



FLORIDA VIRTUAL
SCHOOL

ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2019



THE FLORIDA VIRTUAL SCHOOL
Table of Contents

Independent Auditor's Report	1
Management's Discussion and Analysis	3
 Basic Financial Statements	
Statement of Net Position	12
Statement of Activities	13
Balance Sheet-Governmental Funds	14
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds	16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	17
Statement of Net Position – Proprietary Funds	18
Statement of Revenues, Expenses and Changes in Fund Net Position- Proprietary Funds	19
Statement of Cash Flows – Proprietary Funds	20
Notes to the Financial Statements	21
 Required Supplemental Information	
Budgetary Comparison Schedule-General Fund	46
Schedule of Changes in the School's Total OPEB Liability & Related Ratios	47
Schedule of Proportionate Share of Net Pension Liability – FRS	48
Schedule of Contributions – FRS	49
Schedule of Proportionate Share of Net Pension Liability – HIS	50
Schedule of Contributions – HIS	51
Notes to the Pension Plans Schedules	52

THE FLORIDA VIRTUAL SCHOOL
Table of Contents

Other Reports

Schedule of Expenditures of Federal Awards	53
Notes to the Schedule of Expenditures of Federal Awards	54
Schedule of Findings and Questioned Costs	55
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 <i>Governmental Auditing Standards</i>	57
Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	59
Independent Auditor’s Management Letter	62
Independent Accountant’s Report	64



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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 fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

INDEPENDENT AUDITOR'S REPORT
(Concluded)

Opinions

In our opinion, the financial statements referred to in the first paragraph 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison for the General Fund, OPEB Schedule, and Pension Plan Schedules and Notes, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 3, 2020, 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 3, 2020

**THE FLORIDA VIRTUAL SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019**

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, 2019.

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 2018-2019 fiscal year are as follows:

- In total, net position increased \$12,503,687 during the 2018-19 fiscal year.
- The School's total assets and deferred outflows exceeded liabilities and deferred inflows by \$22,615,432 at the end of the fiscal year. Of this amount, \$20,799,133 represents investments in capital assets, and negative \$1,512,261 represents unrestricted net position.
- Total revenues of \$238,511,558 were comprised of revenues generated from governmental activities in the amount of \$211,206,985 and \$27,304,573 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 \$74,930,595. This is an increase of \$19,195,216 in comparison with the prior year.
- 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 \$65,877,885 at June 30, 2019, or 32 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, 2019**

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

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 financial statements. By doing so, readers may better understand the long-term impact of the

**THE FLORIDA VIRTUAL SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019**

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 FLVS global 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.

Remainder of this page was intentionally left blank.

**THE FLORIDA VIRTUAL SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

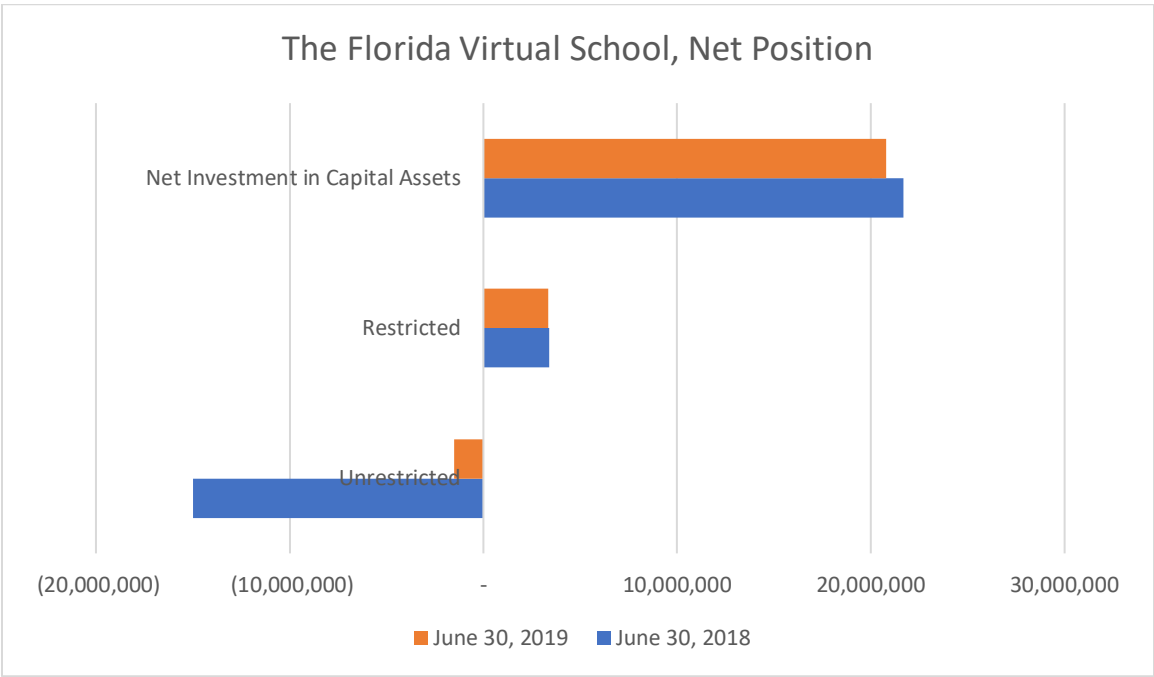
Net position may serve over time as a useful indicator of a government's financial position. The following is a summary of the School's net position as of June 30, 2018, and June 30, 2019:

