Capital and Related Financing Activities	(31,348)	-	-	(31,348)	(4,977,613)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on Investments	159,089	-	-	159,089	497,132
Purchases of Investments	(30,000,000)	-	-	(30,000,000)	5,554,630
Net Cash Provided by Investing Activities	(29,840,911)	-	-	(29,840,911)	6,051,762
Net Change in Cash	(25,549,183)	(1,940,974)	1,112,211	(26,377,946)	7,152,285
Cash at Beginning of Year	41,310,554	10,755,799	15,435,772	67,502,125	17,369,759
Cash at End of Year	\$ 15,761,371	\$ 8,814,825	\$ 16,547,983	\$ 41,124,179	\$ 24,522,044
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating Income	5,320,899	1,851,470	8,342,439	15,514,808	(2,296,191)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Amortization Expense	8,123	-	604	8,727	5,900,671
Transfers In	-	-	-	-	4,635,714
Transfers Out	(3,867,237)	(768,478)	(6,767,004)	(11,402,719)	-
Changes in Assets and Liabilities:					
Accounts Receivable	1,572,053	2,565	(645,859)	928,759	(1,330,699)
Deferred Outflows of Resources - Other Postemployment Benefits	(89,348)	(44,673)	(44,673)	(178,694)	-
Deferred Outflows of Resources - Pensions	(299,058)	(149,531)	(149,531)	(598,120)	-
Accounts Payable	165,490	(1,203)	(6,453)	157,834	(139,336)
Salaries and Benefits Payable	(81,939)	(1,023,747)	(1,776)	(1,107,462)	139,844
Compensated Absences Payable	(14,241)	(137,557)	15,142	(136,656)	-
Unearned Revenue	870,234	(2,038,869)	275	(1,168,360)	-
Estimated Unpaid Claims for Self Insurance Program	-	-	-	-	(831,867)
Other Postemployment Benefits Liability	66,306	33,152	33,153	132,611	-
Net Pension Liability	2,358,284	1,179,141	1,179,139	4,716,564	-
Deferred Inflows of Resources - Other Postemployment Benefits	68,085	34,043	(877,287)	(775,159)	-
Deferred Inflows of Resources - Pensions	(1,754,575)	(877,287)	34,042	(2,597,820)	-
Total adjustments	(997,823)	(3,792,444)	(7,230,228)	(12,020,495)	8,374,327
Net Cash Provided by Operating Activities	\$ 4,323,076	\$ (1,940,974)	\$ 1,112,211	\$ 3,494,313	\$ 6,078,136

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

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely on fees charged to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The School has no component units.

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of The Florida Virtual School's (School) governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expense is allocated to the various functions.

B. 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 2022-2023 fiscal year are shown below:

Board Members

Dr. John Watret, Chair

Ms. Linda Reiter, Co-Chair

Dr. Tony Arza

Ms. Kelly Garcia

Mr. Robert Kornahrens

Mr. Edward Pozzuoli

Dr. Louis Algaze, President & CEO

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

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 provides 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.

C. 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 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 inter-fund transfers and most inter-fund 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 which are presented in a separate column with all non-major funds aggregated in a single column. 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 funds:

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

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

- Enterprise Funds – to account for the activities of FlexPoint, FlexPoint Virtual School and Florida franchises.

Additionally, the School reports the following proprietary fund:

- Internal Service Fund – to account for the self-insurance activities and course development.

D. 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 economic resources measurement focus and 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 current financial resources measurement focus and 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 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.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

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.

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

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,

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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.

3. 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 \$739,254 in losses for doubtful accounts as of June 30, 2023.

4. 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.

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:

<u>Description</u>	<u>Estimated Lives</u>
Learning Management System	10 years
Internally Generated Courses & Purchased Software	4-7 years
Furniture, Fixtures, and Equipment	3 years
Right to use Leased Assets	3-15 years

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

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5. Leases

Florida Virtual school recognizes a lease liability and an intangible right-to-use lease asset (lease-asset) in the government-wide financial statements.

At the commencement of a lease, Florida Virtual School initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the useful life.

The school's leases and related amounts are described in a subsequent note.

6. Pensions

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

The School's retirement plans and related amounts are described in a subsequent note.

7. Compensated Absences

In the government-wide financial statements, compensated absences are accrued as liabilities to the extent that it is probable that the benefits will result in a payment. A liability is reported for compensated absences in the governmental fund financial statements only if they have matured. The liability for compensated absences includes salary-related benefits, where applicable.

8. 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.

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9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to future periods and, as such, will not be recognized as an outflow of resources (expense/expenditure) until then.

The School has two items that qualify for reporting in this category. The first is the deferred amount on pensions reported in the government-wide statement of net position. The second is the deferred amount on Other Postemployment Benefits (OPEB) reported in the government-wide statement of net position.

The deferred outflows of resources related to pensions and OPEB are discussed in a subsequent note.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The School has two items that qualify for reporting in this category. The first is the deferred amount on pension which results from the difference in the expected and actual amounts of experience, earnings, and contributions. This amount is deferred and amortized over the service life of all employees that are provided with pensions through the pension plan except earnings, which are amortized over 5 years. The second item is the deferred amounts on OPEB which results from the difference in expected and actual amounts of experience and earnings. This amount is deferred and amortized over the service life of all employees that are provided with healthcare through the School's health insurance program.

10. Net Position

The government-wide and the business-type activities fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted. Net investment in capital assets groups all capital assets into one component of net position, net of accumulated depreciation. Restricted net position includes all net position with external restrictions imposed by grantors or laws and regulations of other governments. Unrestricted net position is the residual amount of net position of the School that is not restricted for any particular purpose.

11. 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.

- Non-spendable – Non-spendable fund balance includes items that cannot be spent because they are not in spendable form, such as inventory. All other categories of fund balance, other than non-spendable, are collectively known as spendable fund balance.
- Restricted – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed

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restrictions by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

- Assigned - Amounts in the assigned fund balance classification are intended to be used by the School for specific purposes but do not meet the criteria to be classified as restricted. The School and the Board also have not established a policy to assign fund balance. However, certain actions taken by the School, as subsequently described, assign fund balance in accordance with GASB Statement No. 54. Upon the recommendation of the CEO, the board will impose constraints on any funds placed in the assigned classification. Included in the assigned fund balance in the General Fund is an amount for purchase order obligations outstanding that have not been already included as restricted fund balance. In addition, an amount is included in assigned fund balance for certain program budget carried over from year-to-year outside those required by State Statute as well as \$7,775,326 assigned to be used for research and development.
- Unassigned - The residual fund balance remaining is reported as unassigned fund balance and is the excess of non-spendable, restricted, committed, and assigned fund balance.

