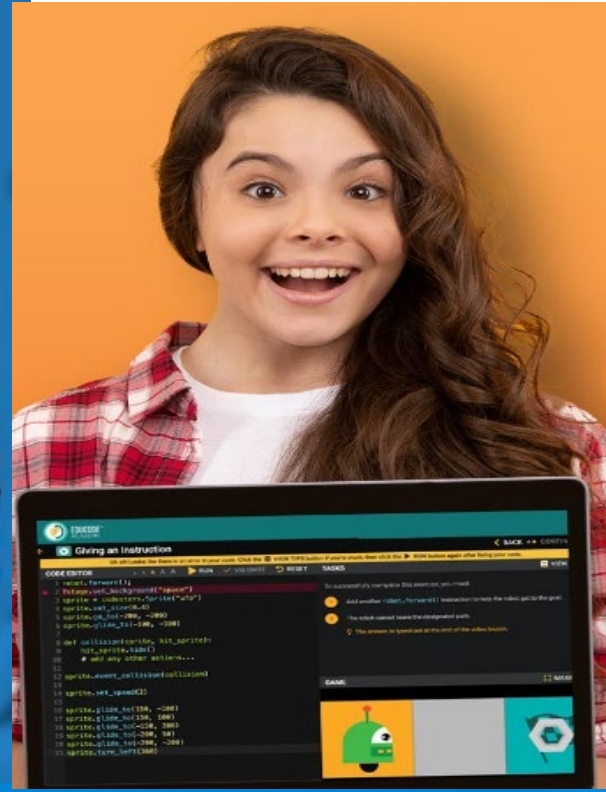




Annual Financial Report For Fiscal Year Ended June 30, 2024



THE FLORIDA VIRTUAL SCHOOL

Table of Contents

Independent Auditors Report.....	1
Management's Discussion and Analysis	4

Basic Financial Statements

Statement of Net Position	14
Statement of Activities	15
Balance Sheet-Governmental Funds	16
Reconciliation of Balance Sheet-Governmental Funds to the Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds to the Statement of Activities	19
Statement of Net Position – Proprietary Funds	20
Statement of Revenues, Expenses and Changes in Fund Net Position- Proprietary Funds	21
Statement of Cash Flows – Proprietary Funds	22
Notes to the Financial Statements	23

Required Supplemental Information

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund.....	55
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Special Revenue Fund.....	56
Schedule of Changes in the School's Total OPEB Liability & Related Ratios.....	57
Schedule of Proportionate Share of Net Pension Liability – FRS	58
Schedule of Contributions – FRS	59
Schedule of Proportionate Share of Net Pension Liability – HIS	60
Schedule of Contributions – HIS.....	61
Notes to Required Supplementary Information.....	62

THE FLORIDA VIRTUAL SCHOOL

Table of Contents

Other Reports

Schedule of Expenditures of Federal Awards	64
Notes to the Schedule of Expenditures of Federal Awards	65
Schedule of Findings and Questioned Costs.....	66
Summary Schedule of Prior Audit Findings.....	68
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 Governmental Auditing Standards.....	69
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 Required by the Unifor Guidance.....	71
Independent Auditors Management Letter.....	74
Independent Accountant's Report.....	76

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, 2024, 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, 2024, 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.

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.

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 March 11, 2025, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Forvis Mazars, LLP

**Orlando, Florida
March 11, 2025**

**THE FLORIDA VIRTUAL SCHOOL
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2024**

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, 2024.

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 2023-2024 fiscal year are as follows:

- In total, net position decreased \$38,291,552 during the 2023-24 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 \$68,976,433 at the end of the fiscal year. Of this amount, \$23,096,672 represents investments in capital assets, \$2,190,435 represents Restricted for State Categoricals and \$43,689,326 represents unrestricted net position.
- Total revenues of \$398,511,671 were comprised of revenues generated from governmental activities in the amount of \$356,036,000 and \$42,475,671 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 \$159,608,889. This is an increase of \$14,074,079 in comparison with the prior year due to an increase in state funding of \$23 in per student completion.
- 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 \$138,256,696 at June 30, 2024, or 40.1 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, 2024**

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, 2024**

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, 2024**

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, 2024, and June 30, 2023:

	Net Position, End of Year					
	Governmental Activities		Business-Type Activities		Total	
	6-30-24	6-30-23	6-30-24	6-30-23	6-30-24	6-30-23
Current Assets	\$ 220,205,994	\$ 201,474,513	\$ 84,359,356	\$ 78,746,061	\$ 304,565,350	\$ 280,220,574
Capital Assets	26,933,196	27,384,379	440,161	29,573	27,373,357	27,413,952
Total Assets	247,139,190	228,858,892	84,799,517	78,775,634	331,938,707	307,634,526
Deferred outflows of Resources	102,303,061	117,691,676	4,262,626	4,903,821	106,565,687	122,595,497
Other Liabilities	27,430,073	23,219,273	6,418,879	3,861,165	33,848,952	27,080,438
Long-Term Liabilities	301,017,588	265,924,940	13,539,901	11,472,076	314,557,489	277,397,016
Total Liabilities	328,447,661	289,144,213	19,958,780	15,333,241	348,406,441	304,477,454
Deferred inflows of Resources	20,276,656	17,745,198	844,864	739,386	21,121,520	18,484,584
Net Position:						
Invested in Capital Assets	22,656,511	21,060,146	440,161	29,573	23,096,672	21,089,719
Restricted for State Categoricals	2,190,435	4,176,998	-	-	2,190,435	4,176,998
Unrestricted (Deficit)	(24,129,012)	14,424,013	67,818,338	67,577,255	43,689,326	82,001,268
Total Net Position	\$ 717,934	\$ 39,661,157	\$ 68,258,499	\$ 67,606,828	\$ 68,976,433	\$ 107,267,985

In the case of the School's total governmental and business-type activities, assets and deferred outflows exceed liabilities and deferred inflows by \$68,976,433 at the end of the fiscal year. Of this amount \$23,096,672 represents investment in capital assets, \$2,190,435 represents Restricted for State Categoricals, and \$43,689,326 represents unrestricted net position.