	Net Position, End of Year					
	Governmental Activities		Business-Type Activities		Total	
	6-30-19	6-30-18	6-30-19	6-30-18	6-30-19	6-30-18
Current Assets	\$ 117,502,163	\$ 89,318,454	\$ 12,868,982	\$ 10,615,116	\$ 130,371,145	\$ 99,933,570
Capital Assets	20,790,790	21,641,303	8,343	46,368	20,799,133	21,687,671
Total Assets	138,292,953	110,959,757	12,877,325	10,661,484	151,170,278	121,621,241
Deferred outflows of Resources	49,836,672	46,219,258	2,058,241	1,934,380	51,894,913	48,153,638
Other Liabilities	24,254,639	13,806,874	816,890	3,282,709	25,071,529	17,089,583
Long-Term Liabilities	132,909,103	126,567,771	6,836,489	6,489,502	139,745,592	133,057,273
Total Liabilities	157,163,742	140,374,645	7,653,379	9,772,211	164,817,121	150,146,856
Deferred inflows of Resources	15,007,332	9,135,627	625,306	380,651	15,632,638	9,516,278
Net Position:						
Invested in Capital Assets	20,790,790	21,641,303	8,343	46,368	20,799,133	21,687,671
Restricted for State Categoricals	3,328,560	3,392,514	-	-	3,328,560	3,392,514
Unrestricted (Deficit)	(8,160,799)	(17,365,074)	6,648,538	2,396,634	(1,512,261)	(14,968,440)
Total Net Position	\$ 15,958,551	\$ 7,668,743	\$ 6,656,881	\$ 2,443,002	\$ 22,615,432	\$ 10,111,745

In the case of the School's total governmental and business-type activities, assets and deferred outflows exceed liabilities and deferred inflows by \$22,615,432 at the end of the fiscal year.

The deficit unrestricted net position of (\$1,512,261) is a direct result of the long-term pension liability in the amount of \$107,605,134. The pension liability represents the School's proportionate share of the net pension liability of the Florida Retirement System (FRS) plan and the Retiree Health Insurance Subsidy (HIS) plan. Though this long-term liability is now required to be reported on the School's financial statements due to the new GASB requirement, it is important to note that the School pays the full amount of its State required retirement contribution each year, which includes an assessment to fund the State's actuarially unfunded liability.

**THE FLORIDA VIRTUAL SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019**



Remainder of this page was intentionally left blank.

**THE FLORIDA VIRTUAL SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019**

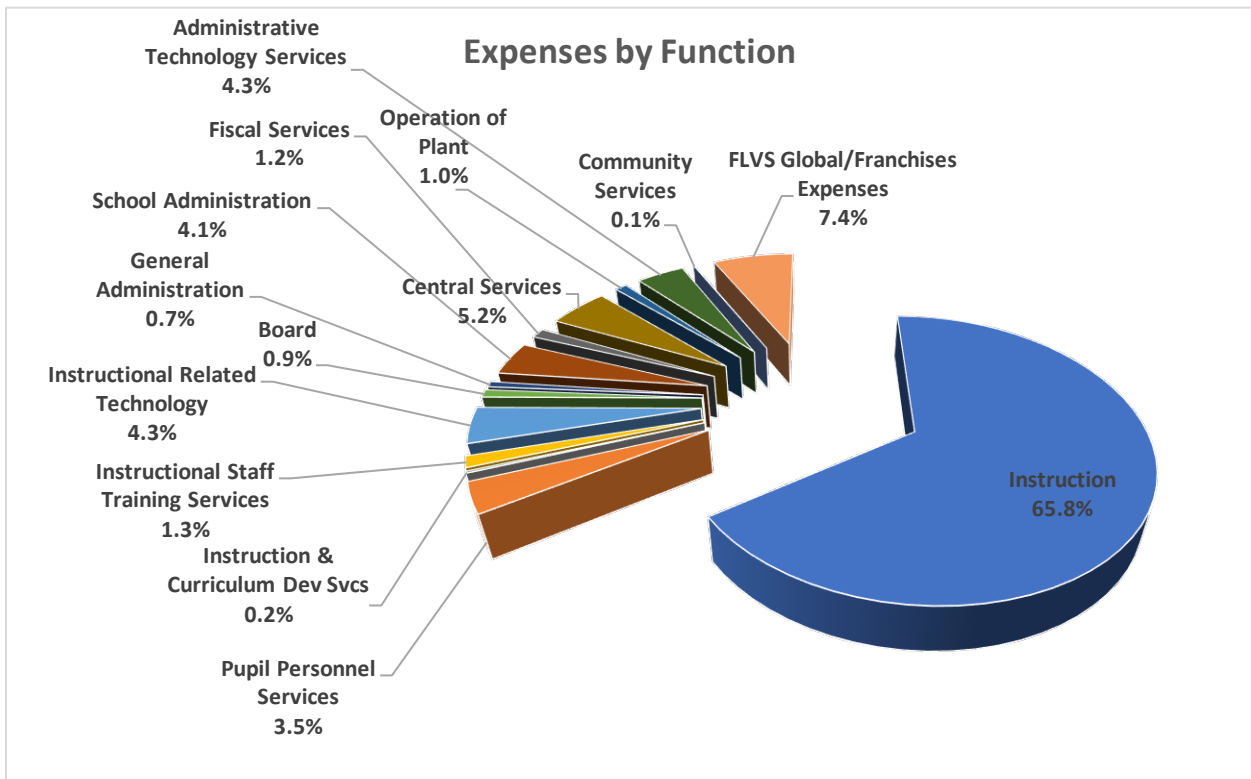
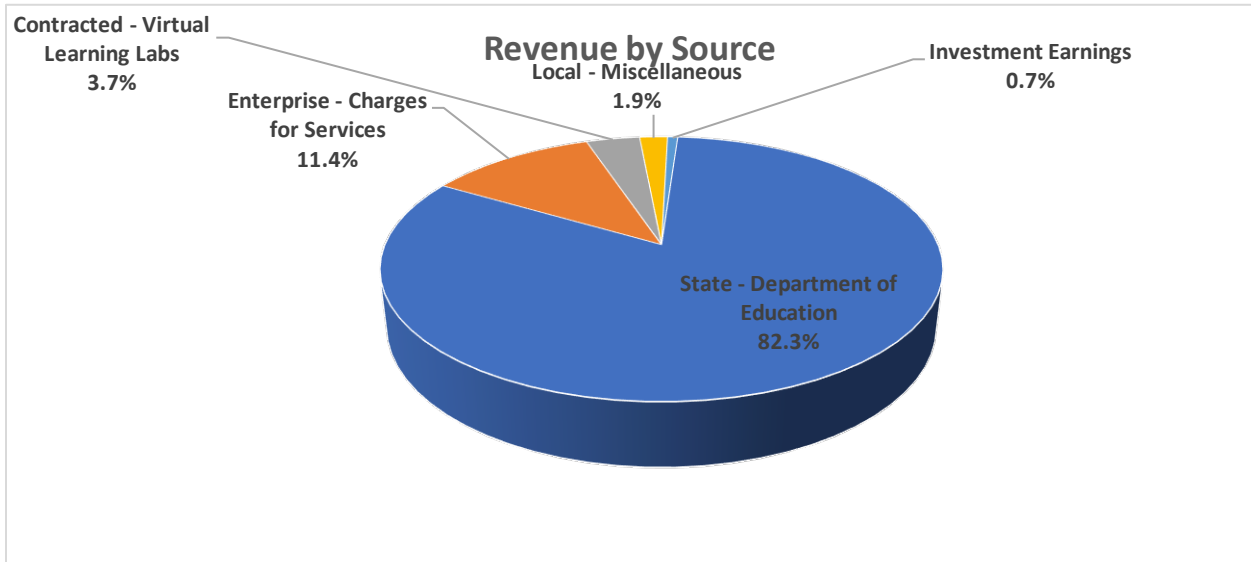
The following is a summary of the School's changes in net position for the fiscal years ended June 30, 2018 and June 30, 2019, as follows:

	Governmental Activities		Business-Type Activities		Total	
	6-30-19	6-30-18	6-30-19	6-30-18	6-30-19	6-30-18
Program Revenues						
Charges for Services	\$ -	\$ -	\$ 27,280,919	\$ 24,459,366	\$ 27,280,919	\$ 24,459,366
General Revenues:						
Grants and Contributions Not Restricted						
to Specific Programs	196,258,641	183,932,692	-	-	196,258,641	183,932,692
Virtual Learning Labs	8,750,106	8,409,578	-	-	8,750,106	8,409,578
Miscellaneous Local	4,556,297	4,683,588	-	-	4,556,297	4,683,588
Unrestricted Investment Earnings	1,641,941	737,081	23,654	3,443	1,665,595	740,524
Total Revenues	211,206,985	197,762,939	27,304,573	24,462,809	238,511,558	222,225,748
Functions/Program Expenses:						
Instruction	148,781,802	143,018,383	-	-	148,781,802	143,018,383
Pupil Personnel Services	7,916,641	6,668,809	-	-	7,916,641	6,668,809
Instruction & Curriculum Dev Svcs	495,515	423,904	-	-	495,515	423,904
Instructional Staff Training Services	2,905,555	2,767,804	-	-	2,905,555	2,767,804
Instructional Related Technology	9,676,245	9,033,546	-	-	9,676,245	9,033,546
Board	2,093,930	1,943,348	-	-	2,093,930	1,943,348
General Administration	1,517,719	1,467,346	-	-	1,517,719	1,467,346
School Administration	9,307,840	8,242,881	-	-	9,307,840	8,242,881
Fiscal Services	2,693,651	2,519,318	-	-	2,693,651	2,519,318
Central Services	11,778,481	11,230,868	-	-	11,778,481	11,230,868
Operation of Plant	2,362,415	2,243,813	-	-	2,362,415	2,243,813
Administrative Technology Services	9,667,640	8,759,733	-	-	9,667,640	8,759,733
Community Services	169,743	155,203	-	-	169,743	155,203
FLVS Global/Franchises Expenses	-	-	16,640,694	16,928,953	16,640,694	16,928,953
Total Expenses	209,367,177	198,474,956	16,640,694	16,928,953	226,007,871	215,403,909
Excess (deficiency) of revenue over (under) expenses	1,839,808	(712,017)	10,663,879	7,533,856	12,503,687	6,821,839
Other financial sources (uses)						
Transfers In	6,450,000	10,575,172	-	-	6,450,000	10,575,172
Transfers Out	-	-	(6,450,000)	(10,575,172)	(6,450,000)	(10,575,172)
Total other financial sources (uses)	6,450,000	10,575,172	(6,450,000)	(10,575,172)	-	-
Change in net position	8,289,808	9,863,155	4,213,879	(3,041,316)	12,503,687	6,821,839
Net Position, beginning	7,668,743	(2,194,412)	2,443,002	5,484,318	10,111,745	3,289,906
Net Position, ending	\$ 15,958,551	\$ 7,668,743	\$ 6,656,881	\$ 2,443,002	\$ 22,615,432	\$ 10,111,745

The largest revenue source is the State of Florida (82 percent). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. Included in the FEFP funds is revenue the School receives for both part-time and full-time programs. The

**THE FLORIDA VIRTUAL SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019**

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, 2019**

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

The focus of the School's 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 balances may serve as a useful measure of the 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, the School, or a group or individual delegated authority by the Board to assign resources for particular purposes.

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 \$65,877,885. The total unassigned fund balance represents 32 percent of total General Fund revenues, which increased over last year's unassigned fund balance of \$49,011,555 or 25 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).

