



2021-22 Florida Virtual School **Legislative Report**

Flexible Online Learning

Florida Virtual School (FLVS) is an award-winning leader in online learning, bringing real-world technology to students, districts, and states. Students benefit from personalized instruction, choosing from 190+ courses including NCAA-approved core courses. FLVS is fully accredited, meeting Florida state and national accountability standards.

With a proven track record, FLVS gets results. FLVS students consistently out-pace Florida averages on Advanced Placement®* and state required end-of-course assessments. The FLVS model has been replicated by 38 county virtual schools across Florida, and FLVS digital curriculum has been used by schools and districts nationwide and in 57 countries through FlexPoint Education Cloud.



Serving Florida Students

- Statewide public school district offering free courses for all Florida residents
- State funded only upon successful semester completions
- Full-time and part-time options for Kindergarten-grade 12
- More than 6.6 million successful semester completions to date



Supporting Florida Districts

- Learning solutions provided to all 67 districts in Florida
- Alleviating class size challenges
- Providing courses not offered in other schools
- Helping with teacher shortages
- County Virtual School and Digital Learning Lab options
- Curriculum for grades Kindergarten-grade 12



Providing Options Worldwide

- Teacher-driven, student-centric resources to help blend digital learning into classrooms
- Flexible, state-specific course licensing options for grades Kindergarten-grade 12
- Courses are Learning Management System agnostic
- Taught by teachers from individual schools and districts
- Global School, an accredited curriculum plus technology option that leverages FLVS teachers for instruction

Commitment

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

Vision

Lead online education worldwide with innovative digital solutions that individualize learning for each student.

Mission

Equip students for success by developing and delivering highly effective digital learning through an intuitive online platform.

Values

Excellence - Deliver the best. Always.

Innovation - Lead Transformative learning.

Community - Build meaningful connections.

Balance - Embrace flexibility.

Communication - Listen, share, and collaborate openly.

About Florida Virtual School

Originally founded in 1997,

Florida Virtual School is a public school district comprised of six schools (FLVS Flex Elementary, 6-8, and 9-12; and FLVS Full Time Elementary, 6-8, 9-12) serving all Florida school districts. FLVS also offers a tuition-based option for students outside of Florida through Global School and provides content licensing, training, and expertise to a variety of online and blended learning programs across the nation through FlexPoint Education Cloud. Through a variety of personalized instructional offerings, FLVS students are able to build an educational plan that fits their unique needs. All teachers are state certified in the content areas they teach and have completed extensive professional development in online education. FLVS, the district and its schools are accredited by Cognia and Southern Association of Colleges and Schools Council on Accreditation and School Improvement (SACS CASI). SACS CASI is an accrediting division of Cognia. FlexPoint schools are fully accredited by Cognia, WASC, and University of California A-G Course List.

Today, FLVS offers more than 190 courses, including Advanced Placement® (AP®), Cambridge AICE Diploma, honors, NCAA-approved core, world languages, electives, college prep, and career and technical education courses.

Students interact with teachers and peers in live learning sessions and collaborative assignments, with the opportunities to participate in clubs, events, activities—even virtual field trips! Our competency-based learning model gives students the chance for continuous improvement. Performance-based funding means FLVS only receives funding when students successfully complete courses through FLVS Flex and FLVS Full Time schools.



317

FLVS digital learning labs
in 2021-22

FLVS Digital Learning Labs

The FLVS digital and blended learning models allow districts to introduce new courses and address challenges such as teacher shortages, class-size reduction, scheduling conflicts, grade forgiveness, and more.



298,062

FLVS County Virtual Schools
semester completions
in 2021-22

FLVS County Virtual Schools

Through County Virtual Schools (Franchises), districts have access to FLVS elementary, middle, and high school courses and technology systems, and receive student support and teacher training while still using their own teachers to teach the courses. In the 2021-22 school year, FLVS supported 38 County Virtual Schools.

FLVS Flex Schools

FLVS Flex scheduling is available to public, private, charter, and homeschool students in Kindergarten–12th grade, on a 365-day flexible calendar. Students can take FLVS courses when enrolled in addition to a brick-and-mortar school, or a full-time course load when enrolled as a homeschool student. With a full engaging curriculum, Flex students utilize FLVS for a variety of reasons ranging from wanting to get ahead or graduate early to taking courses not offered by their district and having flexibility with extracurricular activities.

FLVS Full Time Schools

FLVS Full Time scheduling is available to students in grades Kindergarten–12. Students follow a 180-day traditional school calendar, take all courses through FLVS Full Time, and graduate with an FLVS diploma. Courses are available 24/7 online, so students can study any time and any place. Our certified teachers offer one-on-one attention, and are available by phone, email, and text.

733,218

semester completions
in 2021-22

Flex: 602,929
Full Time: 130,289

240,576

students served
in 2021-22

Flex: 228,741
Full Time: 11,835



10,653

Global School
semester completions
in 2021-22

Global School

Global School serves Kindergarten–grade 12 students around the nation and worldwide through tuition-based instruction. Public, private, and homeschool students can choose from more than 150 courses, including elementary, middle and high school core (NCAA-approved), electives, honors, and Advanced Placement courses. In 2021-22, Global School served 3,029 students from 50 states, the District of Columbia, and 57 countries.

Providing the Skills & Knowledge Students Need for Success

AP Scores

Based on May 2022 AP Exams, FLVS students outperformed state overall averages by 10.4 percent in comparing the 17 AP courses offered by FLVS and scored above those state qualifying AP averages in 14 of the courses. FLVS students performed above the global overall average by 5.3 percent in comparing the 17 AP courses offered by FLVS.

10.4%
higher AP scores
than the state average



5.3%
higher AP scores
than the global average



EOC Scores

Based on the 2021-22 End-of-Course (EOC) assessments, FLVS students outperformed state averages on the Algebra 1, Biology 1, Civics, Geometry, and U.S. History EOC Assessments.

12%
higher FLVS U.S. History
EOC scores than the
state average



13%
higher FLVS Algebra 1
EOC scores than
the state average

Algebra 1*

FLVS 62%
State 49%

Biology 1*

FLVS 72%
State 61%

Civics*

FLVS 76%
State 69%

Geometry*

FLVS 59%
State 49%

U.S. History*

FLVS 77%
State 65%

*Data represents percentage of FLVS Flex and FLVS Full Time students scoring Level 3 or Above (Proficient) for first-time testers during the 2021-22 school year.

Efficient Operations

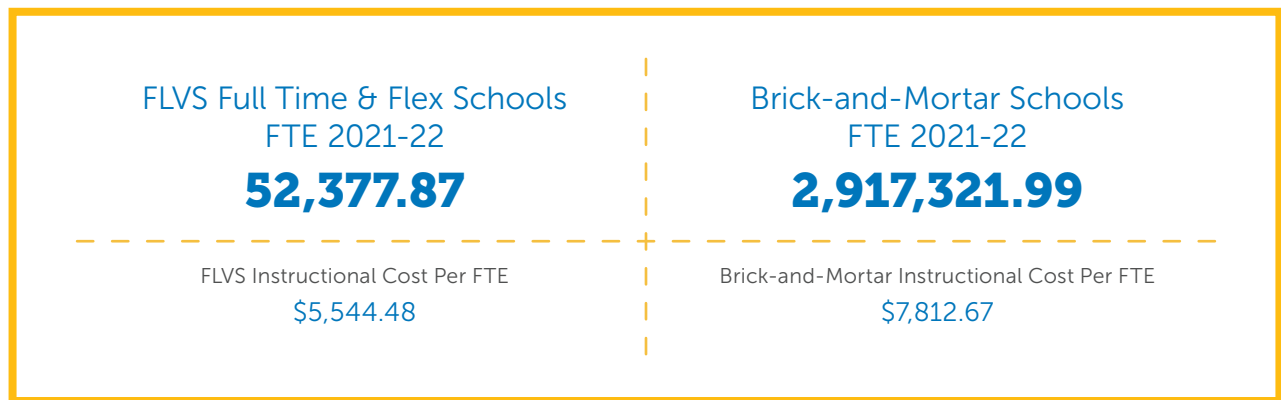
FLVS Funding per Full Time Equivalent (FTE) & Efficiencies

In the 2021-22 school year, FLVS Flex and FLVS Full Time schools are funded through the FEFP (Florida Education Finance Program), just like brick-and-mortar public schools. However, unlike the other public schools that are funded based on student enrollment, FLVS Flex and FLVS Full Time schools are only funded for courses that are successfully completed (and not per enrollment or seat time).



\$2,268.19

Savings per Virtual FTE
in 2021-22



Global School Cost Unit Recommendations

- **Pricing Tiers** – Created three pricing tiers for courses to maximize return to organization and based upon cost to Global School.
- **Stipend for Flex** – Utilized FLVS Flex instructors on above and beyond agreements to allow for flexibility to serve students.
- **Teacher Incentives** – Created incentives to maximize efficiencies in the FLVS Global School Instructional model.
- **Team Leads Added** – Added Team Leads to provide enhanced quality assurance and customer service to students and parents.
- **Grace Period Change** – Reduced the grace period to align with Florida Instructional Models.
- **VIP Customer Workflow** – Created a VIP Customer Workflow to ensure excellence and availability for large FLVS Global School customers.
- **New Paid Product Extension** – Created the new paid product extension to allow additional time outside of the normal semester course.

Stretching Florida Tax Dollars



Performance-Based Funding

FLVS is performance-based funded, only receiving funding when a student successfully completes a course, unlike traditional schools that are funded upon seat time.



Operational & Capital Efficiencies

In the 2022-23 school year, it is projected that every semester course taken with FLVS will save the State of Florida \$191.62, amounting to more than \$117 million in savings for the year.



Solutions for Class Size Challenges

Financial impact occurs when a new student enrolls in a school whose classes are already filled to the maximum. Hiring a new teacher for that one student is costly to the district and can be a disruption.



Operational Savings

Districts can utilize FLVS for courses with low student counts for a particular subject. For example, there may not be enough students interested in taking Advanced Placement Computer Science to warrant hiring a teacher, but schools can offer that opportunity to interested students through FLVS. The FLVS digital learning solutions allow districts to introduce new courses and address challenges such as scheduling conflicts, grade forgiveness, class-size reduction, and more.