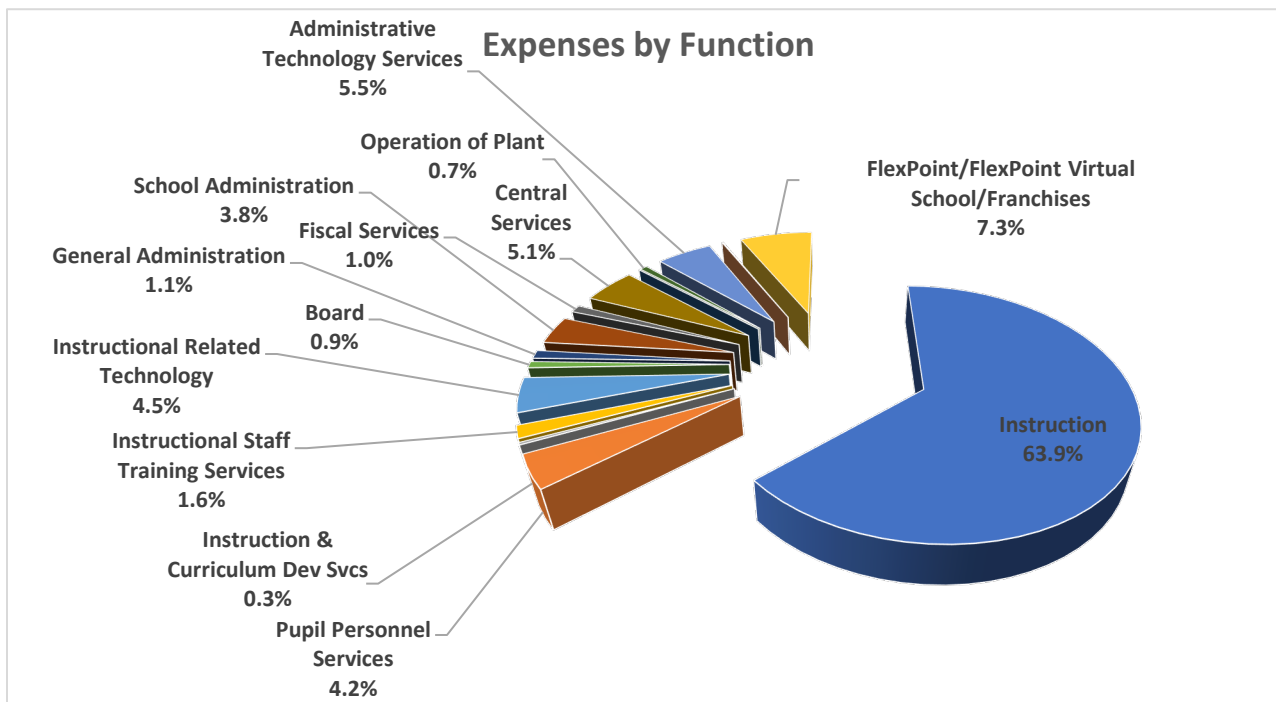
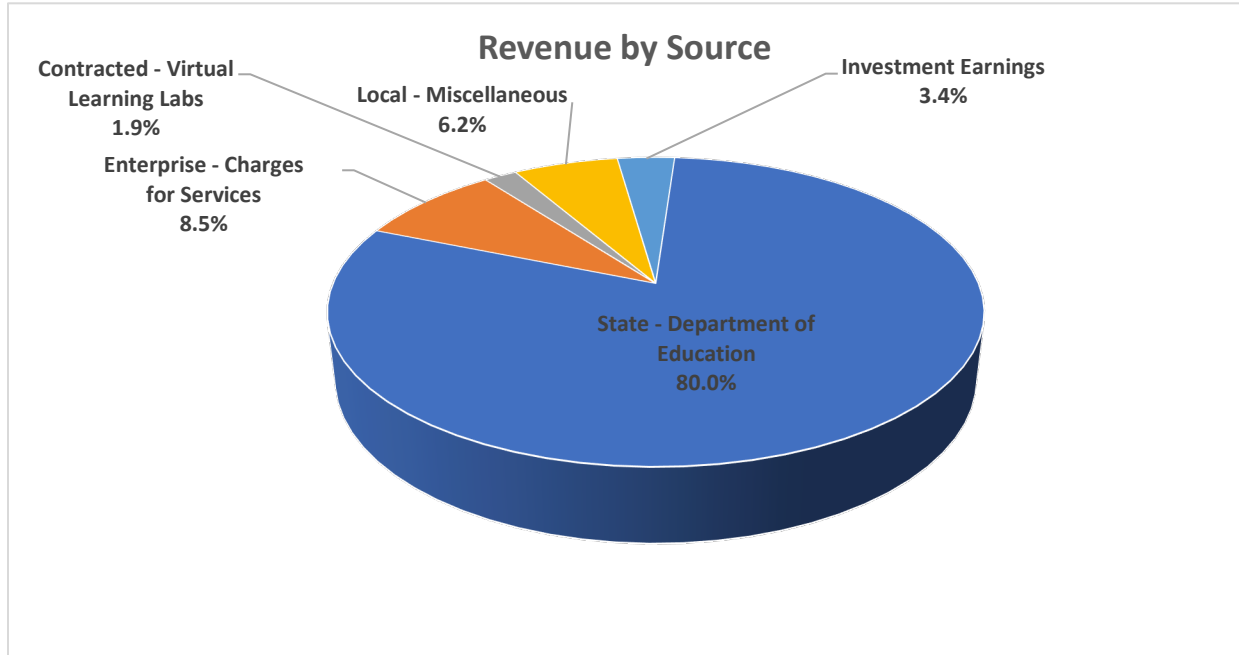
**THE FLORIDA VIRTUAL SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2024**

The following is a summary of the School's changes in net position for the fiscal years ended June 30, 2024 and June 30, 2023, as follows:

	Governmental Activities		Business-Type Activities		Total	
	6-30-24	6-30-23	6-30-24	6-30-23	6-30-24	6-30-23
Program Revenues						
Charges for Services	\$ -	\$ -	\$ 33,850,422	\$ 40,058,123	\$ 33,850,422	\$ 40,058,123
General Revenues:						
Grants and Contributions Not Restricted						
to Specific Programs	313,740,564	290,977,520	5,255,258	-	318,995,822	290,977,520
Virtual Learning Labs	7,724,716	10,076,799	-	-	7,724,716	10,076,799
Miscellaneous Local	24,538,071	23,348,470	174	14,395	24,538,245	23,362,865
Unrestricted Investment Earnings	10,032,649	3,954,030	3,369,817	634,670	13,402,466	4,588,700
Total Revenues	356,036,000	328,356,819	42,475,671	40,707,188	398,511,671	369,064,007
Functions/Program Expenses:						
Instruction	279,302,738	243,660,750	-	-	279,302,738	243,660,750
Pupil Personnel Services	18,291,611	15,984,330	-	-	18,291,611	15,984,330
Instruction & Curriculum Dev Svcs	1,225,862	1,270,805	-	-	1,225,862	1,270,805
Instructional Staff Training Services	6,948,850	7,299,522	-	-	6,948,850	7,299,522
Instructional Related Technology	19,783,007	15,505,060	-	-	19,783,007	15,505,060
Board	3,741,711	3,827,077	-	-	3,741,711	3,827,077
General Administration	4,802,381	3,557,533	-	-	4,802,381	3,557,533
School Administration	16,716,367	14,546,478	-	-	16,716,367	14,546,478
Fiscal Services	4,440,766	3,471,853	-	-	4,440,766	3,471,853
Central Services	22,149,973	18,980,323	-	-	22,149,973	18,980,323
Student Transportation Services	84	-	-	-	84	912,021
Operation of Plant	3,032,465	912,021	-	-	3,032,465	13,519,776
Administrative Technology Services	23,950,413	13,519,776	-	-	23,950,413	195,087
Community Services	187,858	195,087	-	-	187,858	6,111,656
Interest on Long Term Debt	198,912	6,111,656	-	-	198,912	
FlexPoint, FlexPoint Virtual Schools & Franchises	-	-	32,030,225	24,557,710	32,030,225	24,557,710
Total Expenses	404,772,998	348,842,271	32,030,225	24,557,710	436,803,223	373,399,981
Excess (deficiency) of revenue over (under) expenses	(48,736,998)	(20,485,452)	10,445,446	16,149,478	(38,291,552)	(4,335,974)
Other financial sources (uses)						
Transfers In	9,793,775	11,402,719	-	-	9,793,775	11,402,719
Transfers Out	-	-	(9,793,775)	(11,402,719)	(9,793,775)	(11,402,719)
Total other financial sources (uses)	9,793,775	11,402,719	(9,793,775)	(11,402,719)	-	-
Change in net position	(38,943,223)	(9,082,733)	651,671	4,746,759	(38,291,552)	(4,335,974)
Beginning Net Position, as previously reported	39,661,157	48,743,890	67,606,828	62,860,069	107,267,985	111,603,959
Net Position, ending	\$ 717,934	\$ 39,661,157	\$ 68,258,499	\$ 67,606,828	\$ 68,976,433	\$ 107,267,985

**THE FLORIDA VIRTUAL SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2024**

The largest revenue source is the State of Florida (80 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, 2024**

GENERAL FUND BUDGETARY HIGHLIGHTS

Original Budget Compared to Final Budget

During the 2023-2024 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 \$110,724 due to miscellaneous grants budgeted but not received. The actual General Fund expenditures were less than the adjusted budgeted appropriations by \$43,608,141 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 \$677,302, restricted categorical programs of \$2,190,435, assigned for research and development of \$13,205,150, and re-budgeted programs of \$5,193,452.

CAPITAL ASSET & LONG-TERM DEBT ADMINISTRATION

Capital Assets

The School's capital assets as of June 30, 2024, amounts to \$27,373,357 (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 decrease in the School's investment in capital assets (net of accumulated depreciation) for the current fiscal year was \$40,595.

Long-Term Debt

In the prior year, FLVS capitalized right to use assets totaling \$1,848,786 and \$4,176,249 for subscription based IT assets. The corresponding lease obligations were also reported. For the current fiscal year, the lease obligation has been reduced by the principal payments.

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 and the impact of legislation, including the online course requirement.
- Federal and State funding sources available to defray costs of COVID-19 prevention and response ending in fiscal year 2025.
- A new agreement with the Department of Juvenile Justice through June 30, 2026, to be the educational provider for the Florida Scholars Academy.

**THE FLORIDA VIRTUAL SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2024**

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.

General Fund

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 \$138,256,696, which represents an increase of \$17,307,856 or 14 percent from the previous year. The total unassigned fund balance represents 40.1 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).

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 \$9,802,286 and total expenditures of \$9,788,656. The receivables balance of \$1,611,917 at June 30, 2024, represents amounts due from other agencies for outstanding reimbursements due for expenditures incurred during the fiscal year.

Proprietary Funds

The Enterprise funds 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 \$42,475,671 total expenditures and transfers-out of \$41,824,000. The School recorded a net position of \$68,258,499 at June 30, 2024. The receivable balance of \$7,640,859 at June 30, 2024, represents amounts due from FlexPoint, FlexPoint Virtual and Florida Franchise customers.