Minimum 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 available for financial emergencies, it is a normal practice of the Board to annually budget at least an 15% reserve of its State (FEFP) and Virtual Learning Lab (VLL) revenue in its general fund budget.

Fund Balance Flow Assumption - Sometimes the School will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). To calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

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2. 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.

3. Federal Revenue Sources

The School receives Federal awards for the enhancement of various educational programs. Federal awards are generally received based on the applications submitted to, and approved by, various granting agencies. For Federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

4. Compensated Absences

In the government-wide financial statements, compensated absences (i.e., paid absences for employee vacation leave and sick leave) are accrued liabilities using the vesting method. Under this method, the liability amount is estimated based on the accumulated leave at fiscal year-end for employees who are currently eligible, or expected to become eligible, to receive termination payments. A liability for these amounts is reported in the governmental fund financial statements only if it has matured, such as for occurrences of employee resignations and retirements. The liability for compensated absences includes salary-related benefits, where applicable.

5. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating 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

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principal operating revenues of the School's proprietary funds are charges for sales and services associated with the enterprise funds; for premiums charged to the School and employees under various insurance programs; and for the use of the School's developed courses. Operating expenses for the proprietary funds include salary, benefits, cost of sales and services, health insurance claims and fees. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

II. Accounting Changes, Adjustment to Beginning Net Position

A. Change in Accounting Principles

In 2022-2023, The Florida Virtual School implemented GASB 96, Subscription-Based Information Technology (SBITA). The requirements of this statement are effective starting in fiscal year 2022-23. A SBITA is a contract that conveys control of the right to use another party's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this statement, a government is required to recognize a subscription liability and a subscription asset.

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash Deposits with Financial Institutions

Custodial Credit Risk-Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the School's deposits may not be returned to the School. The School does not have a policy for custodial credit risk. All bank balances of the School are fully insured or collateralized as required by Chapter 280, Florida Statutes.

B. Investments

Investments with a fair value of \$143,318,709 at June 30, 2023, are in the State Board of Administration investment pool (Florida PRIME) with a weighted average maturity (WAM) of 37 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. Florida PRIME currently meets all of the necessary GASB 79 criteria to elect to measure all of the investments in Florida PRIME at amortized cost; therefore the account balance is reported at amortized cost. As of June 30, 2023 there were no redemption fees, maximum transaction or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

C. Receivables

The \$21,289,140 reported as receivables consists of \$7,146,301 due from FlexPoint, FlexPoint Virtual School and Florida franchises customers, \$9,591,118 course fees due from General Fund scholarship agencies and students and \$4,551,721 due from employee premium payments to the self-insurance fund.

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D. Due From Other Agencies

The \$1,472,852 reported as due from other agencies consist of amounts due from the Florida Department of Education for grants expenditure reimbursements pending.

E. Changes in Capital Assets

Changes in capital assets are presented in the table as follows:

	Balance 7/1/2022	Additions	Deletions	Balance 6/30/2023
<u>GOVERNMENTAL ACTIVITIES</u>				
Capital Assets not being depreciated				
Construction in Progress	\$ -	\$ 21,650	\$ -	\$ 21,650
Total capital asset not being depreciated	-	21,650	-	21,650
Furniture, Fixtures, and Equipment	8,428,229	937,307	518,839	8,846,697
Less: Accumulated Depreciation	7,560,048	597,284	518,839	7,638,493
Total Furniture, Fixtures, and Equipment	868,181	340,023	-	1,208,204
Internally Created Software	63,136,340	4,977,613	-	68,113,953
Less: Accumulated Amortization	44,516,565	5,900,671	-	50,417,236
Total Internally Created Software	18,619,775	(923,058)	-	17,696,717
Learning Management System	5,750,000	-	-	5,750,000
Less: Accumulated Amortization	3,450,000	575,000	-	4,025,000
Total Learning Management System	2,300,000	(575,000)	-	1,725,000
Learning Content Management System	1,574,098	-	-	1,574,098
Less: Accumulated Amortization	1,574,098	-	-	1,574,098
Total Learning Content Management System	-	-	-	-
Subscription Based IT Asset	-	4,176,249	-	4,176,249
Less: Accumulated Amortization	-	699,908	-	699,908
Total Subscription Based IT Asset	-	3,476,341	-	3,476,341
Right to Use Leased Asset	2,109,781	1,848,786	-	3,958,567
Less: Accumulated Amortization	208,398	493,702	-	702,100
Total Right to Use Leased Asset	1,901,383	1,355,084	-	3,256,467
Total Governmental Activities Capital Assets, net	23,689,339	3,695,040	-	27,384,379
<u>BUSINESS-TYPE ACTIVITIES:</u>				
Furniture, Fixtures, and Equipment	53,093	31,348	-	84,441
Less: Accumulated Depreciation	46,142	8,726	-	54,868
Total Furniture, Fixtures, and Equipment	6,951	22,622	-	29,573
Internally Created Software	2,894,506	-	-	2,894,506
Less: Accumulated Amortization	2,894,506	-	-	2,894,506
Total Internally Created Software	-	-	-	-
Total Business-type Activities Capital Assets, net	6,951	22,622	-	29,573
Total Gov't & Bus-type Activities Capital Assets, net	\$ 23,696,290	\$ 3,717,662	\$ -	\$ 27,413,952

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Depreciation/Amortization expense for the governmental funds was charged to functions for the year ended June 30, 2023 as follows:

<u>Function</u>	<u>Amount</u>
GOVERNMENTAL ACTIVITIES	
Instruction	\$ 6,475,671
Instructional Related Technology	494,578
Board of Trustees	138
General Administration	553
Central Services	619
Operation of Plant	825,990
Administrative Related Technology	469,016
Total Depreciation/Amortization-Governmental Activities	<u><u>\$ 8,266,565</u></u>

Depreciation expense of \$8,727 was charged to the business type activities.

F. Retirement Plans

1. Florida Retirement System (FRS) – Defined Benefit Pension Plans

General Information about the FRS. 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. An annual comprehensive 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.