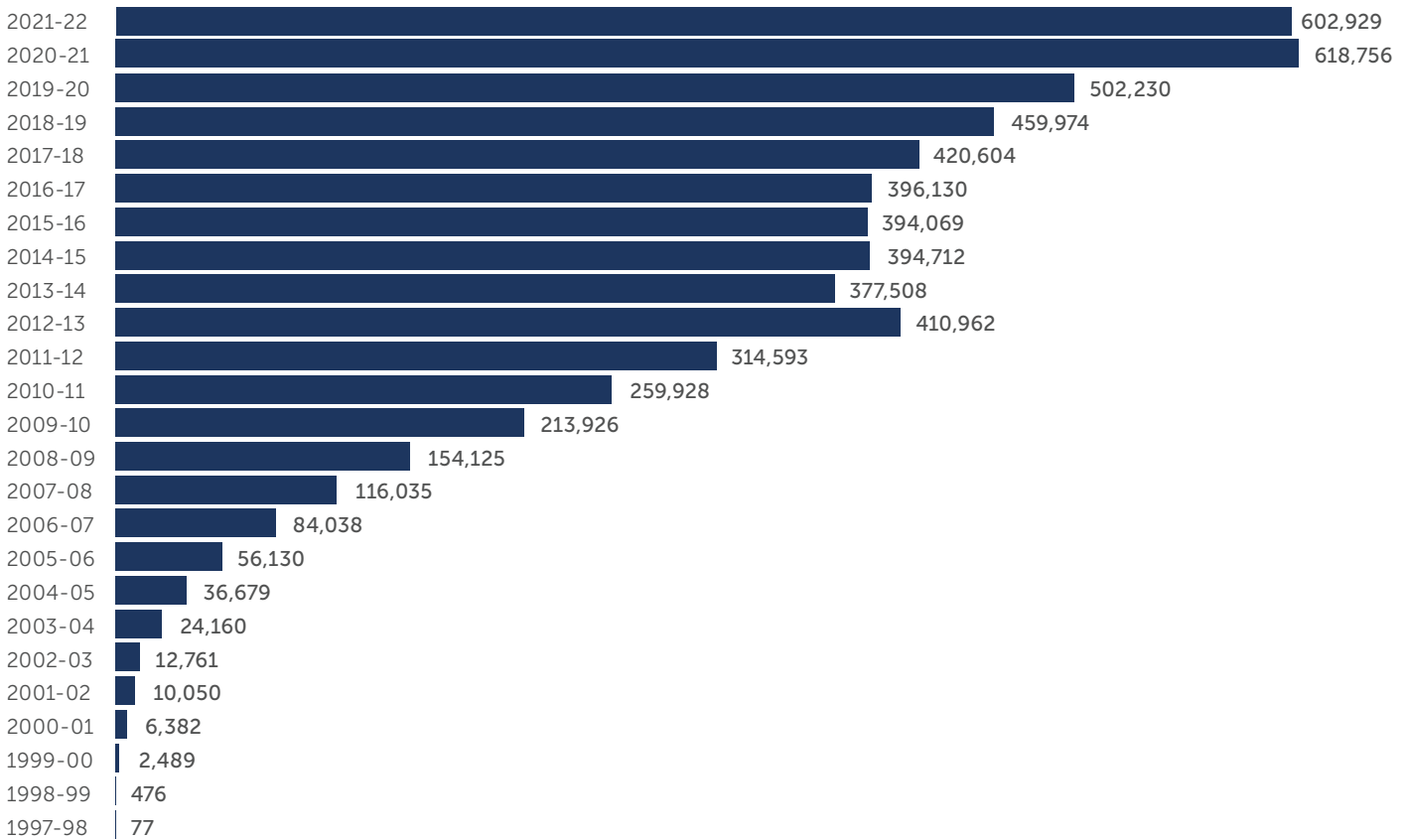
Completion History

Founded in 1997, Florida Virtual School is a successful organization that has established itself as a leader in online content development and delivery for public schools in the Florida education system. As a result of Completion History of experience, FLVS holds a unique position in Florida and nationally in online education.



FLVS Flex Completion History

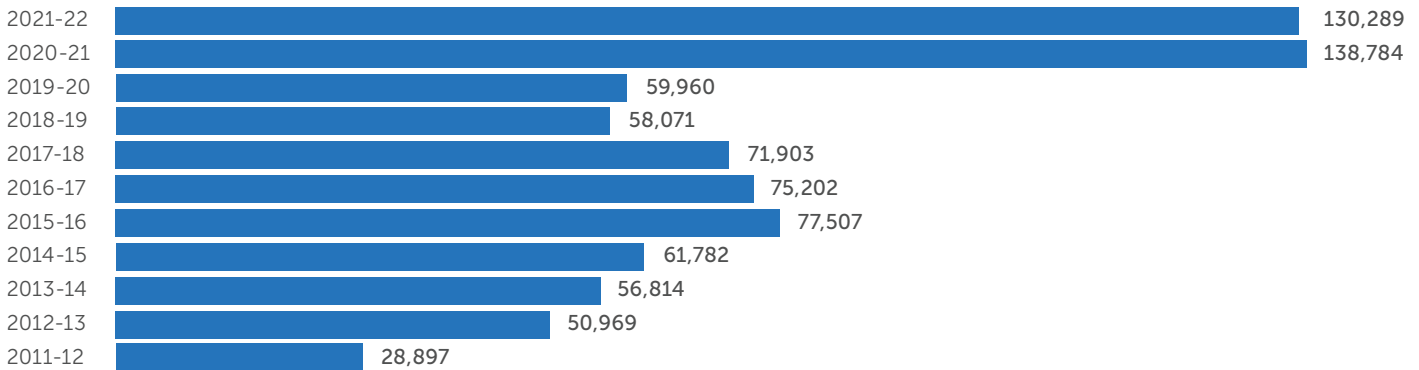
Total number of successful semester completions as of June 30, 2022: 5,869,723



Completion History (continued)

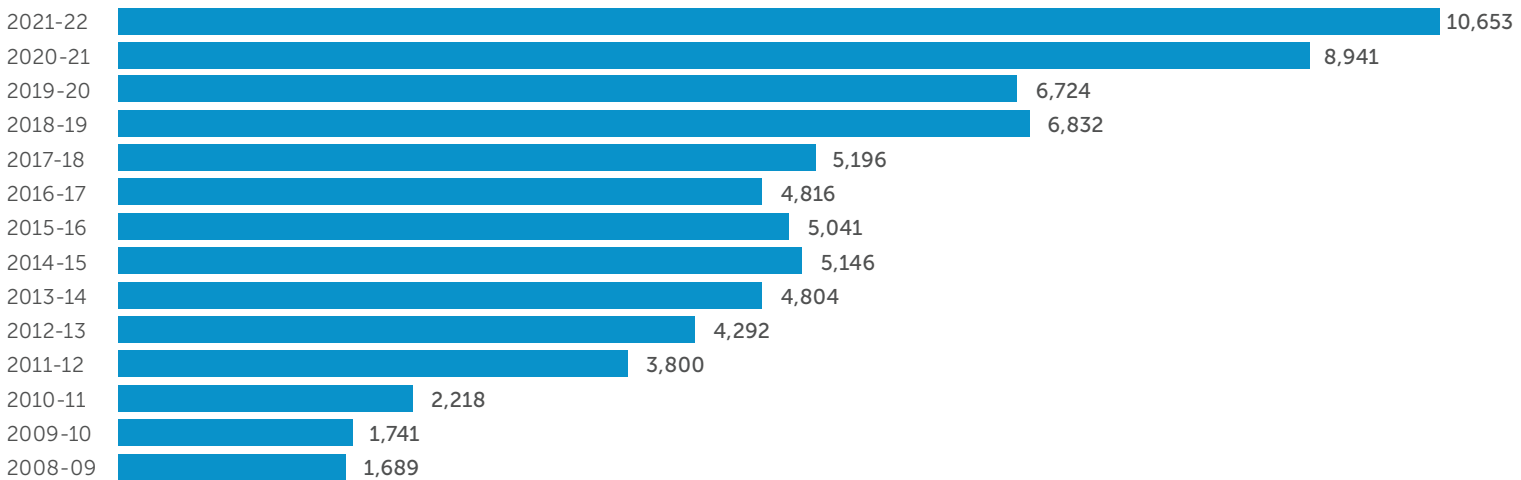
FLVS Full Time Completion History

Total number of successful semester completions as of June 30, 2022: 810,178



FLVS Global School Completion History

Total number of successful semester completions as of June 30, 2022: 71,893



Marketing Plan 2021-22

In the 2021-22 school year, the Partner Services, Florida team represented FLVS at state and regional conferences and community outreach events and met with school and district personnel.



Florida and National Conferences

- Florida School Boards Association (FSBA)/Florida Association of District School Superintendents (FADSS) Joint Conference – Sponsorship and attendance
- North East Florida Educational Consortium (NEFEC) Summer Leadership Conference – Sponsorship and attendance
- Panhandle Area Educational Consortium (PAEC) Summer Conference – Sponsorship and attendance
- Department of Children and Families Child Protection Summit - Booth
- Florida Parent Educator's Association Convention - Booth and presentation
- Future Farmers of America - Sponsorship and booth
- Black Homeschoolers of Central Florida - Booth
- Florida Charter School Conference - Booth
- TEACH Conference - Sponsorship and booth
- ExcelinEd's National Summit on Education
- Education Research & Development Institute (ERDI) Winter Institute
- Digital Learning Annual Conference (DLAC)
- American Association of School Administrators (AASA) National Conference on Education
- Association for Supervision and Curriculum Development (ASCD) Annual Conference
- International Society for Technology (ISTE) in Education



Community Outreach Events

- Attended in-person and virtual Chamber of Commerce events
- Continued partnership with Broward Libraries
- Continued involvement with Boys and Girls Clubs
- Hosted virtual home education organization sessions
- Attended county-wide PTA meetings in Duval
- Sponsored targeted sports leagues
- Worked with military base education offices
- Presented at various home education group events
- Provided sponsorship of WMBM Miami
- Participated via sponsorship and booths at various local community events, such as:
 - SWFL Reading Festival
 - USF Engineering Expo
 - Ronald McDonald House
 - Florida Surf Film Festival
 - Brevard Children's Business Fair
 - Tallahassee Community College Science Festival



School and District Support

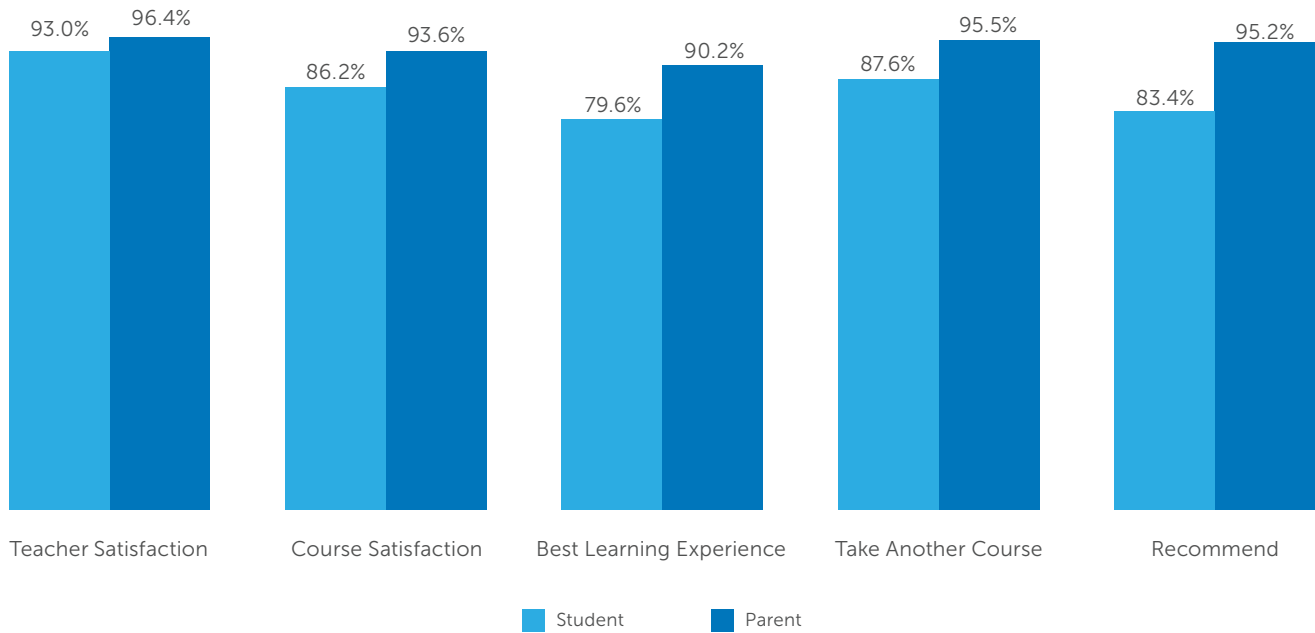
- Conducted statewide information sessions
- Scheduled individual school meetings
- Provided individualized customer service for School Counselors
- Updated the Counselor Resource Center on www.flvs.net
- Sent regular communication updates via email
- Hosted virtual private school conferences for both affiliated and non-affiliated schools
- Delivered training sessions virtually for Digital Learning Lab partners
- Provided Digital Learning Lab Facilitator customer support
- Met with Superintendents, Department Heads, Franchise Managers, and other district personnel
- Virtual Leadership Training (VLT)
 - 80+ participants from 20 states and an one from Argentina
 - Panelists represented 8 different programs across the nation and included new customers and those who have partnered with us for 15 years

Survey Results FY22

Florida Virtual School Student and Parent Stakeholders

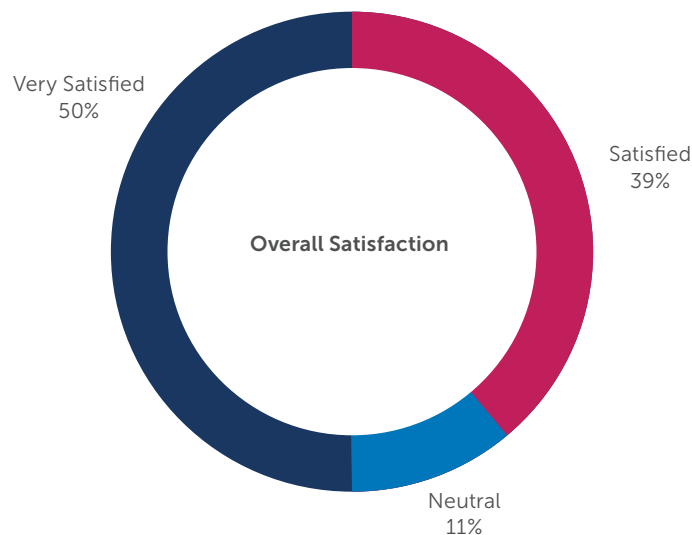
Each year, Florida Virtual School conducts surveys of its students and their parents to learn more about the strengths and weaknesses of its virtual education program. FLVS administers these surveys to enroll students via email to evaluate two phases with each student's FLVS course: midcourse and end of course.