General Fund Budgetary Highlights

The actual General Fund revenues were higher than the adjusted budgeted revenues by \$1,310,054 due to the increase in state sources and other local revenues. The actual General Fund expenditures were less than the adjusted budgeted appropriations by \$19,675,437 due to several unfilled job opportunities as well as various other budgetary accounts that were not fully expended. Included in the unexpended balance are outstanding purchasing commitments of \$1,413,371, restricted categorical programs of \$3,328,560, assigned for research and development of \$2,260,745, and re-budgeted programs of \$2,050,034.

CAPITAL ASSET ADMINISTRATION

Capital Assets

The School's investment in capital assets for its governmental activities as of June 30, 2019, amounts to \$20,799,133 (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 decrease in the School's investment in capital assets (net of accumulated depreciation) for the current fiscal year was \$888,538.

**THE FLORIDA VIRTUAL SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019**

OTHER MATTERS

For fiscal year 2020, the Board of Trustees adopted a budget for the General Fund appropriations of approximately \$237,509,997, including certain non-recurring costs. Revenues and transfers for fiscal year 2020 is expected to be approximately \$217,547,619. To ensure adequate fund balance is available for financial emergencies, the School has reserved approximately 15% of state and virtual learning lab revenues.

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 Kimberly Poling (kpoling@flvs.net), Senior Director, Financial & Treasury Services, The Florida Virtual School, 2145 MetroCenter Blvd, Suite 100, Orlando, Florida, 32835.



FLORIDA VIRTUAL
SCHOOL

**BASIC FINANCIAL STATEMENTS
ANNUAL FINANCIAL REPORT 2019**

**The Florida Virtual School
Statement of Net Position
June 30, 2019**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash	\$ 43,372,206	\$ 8,934,486	\$ 52,306,692
Investments	67,736,179	-	67,736,179
Accounts Receivable, net	6,148,968	3,934,496	10,083,464
Due from Other Agencies	244,810	-	244,810
Capital Assets:			
Depreciable, net	20,790,790	8,343	20,799,133
Total Assets	138,292,953	12,877,325	151,170,278
DEFERRED OUTFLOWS OF RESOURCES			
Other Postemployment Benefits	1,498,605	62,443	1,561,048
Pensions	48,338,067	1,995,798	50,333,865
Total Deferred Outflows of Resources	49,836,672	2,058,241	51,894,913
LIABILITIES			
Wages and Benefits Payable	6,390,256	376,070	6,766,326
Accounts Payable	4,446,750	240,574	4,687,324
Due to Other Agencies	10,228,542	-	10,228,542
Unearned Revenue	19,302	107,853	127,155
Long-Term Liabilities:			
Portion Due and Payable Within One Year:			
Liability for Compensated Absences	1,921,690	92,393	2,014,083
Estimated Insurance Claims Payable	1,248,099	-	1,248,099
Portion Due and Payable After One Year:			
Liability for Compensated Absences	16,240,668	826,679	17,067,347
Liability for Other Post Employment Benefits	14,470,187	602,924	15,073,111
Liability for Florida Retirement Pension & Health Subsidy	102,198,248	5,406,886	107,605,134
Total Liabilities	157,163,742	7,653,379	164,817,121
DEFERRED INFLOWS OF RESOURCES			
Other Postemployment Benefits	4,274,043	178,086	4,452,129
Pensions	10,733,289	447,220	11,180,509
Total Deferred Inflows of Resources	15,007,332	625,306	15,632,638
NET POSITION			
Investment in Capital Assets	20,790,790	8,343	20,799,133
Restricted for State Categoricals	3,328,560	-	3,328,560
Unrestricted	(8,160,799)	6,648,538	(1,512,261)
Total Net Position	\$ 15,958,551	\$ 6,656,881	\$ 22,615,432

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, 2019**

FUNCTIONS/ PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Governmental Activities:							
Instruction	\$ 148,781,802	\$ -	\$ -	\$ -	\$(148,781,802)	\$ -	\$(148,781,802)
Pupil Personnel Services	7,916,641	-	-	-	(7,916,641)	-	(7,916,641)
Instruction and Curriculum Development Services	495,515	-	-	-	(495,515)	-	(495,515)
Instructional Staff Training Services	2,905,555	-	-	-	(2,905,555)	-	(2,905,555)
Instructional Related Technology	9,676,245	-	-	-	(9,676,245)	-	(9,676,245)
Board	2,093,930	-	-	-	(2,093,930)	-	(2,093,930)
General Administration	1,517,719	-	-	-	(1,517,719)	-	(1,517,719)
School Administration	9,307,840	-	-	-	(9,307,840)	-	(9,307,840)
Fiscal Services	2,693,651	-	-	-	(2,693,651)	-	(2,693,651)
Central Services	11,778,481	-	-	-	(11,778,481)	-	(11,778,481)
Operation of Plant	2,362,415	-	-	-	(2,362,415)	-	(2,362,415)
Administrative Technology Services	9,667,640	-	-	-	(9,667,640)	-	(9,667,640)
Community Service	169,743	-	-	-	(169,743)	-	(169,743)
Total Governmental Activities	209,367,177	-	-	-	(209,367,177)	-	(209,367,177)
Business-type Activities:							
FLVS Global & Franchises	16,640,694	27,280,919	-	-	-	10,640,225	10,640,225
Total Primary Government	\$ 226,007,871	\$ 27,280,919	\$ -	\$ -	(209,367,177)	10,640,225	(198,726,952)
General Revenues:							
Grants and Contributions not Restricted to Specific Programs					196,258,641	-	196,258,641
Virtual Learning Labs					8,750,106	-	8,750,106
Miscellaneous Local					4,556,297	-	4,556,297
Unrestricted Investment Earnings					1,641,941	23,654	1,665,595
Transfers In (Out)					6,450,000	(6,450,000)	-
Total General Revenues and Transfers					217,656,985	(6,426,346)	211,230,639
Change in Net Position					8,289,808	4,213,879	12,503,687
Net Position, Beginning					7,668,743	2,443,002	10,111,745
Net Position, Ending					\$ 15,958,551	\$ 6,656,881	\$ 22,615,432