The School's FRS and HIS pension expense totaled \$37,398,032 for the fiscal year ended June 30, 2023.

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FRS Pension Plan

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.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. 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, death benefits, and annual cost-of-living adjustments to eligible participants.

The 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 participating 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. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

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 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 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 table shows the percentage value for each year of service credit earned:

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<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 or more 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 or more 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 Plan 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 was 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.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2022-23 fiscal year were as follows:

Class or Plan	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	3.00	11.91
Florida Retirement System, Senior Management Service	3.00	31.57
Deferred Retirement Option Program - Applicable to members from all of the above classes or plans	0.00	18.60

Notes: (A) In addition to the rates shown, employer rates include 1.66 percent for the post-employment insurance supplement. Also, employer rates, other than for DROP participants, include 0.06 percent for administration costs of the Public Employee Optional Retirement Program.

The School's contributions to the Plan totaled \$18,587,167 for the fiscal year ended June 30, 2023.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to FRS Pensions. At June 30, 2023, the School reported a liability of \$148,600,336 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The School's proportionate share of the net pension liability was based on the School's 2021-22 fiscal year contributions

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relative to the total 2021-22 fiscal year contributions of all participating members. At June 30, 2022, the School's proportionate share was .399376991 percent, which is an increase of .040797000 from its proportionate share measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the School recognized a Plan pension expense of \$30,293,474. 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
Differences between expected and actual experience	\$ 6,775,352	\$ 282,306	\$ -	\$ -
Changes in assumptions or other inputs	17,568,723	732,030	-	-
Net difference between projected and actual earnings on pension plan investments	9,419,578	392,482	-	-
Changes in proportion and differences between district contributions and proportionate share of contributions	32,250,422	1,343,768	-	-
District contributions subsequent to the measurement date	17,843,680	743,487	-	-
Total	\$ 83,857,755	\$ 3,494,073	\$ -	\$ -

The deferred outflows of resources related to pensions resulting from the School contributions to the Plan subsequent to the measurement date, totaling \$18,587,167, will be recognized as a reduction of net pension liability in the fiscal year ending June 30, 2023. 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
2024	\$ 17,650,235
2025	12,011,491
2026	5,514,263
2027	31,234,422
2028	2,354,250
Thereafter	-
Totals	<u>\$ 68,764,661</u>

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Actuarial Methods and Assumptions. The total pension liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.25 percent, average, including inflation
Investment rate of return	6.70 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB 2010 base table projected generationally with MP-2018.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

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%	2.6%	2.6%	1.1%
Fixed Income	19.8%	4.4%	4.4%	3.2%
Global Equity	54.0%	8.8%	7.3%	17.8%
Real Estate (Property)	10.3%	7.4%	6.3%	15.7%
Private Equity	11.1%	12.0%	8.9%	26.3%
Strategic Investments	3.8%	6.2%	5.9%	7.8%
Total	100.0%			
Assumed Inflation - Mean			2.4%	1.3%

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

Discount Rate. The discount rate used to measure the total pension liability was 6.70 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.

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Sensitivity of the School's Proportionate Share of the Net Position 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 6.70 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.70 percent) or 1 percentage point higher (7.70 percent) than the current rate

	FRS Net Pension Liability (Asset)		
	1% Decrease	Current	1% Increase
	5.70%	6.70%	7.70%
NPL per FRS	\$ 64,348,740,193	\$ 37,208,036,193	\$ 14,515,178,193
FLVS proportionate @ measurement date	0.00399376991	0.00399376991	0.00399376991
FLVS proportionate share of NPL	\$ 256,994,062	\$ 148,600,336	\$ 57,970,282

Pension Plan Fiduciary Net Position. Detailed information about the 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. At June 30, 2023, the School reported \$1,223,739 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2023.

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 Florida Department of Management Services, Division of Retirement.

Benefits Provided. For the fiscal year ended June 30, 2023, 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 Federal 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, 2023, the contribution rate was 1.66 percent of payroll pursuant to section 112.363, Florida Statutes. The School contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS

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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 District's contributions to the HIS Plan totaled \$3,578,425 for the fiscal year ended June 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIS Pensions. At June 30, 2023, the School reported a net pension liability of \$59,057,042 for its proportionate share of the HIS Plan's net pension liability. The current portion of the net pension liability is the School's proportionate share of benefit payments expected to be paid within one year, net of the School's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022, and update procedures were used to calculate the net pension liability as of June 30, 2022. The School's proportionate share of the net pension liability was based on the School's 2021-22 fiscal year contributions relative to the total 2021-22 fiscal year contributions of all participating members. At June 30, 2022, the School's proportionate share was .557583911 percent, and increase of .046789345 from its proportionate share measured as of June 30, 2021.

For fiscal year ended June 30, 2023, the School recognized HIS pension expense of \$7,104,558 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
Differences between expected and actual experience	\$ 1,720,820	\$ 71,701	\$ (249,462)	\$ (10,394)
Changes in assumptions or other inputs	3,249,780	135,408	(8,770,644)	(365,445)
Net difference between projected and actual earnings on pension plan investments	82,082	3,420	-	-
Changes in proportion and differences between district contributions and proportionate share of contributions	15,087,502	628,647	-	-
Adjustment due to difference between estimated and actual deferred outflows subsequent to measurement date,	-	-	-	-
District contributions subsequent to measurement date	3,435,288	143,137	-	-
Total	\$ 23,575,472	\$ 982,313	\$ (9,020,106)	\$ (375,839)

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The deferred outflows of resources related to pensions, totaling \$3,578,425, 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, 2023. 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
2024	\$ 2,853,119
2025	2,963,905
2026	3,087,917
2027	2,499,449
2028	417,322
Thereafter	(238,297)
Totals	\$ 11,583,415

Actuarial Assumptions. The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	3.54 percent

Mortality rates were based on the Generational Pub-2010 with Projected Scale MP-2018.

While an experience study had not been completed for the HIS Plan, the actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the FRS Plan.

Discount Rate. The discount rate used to measure the total pension liability was 3.54 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially 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. The discount rate changed from 2.16 percent to 3.54 percent.

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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 3.54 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 percentage point lower (2.54 percent) or 1 percentage point higher (4.54 percent) than the current rate:

	HIS Net Pension Liability (Asset)		
	1% Decrease	Current	1% Increase
	2.54%	3.54%	4.54%
NPL per FRS	\$ 12,117,656,828	\$ 10,591,597,209	\$ 9,328,814,334
FLVS proportionate @ measurement date	0.00557583911	0.00557583911	0.00557583911
FLVS proportionate share of NPL	\$ 67,566,105	\$ 59,057,042	\$ 52,015,968

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 Annual Comprehensive Financial Report.