Overall Satisfaction



FlexPoint Customer Satisfaction

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





Appendix

Audited Financial Report

for the Fiscal Year ended June 30, 2022



ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2022



THE FLORIDA VIRTUAL SCHOOL
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The Florida Virtual School (the "School") as of and for the year ended June 30, 2022, 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, based on our audit and the report of the other auditors, 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, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis-of-Matter

Change in Accounting Principle

As discussed in Note II.A to the financial statements, in the year ended June 30, 2022, the School adopted the provisions of Government Accounting Standards Board Statement ("GASBS") Number 87, *Leases*.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2023, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
February 27, 2023

**THE FLORIDA VIRTUAL SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2022**

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, 2022.

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 2021-2022 fiscal year are as follows:

- In total, net position increased \$39,867,865 during the 2021-22 fiscal year. This increase is primarily due to an increase in state funding.
- The School's total assets and deferred outflows exceeded liabilities and deferred inflows by \$111,603,959 at the end of the fiscal year. Of this amount, \$21,781,516 represents investments in capital assets, \$4,448,999 represents Restricted for State Categoricals and \$85,373,444 represents unrestricted net position.
- Total revenues of \$372,670,811 were comprised of revenues generated from governmental activities in the amount of \$318,072,577 and \$54,598,234 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 \$137,297,680. This is an increase of \$32,571,477 in comparison with the prior year due to an increase in state funding of \$53 in base student allocation.
- The unassigned fund balance in the General Fund, representing the net current financial resources available for contingency, future initiatives, and research and development appropriations by the Board, totals \$117,426,074 at June 30, 2022, or 38.0 percent of total General Fund revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

In addition, this report also includes supplementary information intended to furnish additional details to support the basic financial statements.

**THE FLORIDA VIRTUAL SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2022**

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, FLVS Global 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, 2022**

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, FLVS Global 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, 2022**

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, 2022, and June 30, 2021:

	Net Position, End of Year					
	Governmental Activities		Business-Type Activities		Total	
	6-30-22	6-30-21	6-30-22	6-30-21	6-30-22	6-30-21
Current Assets	\$ 189,790,867	\$ 158,726,636	\$ 75,577,184	\$ 69,218,969	\$ 265,368,051	\$ 227,945,605
Capital Assets	23,689,340	20,465,846	6,951	2,825	23,696,291	20,468,671
Total Assets	213,480,207	179,192,482	75,584,135	69,221,794	289,064,342	248,414,276
Deferred outflows of Resources	99,048,208	64,893,937	4,127,009	2,703,916	103,175,217	67,597,853
Other Liabilities	23,532,468	30,491,824	5,979,159	4,135,507	29,511,627	34,627,331
Long-Term Liabilities	141,555,330	191,322,604	6,759,551	9,123,394	148,314,881	200,445,998
Total Liabilities	165,087,798	221,814,428	12,738,710	13,258,901	177,826,508	235,073,329
Deferred inflows of Resources	98,696,727	8,834,597	4,112,365	368,109	102,809,092	9,202,706
Net Position:						
Invested in Capital Assets	21,774,565	20,465,846	6,951	2,825	21,781,516	20,468,671
Restricted for State Categoricals	4,448,999	3,964,746	-	-	4,448,999	3,964,746
Unrestricted (Deficit)	22,520,326	(10,993,198)	62,853,118	58,295,875	85,373,444	47,302,677
Total Net Position	\$ 48,743,890	\$ 13,437,394	\$ 62,860,069	\$ 58,298,700	\$ 111,603,959	\$ 71,736,094

In the case of the School's total governmental and business-type activities, assets and deferred outflows exceed liabilities and deferred inflows by \$111,603,959 at the end of the fiscal year. Of this amount \$21,781,516 represents investment in capital assets, \$4,448,999 represents Restricted for State Categoricals, and \$85,373,444 represents unrestricted net position.

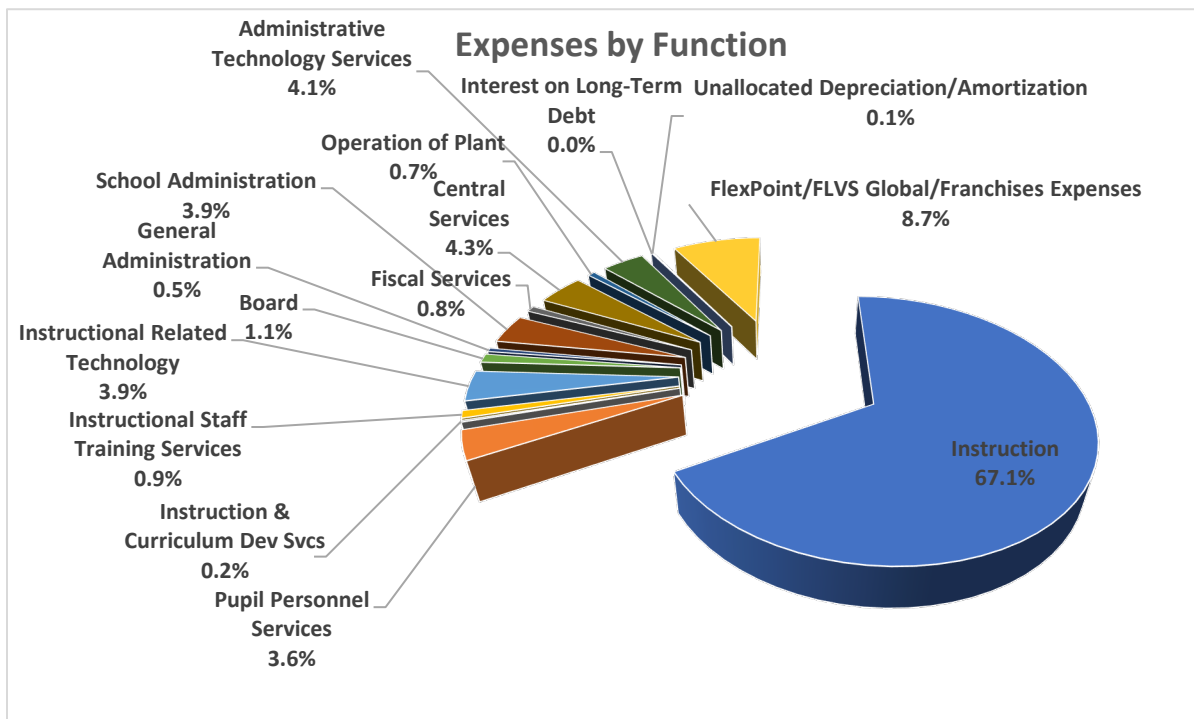
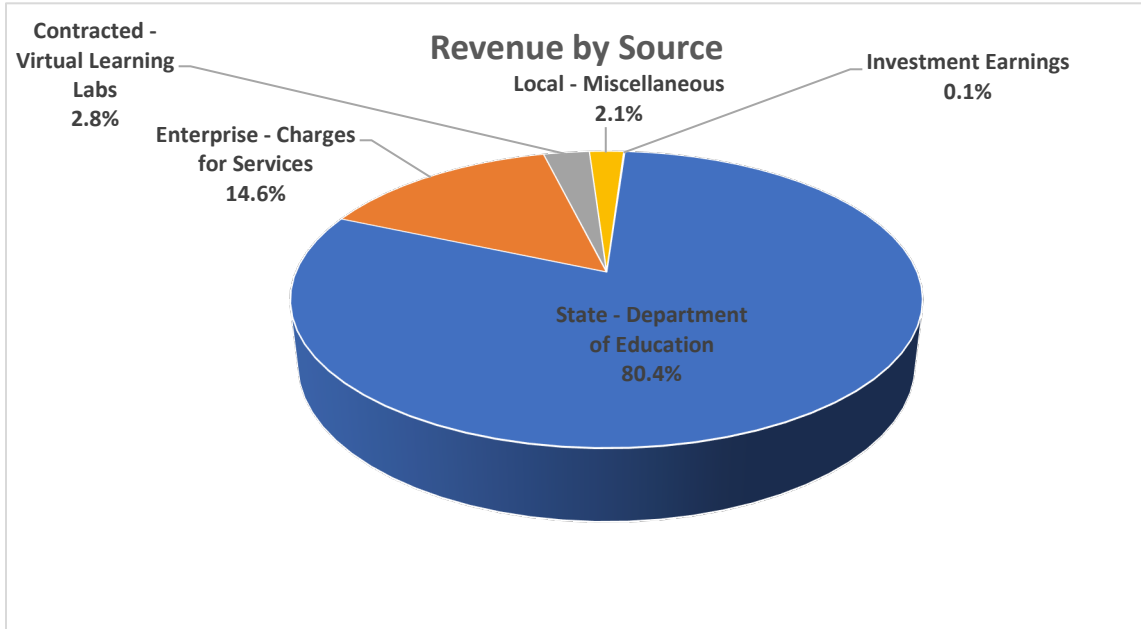
**THE FLORIDA VIRTUAL SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2022**

The following is a summary of the School's changes in net position for the fiscal years ended June 30, 2022 and June 30, 2021, as follows:

	Governmental Activities		Business-Type Activities		Total	
	6-30-22	6-30-21	6-30-22	6-30-21	6-30-22	6-30-21
Program Revenues						
Charges for Services	\$ -	\$ -	\$ 54,540,127	\$ 81,331,805	\$ 54,540,127	\$ 81,331,805
General Revenues:						
Grants and Contributions Not Restricted to Specific Programs	299,636,900	245,215,844	-	-	299,636,900	245,215,844
Virtual Learning Labs	10,442,518	10,957,243	-	-	10,442,518	10,957,243
Miscellaneous Local	7,750,783	20,165,917	46,366	-	7,797,149	20,165,917
Unrestricted Investment Earnings	242,376	162,081	11,741	6,308	254,117	168,389
Total Revenues	318,072,577	276,501,085	54,598,234	81,338,113	372,670,811	357,839,198
Functions/Program Expenses:						
Instruction	223,461,910	213,260,026	-	-	223,461,910	213,260,026
Pupil Personnel Services	12,047,962	9,754,388	-	-	12,047,962	9,754,388
Instruction & Curriculum Dev Svcs	645,213	959,282	-	-	645,213	959,282
Instructional Staff Training Services	3,067,070	2,115,734	-	-	3,067,070	2,115,734
Instructional Related Technology	13,106,842	15,397,696	-	-	13,106,842	15,397,696
Board	3,791,106	1,714,806	-	-	3,791,106	1,714,806
General Administration	1,585,280	1,228,358	-	-	1,585,280	1,228,358
School Administration	12,839,419	11,503,620	-	-	12,839,419	11,503,620
Fiscal Services	2,686,336	2,563,789	-	-	2,686,336	2,563,789
Central Services	14,464,411	14,324,947	-	-	14,464,411	14,324,947
Operation of Plant	2,277,550	2,079,576	-	-	2,277,550	2,079,576
Administrative Technology Services	13,592,695	11,318,994	-	-	13,592,695	11,318,994
Community Services	163,848	100,409	-	-	163,848	100,409
Interest on Long Term Debt	36,439	-	-	-	36,439	-
FlexPoint, FLVS Global School & Franchises Expenses	-	-	29,036,865	28,232,529	29,036,865	28,232,529
Total Expenses	303,766,081	286,321,625	29,036,865	28,232,529	332,802,946	314,554,154
Excess (deficiency) of revenue over (under) expenses	14,306,496	(9,820,540)	25,561,369	53,105,584	39,867,865	43,285,044
Other financial sources (uses)						
Transfers In	21,000,000	6,000,000	-	-	21,000,000	6,000,000
Transfers Out	-	-	(21,000,000)	(6,000,000)	(21,000,000)	(6,000,000)
Total other financial sources (uses)	21,000,000	6,000,000	(21,000,000)	(6,000,000)	-	-
Change in net position	35,306,496	(3,820,540)	4,561,369	47,105,584	39,867,865	43,285,044
Beginning Net Position, as previously reported	13,437,394	17,212,522	58,298,700	11,193,024	71,736,094	28,405,546
Prior period adjustments						
Special Revenue - miscellaneous	-	43,201	-	-	-	43,201
FRS, NPL	-	2,211	-	92	-	2,303
Beginning Net Position, as restated	13,437,394	17,257,934	58,298,700	11,193,116	71,736,094	22,615,432
Net Position, ending	\$ 48,743,890	\$ 13,437,394	\$ 62,860,069	\$ 58,298,700	\$ 111,603,959	\$ 71,736,094

**THE FLORIDA VIRTUAL SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2022**

The largest revenue source is the State of Florida (80.4 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, 2022**

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

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

Major Governmental Funds

The General Fund is the chief operating fund of the School. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$117,426,074, which represents an increase of \$22,218,683 or 23 percent from the previous year. The total unassigned fund balance represents 38.0 percent of total General Fund revenues. It is necessary for the School to maintain a fund balance which is higher than what is normally expected of many other Governmental agencies in order to (1) have funds available to periodically improve its products and services through capital investment, since the School is not authorized to borrow funds; (2) have adequate reserves available to cover the effects of potential State funding cuts, potential unanticipated enrollment or course completion reductions (Florida Virtual School is a choice school funded through successful student course completions), and unanticipated effects of the Florida 1.0 FTE sharing formula (funding per student varies based upon the proportionate share of courses taken with the School compared to other public schools in the State).

Major Proprietary Funds

The Enterprise fund is 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, FLVS Global School and Florida franchises divisions. The fund had total revenues of \$54,598,234 total expenditures and transfers-out of \$50,036,865. The School recorded a net position of \$62,860,069 at June 30, 2022. The receivable balance of \$8,075,059 at June 30, 2022 represents amounts due from FLVS global and franchise customers.

Major Special Revenue Funds

The Special Revenue Funds are used to account for certain Federal program resources, such as grants, which are typically funded on a cost-reimbursement basis. Additionally, during the 2020-21 fiscal year, the School implemented GASB 84, *Fiduciary Activities*. The School determined that student activities or "clubs" will be reported as a special revenue fund whereby the revenues sources are restricted or committed to expenditures for specified purposes. During the fiscal year the funds had total revenues of \$9,211,983, and total expenditures of \$9,209,013. The receivables balance of \$2,400,482 at June 30, 2022, represents amounts due from other agencies for outstanding reimbursements due for expenditures incurred during the fiscal year.

**THE FLORIDA VIRTUAL SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2022**

GENERAL FUND BUDGETARY HIGHLIGHTS

Original Budget Compared to Final Budget

During the 2021-2022 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. Additionally, during the 2020-21 fiscal year, the School implemented GASB 84, *Fiduciary Activities*. The School has determined that student activities or "clubs" will be reported as a special revenue fund whereby the revenue sources are restricted or committed to expenditures for specified purposes.

The actual General Fund revenues were higher than the adjusted budgeted revenues by \$291,470 due to the increase in state sources and other local revenues. The actual General Fund expenditures were less than the adjusted budgeted appropriations by \$38,803,864 due to several unfilled job opportunities as well as various other budgetary accounts that were not fully expended. Included in the unexpended fund balance are outstanding purchasing commitments of \$1,051,490, restricted categorical programs of \$4,448,999, assigned for research and development of \$12,276,012, and re-budgeted programs of \$2,046,895.

CAPITAL ASSET & LONG-TERM DEBT ADMINISTRATION

Capital Assets

The School's investment in capital assets as of June 30, 2022, amounts to \$23,696,291 (net of accumulated depreciation). The School's investment in capital assets includes furniture, fixtures and equipment; computer software and courses; and a learning management system. The total increase in the School's investment in capital assets (net of accumulated depreciation) for the current fiscal year was \$3,227,620.

Long-Term Debt

In accordance with GASB 87 FLVS capitalized \$2,109,781 right to use assets consisting of data servers and racks that were leased. The associated lease obligation was also reported.

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

OTHER SIGNIFICANT MATTERS

In developing the 2022-2023 fiscal year budget, the School considered many factors, including the following:

- The uncertainty of the longer-term impacts of the COVID-19 pandemic and the costs to the School of sustained response efforts for the safety of teachers and students.
- The uncertainty of the completion and revenue forecasts for the School as students transition from remote learning to physical school locations.
- Federal and State funding sources available to defray costs of COVID-19 prevention and response.

**THE FLORIDA VIRTUAL SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2022**

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
2022**

**The Florida Virtual School
Statement of Net Position
June 30, 2022**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash	\$ 110,277,048	\$ 67,502,125	\$ 177,779,173
Investments	69,260,544	-	69,260,544
Accounts Receivable, net	7,827,816	8,075,059	15,902,875
Due from Other Agencies	2,425,459	-	2,425,459
Capital Assets:			
Depreciable, net	23,689,340	6,951	23,696,291
Total Assets	<u>213,480,207</u>	<u>75,584,135</u>	<u>289,064,342</u>
DEFERRED OUTFLOWS OF RESOURCES			
Other Postemployment Benefits	5,969,795	248,742	6,218,537
Pensions	93,078,413	3,878,267	96,956,680
Total Deferred Outflows of Resources	<u>99,048,208</u>	<u>4,127,009</u>	<u>103,175,217</u>
LIABILITIES			
Wages and Benefits Payable	14,014,155	2,082,354	16,096,509
Accounts Payable	6,802,520	453,129	7,255,649
Estimated Insurance Claims Payable	2,698,933	-	2,698,933
Due to Other Agencies	16,860	-	16,860
Unearned Revenue	-	3,443,676	3,443,676
Long-Term Liabilities:			
Portion Due and Payable Within One Year:			
Liability for Compensated Absences	3,162,544	110,442	3,272,986
Liability for Lease Obligations	363,950	-	363,950
Liability for Florida Retirement Pension & Health Subsidy	315,380	12,616	327,996
Portion Due and Payable After One Year:			
Liability for Compensated Absences	29,607,944	1,029,272	30,637,216
Liability for Other Post Employment Benefits	21,836,794	909,867	22,746,661
Liability for Lease Obligations	1,550,825	-	1,550,825
Liability for Florida Retirement Pension & Health Subsidy	84,717,893	4,697,354	89,415,247
Total Liabilities	<u>165,087,798</u>	<u>12,738,710</u>	<u>177,826,508</u>
DEFERRED INFLOWS OF RESOURCES			
Other Postemployment Benefits	5,457,010	227,376	5,684,386
Pensions	93,239,717	3,884,989	97,124,706
Total Deferred Inflows of Resources	<u>98,696,727</u>	<u>4,112,365</u>	<u>102,809,092</u>
NET POSITION			
Investment in Capital Assets	21,774,565	6,951	21,781,516
Restricted for State Categoryals	4,448,999	-	4,448,999
Unrestricted	22,520,326	62,853,118	85,373,444
Total Net Position	<u>\$ 48,743,890</u>	<u>\$ 62,860,069</u>	<u>\$ 111,603,959</u>

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

**The Florida Virtual School
Statement of Activities
For the Fiscal Year Ended June 30, 2022**

FUNCTIONS/ PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating	Capital	Primary Government		
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:							
Instruction	\$ 223,461,910	-	-	-	\$ (223,461,910)	-	\$ (223,461,910)
Pupil Personnel Services	12,047,962	-	-	-	(12,047,962)	-	(12,047,962)
Instruction and Curriculum Development Services	645,213	-	-	-	(645,213)	-	(645,213)
Instructional Staff Training Services	3,067,070	-	-	-	(3,067,070)	-	(3,067,070)
Instructional Related Technology	13,106,842	-	-	-	(13,106,842)	-	(13,106,842)
Board	3,791,106	-	-	-	(3,791,106)	-	(3,791,106)
General Administration	1,585,280	-	-	-	(1,585,280)	-	(1,585,280)
School Administration	12,839,419	-	-	-	(12,839,419)	-	(12,839,419)
Fiscal Services	2,686,336	-	-	-	(2,686,336)	-	(2,686,336)
Central Services	14,464,411	-	-	-	(14,464,411)	-	(14,464,411)
Operation of Plant	2,277,550	-	-	-	(2,277,550)	-	(2,277,550)
Administrative Technology Services	13,592,695	-	-	-	(13,592,695)	-	(13,592,695)
Community Service	163,848	-	-	-	(163,848)	-	(163,848)
Interest on Leases	36,439	-	-	-	(36,439)	-	(36,439)
Total Governmental Activities	303,766,081	-	-	-	(303,766,081)	-	(303,766,081)
Business-type Activities:							
FlexPoint, FLVS Global School & Franchises	29,036,865	54,540,127	-	-	-	25,503,262	25,503,262
Total Primary Government	\$ 332,802,946	\$ 54,540,127	\$ -	\$ -	(303,766,081)	25,503,262	(278,262,819)
General Revenues:							
Grants and Contributions not Restricted to Specific Programs					299,636,900	-	299,636,900
Virtual Learning Labs					10,442,518	-	10,442,518
Miscellaneous Local					7,750,783	46,366	7,797,149
Unrestricted Investment Earnings					242,376	11,741	254,117
Transfers In (Out)					21,000,000	(21,000,000)	-
Total General Revenues and Transfers					339,072,577	(20,941,893)	318,130,684
Change in Net Position					35,306,496	4,561,369	39,867,865
Net Position - Beginning					13,437,394	58,298,700	71,736,094
Net Position, Ending					\$ 48,743,890	\$ 62,860,069	\$ 111,603,959

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, 2022**

	General Fund	Special Revenue Funds	Total Governmental Funds
ASSETS			
Cash	\$ 92,856,241	\$ 51,048	\$ 92,907,289
Investments	53,437,697	-	53,437,697
Accounts Receivable, net	4,604,270	2,523	4,606,793
Due from Other Funds	2,091,815	-	2,091,815
Prepaid Expense			-
Due from Other Agencies	27,500	2,397,959	2,425,459
Total Assets	\$ 153,017,523	\$ 2,451,530	\$ 155,469,053
LIABILITIES AND FUND BALANCE			
Salaries, Benefits, and Payroll Taxes Payable	13,100,860	265,686	13,366,546
Accounts Payable	2,639,465	56,687	2,696,152
Due to Other Funds	10,868	2,080,947	2,091,815
Due to Other Agencies	16,860	-	16,860
Deferred Revenue		-	-
Total Liabilities	15,768,053	2,403,320	18,171,373
Fund Balances:			
Restricted for State Categoricals	4,448,999	-	4,448,999
Assigned for Encumbrances	1,051,490	-	1,051,490
Assigned for Re-budget	2,046,895	48,210	2,095,105
Assigned for Research & Development	12,276,012	-	12,276,012
Unassigned	117,426,074	-	117,426,074
Total Fund Balance	137,249,470	48,210	137,297,680
Total Liabilities and Fund Balance	\$ 153,017,523	\$ 2,451,530	\$ 155,469,053