**THE FLORIDA VIRTUAL SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2024**

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
2024

**The Florida Virtual School
Statement of Net Position
June 30, 2024**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 40,100,000	\$ 20,504,604	\$ 60,604,604
Investments	169,279,646	56,213,893	225,493,539
Accounts Receivable, net	7,779,705	7,640,859	15,420,564
Due from Other Funds	1,335,461	-	1,335,461
Due from Other Agencies	1,711,182	-	1,711,182
Capital Assets:			
Depreciable, net	26,933,196	440,161	27,373,357
Total Assets	247,139,190	84,799,517	331,938,707
DEFERRED OUTFLOWS OF RESOURCES			
Other Postemployment Benefits	9,525,255	396,885	9,922,140
Pensions	92,777,806	3,865,741	96,643,547
Total Deferred Outflows of Resources	102,303,061	4,262,626	106,565,687
LIABILITIES			
Wages and Benefits Payable	18,244,753	1,489,515	19,734,268
Accounts Payable	7,038,668	2,792,278	9,830,946
Estimated Insurance Claims Payable	2,123,164	-	2,123,164
Due to Other Agencies	23,488	-	23,488
Due to Other Funds	-	1,335,461	1,335,461
Unearned Revenue	-	801,625	801,625
Long-Term Liabilities:			
Portion Due and Payable Within One Year:			
Liability for Compensated Absences	4,722,503	177,261	4,899,764
Liability for Right To Use Asset	2,126,490	-	2,126,490
			-
Portion Due and Payable After One Year:			
Liability for Compensated Absences	36,046,592	1,530,231	37,576,823
Liability for Other Post Employment Benefits	26,355,536	1,098,148	27,453,684
Liability for Right To Use Asset	2,150,195	-	2,150,195
Liability for Florida Pension & Health Subsidy	229,616,272	10,734,261	240,350,533
Total Liabilities	328,447,661	19,958,780	348,406,441
DEFERRED INFLOWS OF RESOURCES			
Other Postemployment Benefits	8,774,578	365,609	9,140,187
Pensions	11,502,078	479,255	11,981,333
Total Deferred Inflows of Resources	20,276,656	844,864	21,121,520
NET POSITION			
Investment in Capital Assets	22,656,511	440,161	23,096,672
Restricted for State Categoricals	2,190,435	-	2,190,435
Unrestricted	(24,129,012)	67,818,338	43,689,326
Total Net Position	\$ 717,934	\$ 68,258,499	\$ 68,976,433

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, 2024**

FUNCTIONS/ PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Governmental Activities:							
Instruction	\$ 279,302,738	\$ -	\$ -	\$ -	\$ (279,302,738)	\$ -	\$ (279,302,738)
Pupil Personnel Services	18,291,611	-	-	-	(18,291,611)	-	(18,291,611)
Instruction and Curriculum Development Services	1,225,862	-	-	-	(1,225,862)	-	(1,225,862)
Instructional Staff Training Services	6,948,850	-	-	-	(6,948,850)	-	(6,948,850)
Instructional Related Technology	19,783,007	-	-	-	(19,783,007)	-	(19,783,007)
Board	3,741,711	-	-	-	(3,741,711)	-	(3,741,711)
General Administration	4,802,381	-	-	-	(4,802,381)	-	(4,802,381)
School Administration	16,716,367	-	-	-	(16,716,367)	-	(16,716,367)
Fiscal Services	4,440,766	-	-	-	(4,440,766)	-	(4,440,766)
Central Services	22,149,973	-	-	-	(22,149,973)	-	(22,149,973)
Student Transportation Services	84	-	-	-	(84)	-	(84)
Operation of Plant	3,032,465	-	-	-	(3,032,465)	-	(3,032,465)
Administrative Technology Services	23,950,413	-	-	-	(23,950,413)	-	(23,950,413)
Community Service	187,858	-	-	-	(187,858)	-	(187,858)
Interest on Long term Debt (Leases)	198,912	-	-	-	(198,912)	-	(198,912)
Total Governmental Activities	404,772,998	-	-	-	(404,772,998)	-	(404,772,998)
Business-type Activities:							
FlexPoint, FlexPoint Virtual School & Franchises	32,030,225	33,850,422	-	-	-	1,820,197	1,820,197
Total Primary Government	\$ 436,803,223	\$ 33,850,422	\$ -	\$ -	(404,772,998)	1,820,197	(402,952,801)
General Revenues:							
Taxes:							
Grants and Contributions not Restricted to Specific Programs					313,740,564	5,255,258	318,995,822
Virtual Learning Labs					7,724,716	-	7,724,716
Miscellaneous Local					24,538,071	174	24,538,245
Unrestricted Investment Earnings					10,032,649	3,369,817	13,402,466
Transfers In (Out)					9,793,775	(9,793,775)	-
Total General Revenues and Transfers					365,829,775	(1,168,526)	364,661,249
Change in Net Position					(38,943,223)	651,671	(38,291,552)
Net Position - Beginning					39,661,157	67,606,828	107,267,985
Net Position, Ending					\$ 717,934	\$ 68,258,499	\$ 68,976,433

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, 2024**

	General Fund	Special Revenue Funds	Total Governmental Funds
ASSETS			
Cash	\$ 31,310,695	\$ 87,205	\$ 31,397,900
Investments	143,425,735	-	143,425,735
Accounts Receivable, net	1,717,377	33	1,717,410
Due from Other Funds	2,522,255	-	2,522,255
Due from Other Agencies	99,265	1,611,917	1,711,182
Total Assets	\$ 179,075,327	\$ 1,699,155	\$ 180,774,482
LIABILITIES AND FUND BALANCE			
Salaries, Benefits, and Payroll Taxes Payable	\$ 16,823,813	\$ 382,721	\$ 17,206,534
Accounts Payable	2,704,991	43,786	2,748,777
Due to Other Funds	-	1,186,794	1,186,794
Due to Other Agencies	23,488	-	23,488
Unapplied Payments	-	-	-
Total Liabilities	19,552,292	1,613,301	21,165,593
Fund Balances:			
Restricted for State Categoricals	2,190,435	-	2,190,435
Assigned for Encumbrances	677,302	-	677,302
Assigned for Re-budget	5,193,452	85,854	5,279,306
Assigned for Research & Development	13,205,150	-	13,205,150
Unassigned	138,256,696	-	138,256,696
Total Fund Balance	159,523,035	85,854	159,608,889
Total Liabilities and Fund Balance	\$ 179,075,327	\$ 1,699,155	\$ 180,774,482

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, 2024**

Total Fund Balances - Governmental Funds	\$	159,608,889
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Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		26,933,196
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Internal service funds are used by management to charge the costs of its self-insurance program and course development. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.

Total Assets - Internal Service Fund	62,126,415	
Less: Total Liabilities - Internal Service Fund	(7,451,273)	
Less: Depreciable Assets Reported Above	(21,508,110)	33,167,032

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	(229,616,272)	
Other Postemployment Benefits Payable	(26,355,536)	
Compensated Absences Payable	(40,769,095)	
Lease Liability	(4,276,685)	(301,017,588)

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	9,525,255	
Deferred Inflows of Resources related to OPEB	(8,774,578)	750,677

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	92,777,806	
Deferred Inflows of Resources related to Pensions	(11,502,078)	81,275,728

Net Position - Governmental Activities	\$	717,934
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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, 2024

	General Fund	Special Revenue Funds	Total Governmental Funds
REVENUES			
Federal Through State Sources:			
Other Federal Through State Sources	\$ -	\$ 9,703,921	\$ 9,703,921
Total Federal Through State	-	9,703,921	9,703,921
State Sources:			
Florida Education Finance Program	310,069,285	-	310,069,285
School Recognition Program	434,855	-	434,855
Other State Sources	17,112,724	-	17,112,724
Total State Sources	327,616,864	-	327,616,864
Local Sources:			
Other Local Sources	17,133,677	98,365	17,232,042
Total Local Sources	17,133,677	98,365	17,232,042
Total Revenues	344,750,541	9,802,286	354,552,827
EXPENDITURES			
Current:			
Instruction	232,236,859	5,553,981	237,790,840
Pupil Personnel Services	14,547,689	1,308,272	15,855,961
Instruction and Curriculum Development Services	390,054	1,150,948	1,541,002
Instructional Staff Training Services	5,110,618	715,336	5,825,954
Instruction Related Technology	16,630,698	3,667	16,634,365
School Board	3,156,052	-	3,156,052
General Administration	3,470,896	529,271	4,000,167
School Administration	13,816,817	393,485	14,210,302
Fiscal Services	3,745,389	-	3,745,389
Central Services	18,912,067	48,877	18,960,944
Operation of Plant	1,176,979	-	1,176,979
Administrative Technology Services	20,410,602	-	20,410,602
Student Transportation Services	-	84	84
Community Services	87,226	84,735	171,961
Debt Service:			
Principal	2,047,549	-	2,047,549
Interest	198,912	-	198,912
Capital Outlay:			
Other Capital Outlay	432,270	-	432,270
Total Expenditures	336,370,677	9,788,656	346,159,333
Excess of Revenues Over Expenditures	8,379,864	13,630	8,393,494
OTHER FINANCIAL SOURCES (USES)			
Transfers In	5,680,585	-	5,680,585
Total Other Financial Sources (Uses)	5,680,585	-	5,680,585
Net Change in Fund Balance	14,060,449	13,630	14,074,079
FUND BALANCES			
Fund Balance, July 1, 2023	145,462,586	72,224	145,534,810
Fund Balance, June 30, 2024	\$ 159,523,035	\$ 85,854	\$ 159,608,889

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, 2024

Net Change in Fund Balances - Governmental Funds	\$	14,074,079
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount of capital outlay, \$1,410,818 less depreciation/amortization expense, (\$3,303,997) in the current period.		(1,893,179)
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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.