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, 2019**

	General Fund	Non-major Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash	\$ 38,705,852	\$ -	\$ 38,705,852
Investments	52,262,384	-	52,262,384
Accounts Receivable, net	2,331,233	-	2,331,233
Due from Other Funds	194,396	-	194,396
Due from Other Agencies	-	244,810	244,810
Total Assets	\$ 93,493,865	\$ 244,810	\$ 93,738,675
LIABILITIES AND FUND BALANCE			
Salaries, Benefits, and Payroll Taxes Payable	\$ 6,111,078	\$ 42,183	\$ 6,153,261
Accounts Payable	2,204,348	8,231	2,212,579
Due to Other Funds	-	194,396	194,396
Due to Other Agencies	10,228,542	-	10,228,542
Deferred Revenue	19,302	-	19,302
Total Liabilities	18,563,270	244,810	18,808,080
Fund Balances:			
Restricted for State Categoricals	3,328,560	-	3,328,560
Assigned for Encumbrances	1,413,371	-	1,413,371
Assigned for Re-budget	2,050,034	-	2,050,034
Assigned for Research & Development	2,260,745	-	2,260,745
Unassigned	65,877,885	-	65,877,885
Total Fund Balance	74,930,595	-	74,930,595
Total Liabilities and Fund Balance	\$ 93,493,865	\$ 244,810	\$ 93,738,675

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

**The Florida Virtual School
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2019**

Total Fund Balances - Governmental Funds \$ 74,930,595

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 20,790,790

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	41,921,582	
Less: Total Liabilities - Internal Service Fund	(3,719,265)	
Less: Depreciable Assets Reported Above	<u>(17,963,698)</u>	20,238,619

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	(102,198,248)	
Other Postemployment Benefits Payable	(14,470,187)	
Compensated Absences Payable	<u>(18,162,358)</u>	(134,830,793)

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	1,498,605	
Deferred inflows of resources related to OPEB	<u>(4,274,043)</u>	(2,775,438)

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	48,338,067	
Deferred inflows of resources related to Pensions	<u>(10,733,289)</u>	37,604,778

Net Position - Governmental Activities \$ 15,958,551

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, 2019**

	General Fund	Nonmajor Special Revenue Fund	Total Governmental Funds
REVENUES			
Federal Through State Sources:			
Other Federal Through State Sources	\$ 112,127	\$ 1,887,639	\$ 1,999,766
Total Federal Through State	112,127	1,887,639	1,999,766
State Sources:			
Florida Education Finance Program	188,388,684	-	188,388,684
Reading Programs	1,563,601	-	1,563,601
Other State Sources	4,306,589	-	4,306,589
Total State Sources	194,258,874	-	194,258,874
Local Sources:			
Other Local Sources	14,638,777	-	14,638,777
Total Local Sources	14,638,777	-	14,638,777
Total Revenues	209,009,778	1,887,639	210,897,417
EXPENDITURES			
Current:			
Instruction	136,603,888	1,002,840	137,606,728
Pupil Personnel Services	7,098,004	314,314	7,412,318
Instruction and Curriculum Development Services	178,995	309,859	488,854
Instructional Staff Training Services	2,616,410	139,629	2,756,039
Instruction Related Technology	9,115,212	-	9,115,212
School Board	2,159,642	-	2,159,642
General Administration	1,423,107	86,522	1,509,629
School Administration	8,579,939	-	8,579,939
Fiscal Services	2,512,054	-	2,512,054
Central Services	11,067,740	34,475	11,102,215
Operation of Plant	2,271,683	-	2,271,683
Administrative Technology Services	8,570,548	-	8,570,548
Community Services	161,176	-	161,176
Capital Outlay:			
Other Capital Outlay	256,164	-	256,164
Total Expenditures	192,614,562	1,887,639	194,502,201
Excess of Revenues Over Expenditures	16,395,216	-	16,395,216
OTHER FINANCIAL SOURCES (USES)			
Transfers In	2,800,000	-	2,800,000
Transfers Out	-	-	-
Total Other Financial Sources (Uses)	2,800,000	-	2,800,000
Net Change in Fund Balance	19,195,216	-	19,195,216
Fund Balance, July 1, 2018	55,735,379	-	55,735,379
Fund Balance, June 30, 2019	\$ 74,930,595	\$ -	\$ 74,930,595

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

**The Florida Virtual School
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Fiscal Year Ended June 30, 2019**

Net Change in Fund Balances - Governmental Funds \$ 19,195,216

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount of capital outlay, \$4,220,763 less depreciation/amortization expense, (\$5,071,276) in the current period. (850,513)

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

Net Revenue	19,606,412	
Less: Depreciable Assets Reported Above	<u>(17,963,698)</u>	1,642,714

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	(28,893)	
Increase in Deferred Outflow of Resources - OPEB	1,359,781	
Increase in Deferred Inflows of Resources - OPEB	<u>(2,456,812)</u>	(1,125,924)

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

Increase in Pension Liability	(4,307,184)	
Increase in Deferred Outflow of Resources - Pension	2,257,631	
Increase in Deferred Inflows of Resources - Pension	<u>(3,414,892)</u>	(5,464,445)

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. (5,107,240)