Payables to the Pension Plan. At June 30, 2023, the School reported a payable of \$285,977 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2023.

2. FRS - Defined Contribution Pension Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State's Annual Comprehensive Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. School employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual 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. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members.

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Allocations to the investment members accounts during the 2021-22 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	9.30
FRS, Senior Management Service	14.34

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. For the fiscal year ended June 30, 2023, 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 \$7,624,220 and there were 1058 School participates for the fiscal year ended June 30, 2023.

Payables to the Pension Plan. At June 30, 2023, the School reported a payable of \$499,015 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2023.

3. Allocation of Pension-Related Amounts to Proprietary Funds

Management believes allocation of pension-related amounts to any internal service funds to be inappropriate, as these funds are not trying to allocate pension expense to the user funds. In addition, management believes the proportionate amounts that would be allocated based on FRS-eligible payroll to be immaterial to the internal service funds.

G. Other Postemployment Benefit Obligations

Plan Description. The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the School. 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

**THE FLORIDA VIRTUAL SCHOOL
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For the Fiscal Year Ended June 30, 2023**

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. The School does not offer any explicit subsidies for retiree coverage. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. No assets are accumulated in the trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefit Terms and Employees Covered. Plan contribution requirements and benefit terms of the School and OPEB Plan members are established and may be amended through recommendation of the Insurance Committee and action from the Board. The School has not advanced funded or established a funding methodology for the annual OPEB costs or the total OPEB obligation. As of the valuation date, June 30, 2022, there were 3,317 active participants and 15 inactive participants (retirees plus surviving spouses) receiving postemployment healthcare benefits. The School provided contributions estimated at \$122,523 toward annual OPEB costs, comprised of benefit payments made on behalf of the retirees net of retiree contributions. Required contributions are based on projected pay-as-you-go financing.

Total OPEB Liability. The School’s total OPEB liability of \$26,061,902 was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2022. The School’s total OPEB liability increased \$3,315,241 compared to last year’s liability of \$22,746,661.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Discount Rate	3.69%
Salary Increases	3.4% - 7.8%
General Inflation	2.25%
Mortality Rates – Healthy Female	Mortality rates are the same as used in the July 1, 2021 actuarial valuation of the Florida Retirement System for K-12 Instructional Regular Class members. These rates were taken from adjusted Pub-2010 mortality tables published by SOA with generational mortality improvements using scale MP-2018. Adjustments to reference tables are based on the results of a state-wide experience study covering the period 2013 through 2018.
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 6.50% and gradually decreasing to an ultimate trend rate of 4.00%.
Aging Factors	Based on the 2013 SOA Study “Health Care Costs – From Birth to Death”.
Expenses	Administrative expenses are included in the per capita health costs.

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The School selected the economic, demographic, and health care claim cost assumptions used in the June 30, 2022 valuation. The current actuary provided guidance with respect to the economic assumptions. The prior actuary provided guidance with respect to the demographic assumptions, the health care participation rate assumption, and the spouse coverage election rate assumption. The demographic assumptions were based on those employed in the July 1, 2021, Pension Actuarial Valuation of the FRS, which were developed by the FRS from an Actuarial Experience Study. These include assumed rates of future termination, mortality, disability, and retirement. In addition, salary increase assumptions for development of the pattern of the normal cost increases were the same as those used by the FRS.

Changes to the Total OPEB Liability. Below are the details regarding the total OPEB liability for the measurement period from July 1, 2021 to June 30, 2022.

	Total OPEB Liability
Balance Recognized at 7/1/2022	\$ 22,746,661
Changes for the Fiscal Year:	
Service Cost	1,902,679
Interest on the Total OPEB Liability	472,091
Difference Between Expected and Actual Experience	5,248,286
Changes in Assumptions and Other Inputs	(4,185,292)
Benefit Payments	(122,523)
Net Changes	3,315,241
Balance at 6/30/2023	\$ 26,061,902

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the School, as well as what the School's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.69 percent) or 1 percentage point higher (4.69 percent) than the current discount rate:

	Current Discount		
	1% Decrease	Current	1% Increase
	2.69%	3.69%	4.69%
Total OPEB Liability	\$ 31,621,507	\$ 26,061,902	\$ 21,576,114

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend. The following presents the total OPEB liability of the School, as well as what the School's total OPEB liability would be if it were

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

calculated using healthcare cost trend rates that are 1 percentage point lower and 1 percentage point higher than the current healthcare cost trend rates:

	Healthcare cost		
	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 20,626,289	\$ 26,061,902	\$ 33,485,481

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2023, the School recognized OPEB expense of \$2,405,413. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between Expected and Actual Experience	\$ 7,261,235	\$ -
Assumption changes		
Changes of Assumptions or Other Inputs	3,271,383	9,088,639
Benefits Paid Subsequent to the Measure Date	<u>153,266</u>	<u>-</u>
Total	<u>\$ 10,685,884</u>	<u>\$ 9,088,639</u>

Amounts recognized in the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

<u>Fiscal year Ending, June 30</u>	<u>Annual Expense</u>
2024	\$ 30,643
2025	30,643
2026	30,643
2027	30,643
2028	30,643
Thereafter	<u>1,290,764</u>
Total	<u>\$ 1,443,979</u>

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NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

H. 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 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 workers' 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 2022-23 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 two 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 two plans are administered by Blue Cross Blue Shield of Florida. The School reported an estimated unpaid claims liability of \$1,867,066.