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, 2022**

Total Fund Balances - Governmental Funds	\$	137,297,680
 Amounts reported for <i>governmental activities</i> in the statement of net position are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		23,689,340
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	57,402,800	
Less: Total Liabilities - Internal Service Fund	(7,452,910)	
Less: Depreciable Assets Reported Above	<u>(20,989,171)</u>	28,960,719
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	(85,033,273)	
Other postemployment benefits payable	(21,836,794)	
Compensated absences payable	(32,770,488)	
Lease Liability	<u>(1,914,775)</u>	(141,555,330)
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	5,969,795	
Deferred inflows of resources related to OPEB	<u>(5,457,010)</u>	512,785
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	93,078,413	
Deferred inflows of resources related to pensions	<u>(93,239,717)</u>	(161,304)
 Net Position - Governmental Activities	 \$	 <u>48,743,890</u>

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

The Florida Virtual School
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2022

	General Fund	Special Revenue Funds	Total Governmental Funds
REVENUES			
Federal Through State Sources:			
Other Federal Through State Sources	\$ -	\$ 9,087,241	\$ 9,087,241
Total Federal Through State	-	9,087,241	9,087,241
State Sources:			
Florida Education Finance Program	286,184,033	-	286,184,033
Reading Programs	2,164,748	-	2,164,748
Other State Sources	2,153,515	47,364	2,200,879
Total State Sources	290,502,296	47,364	290,549,660
Local Sources:			
Other Local Sources	18,306,175	77,378	18,383,553
Total Local Sources	18,306,175	77,378	18,383,553
Total Revenues	308,808,471	9,211,983	318,020,454
EXPENDITURES			
Current:			
Instruction	212,474,965	5,914,637	218,389,602
Pupil Personnel Services	10,899,641	969,418	11,869,059
Instruction and Curriculum Development Services	405,902	237,074	642,976
Instructional Staff Training Services	2,807,823	231,279	3,039,102
Instruction Related Technology	12,560,588	1,029,651	13,590,239
School Board	3,476,121	-	3,476,121
General Administration	1,219,676	289,289	1,508,965
School Administration	12,223,029	120,116	12,343,145
Fiscal Services	2,736,116	-	2,736,116
Central Services	14,119,263	110,705	14,229,968
Operation of Plant	2,254,403	-	2,254,403
Administrative Technology Services	12,253,285	159,805	12,413,090
Community Services	84,948	74,408	159,356
Debt Service:			
Principal	195,006	-	195,006
Interest	36,439	-	36,439
Capital Outlay:			
Other Capital Outlay	2,602,541	72,631	2,675,172
Total Expenditures	290,349,746	9,209,013	299,558,759
Excess of Revenues Over Expenditures	18,458,725	2,970	18,461,695
OTHER FINANCIAL SOURCES (USES)			
Transfers In	12,000,000	-	12,000,000
Transfers Out	-	-	-
Lease proceeds	2,109,782	-	2,109,782
Total Other Financial Sources (Uses)	14,109,782	-	14,109,782
Net Change in Fund Balance	32,568,507	2,970	32,571,477
FUND BALANCES			
Fund Balance, July 1, 2021	104,680,963	45,240	104,726,203
Fund Balance, June 30, 2022	\$ 137,249,470	\$ 48,210	\$ 137,297,680

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, 2022**

Net Change in Fund Balances - Governmental Funds	\$	32,571,477
 Amounts reported for <i>governmental activities</i> in the statement of activities are different because:		
 Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount of capital outlay, \$8,927,076 less depreciation/amortization expense, (\$5,703,582) in the current period.		
		3,223,494
 Repayment of debt principal is reflected as an expenditure in the governmental funds, however in the Statement of Net Position it is reflected as a reduction of liabilities and does not affect the statement of Activities.		
Proceeds from the issuance of Lease Obligations	(2,109,781)	
Repayment of debt principal for Leases	195,006	
		(1,914,775)
 Internal service funds are used by management to charge the cost of certain activities, such as insurance and course development, to individual funds. The net revenue and transfers in of certain activities of internal service funds are report with governmental activities.		
Net Revenue	3,728,831	
Less: Depreciable Assets Reported Above	<u>(1,777,103)</u>	
		1,951,728
 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	(4,006,865)	
Increase in Deferred Outflow of Resources - OPEB	1,954,887	
Decrease in Deferred Inflows of Resources - OPEB	<u>497,100</u>	
		(1,554,878)
 Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as an expense		
Decrease in Pension Liability	63,449,706	
Increase in Deferred Outflow of Resources - Pension	32,199,384	
Increase in Deferred Inflows of Resources - Pension	<u>(90,359,230)</u>	
		5,289,860
 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.		
		<u>(4,260,410)</u>
 Change in Net Position - Governmental Activities	 \$	 <u>35,306,496</u>

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, 2022**

	Business-type Activities	Business-type Activities	Business-type Activities	Business-type Activities	Governmental Activities
	FlexPoint	FLVS Global School	Franchises	Total	Internal Service Fund
ASSETS					
Current Assets					
Cash	\$ 41,310,554	\$ 10,755,799	\$ 15,435,772	\$ 67,502,125	\$ 17,369,759
Investments	-	-	-	-	15,822,847
Accounts Receivable, net	5,301,842	121,920	2,651,297	8,075,059	3,221,023
Noncurrent Assets					
Capital Assets:					
Depreciable (net)	6,347	-	604	6,951	20,989,171
Total Assets	<u>46,618,743</u>	<u>10,877,719</u>	<u>18,087,673</u>	<u>75,584,135</u>	<u>57,402,800</u>
DEFERRED OUTFLOWS OF RESOURCES					
Other Postemployment Benefits	124,372	62,185	62,185	248,742	-
Pensions	1,939,133	969,567	969,567	3,878,267	-
Total Deferred Outflows of Resources	<u>2,063,505</u>	<u>1,031,752</u>	<u>1,031,752</u>	<u>4,127,009</u>	<u>-</u>
LIABILITIES					
Current Liabilities					
Salaries and Benefits Payable	873,521	1,172,433	36,400	2,082,354	647,609
Accounts Payable	320,372	2,751	130,006	453,129	4,106,368
Estimated Insurance Claims Payable	-	-	-	-	2,698,933
Unearned Revenue	1,398,583	2,038,875	6,218	3,443,676	-
Long-term Liabilities:					
Portion Due and Payable Within One Year:					
Liability for Compensated Absences	39,696	59,474	11,272	110,442	-
Liability for Florida Retirement Pension & Health Subsidy	6,308	3,154	3,154	12,616	-
Portion Due and Payable After One Year:					
Liability for Compensated Absences	496,668	348,217	184,387	1,029,272	-
Liability for Other Post Employment Benefits	454,934	227,467	227,466	909,867	-
Liability for Florida Retirement Pension & Health Subsidy	2,364,608	1,438,471	894,275	4,697,354	-
Total Liabilities	<u>5,954,690</u>	<u>5,290,842</u>	<u>1,493,178</u>	<u>12,738,710</u>	<u>7,452,910</u>
DEFERRED INFLOWS OF RESOURCES					
Other Postemployment Benefits	113,688	64,416	49,272	227,376	-
Pensions	1,942,494	971,247	971,248	3,884,989	-
Total Deferred Inflows of Resources	<u>2,056,182</u>	<u>1,035,663</u>	<u>1,020,520</u>	<u>4,112,365</u>	<u>-</u>
NET POSITION					
Invested in Capital Assets	6,347	-	604	6,951	20,989,171
Unrestricted	40,665,029	5,582,966	16,605,123	62,853,118	28,960,719
Total Net Position	<u>\$ 40,671,376</u>	<u>\$ 5,582,966</u>	<u>\$ 16,605,727</u>	<u>\$ 62,860,069</u>	<u>\$ 49,949,890</u>

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, 2022**

	Business-type Activities FlexPoint	Business-type Activities FLVS Global School	Business-type Activities Franchises	Business-type Activities Total	Governmental Activities Internal Service Fund
OPERATING REVENUES					
Charges for Sales or Services	\$ 25,737,771	\$ 10,469,342	\$ 18,333,014	\$ 54,540,127	\$ 14,337,366
Premium Revenues	-	-	-	-	40,071,335
Miscellaneous Revenues	46,366	-	-	46,366	2,744,945
Total Operating Revenue	25,784,137	10,469,342	18,333,014	54,586,493	57,153,646
OPERATING EXPENSES					
Salaries	4,265,677	3,612,413	762,791	8,640,881	3,387,994
Employee Benefits	1,281,160	1,031,422	224,370	2,536,952	4,437,916
Purchased Services	8,078,700	275,850	5,216,971	13,571,521	844,092
Materials and Supplies	389,669	10,495	33,916	434,080	1,832
Capital Outlay	683	-	-	683	1,055
Other Expenses	1,926,257	836,479	1,086,726	3,849,462	49,329,247
Unallocated Depreciation/Amortization Expense	1,967	-	1,319	3,286	4,474,802
Total Operating Expenses	15,944,113	5,766,659	7,326,093	29,036,865	62,476,938
Operating Income (Loss)	9,840,024	4,702,683	11,006,921	25,549,628	(5,323,292)
NONOPERATING REVENUES					
Interest	11,741	-	-	11,741	52,123
Income (Loss) Before Operating Transfers	9,851,765	4,702,683	11,006,921	25,561,369	(5,271,169)
Transfers In	-	-	-	-	9,000,000
Transfers Out	8,000,000	1,000,000	12,000,000	21,000,000	-
Change in Net Position	1,851,765	3,702,683	(993,079)	4,561,369	3,728,831
Beginning Net Position	38,819,611	1,880,283	17,598,806	58,298,700	46,221,059
Net Position - June 30, 2022	\$ 40,671,376	\$ 5,582,966	\$ 16,605,727	\$ 62,860,069	\$ 49,949,890