Repayment of Debt Principal for Leases		2,047,548
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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 reported with governmental activities.

Net Revenue		1,888,598
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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	(1,336,111)	
Decrease in Deferred Outflow of Resources - OPEB	(733,194)	
Increase in Deferred Inflows of Resources - OPEB	(49,486)	(2,118,791)

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

Increase in Pension Liability	(31,385,429)	
Decrease in Deferred Outflow of Resources - Pension	(14,655,421)	
Increase in Deferred Inflows of Resources - Pension	(2,481,973)	(48,522,823)

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.

		(4,418,655)
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Change in Net Position - Governmental Activities	\$	(38,943,223)
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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, 2024**

	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	\$ 6,034,291	\$ 3,271,632	\$ 11,198,681	\$ 20,504,604	\$ 8,702,100
Investments	42,213,893	4,000,000	10,000,000	56,213,893	25,853,910
Accounts Receivable, net	3,477,030	93,409	4,070,420	7,640,859	6,062,295
Noncurrent Assets					
Capital Assets:					
Depreciable (net)	26,598	1,228	412,335	440,161	21,508,110
Total Assets	51,751,812	7,366,269	25,681,436	84,799,517	62,126,415
DEFERRED OUTFLOWS OF RESOURCES					
Other Postemployment Benefits	198,445	99,220	99,220	396,885	-
Pensions	1,932,871	966,435	966,435	3,865,741	-
Total Deferred Outflows of Resources	2,131,316	1,065,655	1,065,655	4,262,626	-
LIABILITIES					
Current Liabilities:					
Current Liabilities					
Salaries and Benefits Payable	911,517	179,905	398,093	1,489,515	1,038,221
Accounts Payable	387,348	896	2,404,034	2,792,278	4,289,888
Due to Other Funds	-	-	1,335,461	1,335,461	-
Estimated Insurance Claims Payable	-	-	-	-	2,123,164
Unearned Revenue	799,125	-	2,500	801,625	-
Long-term Liabilities:					
Portion Due and Payable Within One Year:					
Liability for Compensated Absences	51,387	34,860	91,014	177,261	-
Portion Due and Payable After One Year:					
Liability for Compensated Absences	592,458	272,215	665,558	1,530,231	-
Liability for Other Post Employment Benefits	549,074	274,537	274,537	1,098,148	-
Liability for Florida Retirement Pension & Health Subsidy	5,383,063	2,947,697	2,403,501	10,734,261	-
Total Liabilities	8,673,972	3,710,110	7,574,698	19,958,780	7,451,273
DEFERRED INFLOWS OF RESOURCES					
Other Postemployment Benefits	182,805	98,974	83,830	365,609	-
Pensions	239,627	119,814	119,814	479,255	-
Total Deferred Inflows of Resources	422,432	218,788	203,644	844,864	-
NET POSITION					
Invested in Capital Assets	26,598	1,228	412,335	440,161	21,508,110
Unrestricted	44,760,126	4,501,798	18,556,414	67,818,338	33,167,032
Total Net Position	\$ 44,786,724	\$ 4,503,026	\$ 18,968,749	\$ 68,258,499	\$ 54,675,142

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, 2024

	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	\$ 18,582,588	\$ 2,644,311	\$ 12,623,523	\$ 33,850,422	\$ 13,336,355
Premium Revenues	-	-	-	-	51,415,041
Miscellaneous Revenues	-	-	-	-	4,574,352
Total Operating Revenue	18,582,588	2,644,311	12,623,523	33,850,422	69,325,748
OPERATING EXPENSES					
Salaries	5,789,577	2,461,232	2,732,929	10,983,738	5,764,632
Employee Benefits	2,268,998	1,008,743	1,032,640	4,310,381	4,650,690
Purchased Services	5,325,695	536,798	4,771,112	10,633,605	914,786
Materials and Supplies	127,849	9,442	144,028	281,319	48,523
Other Expenses	2,128,876	537,025	3,119,306	5,785,207	56,736,632
Unallocated Depreciation/Amortization Expense	12,949	351	22,675	35,975	4,918,249
Total Operating Expenses	15,653,944	4,553,591	11,822,690	32,030,225	73,033,512
Operating Income (Loss)	2,928,644	(1,909,280)	800,833	1,820,197	(3,707,764)
NONOPERATING REVENUES					
Interest	2,814,889	143,021	5,667,339	8,625,249	1,483,172
Income (Loss) Before Operating Transfers	5,743,533	(1,766,259)	6,468,172	10,445,446	(2,224,592)
Transfers In	-	-	-	-	4,113,190
Transfers Out	3,716,517	396,673	5,680,585	9,793,775	-
Change in Net Position	2,027,016	(2,162,932)	787,587	651,671	1,888,598
Beginning Net Position	42,759,708	6,665,958	18,181,162	67,606,828	52,786,544
Net Position - June 30, 2024	\$ 44,786,724	\$ 4,503,026	\$ 18,968,749	\$ 68,258,499	\$ 54,675,142

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, 2024**

	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	\$ 17,365,654	\$ 2,670,257	\$ 11,846,270	\$ 31,882,181	\$ 67,815,174
Payments to Suppliers of Goods and Services	(7,680,936)	(1,083,917)	(5,753,964)	(14,518,817)	(57,377,085)
Payments to Employees	(6,761,883)	(2,874,302)	(2,328,813)	(11,964,998)	(9,908,457)
Net Cash Provided by Operating Activities	2,922,835	(1,287,962)	3,763,493	5,398,366	529,632
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Receipts from Other Funds	-	-	1,335,461	1,335,461	4,113,190
Payments to Other Funds	(3,716,517)	(396,673)	(5,680,585)	(9,793,775)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(3,716,517)	(396,673)	(4,345,124)	(8,458,314)	4,113,190
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of Capital Assets	(9,974)	(1,579)	(435,010)	(446,563)	(6,360,245)
Net Cash Used in Capital and Related Financing Activities	(9,974)	(1,579)	(435,010)	(446,563)	(6,360,245)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on Investments	2,814,889	143,021	5,667,339	8,625,249	1,483,172
Purchases of Investments	(11,738,313)	(4,000,000)	(10,000,000)	(25,738,313)	(15,585,693)
Net Cash Provided by Investing Activities	(8,923,424)	(3,856,979)	(4,332,661)	(17,113,064)	(14,102,521)
Net Change in Cash	(9,727,080)	(5,543,193)	(5,349,302)	(20,619,575)	(15,819,944)
Cash at Beginning of Year	15,761,371	8,814,825	16,547,983	41,124,179	24,522,044
Cash at End of Year	\$ 6,034,291	\$ 3,271,632	\$ 11,198,681	\$ 20,504,604	\$ 8,702,100
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating Income	\$ 2,928,644	\$ (1,909,280)	\$ 800,833	\$ 1,820,197	\$ (3,707,764)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Amortization Expense	12,949	351	22,675	35,975	4,918,249
Changes in Assets and Liabilities:					
Accounts Receivable	252,759	25,946	(773,262)	(494,557)	(1,510,574)
Deferred Outflows of Resources - Other Postemployment Benefits	15,274	7,638	7,638	30,550	-
Deferred Outflows of Resources - Pensions	305,321	152,662	152,662	610,645	-
Accounts Payable	(98,516)	(652)	2,280,482	2,181,314	322,856
Salaries and Benefits Payable	119,935	31,219	363,469	514,623	250,767
Compensated Absences Payable	121,722	36,936	545,771	704,429	-
Unearned Revenue	(1,469,693)	-	(3,991)	(1,473,684)	-
Estimated Unpaid Claims for Self Insurance Program	-	-	-	-	256,098
Other Postemployment Benefits Liability	27,835	13,918	13,918	55,671	-
Net Pension Liability	653,865	326,931	326,929	1,307,725	-
Deferred Inflows of Resources - Other Postemployment Benefits	1,032	515	515	2,062	-
Deferred Inflows of Resources - Pensions	51,708	25,854	25,854	103,416	-
Total adjustments	(5,809)	621,318	2,962,660	3,578,169	4,237,396
Net Cash Provided by Operating Activities	\$ 2,922,835	\$ (1,287,962)	\$ 3,763,493	\$ 5,398,366	\$ 529,632