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

I. Changes in Long-Term Liabilities

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

Description	Balance			Balance 6/30/2023	Due in One Year
	7/1/2022	Additions	Reductions		
Comp Abs - Governmental Activities	\$ 32,770,488	\$ 4,783,880	\$ 1,203,928	\$ 36,350,440	\$ 3,351,566
Comp Abs - Business-type Activities	1,139,714	-	136,651	1,003,063	104,139
Total Compensated Absences Payable	33,910,202	4,783,880	1,340,579	37,353,503	3,455,705
OPEB - Governmental Activities	21,836,794	6,450,714	3,268,083	25,019,425	-
OPEB - Business-type Activities	909,866	268,781	136,170	1,042,477	-
Total Other Post Employment Benefits	22,746,660	6,719,495	3,404,253	26,061,902	-
Pension - Governmental Activities	85,033,273	215,296,087	102,098,518	198,230,842	-
Pension - Business-type Activities	4,709,970	8,970,671	4,254,105	9,426,536	-
Total Net Pension Liability	89,743,243	224,266,758	106,352,623	207,657,378	-
Subscription Based Arrangement Payable	-	4,176,249	1,173,053	3,003,196	1,477,675
Obligation under Leases-Governmental Activities	1,914,775	1,848,786	442,524	3,321,037	569,874
Total Liability for right to use assets	1,914,775	6,025,035	1,615,577	6,324,233	2,047,549
Total Governmental Activities - LT Liabilities	141,555,330	232,555,716	108,186,106	265,924,940	5,399,115
Total Business-Type Activities - LT Liabilities	6,759,550	9,239,452	4,526,926	11,472,076	104,139
Total Long-Term Liabilities	\$ 148,314,880	\$ 241,795,168	\$ 112,713,032	\$ 277,397,016	\$ 5,503,254

For the governmental activities, compensated absences, pensions, and other postemployment benefits are generally liquidated with resources of the General Fund. Compensated absences, other postemployment benefits, and pensions for business-type activities are generally liquidated with the enterprise fund.

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

J. Schedule of State Revenue Sources

The following is a schedule of the School’s State revenue for the General Fund for 2022-2023 fiscal year:

Source	2022-2023
Florida Education Finance Program	\$ 286,473,198
Other State Sources:	
Reading Program	2,631,720
Miscellaneous State	4,735,638
Total Other State Sources	7,367,358
Total State Revenue	\$ 293,840,556

Accounting policies relating to certain State revenue sources are described in Note I.F.2.

K. 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.

L. Lease Obligations

In accordance with GASB 87, the School reported \$2,109,781 in FY22 and \$1,848,786 in FY23 for lease obligations and corresponding right-to-use assets consisting of data servers, racks and the headquarters building.

The School is obligated under three separate lease agreements.

JT Communications: A lease agreement beginning December 1, 2021 for the use of servers and racks. The lease terms consist of a period of 72 months with a monthly principal and interest payment of \$14,486.

Xecunet: A lease agreement beginning January 1, 2022 for the use of servers and racks. The lease term consists of a period of 60 months with a monthly principal and interest payment of \$21,674.

Sand Lake West Building: A lease agreement beginning February 1, 2023 for the use of Sand Lake West Headquarters. The lease term consists of a period of 90 months with a monthly principal and interest payment of \$27,529.88.

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

Future principal and interest payment requirements related to the School's lease liability and obligations under financing agreements at June 30, 2023 are as follows:

Fiscal year ending 6/30	Total Payments	Principal Payments	Interest Payments
2024	\$ 671,543	\$ 569,874	\$ 101,669
2025	681,727	600,968	80,759
2026	692,215	633,439	58,776
2027	572,975	536,209	36,766
2028	352,657	330,062	22,595
Thereafter	671,375	650,485	20,890
	\$ 3,642,492	\$ 3,321,037	\$ 321,455

M. Subscription Based Liability

The School has a 36 month subscription-based information technology arrangement (SBITA) for the right to use Workday totaling \$4,176,249. The School has discounted the future minimum payments using its incremental borrowing rate of 3.2380 percent. Future minimum payments under the SBITA and the present value of the minimum payments as of June 30, are as follows:

Fiscal year ending 6/30	Total Payments	Principal Payments	Interest Payments
2024	\$ 1,574,918	\$ 1,477,675	\$ 97,243
2025	1,574,918	1,525,522	49,396
	\$ 3,149,836	\$ 3,003,197	\$ 146,639

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

N. Interfund Receivables, Payables, and Transfers

The following is a summary of interfund transfers reported in the proprietary financial statements at June 30, 2023:

<u>Funds</u>	<u>Interfund</u>	
	<u>Transfer In</u>	<u>Transfer Out</u>
GF - Operating Development Fund	\$ 6,767,005	\$ -
Internal Service Fund	4,635,714	-
Enterprise Funds:		
Flexpoint	-	3,867,237
FlexPoint Virtual	-	768,478
Franchises	-	6,767,004
Total	\$ 11,402,719	\$ 11,402,719

The interfund transfers represent a transfer of profit from the FlexPoint, FlexPoint Virtual School, and Franchises enterprise funds to the governmental and internal service funds for the development of student courses and for various technology upgrades.

The following is a summary of interfund receivables and payables reported in the fund financial statements:

<u>Funds</u>	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 850,293	\$ -
Special Revenue Fund	-	850,293
Total	\$ 850,293	\$ 850,293

The interfund amounts represent temporary loans to cover expenditures incurred prior to reimbursement from the outside sources.

IV. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

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
ANNUAL FINANCIAL REPORT
2023**

The Florida Virtual School
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2023