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, 2022**

	Business-type Activities FlexPoint	Business-type Activities FLVS Global School	Business-type Activities Franchises	Business-type Activities Total	Governmental Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users	\$ 25,069,075	\$ 12,526,428	\$ 20,265,752	\$ 57,861,255	\$ 57,060,824
Payments to Suppliers of Goods and Services	(19,232,656)	(2,122,659)	(18,430,213)	(39,785,528)	(35,844,487)
Payments to Employees	(5,496,793)	(3,751,603)	(1,006,346)	(10,254,742)	(12,203,884)
Net Cash Provided by Operating Activities	<u>339,626</u>	<u>6,652,166</u>	<u>829,193</u>	<u>7,820,985</u>	<u>9,012,453</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of Capital Assets	(7,412)	-	-	(7,412)	(6,251,904)
Net Cash Used in Capital and Related Financing Activities	<u>(7,412)</u>	<u>-</u>	<u>-</u>	<u>(7,412)</u>	<u>(6,251,904)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on Investments	11,741	-	-	11,741	52,123
Purchases of Investments	-	-	-	-	(50,744)
Net Cash Provided by Investing Activities	<u>11,741</u>	<u>-</u>	<u>-</u>	<u>11,741</u>	<u>1,379</u>
Net Change in Cash	343,955	6,652,166	829,193	7,825,314	2,761,928
Cash at Beginning of Year	40,966,599	4,103,634	14,606,579	59,676,812	14,607,831
Cash at End of Year	<u>\$ 41,310,554</u>	<u>\$ 10,755,800</u>	<u>\$ 15,435,772</u>	<u>\$ 67,502,126</u>	<u>\$ 17,369,759</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating Income	9,840,024	4,702,683	11,006,921	25,549,628	(5,323,292)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Amortization Expense	1,967	-	1,319	3,286	4,474,802
Transfers In	-	-	-	-	9,000,000
Transfers Out	(8,000,000)	(1,000,000)	(12,000,000)	(21,000,000)	-
Changes in Assets and Liabilities:					
Accounts Receivable	(477,634)	18,205	1,926,521	1,467,092	(92,824)
Deferred Outflows of Resources - Other Postemployment Benefits	(40,725)	(19,785)	(20,942)	(81,452)	-
Deferred Outflows of Resources - Pensions	(670,821)	(335,409)	(335,409)	(1,341,639)	-
Accounts Payable	(837,342)	167	(92,600)	(929,775)	(33,618)
Salaries and Benefits Payable	170,734	945,022	(103)	1,115,653	85,156
Compensated Absences Payable	(42,886)	(14,458)	20,402	(36,942)	-
Unearned Revenue	(237,429)	2,038,875	6,218	1,807,664	-
Estimated Unpaid Claims for Self Insurance Program	-	-	-	-	902,229
Other Postemployment Benefits Liability	83,476	41,738	41,737	166,951	-
Net Pension Liability	(1,321,866)	(660,936)	(660,935)	(2,643,737)	-
Deferred Inflows of Resources - Other Postemployment Benefits	(10,356)	(5,178)	(5,178)	(20,712)	-
Deferred Inflows of Resources - Pensions	1,882,484	941,242	941,242	3,764,968	-
Total adjustments	<u>(9,500,398)</u>	<u>1,949,483</u>	<u>(10,177,728)</u>	<u>(17,728,643)</u>	<u>14,335,745</u>
Net Cash Provided by Operating Activities	<u>\$ 339,626</u>	<u>\$ 6,652,166</u>	<u>\$ 829,193</u>	<u>\$ 7,820,985</u>	<u>\$ 9,012,453</u>

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, 2022**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-wide Financial Statements

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

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

B. Reporting Entity

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

The School is governed by a board of trustees consisting of seven members appointed by the Governor. Members have experience working in a variety of fields such as education, business, and government. The board of trustees is required to meet a minimum of four times each year. The board members and the President who served during the 2021-2022 fiscal year are shown below:

Board Members

Dr. John Watret, Chair

Ms. Linda Reiter, Co-Chair

Dr. Tony Arza

Ms. Kelly Garcia

Mr. Robert Kornahrens

Mr. Edward Pozzuoli

Dr. Louis Algaze, President & CEO

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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

C. Basis of Presentation

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

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities and for each segment of the business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

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

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

Fund Financial Statements - Fund financial statements report detailed information about the School in the governmental and proprietary funds. The focus of governmental fund financial statements is on major funds which are presented in a separate column with all non-major funds aggregated in a single column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with the governmental fund financial statements.

The School reports the following major funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue Fund – 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, 2022**

- Enterprise Fund – to account for the activities of FlexPoint, FLVS Global School and Florida franchises.

Additionally, the School reports the following proprietary fund:

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

D. Basis of Accounting

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

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

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Revenues from the enterprise fund are recognized at the gross value earned. Commissions related to the sales are recorded as an expense. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

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

1. Cash and Cash Equivalents

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

2. Investments

Section 218.415(17), Florida Statutes, authorizes the School to invest in the Local Government Surplus Funds Trust Fund, any intergovernmental investment pool, money market funds registered with the Securities and Exchange Commission, interest-bearing time deposits or savings accounts, and direct obligations of the U.S. Treasury.

Investments consist of amounts placed with the State Board of Administration for participation in the Local Government Surplus Funds Trust Fund investment pool created by Section 218.405,

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NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022**

Florida Statutes. This investment pool operates under investments guidelines established by Section 215.47, Florida Statutes. The School’s investments in the Local Government Surplus Funds Trust Fund, a Securities and Exchange Commission Rule 2a7-like external investment pool, are reported at fair value, which is amortized cost.

3. Allowance for Doubtful Accounts

Accounts receivable are presented on the balance sheet net of estimated uncollectible amounts. The School records an allowance for estimated uncollectible accounts in an amount approximating anticipated losses. Individual uncollectible accounts are written off against the allowance when collection of the individual accounts appears doubtful. The School recorded \$9,345 in losses for doubtful accounts as of June 30, 2022.

4. Capital Assets

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

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

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

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

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

5. Leases

Florida Virtual school is a lessee for leases of server equipment. Florida Virtual school recognizes a lease liability and an intangible right-to-use lease asset (lease-asset) in the government-wide financial statements.

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For the Fiscal Year Ended June 30, 2022

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.

6. Pensions

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

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

7. Compensated Absences

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

8. Long-Term Liabilities

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

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

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

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 FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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

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

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

10. Net Position

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

11. Fund Balance Policy

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes.

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

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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 an amount assigned to be used for research and development.

- Unassigned - The residual fund balance remaining is reported as unassigned fund balance and is the excess of non-spendable, restricted, committed, and assigned fund balance.

Minimum Fund Balance Policy – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Board itself can establish limitations on the use of resources through a commitment (committed fund balance). The Board does not have a policy regarding the commitment of fund balances. As such, the School does not report any committed fund balances. However, to ensure that an adequate fund balance is available for financial emergencies, it is a normal practice of the Board to annually budget at least an 15% reserve of its State (FEFP) and Virtual Learning Lab (VLL) revenue in its general fund budget.

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

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

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

amend its original reporting based on the DOE Schedule of FTE Amendments. Such amendments may impact funding allocations for subsequent years. The Department may also adjust subsequent fiscal period allocations based upon an audit of the School's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

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

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

3. Federal Revenue Sources

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

4. Compensated Absences

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

5. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The 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.

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022**

II. Accounting Changes, Adjustment to Beginning Net Position

A. Change in Accounting Principles

In 2021-2022, the Florida Virtual School implemented GASB 87, *Leases*. The requirements of this statement are effective starting in fiscal year 2021-22. Under previous guidance, leases were classified as either operating or capital leases, depending on whether the lease met any of the four criteria. This statement establishes a single model of lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset, with the present value measurements of payments expected to be made during the lease term. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset.

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash Deposits with Financial Institutions

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

B. Investments

Investments with a fair value of \$69,260,544 at June 30, 2022, are in the State Board of Administration investment pool (Florida PRIME) with a weighted average maturity (WAM) of 28 days. A portfolio's WAMP reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes. The School's investment in Florida PRIME is rated AAAM by Standard and Poor's. Florida PRIME currently meets all of the necessary GASB 79 criteria to elect to measure all of the investments in Florida PRIME at amortized cost; therefore the account balance is reported at amortized cost. As of June 30, 2022 there were no redemption fees, maximum transaction or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

C. Receivables

The majority of \$15,902,875 reported as receivables consist mainly of \$8,075,059 due from FlexPoint, Global School and Florida franchises customers, 4,606,793 course fees due from General Fund scholarship agencies and students and \$3,221,023 due from employee premium payments to the self-insurance fund, as well as other miscellaneous receivables.

D. Due From Other Agencies

The \$2,425,459 reported as due from other agencies consist of amounts due from the Florida Department of Education for grants expenditure reimbursements pending.

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E. Changes in Capital Assets

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

	Balance 7/1/2021	Additions	Deletions	Balance 6/30/2022
<u>GOVERNMENTAL ACTIVITIES</u>				
Furniture, Fixtures, and Equipment	\$ 8,107,394	\$ 565,390	\$ 244,555	\$ 8,428,229
Less: Accumulated Depreciation	7,373,081	431,522	244,555	7,560,048
Total Furniture, Fixtures, and Equipment	734,313	133,868	-	868,181
Internally Created Software	56,884,436	6,251,904	-	63,136,340
Less: Accumulated Amortization	40,041,763	4,474,802	-	44,516,565
Total Internally Created Software	16,842,673	1,777,102	-	18,619,775
Learning Management System	5,750,000	-	-	5,750,000
Less: Accumulated Amortization	2,875,000	575,000	-	3,450,000
Total Learning Management System	2,875,000	(575,000)	-	2,300,000
Learning Content Management System	1,574,098	-	-	1,574,098
Less: Accumulated Amortization	1,560,238	13,860	-	1,574,098
Total Learning Content Management System	13,860	(13,860)	-	-
Right to Use Leased Asset	-	2,109,781	-	2,109,781
Less: Accumulated Amortization	-	208,398	-	208,398
Total Right to Use Leased Asset	-	1,901,383	-	1,901,383
Total Governmental Activities Capital Assets, net	20,465,846	3,223,493	-	23,689,340
<u>BUSINESS-TYPE ACTIVITIES:</u>				
Furniture, Fixtures, and Equipment	45,681	7,412	-	53,093
Less: Accumulated Depreciation	42,856	3,286	-	46,142
Total Furniture, Fixtures, and Equipment	2,825	4,126	-	6,951
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	2,825	4,126	-	6,951
Total Gov't & Bus-type Activities Capital Assets, net	\$ 20,468,671	\$ 1,326,236	\$ -	\$ 23,696,291

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Depreciation/Amortization expense for the governmental funds was charged to functions for the year ended June 30, 2022 as follows:

<u>Function</u>	<u>Amount</u>
GOVERNMENTAL ACTIVITIES	
Instruction	\$ 5,063,662
Administrative Related Technology	90,319
Operation of Plant	34,522
Instructional Related Technology	515,079
Total Depreciation/Amortization-Governmental Activities	\$ 5,703,582

Depreciation expense of \$3,286 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 \$14,905,725 for the fiscal year ended June 30, 2022.

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FRS Pension Plan

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

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

The DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following table shows the percentage value for each year of service credit earned:

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

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2021-22 fiscal year were as follows:

Class or Plan	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	3.00	10.82
Florida Retirement System, Senior Management Service	3.00	29.01
Deferred Retirement Option Program - Applicable to members from all of the above classes or plans	0.00	18.34

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

The School's contributions to the Plan totaled \$17,042,143 for the fiscal year ended June 30, 2022.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to FRS Pensions. At June 30, 2022, the School reported a liability of \$27,086,610 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The School's proportionate share of the net pension liability was based on the School's 2020-21 fiscal year contributions relative to the total 2020-21 fiscal year contributions of all participating members. At June 30, 2021, the School's proportionate share was .358579551 percent, which is an increase of .109607857 from its proportionate share measured as of June 30, 2020.

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For the fiscal year ended June 30, 2022, the School recognized a Plan pension expense of \$7,362,447. 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	\$ 4,456,980	\$ 185,708	\$ -	\$ -
Changes in assumptions or other inputs	17,792,641	741,360	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	(90,718,438)	(3,779,935)
Changes in proportion and differences between district contributions and proportionate share of contributions	30,552,800	1,273,033	(1,808)	(75)
District contributions subsequent to the measurement date, 6/30/2020	16,360,457	681,686	-	-
Total	\$ 69,162,878	\$ 2,881,787	\$ (90,720,246)	\$ (3,780,010)

The deferred outflows of resources related to pensions resulting from the School contributions to the Plan subsequent to the measurement date, , totaling \$17,042,143, will be recognized as a reduction of net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending, June 30	Amount
2023	\$ (5,171,077)
2024	(7,538,824)
2025	(12,636,574)
2026	(18,512,528)
2027	4,361,269
Thereafter	-
Totals	<u>\$ (39,497,734)</u>

Actuarial Methods and Assumptions. The total pension liability in the July 1, 2021 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	6.80 percent, net of pension plan investment expense, including inflation

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

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The actuarial assumptions used in the July 1, 2021 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%	2.1%	2.1%	1.1%
Fixed Income	20.0%	3.8%	3.7%	3.3%
Global Equity	54.2%	8.2%	6.7%	17.8%
Real Estate (Property)	10.3%	7.1%	6.2%	13.8%
Private Equity	10.8%	11.7%	8.5%	26.4%
Strategic Investments	3.7%	5.7%	5.4%	8.4%
Total	100.0%			
Assumed Inflation - Mean			2.4%	1.2%

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

Discount Rate. The discount rate used to measure the total pension liability was 6.80 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

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Sensitivity of the School's Proportionate Share of the Net Position Liability to Changes in the Discount Rate. The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 6.80 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.80 percent) or 1 percentage point higher (7.80 percent) than the current rate

	FRS Net Pension Liability (Asset)		
	1% Decrease	Current	1% Increase
	5.80%	6.80%	7.80%
NPL per FRS	33,781,383,454	7,553,863,454	(14,369,402,546)
FLVS proportionate @ measurement date	0.00358579551	0.00358579551	0.00358579551
FLVS proportionate share of NPL	\$ 121,133,133	\$ 27,086,610	\$ (51,525,739)

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, 2022, the School reported \$1,037,717 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2022.