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, 2024**

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 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 2023-2024 fiscal year are shown below:

Board Members

Ms. Linda Reiter, Chair
Dr. Tony Arza, Co-Chair
Mr. Robert Kornahrens
Mr. Edward Pozzuoli
Ms. Nercy Radcliffe
Dr. John Watret

Dr. Louis Algaze, President & CEO

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

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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, 2024**

- Enterprise Funds – to account for the activities of FlexPoint, FlexPoint Virtual School and Florida franchises, including a contract with the Department of Juvenile Justice to provide educational services for the Florida Scholars Academy.

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

The School's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term liquid investments with original maturities of 3 months or less from the date of acquisition. Investments classified as cash equivalents include amounts placed with the State Board of Administration (SBA) in Florida PRIME. The statement of cash flows considers cash as those accounts used as demand deposit accounts and investments.

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

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

2. Investments

Investments consist of amounts placed with the State Board of Administration (SBA) for participation in the PRIME investment pool created by Section 218.405, Florida Statutes, and those made locally. This investment pool operates under investments guidelines established by Section 215.47, Florida Statutes.

The School's investments in Florida PRIME, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The investment is reported at fair value, which is amortized cost.

The school also has investments in the JP Morgan Prime Money market fund in which shares are owned in the fund rather than the underlying investments. These money market funds are registered under the Investment Company Act of 1940 and operate in accordance with Rule 2a-7. The investment is reported at Net Asset Value (NAV).

Types and amounts of investments held at fiscal year end are described in a subsequent note.

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 \$887,661 in losses for doubtful accounts as of June 30, 2024.

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 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.

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

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.

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.

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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.

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 reports 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.

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

Unrestricted net position is the residual amount of net position of the School that is not restricted for any particular purpose.

The School occasionally funds outlays for a particular purpose from both restricted and unrestricted resources. To calculate the amount to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. Consequently, it is the School's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

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. The School itself can establish limitations through either a commitment (committed fund balance) or an assignment (assigned fund balance).

- Committed – Committed fund balances can only be used for specific purposes determined by a formal action of the School's highest level of decision making authority. The School reported no committed fund balances at June 30.
- Restricted – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed 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 \$13,205,150 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 –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 a 15% reserve of its State (FEFP) and Virtual Learning Lab (VLL) revenue in its general fund budget.

Fund Balance Flow Assumptions - The School may 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

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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.

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.

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

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 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. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash Deposits with Financial Institutions

Custodial Credit Risk

In the case of deposits, this is the risk that in the event of the failure of a depository financial institution, the School will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. 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

The School's investments at June 30, 2024, are reported as follows:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
SBA/Florida Prime	45 Day Average	\$ 151,493,539
JP Morgan Prime Money Market	33 Day Average	<u>\$ 74,000,000</u>
Total Investments		<u><u>\$ 225,493,539</u></u>

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

Fair Value Measurement

The School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The School's investments in the JP Morgan Money Market are valued using Level 1 inputs.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School's investment policy limits investments of reserves and other non-operating funds ("core funds") to a maximum of 5 years. Investments of current operating short-term funds are limited to maturities of no longer than 24 months.

Florida PRIME and JP Morgan Prime Money Market Fund use a weight average days to maturity (WAM). A portfolio's WAM 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.

For Florida PRIME, with regard to redemption gates, Section 218.409(8)(a), Florida Statutes, states, "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the board (State Board of Administration) can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days." As of June 30, 2024, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Section 218.415(17), Florida Statutes, limits investments to the Local Government Surplus Funds Trust Fund (Florida PRIME), or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Section 163.01, Florida Statutes; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

recognized rating agency; interest-bearing time deposits or savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; and direct obligations of the United States Treasury. The School's investment policy limits investments to the Local Government Surplus Funds Trust Fund, United States Treasury securities, obligations of United States Government agencies and instrumentalities, interest bearing time deposit or savings accounts, repurchase agreements, commercial paper, bankers' acceptances, State and/or local government taxable and/or tax-exempt debt, registered investment companies, and intergovernmental investment pools.

The School's investment in Florida PRIME is rated AAAM by Standard & Poor's.

The School's investment in the JP Morgan Prime Money Market Fund are rated AAAM by Standard & Poor's and AAAMmf by Fitch. The fund invests in high-quality, short-term obligations that present minimal credit risk.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the School will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Section 218.415(18), Florida Statutes, requires the School to earmark all investments and (1) if registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the governing body's interest in the security; (2) if in book-entry form, the investment must be held for the credit of the governing body by a depository chartered by the Federal Government, the State, or any other state or territory of the United States which has a branch or principal place of business in this State, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in this State, and must be kept by the depository in an account separate and apart from the assets of the financial institution; or (3) if physically issued to the holder but not registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a secured vault. The School's investment policy addresses custodial credit risk in that all securities, with the exception of certificates of deposit, are held with a third-party custodian; and all securities purchased by and all collateral obtained by the School should be properly designated as an asset of the School. The securities must be held in an account separate and apart from the assets of the financial institution.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the School's investment in a single issuer. The School's investment policy limits investments with individual issuers from 10-40%, depending on investment type.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The School does not have a formal investment policy that limits its investment in foreign currency.

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

C. Receivables

The \$15,420,564 reported as receivables consists of \$7,640,859 due in the enterprise funds, primarily from FlexPoint, FlexPoint Virtual School and Florida Franchises customers, \$1,717,410 course fees due in the General Fund primarily from scholarship agencies and students and \$6,062,295 due in the internal service fund from employee premium payments to the self-insurance fund as well as the June dividend receivable.

D. Due From Other Agencies

The \$1,711,182 reported as due from other agencies consist of amounts due from the Florida Department of Education for grants expenditure reimbursements pending.

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

E. Changes in Capital Assets

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

	Balance 7/1/2023	Additions	Deletions	Balance 6/30/2024
<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	8,846,697	475,570	479,954	8,842,313
Less: Accumulated Depreciation	7,638,493	603,727	479,954	7,762,266
Total Furniture, Fixtures, and Equipment	1,208,204	(128,157)	-	1,080,047
Internally Created Software	68,113,953	6,360,245	-	74,474,198
Less: Accumulated Amortization	50,417,236	4,918,249	-	55,335,485
Total Internally Created Software	17,696,717	1,441,996	-	19,138,713
Learning Management System	5,750,000	-	-	5,750,000
Less: Accumulated Amortization	4,025,000	575,000	-	4,600,000
Total Learning Management System	1,725,000	(575,000)	-	1,150,000
Learning Content Management System	1,574,098	-	-	1,574,098
Less: Accumulated Amortization	1,574,098	-	-	1,574,098
Total Learning Content Management System	-	-	-	-
E24DL Educator	-	956,898	-	956,898
Less: Accumulated Amortization	-	95,690	-	95,690
Total E24DL Educator	-	861,208	-	861,208
Subscription Based IT Asset	4,176,249	-	-	4,176,249
Less: Accumulated Amortization	699,908	1,392,083	-	2,091,991
Total Subscription Based IT Asset	3,476,341	(1,392,083)	-	2,084,258
Right to Use Leased Asset	3,958,567		-	3,958,567
Less: Accumulated Amortization	702,100	637,497	-	1,339,597
Total Right to Use Leased Asset	3,256,467	(637,497)	-	2,618,970
Total Governmental Activities Capital Assets, net	27,384,379	(429,533)	21,650	26,933,196
<u>BUSINESS-TYPE ACTIVITIES:</u>				
Furniture, Fixtures, and Equipment	84,441	446,563	-	531,004
Less: Accumulated Depreciation	54,868	35,975	-	90,843
Total Furniture, Fixtures, and Equipment	29,573	410,588	-	440,161
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	29,573	410,588	-	440,161
Total Gov't & Bus-type Activities Capital Assets, net	\$ 27,413,952	\$ (18,945)	\$ 21,650	\$ 27,373,357

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

Depreciation/Amortization expense for the governmental funds was charged to functions for the year ended June 30, 2024 as follows:

<u>Function</u>	<u>Amount</u>
GOVERNMENTAL ACTIVITIES	
Instruction	\$ 5,493,249
Instructional Related Technology	485,719
Central Services	1,299
Operation of Plant	1,678,469
Administrative Related Technology	563,510
Total Depreciation/Amortization-Governmental Activities	<u>\$ 8,222,246</u>

Depreciation expense of \$35,975 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 \$76,363,504 for the fiscal year ended June 30, 2024.