Change in Net Position - Governmental Activities \$ 8,289,808

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, 2019**

	Business-type Activities Franchises	Business-type Activities FLVS Global Services	Business-type Activities FLVS Global School	Business-type Activities Total	Governmental Activities Internal Service Fund
ASSETS					
Current Assets					
Cash	\$ 6,108,594	\$ 1,635,928	\$ 1,189,964	\$ 8,934,486	\$ 4,666,354
Investments		-		-	15,473,795
Accounts Receivable, net	2,358,450	1,440,651	135,395	3,934,496	3,817,735
Noncurrent Assets					
Capital Assets:					
Depreciable (net)	-	8,343	-	8,343	17,963,698
Total Assets	8,467,044	3,084,922	1,325,359	12,877,325	41,921,582
DEFERRED OUTFLOWS OF RESOURCES					
Other Postemployment Benefits	15,032	31,223	16,190	62,445	-
Pensions	481,546	992,478	521,770	1,995,794	-
Total Deferred Outflows of Resources	496,578	1,023,701	537,960	2,058,239	-
LIABILITIES					
Current Liabilities					
Wages and Benefits Payable	18,181	282,959	74,930	376,070	236,995
Accounts Payable	137,124	98,373	5,077	240,574	2,234,171
Estimated Insurance Claims Payable	-	-	-	-	1,248,099
Unearned Revenue	-	107,853	-	107,853	-
Long-term Liabilities:					
Portion Due and Payable Within One Year:					
Liability for Compensated Absences	7,655	33,438	51,300	92,393	-
Portion Due and Payable After One Year:					
Liability for Compensated Absences	139,059	410,410	277,210	826,679	-
Liability for Other Post Employment Benefits	150,731	301,462	150,731	602,924	-
Liability for Florida Retirement Pension & Health Subsidy	1,054,256	2,713,953	1,638,677	5,406,886	-
Total Liabilities	1,507,006	3,948,448	2,197,925	7,653,379	3,719,265
DEFERRED INFLOWS OF RESOURCES					
Other Postemployment Benefits	36,950	89,043	52,093	178,086	-
Pensions	111,804	223,610	111,804	447,218	-
Total Deferred Inflows of Resources	148,754	312,653	163,897	625,304	-
NET POSITION					
Invested in Capital Assets	-	8,343	-	8,343	17,963,698
Unrestricted	7,307,862	(160,821)	(498,503)	6,648,538	20,238,619
Total Net Position	\$ 7,307,862	\$ (152,478)	\$ (498,503)	\$ 6,656,881	\$ 38,202,317

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 Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2019**

	Business-type Activities Franchises	Business-type Activities FLVS Global Services	Business-type Activities FLVS Global School	Business-type Activities Total	Governmental Activities Internal Service Fund
OPERATING REVENUES					
Charges for Sales or Services	\$ 13,103,360	\$ 9,719,034	\$ 4,458,525	\$ 27,280,919	\$ 6,255,891
Premium Revenues	-	-	-	-	25,332,980
Total Operating Revenue	13,103,360	9,719,034	4,458,525	27,280,919	31,588,871
OPERATING EXPENSES					
Salaries	761,912	2,759,603	2,069,595	5,591,110	3,073,498
Employee Benefits	359,586	953,462	685,228	1,998,276	1,888,892
Purchased Services	3,802,457	2,542,146	202,790	6,547,393	617,408
Materials and Supplies	71,667	191,155	13,473	276,295	2,140
Capital Outlay	-	85	217	302	-
Other Expenses	1,178,050	700,259	300,517	2,178,826	24,359,185
Bad Debt Expense	-	10,067	400	10,467	-
Unallocated Depreciation/Amortization Expense	-	38,025	-	38,025	2,226,965
Total Operating Expenses	6,173,672	7,194,802	3,272,220	16,640,694	32,168,088
Operating Income (Loss)	6,929,688	2,524,232	1,186,305	10,640,225	(579,217)
NONOPERATING REVENUES					
Interest	-	23,654	-	23,654	309,566
Income (Loss) Before Operating Transfers	6,929,688	2,547,886	1,186,305	10,663,879	(269,651)
Transfers In	-	-	-	-	3,650,000
Transfers Out	4,900,000	750,000	800,000	6,450,000	-
Change in Net Position	2,029,688	1,797,886	386,305	4,213,879	3,380,349
Net Position - July 1, 2018	5,278,174	(1,950,364)	(684,808)	2,443,002	34,821,968
Net Position - June 30, 2019	\$ 7,307,862	\$ (152,478)	\$ (498,503)	\$ 6,656,881	\$ 38,202,317

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, 2019**

	Business-type Activities Franchises	Business-type Activities FLVS Global Services	Business-type Activities FLVS Global School	Business-type Activities Total	Governmental Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users	\$ 14,390,127	\$ 9,358,460	\$ 3,041,859	\$ 26,790,446	\$ 28,988,677
Payments to Suppliers of Goods and Services	(9,940,560)	(4,472,388)	(1,315,942)	(15,728,890)	(20,226,907)
Payments to Employees	(954,870)	(3,592,781)	(2,563,939)	(7,111,590)	(7,853,965)
Net Cash Provided by Operating Activities	3,494,697	1,293,291	(838,022)	3,949,966	907,805
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of Capital Assets	-	-	-	-	(3,964,600)
Net Cash Used in Capital and Related Financing Activities	-	-	-	-	(3,964,600)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on Investments	-	23,654	-	23,654	309,566
Purchases of Investments	-	-	-	-	(8,284,195)
Net Cash Provided by Investing Activities	-	23,654	-	23,654	(7,974,629)
Net Change in Cash	3,494,697	1,316,945	(838,022)	3,973,620	(11,031,424)
Cash at Beginning of Year	2,613,897	318,983	2,027,986	4,960,866	15,697,778
Cash at End of Year	<u>\$ 6,108,594</u>	<u>\$ 1,635,928</u>	<u>\$ 1,189,964</u>	<u>\$ 8,934,486</u>	<u>\$ 4,666,354</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating Income	\$ 6,929,688	\$ 2,524,232	\$ 1,186,305	\$ 10,640,225	\$ (579,217)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Amortization Expense	-	38,025	-	38,025	2,226,965
Transfers In	-	-	-	-	3,650,000
Transfers Out	(4,900,000)	(750,000)	(800,000)	(6,450,000)	-
Changes in Assets and Liabilities:					
Accounts Receivable	1,286,765	432,853	135	1,719,753	(2,600,194)
Deferred Outflows of Resources - Other Postemployment Benefits	(14,164)	(28,330)	(14,164)	(56,658)	-
Deferred Outflows of Resources - Pensions	(9,508)	(27,296)	(30,397)	(67,201)	-
Accounts Payable	11,614	(278,676)	1,454	(265,608)	(1,901,989)
Salaries and Benefits Payable	2,057	(118,609)	34,175	(82,377)	44,436
Compensated Absences Payable	35,749	101,593	148,230	285,572	-
Unearned Revenue	-	(793,427)	(1,416,800)	(2,210,227)	-
Estimated Unpaid Claims for Self Insurance Program	-	-	-	-	67,804
Other Postemployment Benefits Liability	60,474	602	(59,870)	1,206	-
Net Pension Liability	30,858	69,997	51,746	152,601	-
Deferred Inflows of Resources - Other Postemployment Benefits	25,592	51,184	25,592	102,368	-
Deferred Inflows of Resources - Pensions	35,572	71,143	35,572	142,287	-
Total adjustments	(3,434,991)	(1,230,941)	(2,024,327)	(6,690,259)	1,487,022
Net Cash Provided by Operating Activities	<u>\$ 3,494,697</u>	<u>\$ 1,293,291</u>	<u>\$ (838,022)</u>	<u>\$ 3,949,966</u>	<u>\$ 907,805</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, 2019**