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, 2022, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Federal Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2022, the contribution rate was 1.66 percent of payroll pursuant to section 112.363, Florida Statutes. The School contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized.

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HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The District's contributions to the HIS Plan totaled \$3,373,852 for the fiscal year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIS Pensions. At June 30, 2022, the School reported a net pension liability of \$62,656,633 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, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, and update procedures were used to calculate the net pension liability as of June 30, 2021. The School's proportionate share of the net pension liability was based on the School's 2020-21 fiscal year contributions relative to the total 2020-21 fiscal year contributions of all participating members. At June 30, 2021, the School's proportionate share was .510794566 percent, and increase of .118253066 from its proportionate share measured as of June 30, 2020.

For fiscal year ended June 30, 2022, the School recognized HIS pension expense of \$7,543,278 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	\$ 13,874,676	\$ 578,111	\$ (25,193)	\$ (1,050)
Changes in assumptions or other inputs	62,705	2,613	(2,478,348)	(103,265)
Net difference between projected and actual earnings on pension plan investments	4,726,473	196,936	-	-
Changes in proportion and differences between district contributions and proportionate share of contributions	2,012,783	83,866	(15,930)	(664)
Adjustment due to difference between estimated and actual deferred outflows subsequent to measurement date, 6/30/2015	-	-	-	-
District contributions subsequent to measurement date, 6/30/2020	3,238,898	134,954	-	-
Total	\$ 23,915,535	\$ 996,480	\$ (2,519,471)	\$ (104,979)

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The deferred outflows of resources related to pensions, totaling \$3,373,852, 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, 2022. 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
2023	\$ 4,449,877
2024	3,403,020
2025	3,475,540
2026	3,575,245
2027	3,011,625
Thereafter	998,406
Totals	\$ 18,913,713

Actuarial Assumptions. The total pension liability in the July 1, 2020, 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	2.16 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 2.16 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate changed from 2.21 percent to 2.16 percent.

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Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 2.16 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 (1.16 percent) or 1 percentage point higher (3.16 percent) than the current rate:

	HIS Net Pension Liability (Asset)		
	1% Decrease 1.16%	Current 2.16%	1% Increase 3.16%
NPL per FRS	\$ 14,181,266,208	\$ 12,266,503,481	\$ 10,697,783,617
FLVS proportionate @ measurement date	0.00510794566	0.00510794566	0.00510794566
FLVS proportionate share of NPL	\$ 72,437,137	\$ 62,656,633	\$ 54,643,697

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, 2022, the School reported a payable of \$243,764 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2022.

2. FRS - Defined Contribution Pension Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. School employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members.

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

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

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2022, 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 \$6,494,227 for the fiscal year ended June 30, 2022.

Payables to the Pension Plan. At June 30, 2022, the School reported a payable of \$430,742 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2022.

3. Allocation of Pension-Related Amounts to Proprietary Funds

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

G. Other Postemployment Benefit Obligations

Plan Description. The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the School. Pursuant to the provision of the Section 112.0801, Florida Statutes, former employees who retire from the School, and eligible dependents, may continue to participate in the School's health and hospitalization plan for medical and prescription coverages. The

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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, 2020, there were 2,450 active participants and 39 inactive participants (retirees plus surviving spouses) receiving postemployment healthcare benefits. The School provided contributions estimated at \$65,233 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 \$22,746,661 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020. The School’s total OPEB liability increased \$4,173,818 compared to last year’s liability of \$18,572,843.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2020 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	1.92%
Salary Increases	3.4% - 7.8%
General Inflation	2.25%
Mortality Rates – Healthy Female	Mortality rates are the same as used in the July 1, 2020 actuarial valuation of the Florida Retirement System for K-12 Instructional Regular Class members. These rates were taken from adjusted Pub-2010 mortality tables published by SOA with generational mortality improvements using scale MP-2018. Adjustments to reference tables are based on the results of a state-wide experience study covering the period 2013 through 2018.
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 6.25% and gradually decreasing to an ultimate trend rate of 3.99%.
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 FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022**

The School selected the economic, demographic, and health care claim cost assumptions used in the June 30, 2020 valuation. The current actuary provided guidance with respect to the economic assumptions. The prior actuary provided guidance with respect to the demographic assumptions, the health care participation rate assumption, and the spouse coverage election rate assumption. The demographic assumptions were based on those employed in the July 1, 2020, Pension Actuarial Valuation of the FRS, which were developed by the FRS from an Actuarial Experience Study. These include assumed rates of future termination, mortality, disability, and retirement. In addition, salary increase assumptions for development of the pattern of the normal cost increases were the same as those used by the FRS.

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

	Total OPEB Liability
Balance Recognized at 7/1/2021	\$ 18,572,843
Changes for the Fiscal Year:	
Service Cost	1,195,880
Interest on the Total OPEB Liability	483,535
Difference Between Expected and Actual Experience	-
Changes in Assumptions and Other Inputs	2,559,636
Benefit Payments	(65,233)
Net Changes	4,173,818
Balance at 6/30/2022	\$ 22,746,661

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 (.92 percent) or 1 percentage point higher (2.92 percent) than the current discount rate:

	1% Decrease 0.92%	Current 1.92%	1% Increase 2.92%
Total OPEB Liability	\$ 27,573,405	\$ 22,746,661	\$ 18,800,643

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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	\$ 17,772,942	\$ 22,746,661	\$ 29,689,348

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2022, the School recognized OPEB expense of \$1,643,203. At June 30, 2021, 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	\$ 2,561,300	\$ -
Changes of Assumptions or Other Inputs	3,534,714	(5,684,386)
Benefits Paid Subsequent to the Measure Date	122,523	-
Total	\$ 6,218,537	\$ (5,684,386)

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

Fiscal year Ending, June 30	Annual Expense
2023	\$ (36,212)
2024	(36,212)
2025	(36,212)
2026	(36,212)
2027	(36,212)
Thereafter	592,688
Total	\$ 411,628

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

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

members of the Consortium. However, workers' compensation for employees who reside in states other than Florida is provided through fully insured plans that are not part of NEFEC. Arthur Gallagher Risk Management Services handles the School's multi-state workers' compensation policy for all states in which we have employees that allow such a policy. Section 1001.42(10)(k), Florida Statutes, provides the authority for the School to enter in such a risk management program. The Consortium is self-sustaining through member assessments (premiums), and purchases coverage through commercial companies for claims in excess of specified amounts. Reinsurance from commercial companies provided excess property coverage of up to \$50 million during the 2021-22 fiscal year. The Board of Directors of the Consortium is composed of superintendents of all participating districts and schools. The Putnam County District School Board serves as fiscal agent for the Consortium. The School has not reduced insurance coverage for the past two years. Settled claims have not exceeded insurance coverage for the past three years.

The School provides group health, life and disability insurance to benefited employees. There are three different health plans offered. All are PPO (Preferred Organization) plans, with one plan offering a lower-premium higher-deductible option coupled with an employer-funded HRA contribution. Under these plans, the Board contributes to a portion of the premiums as part of the "fringe benefits" offered to employees. These plans offer four participant tiers to include employee-only, employee plus spouse, employee plus child(ren), and full family coverage. The three plans are administered by Blue Cross Blue Shield of Florida. The School reported an estimated unpaid claims liability of \$2,698,933.

I. Changes in Long-Term Liabilities

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

Description	Balance			Balance 6/30/2022	Due in One Year
	7/1/2021	Additions	Reductions		
Comp Abs - Governmental Activities	\$ 28,510,079	\$ 5,627,355	\$ 1,366,946	\$ 32,770,488	\$ 3,162,544
Comp Abs - Business-type Activities	1,176,661	126,814	163,761	1,139,714	110,442
Total Compensated Absences Payable	29,686,740	5,754,169	1,530,707	33,910,202	3,272,986
OPEB - Governmental Activities	17,829,928	3,509,766	(497,100)	21,836,794	-
OPEB - Business-type Activities	742,915	146,238	(20,713)	909,866	-
Total Other Post Employment Benefits	18,572,843	3,656,004	(517,813)	22,746,660	-
Pension - Governmental Activities	148,482,979	90,669,040	154,118,746	85,033,273	315,380
Pension - Business-type Activities	7,353,706	3,777,879	6,421,615	4,709,970	12,616
Total Net Pension Liability	155,836,685	94,446,919	160,540,361	89,743,243	327,996
Obligation under Leases-Governmental Activities	-	2,109,781	195,006	1,914,775	363,950
Total Governmental Activities - LT Liabilities	194,822,986	101,915,942	155,183,598	141,555,330	3,841,874
Total Business-Type Activities - LT Liabilities	9,273,282	4,050,931	6,564,663	6,759,550	123,058
Total Long-Term Liabilities	\$ 204,096,268	\$ 105,966,873	\$ 161,748,261	\$ 148,314,880	\$ 3,964,932

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022**

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.

J. Schedule of State Revenue Sources

The following is a schedule of the School's State revenue for the General Fund for 2021-2022 fiscal year:

Source	2021-2022
Florida Education Finance Program	\$ 286,184,033
Other State Sources:	
Reading Program	2,164,748
Miscellaneous State	2,200,879
Total Other State Sources	4,365,627
Total State Revenue	\$ 290,549,660

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

K. Encumbrances

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

L. Lease Obligations

In accordance with GASB 87, the School reported \$2,109,781 in lease obligations and corresponding right-to-use assets consisting of data servers and racks.

The School is obligated under two 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.