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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 96 months after electing to participate, except that certain instructional personnel may participate for up to 120 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:

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

<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 2023-24 fiscal year were as follows:

Class or Plan	Percent of Gross Salary	
	Employee	Employer (1)
Florida Retirement System, Regular	3.00	13.57
Florida Retirement System, Senior Management Service	3.00	34.52
Deferred Retirement Option Program - Applicable to members from all of the above classes or plans	0.00	21.13
Florida Retirement System, Reemployed Retiree	(2)	(2)

(1) Employer rates include 2 percent for the post-employment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment plan.

(2) Contribution rate are depending upon retirement class in which reemployed.

The School's contributions to the Plan totaled \$21,294,133 for the fiscal year ended June 30, 2024.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to FRS Pensions. At June 30, 2024, the School reported a liability of \$153,958,579 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

liability was determined by an actuarial valuation as of July 1, 2023. The School's proportionate share of the net pension liability was based on the School's 2022-23 fiscal year contributions relative to the total 2022-23 fiscal year contributions of all participating members. At June 30, 2023, the School's proportionate share was .386375929 percent, which is a decrease of .013001062 from its proportionate share measured as of June 30, 2022.

For the fiscal year ended June 30, 2024, the School recognized a Plan pension expense of \$40,335,103. 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	\$ 13,877,167	\$ 578,215	\$ -	\$ -
Changes in assumptions or other inputs	9,634,845	401,452	-	-
Net difference between projected and actual earnings on pension plan investments	6,172,538	257,189	-	-
Changes in proportion and differences between district contributions and proportionate share of contributions	23,471,408	977,975	(2,875,988)	(119,833)
District contributions subsequent to the measurement date	20,442,368	851,765	-	-
Total	\$ 73,598,326	\$ 3,066,596	\$ (2,875,988)	\$ (119,833)

The deferred outflows of resources related to pensions resulting from the School contributions to the Plan subsequent to the measurement date, totaling \$21,294,133, will be recognized as a reduction of net pension liability in the fiscal year ending June 30, 2024. 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
2025	\$ 12,319,482
2026	6,020,238
2027	30,833,336
2028	2,723,217
2029	478,695
Thereafter	-
Totals	\$ 52,374,968

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

Actuarial Methods and Assumptions. The total pension liability in the July 1, 2023 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, 2023 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%	2.9%	2.9%	1.1%
Fixed Income	19.8%	4.5%	4.4%	3.4%
Global Equity	54.0%	8.7%	7.1%	18.1%
Real Estate (Property)	10.3%	7.6%	6.6%	14.8%
Private Equity	11.1%	11.9%	8.8%	26.3%
Strategic Investments	3.8%	6.3%	6.1%	7.7%
Total	100.0%			
Assumed Inflation - Mean			2.4%	1.4%

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. The discount rate used in the 2023 valuation was unchanged from the previous valuation

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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 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 (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	\$ 68,066,508,032	\$ 39,846,835,032	\$ 16,237,702,032
FLVS proportionate @ measurement date	0.00386375929	0.00386375929	0.00386375929
FLVS proportionate share of NPL	\$ 262,992,603	\$ 153,958,579	\$ 62,738,572

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, 2024, the School reported \$1,496,675 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2024.

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, 2024, eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each creditable service completed at the time of retirement with a minimum HIS payment of \$45 and maximum HIS payment of \$225 per month pursuant to section 112.363, Florida Statute. 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, 2024, the contribution rate was 2 percent of payroll pursuant to section 112.363, Florida Statutes. The School contributed 100 percent of its statutorily required contributions for the current and proceeding three years. HIS

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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 Schools contributions to the HIS Plan totaled \$4,524,764 for the fiscal year ended June 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIS Pensions. At June 30, 2024, the School reported a net pension liability of \$86,391,954 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, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023, and update procedures were used to calculate the net pension liability as of June 30, 2023. The School's proportionate share of the net pension liability was based on the School's 2022-23 fiscal year contributions relative to the total 2022-23 fiscal year contributions of all participating members. At June 30, 2023, the School's proportionate share was 0.543984257 percent, and decrease of 0.013599654 from its proportionate share measured as of June 30, 2022.

For fiscal year ended June 30, 2024, the School recognized HIS Plan pension expense of \$36,028,401 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	\$ 1,214,130	\$ 50,589	\$ (194,664)	\$ (8,111)
Changes in assumptions or other inputs	2,180,369	90,849	(7,186,708)	(299,446)
Net difference between projected and actual earnings on pension plan investments	42,829	1,785	-	-
Changes in proportion and differences between district contributions and proportionate share of contributions	11,398,379	474,932	(1,244,718)	(51,863)
Adjustment due to difference between estimated and actual deferred outflows subsequent to measurement date,	-	-	-	-
District contributions subsequent to measurement date	4,343,773	180,991	-	-
Total	\$ 19,179,481	\$ 799,146	\$ (8,626,090)	\$ (359,420)

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

The deferred outflows of resources related to pensions, totaling \$4,524,764, 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, 2024. 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
2025	\$ 2,535,128
2026	2,652,076
2027	2,070,831
2028	6,108
2029	(663,923)
Thereafter	(131,867)
Totals	<u>\$ 6,468,353</u>

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	3.65 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 3.65 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 3.54 percent to 3.65 percent.

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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 3.65 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 (2.65 percent) or 1 percentage point higher (4.65 percent) than the current rate:

HIS Net Pension Liability (Asset)			
	1% Decrease 2.65%	Current 3.65%	1% Increase 4.65%
NPL per FRS	\$ 18,118,123,208	\$ 15,881,333,755	\$ 14,027,185,514
FLVS proportionate @ measurement date	0.00543984257	0.00543984257	0.00543984257
FLVS proportionate share of NPL	\$ 98,559,738	\$ 86,391,954	\$ 76,305,681

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, 2024, the School reported a payable of \$354,086 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2024.

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.

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

Allocations to the investment members accounts during the 2023-24 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	11.30
FRS, Senior Management Service	12.67

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings, regardless of membership class. 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, 2024, 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 \$9,334,861 and there were 1104 School participants for the fiscal year ended June 30, 2024.

Payables to the Pension Plan. At June 30, 2024, the School reported a payable of \$636,374 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2024.

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.

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

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 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, 2023, there were 3,317 active participants and 15 inactive participants (retirees plus surviving spouses) receiving postemployment healthcare benefits. The School provided contributions estimated at \$153,266 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 \$27,453,684 was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2022. The School's total OPEB liability increased \$1,391,782 compared to last year's liability of \$26,061,902.

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	3.86%
Salary Increases	3.4% - 7.8% , average, including inflation
General Inflation	2.25%
Mortality Rates	Mortality rates are the same as used in the July 1, 2022 actuarial valuation of the Florida Retirement System for K-12 Instructional Regular Class members and non 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.

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

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.

The discount rate was based on the daily rate of Fidelity's 20-Year Municipal General Obligation AA Index closest to but not later than the measurement date.

Demographic assumptions employed in the actuarial valuation were the same as those employed in the July 1, 2022, actuarial valuation of the FRS Defined Benefit Pension Plan. These demographic assumptions were developed by FRS from an actuarial experience study, and therefore are appropriate for use in the OPEB Plan actuarial valuation. 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 in the July 1, 2022, actuarial valuation of the FRS Defined Benefit Pension Plan. Assumptions used in valuation of benefits for participants of the FRS Investment Plan are the same as for similarly situated participants of the FRS Defined Benefit Pension Plan.

Changes to the Total OPEB Liability. Below are the details regarding the total OPEB liability for the measurement period from July 1, 2022 to June 30, 2023.