	General Fund			Variance Positive / (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
State Sources:				
Florida Education Finance Program	\$ 292,707,191	\$ 286,473,198	\$ 286,473,198	\$ -
Reading Program	2,701,351	2,631,720	2,631,720	-
Mental Health	2,363,230	2,314,296	2,314,296	-
Other State Sources	12,695,790	14,364,269	13,678,556	(685,713)
Total State Sources	<u>310,467,562</u>	<u>305,783,483</u>	<u>305,097,770</u>	<u>(685,713)</u>
Local Sources:				
Other Local Sources	6,199,823	15,127,727	15,362,214	234,487
Total Local Sources	<u>6,199,823</u>	<u>15,127,727</u>	<u>15,362,214</u>	<u>234,487</u>
Total Revenues	<u>316,667,385</u>	<u>320,911,210</u>	<u>320,459,984</u>	<u>(451,226)</u>
EXPENDITURES				
Current:				
Instruction	220,430,160	236,878,485	223,209,568	13,668,917
Pupil Personnel Services	12,656,494	14,300,324	13,606,990	693,334
Instruction and Curriculum Development Services	949,563	392,657	352,094	40,563
Instructional Staff Training Services	4,405,582	7,268,200	6,373,464	894,736
Instruction Related Technology	15,643,858	18,061,399	15,213,413	2,847,986
School Board	6,501,722	4,810,291	3,574,732	1,235,559
General Administration	1,214,082	2,962,826	2,899,970	62,856
School Administration	13,640,777	14,064,486	13,525,795	538,691
Fiscal Services	5,657,769	3,249,696	3,200,859	48,837
Central Services	20,645,931	20,744,231	17,716,094	3,028,137
Operation of Plant	2,829,202	2,394,264	1,926,906	467,358
Administrative Technology Services	18,876,575	22,015,741	16,364,384	5,651,357
Community Services	171,127	120,053	90,647	29,406
Debt Service:				
Obligation for right to use assets	-	-	6,025,035	-
Capital Outlay:				
Other Capital Outlay	-	2,105,627	958,957	1,146,670
Total Expenditures	<u>323,622,842</u>	<u>349,368,280</u>	<u>325,038,908</u>	<u>30,354,406</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(6,955,457)</u>	<u>(28,457,070)</u>	<u>(4,578,924)</u>	<u>23,878,145</u>
OTHER FINANCIAL SOURCES (USES)				
Transfers In	8,985,558	6,767,005	6,767,005	-
Transfers Out	-	-	-	-
Lease proceeds	-	-	6,025,035	(6,025,035)
Total Other Financial Sources (Uses)	<u>8,985,558</u>	<u>6,767,005</u>	<u>12,792,040</u>	<u>-</u>
Net Change in Fund Balance	<u>2,030,101</u>	<u>(21,690,066)</u>	<u>8,213,116</u>	<u>23,878,145</u>
Fund Balance, beginning	137,249,470	137,249,470	137,249,470	-
Fund Balance, ending	<u>\$ 139,279,571</u>	<u>\$ 115,559,404</u>	<u>\$ 145,462,586</u>	<u>\$ 23,878,145</u>

The Florida Virtual School
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Special Revenue Funds
For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Positive / (Negative)</u>
REVENUES				
Federal Through State Sources:				
Grants to local educational agencies	\$ 3,682,289	\$ 4,299,610	\$ 3,958,180	\$ (341,430)
Education stabilization funds	3,823,312	11,364,220	3,254,705	(8,109,515)
Total Federal Through State	7,505,601	15,663,830	7,212,885	(8,450,945)
State Sources:				
Other State Sources	-	-	69,162	69,162
Total State Sources	-	-	69,162	69,162
Local Sources:				
Other Local Sources	-	-	117,657	117,657
Total Local Sources	-	-	117,657	117,657
Total Revenues	7,505,601	15,663,830	7,399,704	(8,264,126)
EXPENDITURES				
Current:				
Instruction	4,148,540	10,379,634	3,978,260	6,401,374
Pupil Personnel Services	1,365,423	1,440,526	1,290,925	149,601
Instruction and Curriculum Development Services	623,730	1,544,797	499,413	1,045,384
Instructional Staff Training Services	541,367	641,015	518,269	122,746
Instruction Related Technology	16,870	20,360	17,141	3,219
General Administration	486,656	781,269	435,373	345,896
School Administration	256,475	751,122	480,862	270,260
Central Services	66,540	105,109	61,803	43,306
Community Services	-	165,867	93,644	72,223
Capital Outlay:				
Total Expenditures	7,505,601	15,829,698	7,375,690	8,454,008
Excess (Deficiency) of Revenues Over Expenditures	-	(165,867)	24,014	189,881
Net Change in Fund Balance	-	(165,867)	24,014	189,881
Fund Balance, July 1, 2022	48,210	48,210	48,210	-
Fund Balance, June 30, 2023	\$ 48,210	\$ (117,657)	\$ 72,224	\$ 189,881

**The Florida Virtual School
Required Supplementary Information
Schedule of Changes in the School's Total
Other Postemployment Benefits Liability and Related Ratios**

	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service cost	\$ 1,902,679	\$ 1,195,880	\$ 1,224,328	\$ 842,685	\$ 819,985	\$ 1,022,582
Interest on the Total OPEB Liability	472,091	483,535	597,974	576,366	562,543	485,986
Changes in benefit terms	-	-	-	-	-	-
Difference between expected and actual experience of the Total OPEB Liability	5,248,286	-	1,555,956	-	1,680,209	-
Changes of Assumptions and other inputs	(4,185,292)	2,559,636	(2,618,890)	1,443,105	(2,910,182)	(2,037,559)
Benefit payments	(122,523)	(65,233)	(133,602)	11,810	(122,458)	(97,550)
Net change in total OPEB liability	3,315,241	4,173,818	625,766	2,873,966	30,097	(626,541)
Total OPEB Liability, beginning	22,746,661	18,572,843	17,947,077	15,073,111	15,043,014	15,669,555
Total OPEB Liability, ending	\$ 26,061,902	\$ 22,746,661	\$ 18,572,843	\$ 17,947,077	\$ 15,073,111	\$ 15,043,014
Covered-employee payroll	\$ 204,398,918	\$ 182,853,646	\$ 137,263,061	\$ 128,878,886	\$ 117,822,135	\$ 109,364,998
Total OPEB Liability as a percentage of covered-employee payroll	12.75%	12.44%	13.53%	13.93%	12.79%	13.75%

Note: Six years of data available for GASB 75 compliance which was adopted June 30, 2018. Information for prior years is not available.

**The Florida Virtual School
Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability
Florida Retirement System Pension Plan (1)**

	2022		2021		2020		2019		2018		2017		2016		2015		2014	
Florida Virtual School's proportion of the net pension liability (asset)																		
		0.399376991%		0.358579551%		0.248971694%		0.245302657%		0.229582713%		0.220371423%		0.200875549%		0.201089408%		0.203303739%
Florida Virtual School's proportionate share of the net pension liability (asset)	\$	148,600,336	\$	27,086,610	\$	107,908,002	\$	84,478,820	\$	69,151,503	\$	65,184,388	\$	50,721,234	\$	25,973,394	\$	12,404,518
Florida Virtual School's covered-employee payroll	\$	204,398,918	\$	182,853,646	\$	137,263,061	\$	128,878,886	\$	117,822,135	\$	109,364,998	\$	109,364,998	\$	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		72.70%		14.81%		78.61%		65.55%		58.69%		59.60%		46.38%		25.61%		13.50%
Plan fiduciary net position as a percentage of the total pension liability		82.89%		96.40%		78.85%		82.61%		84.26%		83.89%		84.88%		92.00%		96.09%

Note: (1) The amounts presented for each fiscal year were determined as of June 30. Information for prior years is not available. See FRS ACFR https://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports

**The Florida Virtual School
Required Supplementary Information
Schedule of Contributions
Florida Retirement System Pension Plan (1)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 18,587,167	\$ 17,042,143	\$ 13,660,332	\$ 8,272,226	\$ 7,606,152	\$ 6,542,923	\$ 5,736,811	\$ 4,898,671	\$ 4,902,731
Contributions in relation to the contractually required contribution	\$ (18,587,167)	\$ (17,042,143)	\$ (13,660,332)	\$ (8,272,226)	\$ (7,606,152)	\$ (6,542,923)	\$ (5,736,811)	\$ (4,898,671)	\$ (4,902,731)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Florida Virtual School's covered-employee payroll	204,398,918	182,853,646	137,263,061	128,878,886	117,822,135	109,364,998	109,364,998	101,434,489	91,872,334
Contributions as a percentage of covered-employee payroll	9.09%	9.32%	9.95%	6.42%	6.46%	5.98%	5.25%	4.83%	5.34%

Note: (1) The amounts presented for each fiscal year were determined as of June 30. Information for prior years is not available. See FRS ACFR https://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports

**The Florida Virtual School
Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability
Health Insurance Subsidy Pension Plan (1)**

	2022		2021		2020		2019		2018		2017		2016		2015		2014
Florida Virtual School's proportion of the net pension liability (asset)	0.557583911%		0.510794566%		0.392541540%		0.386649715%		0.363314651%		0.355025456%		0.328567617%		0.307188119%		0.313815997%
Florida Virtual School's proportionate share of the net pension liability (asset)	\$ 59,057,042	\$	62,656,633	\$	47,928,683	\$	43,262,234	\$	38,453,631	\$	37,960,960	\$	38,293,195	\$	31,328,356	\$	29,342,561
Florida Virtual School's covered-employee payroll	\$ 204,398,918	\$	182,853,646	\$	137,263,061	\$	128,878,886	\$	117,822,135	\$	109,364,998	\$	109,364,998	\$	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	28.89%		34.27%		34.92%		33.57%		32.64%		34.71%		35.01%		30.89%		31.94%
Plan fiduciary net position as a percentage of the total pension liability	4.81%		3.56%		3.00%		2.63%		2.15%		1.64%		0.97%		0.50%		0.99%

Note: (1) The amounts presented for each fiscal year were determined as of June 30. Information for prior years is not available. See FRS ACFR https://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports

**The Florida Virtual School
Required Supplementary Information
Schedule of Contributions
Health Insurance Subsidy Pension Plan (1)**

	2022	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 3,578,425	\$ 3,373,852	\$ 3,002,455	\$ 2,262,033	\$ 2,147,028	\$ 1,970,265	\$ 1,878,897	\$ 1,684,118	\$ 1,174,264
Contributions in relation to the contractually required contribution	\$ (3,578,425)	\$ (3,373,852)	\$ (3,002,455)	\$ (2,262,033)	\$ (2,147,028)	\$ (1,970,265)	\$ (1,878,897)	\$ (1,684,118)	\$ (1,174,264)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Florida Virtual School's covered-employee payroll	\$ 204,398,918	\$ 182,853,646	\$ 137,263,061	\$ 128,878,886	\$ 117,822,135	\$ 109,364,998	\$ 109,364,998	\$ 101,434,489	\$ 91,872,334
Contributions as a percentage of covered-employee payroll	1.75%	1.85%	2.19%	1.76%	1.82%	1.80%	1.72%	1.66%	1.28%

Note: (1) The amounts presented for each fiscal year were determined as of June 30. Information for prior years is not available. See FRS ACFR https://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports

THE FLORIDA VIRTUAL SCHOOL
Required Supplementary Information
Notes to Required Supplementary Information
Year Ended June 30, 2023

1. Basis of Budgeting

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.

2. Schedule of Changes in the School's Total Other Postemployment Benefits Plan Liability and Related Ratios

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

Changes in assumptions:

- The discount rate was changed from 1.92 percent as of June 30, 2021, to 3.69 percent as of June 30, 2022 measurement date.
- The salary increase rates were updated to the rates used by the Florida Retirement System for Regular Class members in the July 1, 2021 actuarial valuation.

3. Schedule of Net Pension Liability and Schedule of Contributions – FRS Pension Plan

Changes in Assumptions. In 2022, the long term expected rate of return decreased from 6.80% to 6.70%.

4. Schedule of Net Pension Liability and Schedule of Contributions – HIS Pension Plan.

Changes in Assumptions. In 2022, the municipal bond rate used to determine total pension liability was decreased from 2.16 percent to 3.54 percent.