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022**

Future principal and interest payment requirements related to the School's lease liability and obligations under financing agreements at June 30, 2022 are as follows:

Year Ending 6/30/2022	Principal Payments	Interest Payments	Total
2023	363,950	69,967	433,917
2024	378,778	55,139	433,917
2025	394,210	39,707	433,917
2026	410,271	23,646	433,917
2027	295,855	8,020	303,875
Thereafter	71,711	719	72,430
	1,914,775	197,197	2,111,973

M. Interfund Receivables, Payables, and Transfers

The following is a summary of interfund transfers reported in the proprietary financial statements at June 30, 2022:

Funds	Interfund	
	Transfer In	Transfer Out
GF - Operating Development Fund	\$ 12,000,000	\$ -
Internal Service Fund	9,000,000	
Enterprise Funds:		
Flexpoint		8,000,000
FLVS Global School		1,000,000
Franchises		12,000,000
Total	\$ 21,000,000	\$ 21,000,000

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

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022**

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

<u>Funds</u>	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 2,091,815	\$ -
General Fund		10,868.00
Special Revenue Fund		2,080,947
Total	\$ 2,091,815	\$ 2,091,815

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

IV. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

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



**REQUIRED SUPPLEMENTARY
INFORMATION
ANNUAL FINANCIAL REPORT
2022**

**The Florida Virtual School
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2022**

	General Fund			Variance Positive / (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
State Sources:				
Florida Education Finance Program	\$ 277,954,143	\$ 286,101,267	\$ 286,184,033	\$ 82,766
Instructional Materials				-
District Discretionary Lottery Funds				-
Class Size Reduction/Operating Funds				-
Excellent Teaching Program				-
Reading Program	2,115,021	2,164,748	2,164,748	-
Merit Award Performance Pay				-
School Recognition Program	-	-	-	-
Other State Sources	11,868,500	2,120,062	2,153,515	33,453
Total State Sources	<u>291,937,664</u>	<u>290,386,077</u>	<u>290,502,296</u>	<u>116,219</u>
Local Sources:				
Other Local Sources	4,097,797	18,130,924	18,306,175	175,251
Total Local Sources	<u>4,097,797</u>	<u>18,130,924</u>	<u>18,306,175</u>	<u>175,251</u>
Total Revenues	<u>296,035,461</u>	<u>308,517,001</u>	<u>308,808,471</u>	<u>291,470</u>
EXPENDITURES				
Current:				
Instruction	209,046,218	224,393,927	212,474,966	11,918,961
Pupil Personnel Services	10,728,557	12,241,840	10,899,643	1,342,197
Instruction and Curriculum Development Services	597,123	492,285	405,902	86,383
Instructional Staff Training Services	3,504,766	3,313,992	2,807,823	506,169
Instruction Related Technology	19,935,226	21,429,260	13,871,418	7,557,842
School Board	3,888,041	7,025,888	3,476,121	3,549,767
General Administration	1,292,307	1,424,926	1,219,675	205,251
School Administration	12,430,218	12,994,794	12,223,029	771,766
Fiscal Services	2,813,227	2,768,742	2,736,116	32,626
Central Services	18,428,520	18,951,469	14,119,262	4,832,207
Operation of Plant	2,390,716	3,134,249	2,254,403	879,846
Administrative Technology Services	17,661,090	20,323,779	13,283,682	7,040,097
Community Services	164,551	165,700	84,948	80,752
Capital Outlay:				
Other Capital Outlay	-	492,759	492,759	-
Total Expenditures	<u>302,880,559</u>	<u>329,153,610</u>	<u>290,349,746</u>	<u>38,803,864</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(6,845,098)</u>	<u>(20,636,609)</u>	<u>18,458,725</u>	<u>39,095,334</u>
OTHER FINANCIAL SOURCES (USES)				
Transfers In	12,000,000	12,000,000	12,000,000	-
Transfers Out	-	-	-	-
Lease proceeds			2,109,782	(2,109,782)
Total Other Financial Sources (Uses)	<u>12,000,000</u>	<u>12,000,000</u>	<u>14,109,782</u>	<u>-</u>
Net Change in Fund Balance	<u>5,154,902</u>	<u>(8,636,610)</u>	<u>32,568,507</u>	<u>39,095,334</u>
Fund Balance, beginning	96,536,560	104,680,963	104,680,963	-
Fund Balance, ending	<u>\$ 101,691,462</u>	<u>\$ 96,044,353</u>	<u>\$ 137,249,470</u>	<u>\$ 39,095,334</u>

**The Florida Virtual School
Required Supplementary Information
Budgetary Comparison Schedule
Special Revenue Funds
For the Fiscal Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Positive / (Negative)</u>
REVENUES				
Federal Through State Sources:				
Grants to local educational agencies	\$ 2,245,493	\$ 3,581,483	\$ 2,549,195	\$ (1,032,288)
Education stabilization funds	2,730,042	11,613,403	6,538,045	(5,075,358)
Total Federal Through State	4,975,535	15,194,886	9,087,241	(6,107,645)
State Sources:				
Other State Sources	-	-	47,364	47,364
Total State Sources	-	-	47,364	47,364
Local Sources:				
Other Local Sources	-	-	77,378	77,378
Total Local Sources	-	-	77,378	77,378
Total Revenues	4,975,535	15,194,886	9,211,983	(5,982,903)
EXPENDITURES				
Current:				
Instruction	1,789,669	9,863,706	5,914,636	3,949,070
Pupil Personnel Services	1,108,549	1,598,608	969,418	629,190
Instruction and Curriculum Development Services	361,064	661,791	237,074	424,717
Instructional Staff Training Services	132,416	554,096	231,279	322,817
Instruction Related Technology	1,047,372	1,046,521	1,029,651	16,870
General Administration	126,143	634,057	289,289	344,768
School Administration	137,825	389,041	120,116	268,925
Central Services	79,252	137,252	110,705	26,547
Administrative Technology Services	193,245	159,805	159,805	-
Community Services	-	122,618	74,408	48,210
Capital Outlay:				
Other Capital Outlay	-	72,631	72,631	0
Total Expenditures	4,975,535	15,240,126	9,209,013	6,031,114
Excess (Deficiency) of Revenues Over Expenditures	-	(45,240)	2,970	48,210
Net Change in Fund Balance	-	(45,240)	2,970	48,210
Fund Balance, July 1, 2021	-	45,240	45,240	-
Fund Balance, June 30, 2022	\$ -	\$ -	\$ 48,210	\$ 48,210

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

	2021	2020	2019	2018	2017
Total OPEB Liability					
Service cost	\$ 1,195,880	\$ 1,224,328	\$ 842,685	\$ 819,985	\$ 1,022,582
Interest on the Total OPEB Liability	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	-	1,555,956	-	1,680,209	-
Changes of Assumptions and other inputs	2,559,636	(2,618,890)	1,443,105	(2,910,182)	(2,037,559)
Benefit payments	(65,233)	(133,602)	11,810	(122,458)	(97,550)
Net change in total OPEB liability	4,173,818	625,766	2,873,966	30,097	(626,541)
Total OPEB Liability, beginning	18,572,843.00	17,947,077	15,073,111	15,043,014	15,669,555
Total OPEB Liability, ending	\$ 22,746,661	\$ 18,572,843	\$ 17,947,077	\$ 15,073,111	\$ 15,043,014
Covered-employee payroll	\$ 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	12.44%	13.53%	13.93%	12.79%	13.75%

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

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

	2021	2020	2019	2018	2017	2016	2015	2014
Florida Virtual School's proportion of the net pension liability (asset)	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)	\$ 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	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	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	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)**

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 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	\$ (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	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	9.32%	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)**

	2021	2020	2019	2018	2017	2016	2015	2014
Florida Virtual School's proportion of the net pension liability (asset)	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)	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	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	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	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

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

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

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

1. Budgetary Basis of Accounting

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 2.45 percent as of June 30, 2020, to 1.92 percent as of June 30, 2021 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, 2020 actuarial valuation.

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

Changes in Assumptions. In 2021, the maximum amortization period was decreased to 20 years for all current and future amortization bases.

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

Changes in Assumptions. In 2021, the municipal bond rate used to determine total pension liability was decreased from 2.21 percent to 2.16 percent.



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THE FLORIDA VIRTUAL SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2022

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-1611B-1CV01	07/01/20 - 08/31/21	\$ 2,462
Carl D. Perkins Career & Technical Education	84.048A	48C-1612B-2CV01	07/01/21 - 06/30/22	28,729
Title I - Part A, Education of Disadvantaged Children & Youth	84.010A	48C-2122B-2CB01	07/01/21 - 06/30/22	981,765
Title II - Teacher and Principal Training and Recruiting Fund	84.367A	48C-2242B-2CT01	07/01/21 - 06/30/22	274,253
Title III - English Language Acquisition State Grants	84.365A	48C-1022B-2C001	07/01/21 - 06/30/22	11,910
Title IV - Student Support & Academic Enrichment	84.424A	48C-2411A-1C001	08/01/20 - 08/30/21	7,294
Title IV - Student Support & Academic Enrichment	84.424A	48C-2412A-2C001	08/01/21 - 07/31/22	61,603
				<u>1,368,016</u>
Special Education Cluster:				
IDEA - Part B K-12	84.027A	48C-2632B-2CB01	07/01/21 - 06/30/22	1,167,228
IDEA - Part B Preschool Entitlement	84.173A	48C-2672B-2CP01	07/01/21 - 06/30/22	13,951
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.027X	48C-2632R-2CB01	07/01/21 - 09/30/23	13,365
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.173X	48C-2672R-2CP01	07/01/21 - 09/30/23	15,163
				<u>1,209,707</u>
Education Stabilization Fund (ESF):				
COVID-19 ESSER Expanding Access to Virtual Learning for Florida Public Schools-FLVS	84.425D	48C-1240D-1C001	09/18/20 - 06/30/22	1,262,087
COVID-19 ESSER Data Informed Supports	84.425D	48C-1240F-1C001	12/01/20 - 10/29/21	25,186
COVID-19 ESSER II - Coronavirus Response & Relief Supplemental Appropriations (CRRSA) Act, 2021	84.425D	48C-1241E-1CR01	07/01/21 - 09/30/23	258,646
COVID-19 ESSER II - Coronavirus Response & Relief Supplemental Appropriations (CRRSA) Act, 2021	84.425D	48C-1241B-1C0R1	07/01/21 - 09/30/23	89,006
COVID-19 ESSER II - Coronavirus Response & Relief Supplemental Appropriations (CRRSA) Act, 2021	84.425D	48C-1241C-1CR01	08/11/21 - 09/30/23	403,139
COVID-19 ESSER II - Coronavirus Response & Relief Supplemental Appropriations (CRRSA) Act, 2021	84.425D	48C-1241P-2C001	01/11/22 - 09/30/23	7,660
COVID-19 ESSER II - Coronavirus Response & Relief Supplemental Appropriations (CRRSA) Act, 2021	84.425D	48C-1241D-1CR01	08/11/21 - 09/30/23	80,850
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	48C-1211A-2C001	01/31/22 - 09/30/24	3,792,392
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	48C-1211K-2C001	01/31/22 - 09/30/24	427,593
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	48C-1221B-2CR01	12/22/21 - 09/30/24	7,600
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	48C-1211G-2CR01	06/3/22 - 08/31/23	155,358
				<u>6,509,517</u>
Total Federal Awards				<u>\$ 9,087,240</u>

See Accompanying Notes to Schedule

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, 2022. 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, 2022.

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, 2022.

THE FLORIDA VIRTUAL SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

Section I - Summary of Independent Auditor's Results

Financial Statements

Type of Auditor's Report Issued:

Unmodified Opinion

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Internal control over major programs:

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

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

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

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.027/84.173	Special Education Cluster
84.425	Education Stabilization Fund

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

Auditee qualified as low-risk auditee? X Yes ___ No

THE FLORIDA VIRTUAL SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

For the Year Ended June 30, 2022

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

No matters were reported.

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

No matters were reported.

THE FLORIDA VIRTUAL SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2022

FEDERAL GRANT PROGRAM AUDIT FINDINGS

No matters were reported.



Certified Public Accountants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The Florida Virtual School (the "School") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated February 27, 2023.

Report on Internal Control over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Pursuant to provisions of Chapter 10.850, *Rules of the Auditor General*, we reported certain matters to management of the School in a separate management letter dated February 27, 2023.

Purpose of this Report

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

MSL, P.A.

Certified Public Accountants

Orlando, Florida
February 27, 2023



Certified Public Accountants

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of The Florida Virtual School (the “School”) with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (“OMB”) *Compliance Supplement* that could have a direct and material effect on each of the School’s major federal programs for the year ended June 30, 2022. 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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibility of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

Report on Internal Control over Compliance (Continued)

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

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

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

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

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements. We issued our report thereon dated February 27, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. Our report on the basic financial statements included disclosures regarding our reference to the reports of other auditors. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis, as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements.

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

MSL, P.A.

Certified Public Accountants

Orlando, Florida
February 27, 2023



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, 2022, and have issued our report thereon dated February 27, 2023.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; 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 on Internal Control over Compliance and Report on the Schedule of Expenditures of Federal Awards in Accordance with the Uniform Guidance, Schedule of Findings and Questioned Costs, and our Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.850, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated February 27, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title

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

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

Financial Management

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

Additional Matters

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

Purpose of this Letter

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

MSL, P.A.

Certified Public Accountants

Orlando, Florida
February 27, 2023



INDEPENDENT ACCOUNTANT'S REPORT

Chairman and Members of
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, 2022. 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 American Institute of Certified Public Accountants. 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 District'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, 2022.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
February 27, 2023