	Total OPEB Liability
Balance Recognized at 7/1/2023	<u>\$ 26,061,902</u>
Changes for the Fiscal Year:	
Service Cost	1,422,178
Interest on the Total OPEB Liability	1,011,335
Difference Between Expected and Actual Experience	-
Changes in Assumptions and Other Inputs	(888,465)
Benefit Payments	(153,266)
Net Changes	<u>1,391,782</u>
Balance at 6/30/2024	<u>\$ 27,453,684</u>

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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 (2.86 percent) or 1 percentage point higher (4.86 percent) than the current discount rate:

	Current Discount		
	1% Decrease	Current	1% Increase
	2.86%	3.86%	4.86%
Total OPEB Liability	\$ 33,178,027	\$ 27,453,684	\$ 22,832,735

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 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		
	1% Decrease	Trend Rate	1% Increase
Total OPEB Liability	\$ 21,714,788	\$ 27,453,684	\$ 35,289,154

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2024, the School recognized OPEB expense of \$2,408,278. At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between Expected and Actual Experience	\$ 6,712,884	\$ -
Assumption changes		
Changes of Assumptions or Other Inputs	3,008,052	9,140,187
Benefits Paid Subsequent to the Measure Date	201,204	-
Total	\$ 9,922,140	\$9,140,187

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

The deferred outflow of resources related to OPEB resulting from benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2025. Other amounts reported as 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>
2025	\$ (25,235)
2026	(25,235)
2027	(25,235)
2028	(25,235)
2029	(25,235)
Thereafter	706,924
Total	<u><u>\$ 580,749</u></u>

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 J. Gallagher Risk Management Services handles the School's multi-state workers' compensation policy for all states in which the School has 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 2023-24 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. In addition, FLVS maintains a separate Cyber Liability Insurance Policy to protect against Cyber attacks and incidents. FLVS also maintains separate Student Accident Coverage for its in-person events. 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. Both are PPO (Preferred Provider 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 \$2,123,164.

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

I. Changes in Long-Term Liabilities

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

Description	Balance			Balance	
	7/1/2023	Additions	Reductions	6/30/2024	Due in One Year
Comp Abs - Governmental Activities	\$ 36,350,440	\$ 5,624,860	\$ 1,206,205	\$ 40,769,095	\$ 4,722,503
Comp Abs - Business-type Activities	1,003,063	756,942	52,513	1,707,492	177,261
Total Compensated Absences Payable	37,353,503	6,381,802	1,258,718	42,476,587	4,899,764
OPEB - Governmental Activities	25,019,425	1,385,596	49,486	26,355,536	-
OPEB - Business-type Activities	1,042,477	57,734	2,062	1,098,148	-
Total Other Post Employment Benefits	26,061,902	1,443,330	51,548	27,453,684	-
Pension - Governmental Activities	198,230,842	150,320,735	118,935,305	229,616,272	-
Pension - Business-type Activities	9,426,536	6,263,363	4,955,638	10,734,261	-
Total Net Pension Liability	207,657,378	156,584,098	123,890,943	240,350,533	-
Subscription Based Arrangement Payable	3,003,196	-	1,477,674	1,525,522	1,525,522
Obligation under Leases-Governmental Activities	3,321,037	-	569,874	2,751,163	600,968
Total Liability for right to use assets	3,321,037	-	2,047,548	4,276,685	2,126,490
Total Governmental Activities - LT Liabilities	265,924,940	157,331,191	122,238,544	301,017,588	6,848,993
Total Business-Type Activities - LT Liabilities	11,472,076	7,078,039	5,010,213	13,539,901	177,261
Total Long-Term Liabilities	\$ 277,397,016	\$ 164,409,230	\$ 127,248,757	\$ 314,557,489	\$ 7,026,254

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, 2024**

J. Schedule of State Revenue Sources

The following is a schedule of the School's State revenue for the 2023-2024 fiscal year:

<u>Source</u>	<u>2023-2024</u>
Florida Education Finance Program	\$ 310,069,285
Other State Sources:	
School Recognition	434,855
Reading Program	144,057
Miscellaneous State	6,363,290
Total Other State Sources	<u>6,942,202</u>
Total State Revenue	<u>\$ 317,011,487</u>

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 recorded \$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 ending balances of lease obligations are reported in the changes in long term liabilities note.

Future principal and interest payment requirements related to the School's lease liability and obligations under financing agreements at June 30, 2024 are as follows:

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

Fiscal year ending 6/30	Total Payments	Principal Payments	Interest Payments
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
2029	291,688	277,190	14,498
Thereafter	379,687	373,295	6,392
	<u>\$ 2,970,949</u>	<u>\$ 2,751,163</u>	<u>\$ 219,786</u>

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
2025	\$ 1,574,918	\$ 1,525,522	\$ 49,396
	<u>\$ 1,574,918</u>	<u>\$ 1,525,522</u>	<u>\$ 49,396</u>

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

N. Interfund Receivables, Payables, and Transfers

The following is a summary of interfund transfers reported in the proprietary financial statements at June 30, 2024:

Funds	Interfund	
	Transfer In	Transfer Out
General Fund	\$ 5,680,585	\$ -
Internal Service Fund	4,113,190	-
Enterprise Funds:		
Flexpoint	-	3,716,517
FlexPoint Virtual	-	396,673
Franchises	-	5,680,585
Total	\$ 9,793,775	\$ 9,793,775

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:

Funds	Interfund	
	Receivables	Payables
General Fund	\$ 2,522,255	
Special Revenue Fund		1,186,794
Franchises	-	1,335,461
Total	\$ 2,522,255	\$ 2,522,255

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

III. 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
2024**

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, 2024

	General Fund			Variance
	Budgeted Amounts		Actual	Positive /
	Original	Final		(Negative)
REVENUES				
State Sources:				
Florida Education Finance Program	\$ 300,460,012	\$ 310,069,285	\$ 310,069,285	\$ -
School Recognition Program		434,855	434,855	-
Other State Sources	9,532,536	17,112,724	17,112,724	-
Total State Sources	309,992,548	327,616,864	327,616,864	-
Local Sources:				
Other Local Sources	11,734,283	17,244,401	17,133,677	(110,724)
Total Local Sources	11,734,283	17,244,401	17,133,677	(110,724)
Total Revenues	321,726,831	344,861,265	344,750,541	(110,724)
EXPENDITURES				
Current:				
Instruction	239,015,173	250,174,470	232,236,859	17,937,611
Pupil Personnel Services	13,852,904	15,002,716	14,547,689	455,027
Instruction and Curriculum Development Services	373,046	429,236	390,054	39,182
Instructional Staff Training Services	4,544,968	5,969,377	5,110,618	858,759
Instruction Related Technology	26,222,745	28,949,547	18,465,704	10,483,843
School Board	5,893,306	6,479,988	3,156,052	3,323,936
General Administration	8,307,832	3,665,651	3,470,896	194,755
School Administration	13,951,146	14,460,425	13,816,817	643,608
Fiscal Services	3,216,481	3,801,338	3,745,389	55,949
Central Services	23,917,802	23,504,983	18,912,067	4,592,916
Operation of Plant	1,684,123	1,599,040	1,414,602	184,438
Administrative Technology Services	19,373,633	24,794,060	20,584,434	4,209,626
Community Services	106,120	106,354	87,226	19,128
Capital Outlay:				
Other Capital Outlay	-	1,041,633	432,270	609,363
Total Expenditures	360,459,279	379,978,818	336,370,677	43,608,141
Excess (Deficiency) of Revenues Over Expenditures	(38,732,448)	(35,117,553)	8,379,864	43,497,417
OTHER FINANCIAL SOURCES (USES)				
Transfers In	6,518,829	5,680,585	5,680,585	-
Total Other Financial Sources (Uses)	6,518,829	5,680,585	5,680,585	-
Net Change in Fund Balance	(32,213,619)	(29,436,969)	14,060,449	43,497,417
Fund Balance, beginning	145,462,586	145,462,586	145,462,586	-
Fund Balance, ending	\$ 113,248,967	\$ 116,025,617	\$ 159,523,035	\$ 43,497,417

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, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive / (Negative)
REVENUES				
Federal Through State Sources:				
Grants to Local Educational Agencies	\$ 3,274,863	\$ 4,233,034.00	\$ 3,439,101	\$ (793,933)
Education Stabilization Funds	7,726,377	8,106,869	6,264,820	(1,842,049)
 Total Federal Through State	 11,001,240	 12,339,903	 9,703,921	 (2,635,982)
Local Sources:				
Other Local Sources	-	98,365	98,365	-
Total Local Sources	-	98,365	98,365	-
 Total Revenues	 11,001,240	 12,438,268	 9,802,286	 (2,635,982)
EXPENDITURES				
Current:				
Instruction	6,924,354	7,370,589	5,553,981	1,816,608
Pupil Personnel Services	1,232,004	1,582,293	1,308,272	274,021
Instruction and Curriculum Development Services	1,134,334	1,324,779	1,150,948	173,831
Instructional Staff Training Services	537,672	868,826	715,336	153,490
Instruction Related Technology	2,154	3,712	3,667	45
General Administration	640,308	617,692	529,271	88,421
School Administration	495,484	475,156	393,485	81,671
Central Services	34,930	95,357	48,877	46,480
Student Transportation Services	-	1,500	84	1,416
Community Services	-	170,588	84,735	85,853
Capital Outlay:				
 Total Expenditures	 11,001,240	 12,510,492	 9,788,656	 2,721,836
 Excess (Deficiency) of Revenues Over Expenditures	 -	 (72,224)	 13,630	 85,854
 Net Change in Fund Balance	 -	 (72,224)	 13,630	 85,854
 Fund Balance, July 1, 2023	 72,224	 72,224	 72,224	 -
Fund Balance, June 30, 2024	\$ 72,224	\$ -	\$ 85,854	\$ 85,854