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 2018-19 fiscal year are shown below:

<u>Board Member</u>	<u>County</u>
Linda Pellegrini, Chair	Orange
Kip Beacham	Seminole
Robert Gidel, Sr.	Orange
Iris Gonzalez	Pinellas
Dr. Dyhana Ziegler, Interim CEO	
Dr. Robert L. Porter, CEO	

Criteria for determining if other entities are potential component units of the School which should be reported with the School's financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) Codification of Governmental Accounting and Financial 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

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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 rather than reporting funds by type. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with the governmental fund financial statements.

The School reports the following major 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.
- Enterprise Fund – to account for the activities of FLVS global and Florida franchises.

The School reports the following non-major fund:

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

Additionally, the School reports the following proprietary fund:

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

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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, 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.

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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 an allowance for doubtful accounts of \$45,242 as of June 30, 2019.

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

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

5. 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.

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

6. 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.

7. 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.

8. 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 position that applies to future periods and, as such, will not be recognized as an outflow of resources (expense/expenditure) until then.

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

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position 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.

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

9. 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.

10. 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.

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. State Revenue Sources

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

The State provides financial assistance to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for certain programs be expended

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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.

II. 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.

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

B. Investments

Investments with a fair value of \$67,736,179 at June 30, 2019, 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.

C. Receivables

The majority of \$10,083,464 reported as receivables consists of \$3,944,963 due from global services and franchises customers, \$1,463,917 due as a result of stop-loss reimbursement payments to the self-insurance fund, and \$2,206,281 from contracted virtual labs. The School recorded an allowance for doubtful accounts of \$45,242 as of June 30, 2019

D. Due from Other Agencies

The \$244,810 reported as due from other agencies is due from the Florida Department of Education for reimbursement of Federal grant expenditures.

E. Due to Other Agencies

The \$10,228,542 reported as due to other agencies consists of \$10,212,747 due to the Florida Department of Education (FLDOE) for Florida Education Finance Program (FEFP) revenue overpayment. Student full-time equivalents (FTE) related to the newly established FLVS managed K-5 full-time program was overstated by approximately 2,000 FTE. This error occurred in the 4th calculation reported to the Florida Department of Education. As a result, the FLDOE will reduce future revenue payments to FLVS in the 2019-2020 fiscal year.

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

F. Changes in Capital Assets

Changes in capital assets are presented in the table below:

	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
<u>GOVERNMENTAL ACTIVITIES</u>				
<u>Assets Not Being Depreciated:</u>				
Development in Progress - Elementary Courses	\$ 11,287,038	\$ -	\$ 11,287,038	\$ -
Furniture, Fixtures, and Equipment	7,263,771	200,722	-	7,464,493
Less: Accumulated Depreciation	5,848,121	773,853	-	6,621,974
Total Furniture, Fixtures, and Equipment	1,415,650	(573,131)	-	842,519
Internally Created Software	32,775,206	15,251,638	-	48,026,844
Less: Accumulated Amortization	29,110,151	3,328,899	-	32,439,050
Total Internally Created Software	3,665,055	11,922,739	-	15,587,794
Learning Management System	5,750,000	-	-	5,750,000
Less: Accumulated Amortization	1,150,000	575,000	-	1,725,000
Total Learning Management System	4,600,000	(575,000)	-	4,025,000
Learning Content Management System	1,518,656	55,442	-	1,574,098
Less: Accumulated Amortization	845,096	393,525	-	1,238,621
Total Learning Content Management System	673,560	(338,083)	-	335,477
Total Governmental Activities Capital Assets, net	21,641,303	10,436,525	11,287,038	20,790,790
<u>BUSINESS-TYPE ACTIVITIES:</u>				
Furniture, Fixtures, and Equipment	42,000	-	-	42,000
Less: Accumulated Depreciation	38,415	3,080	-	41,495
Total Furniture, Fixtures, and Equipment	3,585	(3,080)	-	505
Internally Created Software	2,894,506	-	-	2,894,506
Less: Accumulated Amortization	2,851,723	34,945	-	2,886,668
Total Internally Created Software	42,783	(34,945)	-	7,838
Total Business-type Activities Capital Assets, net	46,368	(38,025)	-	8,343
Total Gov't & Bus-type Activities Capital Assets, net	\$ 21,687,671	\$ 10,398,500	\$ 11,287,038	\$ 20,799,133

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

Depreciation/Amortization expense for the governmental funds was charged to functions for the year ended June 30, 2019 as follows:

<u>Function</u>	<u>Amount</u>
GOVERNMENTAL ACTIVITIES	
Instruction	\$ 4,297,424
Administrative Related Technology	712,045
Instructional Related Technology	61,808
Total Depreciation/Amortization-Governmental Activities	<u>\$ 5,071,277</u>

G. 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. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' web site www.dms.myflorida.com.