OTHER REPORTS
ANNUAL FINANCIAL REPORT
2023

**THE FLORIDA VIRTUAL SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2023**

Federal Pass-Through Entity Federal Program	Assistance Listing Number	Contract/ Grant Number	Contract Period	Expenditures
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-1613R-3CV01	10/17/22 - 06/30/23	\$ 28,305
Title I - Part A, Education of Disadvantaged Children & Youth	84.010A	48C-2123B-3CB01	07/01/22 - 06/30/23	1,469,423
Title II - Teacher and Principal Training and Recruiting Fund	84.367A	48C-2243B-3CT01	07/01/22 - 06/30/23	286,478
Title III - English Language Acquisition State Grants	84.365A	48C-1023B-3C001	07/01/22 - 06/30/23	27,843
Title IV - Student Support & Academic Enrichment	84.424A	48C-2412A-2C001	08/01/21 - 07/31/22	11,222
Title IV - Student Support & Academic Enrichment	84.424A	48C-2413A-3C001	08/01/22 - 08/31/23	69,098
				<u>1,892,369</u>
Special Education Cluster:				
IDEA - Part B K-12	84.027A	48C-2633B-3CB01	07/01/22 - 06/30/23	2,065,811
IDEA - Part B Preschool Entitlement	84.173A	48C-2673B-3CP01	07/01/22 - 06/30/23	-
				<u>2,065,811</u>
				<u>3,958,180</u>
Education Stabilization Fund (ESF):				
COVID-19 ESSER II - Coronavirus Response & Relief Supplemental Appropriations (CRRSA) Act, 2021	84.425D	48C-1241E-1CR01	07/01/21 - 09/30/23	380,361
COVID-19 ESSER II - Coronavirus Response & Relief Supplemental Appropriations (CRRSA) Act, 2021	84.425D	48C-1281E-2C001	12/15/21 - 09/30/23	149,106
COVID-19 ESSER II - Coronavirus Response & Relief Supplemental Appropriations (CRRSA) Act, 2021	84.425D	48C-1281N-3CR01	11/02/22 - 09/30/23	105,011
COVID-19 ESSER II - Coronavirus Response & Relief Supplemental Appropriations (CRRSA) Act, 2021	84.425D	48C-1240S-1CR01	01/01/21 - 07/31/22	3,905
COVID-19 ESSER II - Coronavirus Response & Relief Supplemental Appropriations (CRRSA) Act, 2021	84.425D	48C-1241P-2C001	01/1/22 - 09/30/23	519,113
COVID-19 ESSER II - Coronavirus Response & Relief Supplemental Appropriations (CRRSA) Act, 2021	84.425D	48C-1241D-1CR01	08/11/21 - 09/30/23	60,884
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	48C-1211A-2C001	01/31/22 - 09/30/24	301,298
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	48C-1211D-2CR01	07/15/22 - 09/30/24	318,210
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	48C-1211G-2CR01	06/03/22 - 08/31/23	82,620
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	48C-1211H-2CR01	10/04/22 - 09/30/24	1,137
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	48C-1211K-2C001	01/31/22 - 09/30/24	564,479
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	48C-1211R-2CR01	09/09/22 - 09/30/24	232,136
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	48C-1211T-3CR01	11/02/22 - 9/30/24	77,763
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	48C-1221B-2CR01	12/22/21 - 09/30/24	26,648
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.027X	48C-2632R-2CB01	07/01/21 - 09/30/23	419,932
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.173X	48C-2672R-2CP01	07/01/21 - 09/30/23	12,103
				<u>3,254,706</u>
Total Federal Awards				<u>\$ 7,212,886</u>

See Accompanying Notes to Schedule

THE FLORIDA VIRTUAL SCHOOL
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

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, 2023. 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, 2023.

NOTE 3. De Minimis Cost Rate

The School did not elect to use the 10% de minimis cost rate as covered by 2 CFR Section 200.414.

NOTE 4. ESSER II – Coronavirus Response & Relief Supplemental Appropriations

Pre-Award costs are authorized for any allowable expenditure incurred on or after March 13, 2020, the date the President declared the national emergency due to COVID-19 per the RFA documents received from the Florida Department of Education. Pre-Award costs were incurred for two ESSER II grants prior to the grant award date of July 1, 2021, and are reflected in the Schedule of Expenditures of Federal Awards for Fiscal Year Ended June 30, 2023.

THE FLORIDA VIRTUAL SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2023

Section I - Summary of Independent Auditor's Results

Financial Statements

Type of Auditor's Report Issued:

Unmodified Opinion

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies)? Yes None reported

Type of report issued on compliance for major federal program: **Unmodified Opinion**

Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of the Uniform Guidance? Yes No

Identification of Major Programs:

Assistance Listing Numbers

Name of Federal Program or Cluster

84.010

Title I – Part A, Educations of Disadvantaged Children & Youth

84.425

Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee? Yes No

THE FLORIDA VIRTUAL SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

For the Year Ended June 30, 2023

Section II - Findings Related to the Financial Statement Audit, as required to be reported in accordance with *Government Auditing Standards*

No matters were reported.

Section III - Federal Awards Findings and Questioned Costs Section reported in accordance with the Uniform Guidance

No matters were reported.

THE FLORIDA VIRTUAL SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2023

FEDERAL GRANT PROGRAM AUDIT FINDINGS

No matters were reported.



Certified Public Accountants

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

Chairman and Members of
The Board of Trustees
The Florida Virtual School
Orlando, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The Florida Virtual School (the "School") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated February 20, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Chairman and Members of
The Board of Trustees
The Florida Virtual School

Report on Compliance and Other Matters

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

Pursuant to provisions of Chapter 10.850, *Rules of the Auditor General*, we reported certain matters to management of the School in a separate management letter dated February 20, 2024.

Purpose of this Report

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

MSL, P.A.

Certified Public Accountants

Orlando, Florida
February 20, 2024



Certified Public Accountants

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE AND REPORT ON THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Chairman and Members of
The Board of Trustees
The Florida Virtual School
Orlando, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of The Florida Virtual School (the “School”) with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (“OMB”) *Compliance Supplement* that could have a direct and material effect on each of the School’s major federal programs for the year ended June 30, 2023. The School’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School’s compliance with the compliance requirements referred to above.

Responsibility of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Chairman and Members of
The Board of Trustees
The Florida Virtual School

Report on Internal Control over Compliance (Continued)

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements. We issued our report thereon dated February 20, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. Our report on the basic financial statements included disclosures regarding our reference to the reports of other auditors. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis, as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
February 20, 2024



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Chairman and Members of
The Board of Trustees
The Florida Virtual School
Orlando, Florida

Report on Financial Statements

We have audited the financial statements of The Florida Virtual School (the "School") as of and for the year ended June 30, 2023, and have issued our report thereon dated February 20, 2024.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and Chapter 10.850, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major Federal Program and report on Internal Control over Compliance and Report on the Schedule of Expenditures of Federal Awards in Accordance with the Uniform Guidance, Schedule of Findings and Questioned Costs, and our Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.850, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated February 20, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title

Section 10.854(1)(e)5., *Rules of the Auditor General*, requires that the name or official title of the entity be disclosed in the management letter. The official title of the entity is The Florida Virtual School.

Chairman and Members of
The Board of Trustees
The Florida Virtual School

Financial Management

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

Additional Matters

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

Purpose of this Letter

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

MSL, P.A.

Certified Public Accountants

Orlando, Florida
February 20, 2024



INDEPENDENT ACCOUNTANT'S REPORT

Chairman and Members of
The Board of Trustees
The Florida Virtual School
Orlando, Florida

We have examined the compliance of The Florida Virtual School (the "School") with the requirements of Section 218.415, Florida Statutes, during the year ended June 30, 2023. Management is responsible for the School's compliance with those requirements. Our responsibility is to express an opinion on the School's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the School complied, in all material respects, with the aforementioned requirements referenced above. An examination involves performing procedures to obtain evidence about the whether the School complied with the aforementioned requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the School's compliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Our examination does not provide a legal determination on the School's compliance with the specified requirements.

In our opinion, the School complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2023.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
February 20, 2024