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

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost	\$ 1,422,178	\$ 1,902,679	\$ 1,195,880	\$ 1,224,328	\$ 842,685	\$ 819,985	\$ 1,022,582
Interest on the Total OPEB Liability	1,011,335	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	(888,465)	(4,185,292)	2,559,636	(2,618,890)	1,443,105	(2,910,182)	(2,037,559)
Benefit payments	(153,266)	(122,523)	(65,233)	(133,602)	11,810	(122,458)	(97,550)
Net change in total OPEB liability	1,391,782	3,315,241	4,173,818	625,766	2,873,966	30,097	(626,541)
Total OPEB Liability, beginning	26,061,902	22,746,661	18,572,843	17,947,077	15,073,111	15,043,014	15,669,555
Total OPEB Liability, ending	\$ 27,453,684	\$ 26,061,902	\$ 22,746,661	\$ 18,572,843	\$ 17,947,077	\$ 15,073,111	\$ 15,043,014
Covered-employee payroll	\$ 213,400,147	\$ 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	12.86%	12.75%	12.44%	13.53%	13.93%	12.79%	13.75%

*Note: Seven years of data available for GASB 75 compliance which was adopted June 30, 2018. Information for prior years is not available.
Covered employee payroll amount for 2023 measurement period was estimated using information provided for the prior measurement.*

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

	2023		2022		2021		2020		2019		2018		2017		2016		2015		2014
Florida Virtual School's proportion of the net pension liability (asset)	0.386375929%		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)	\$ 153,958,579	\$	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	\$ 213,400,147	\$	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	72.15%		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	82.38%		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)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 21,294,133	\$ 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	\$ (21,294,133)	\$ (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	213,400,147	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	9.98%	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)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Florida Virtual School's proportion of the net pension liability (asset)	0.543984257%	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)	\$ 86,391,954	\$ 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	\$ 213,400,147	\$ 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	40.48%	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	4.12%	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)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 4,524,764	\$ 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	\$ (4,524,764)	\$ (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>	<u>\$ -</u>
Florida Virtual School's covered-employee payroll	\$ 213,400,147	\$ 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	2.12%	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, 2024

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 3.69 percent as of June 30, 2022, to 3.86 percent as of June 30, 2023 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 2023, the long term remained the same at 6.70%.

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

Changes in Assumptions. In 2023, the municipal bond rate used to determine total pension liability was increased from 3.54 percent to 3.65 percent.



OTHER REPORTS

ANNUAL FINANCIAL REPORT

2024

THE FLORIDA VIRTUAL SCHOOL
SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Federal Pass-Through Entity Federal Program	Assistance Listing	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-1614R-4CV01	07/01/23 - 06/30/24	\$ 28,809
Title I - Part A, Education of Disadvantaged Children & Youth	84.010A	48C-2124B-4CB01	07/01/23 - 06/30/24	1,011,089
Title I - Supplemental School Improvement	84.010	48C-2263B-4CSS1	12/04/23 - 09/30/24	326,958
Title II - Teacher and Principal Training and Recruiting Fund	84.367A	48C-2244C-4CT01	07/01/23 - 06/30/24	100,298
Title II - Teacher and Principal Training and Recruiting Fund	84.367A	48C-1184C-4CT01	07/01/23 - 06/30/24	500,111
Title III - English Language Acquisition State Grants	84.365A	48C-1024B-4C001	07/01/23 - 06/30/24	25,588
Title IV - Student Support & Academic Enrichment	84.424A	48C-2413A-3C001	08/01/22 - 07/31/23	17,957
Title IV - Student Support & Academic Enrichment	84.424A	48C-2414A-4C001	07/01/23 - 06/30/24	85,028
Title IX - Part A - Education of Homeless Children and Youth Project	84.196	48C-1274B-4CH01	07/01/23 - 08/31/24	114,786
Special Education Cluster:				
IDEA - Part B K-12	84.027A	48C-2634B-4CB01	07/01/23 - 06/30/24	1,220,924
IDEA - Part B Preschool Entitlement	84.173A	48C-2674B-4CP01	07/01/23 - 06/30/24	7,551
				<u>3,439,101</u>
Education Stabilization Fund (ESF):				
Coronavirus Response and Relief Supplement Appropriation Act (CRRSA) - Elementary and Secondary School Emergency Relief Fund (ESSER II)	84.425D	48C-1281E-2C001	12/15/21 - 09/30/23	54,360
Coronavirus Response and Relief Supplement Appropriation Act (CRRSA) - Elementary and Secondary School Emergency Relief Fund (ESSER II)	84.425D	48C-1281N-3CR01	11/02/22 - 09/30/23	76,127
Coronavirus Response and Relief Supplement Appropriation Act (CRRSA) - Elementary and Secondary School Emergency Relief Fund (ESSER II)	84.425D	48C-1241P-2C001	01/1/22 - 09/30/23	14,533
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ARP ESSER)	84.425U	48C-1211A-2C001	01/31/22 - 09/30/24	925,747
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ARP ESSER)	84.425U	48C-1211D-2CR01	07/15/22 - 09/30/24	366,520
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ARP ESSER)	84.425U	48C-1211G-2CR01	06/03/22 - 09/30/24	216,979
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ARP ESSER)	84.425U	48C-1211H-2CR01	10/04/22 - 09/30/24	881,434
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ARP ESSER)	84.425U	48C-1211K-2C001	01/31/22 - 09/30/24	282,695
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ARP ESSER)	84.425U	48C-1211R-2CR01	09/09/22 - 09/30/24	337,784
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ARP ESSER)	84.425U	48C-1211T-3CR01	11/02/22 - 9/30/24	2,338,193
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ARP ESSER)	84.425U	48C-1211M-2CR01	11/22/22 - 09/30/24	681,035
Individuals with Disabilities Education Act/American Rescue Plan Act of 2021 (ARP)	84.027X	48C-2632R-2CB01	07/01/21 - 09/30/23	87,100
Individuals with Disabilities Education Act/American Rescue Plan Act of 2021 (ARP)	84.173X	48C-2672R-2CP01	07/01/21 - 09/30/23	2,314
				<u>6,264,820</u>
Total Federal Awards				<u>\$ 9,703,921</u>
See Accompanying Notes to Schedule				

THE FLORIDA VIRTUAL SCHOOL
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

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, 2024. 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, 2024.

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, 2024.

**Florida Virtual School
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024**

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

(Check each description that applies)

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. Internal control over financial reporting:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified? ☐ Yes ☒ None reported

3. Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

4. Internal control over major federal programs:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified? ☐ Yes ☒ None reported

5. Type of auditor’s report issued on compliance for major federal program(s):

(Check each description that applies. If any other than unmodified apply, also list the name of each major program by the type of opinion applicable to that program.)

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

7. Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010 / 84.010A	Title I – Part A, Education of Disadvantage Children & Youth / Supplemental School Improvement
84.425D / 84.425U	Education Stabilization Fund

8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.

9. Auditee qualified as a low-risk auditee? ☒ Yes ☐ No

Florida Virtual School
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2024

Section II – Financial Statement Findings

Reference Number	Finding
	No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
	No matters are reportable.

**Florida Virtual School
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2024**

Reference Number	Summary of Finding	Status
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No matters were reported over federal awards, in the prior year.

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, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated March 11, 2025.

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.

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 March 11, 2025.

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.

Forvis Mazars, LLP

**Orlando, Florida
March 11, 2025**

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, 2024. 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, 2024.

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.

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, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements. We issued our report thereon dated March 11, 2025, 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.

Forvis Mazars, LLP

**Orlando, Florida
March 11, 2025**

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, 2024, and have issued our report thereon dated March 11, 2025.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; 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 March 11, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. 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.

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.

Forvis Mazars, LLP

**Orlando, Florida
March 11, 2025**

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, 2024. 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, 2024.

Forvis Mazars, LLP

**Orlando, Florida
March 11, 2025**