The School's FRS and HIS pension expense totaled \$15,415,618 for the fiscal year ended June 30, 2019.

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

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.
- *Elected County Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.

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

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

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

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

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

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

Contributions. The Florida Legislature establishes, and may amend, contribution rates for each membership class of the FRS. Contribution rates during the 2018-19 fiscal year were as follows:

Class or Plan	<u>Percent of Gross Salary</u>	
	Employee	Employer (A)
Florida Retirement System, Regular	3.00	8.26
Florida Retirement System, Senior Management Service	3.00	24.06
Deferred Retirement Option Program - Applicable to members from all of the above classes or plans	0.00	14.03

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 liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the School. The School's contributions for the fiscal years ended June 30, 2017, June 30, 2018, and June 30, 2019, totaled

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

\$8,795,394, \$9,792,685, and \$11,106,709 respectively, which were equal to the required contributions for each fiscal year. This includes the HIS defined benefit pension plan contributions.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to FRS Pensions. At June 30, 2019, the School reported a liability of \$69,151,503 for its proportionate share of the net pension liability. The net pension liability was determined by the plans' actuary and reported in the plans' valuations dated July 1, 2018. The School's proportion of the net pension liability was based on the School's share of contributions to the pension plan relative to the contributions of all Division of Retirement participating employers. At June 30, 2018, the School's proportion was .229582713% compared to .220371423% at June 30, 2017.

For the fiscal year ended June 30, 2019, the School recognized pension expense of \$12,150,391 related to the Plan. At June 30, 2019, 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	\$ 5,623,845	\$ 234,327	\$ (204,119)	\$ (8,505)
Changes in assumptions or other inputs	21,691,534	903,814	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	(5,129,085)	(213,712)
Changes in proportion and differences between district contributions and proportionate share of contributions	3,339,499	123,515	(608,539)	(25,356)
District contributions subsequent to the measurement date, 6/30/2018	7,301,906	304,246	-	-
Total	\$ 37,956,784	\$ 1,565,902	\$ (5,941,743)	\$ (247,573)

The deferred outflows of resources related to pensions, totaling \$7,606,152 (7,301,906 + 304,246), resulting from the School contributions subsequent to the measurement date, will be recognized as a reduction of net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

Fiscal Year Ending, June 30	Amount
2020	\$ 9,162,581
2021	6,610,254
2022	1,551,749
2023	4,758,383
2024	3,141,197
Thereafter	503,054
Totals	\$ 25,727,218

Actuarial Methods and Assumptions. The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

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

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.9%	2.9%	1.8%
Fixed Income	18.0%	4.4%	4.3%	4.0%
Global Equity	54.0%	7.6%	6.3%	17.0%
Real Estate (Property)	11.0%	6.6%	6.0%	11.3%
Private Equity	10.0%	10.7%	7.8%	26.5%
Strategic Investments	6.0%	6.0%	5.7%	8.6%
Total	100.0%			
Assumed Inflation - Mean			2.6%	1.9%

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

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

Discount Rate. The discount rate used to measure the total pension liability was 7.00 percent. The Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the School’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate. The following tables demonstrate the sensitivity of the net liability to changes to the discount rate. The sensitivity analysis shows the impact to the collective net pension liability of the participating employers if the discount rate was 1.00 percent higher or 1.00 percent lower than the current discount rate at June 30, 2018.

	FRS Net Pension Liability (Asset)		
	1% Decrease	Current	1% Increase
	6.00%	7.00%	8.00%
NPL per FRS, June 30, 2018	\$ 54,971,209,391	\$ 30,120,518,391	\$ 9,480,550,391
FLVS proportionate @measurement date, date, June 30, 2018	0.229582713%	0.229582713%	0.229582713%
FLVS proportionate share of NPL	\$ 126,204,394	\$ 69,151,503	\$ 21,765,705

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, 2019, the School reported no payables for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2019.

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended June 30, 2019, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2019, the contribution rate was

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

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 proceeding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIS Pensions. At June 30, 2019, the School reported a net pension liability of \$38,453,631 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 pension plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The School's proportionate share of the net pension liability was based on the School's 2017-18 fiscal year contributions relative to the total 2017-18 fiscal year contributions of all participating members. At June 30, 2018, the School's proportionate share was .363314651% for HIS, compared to .355025456% measured as of June 30, 2017.

For fiscal year ended June 30, 2019, the School recognized pension expense of \$3,265,228 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	\$ 567,711	\$ 20,997	\$ (62,718)	\$ (2,613)
Changes in assumptions or other inputs	4,105,458	171,061	(3,903,013)	(162,626)
Net difference between projected and actual earnings on pension plan investments	22,283	928	-	-
Changes in proportion and differences between district contributions and proportionate share of contributions	3,624,684	151,028	(825,814)	(34,409)
District contributions subsequent to measurement date, 6/30/2018	2,061,147	85,881	-	-
Total	\$ 10,381,283	\$ 429,895	\$ (4,791,545)	\$ (199,648)

The deferred outflows of resources related to pensions, totaling \$2,147,028 (2,061,147 + 85,881), 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, 2020. Other

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

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
2020	\$ 933,025
2021	931,068
2022	989,509
2023	823,634
2024	19,418
Thereafter	(23,697)
Totals	\$ 3,672,957

Actuarial Assumptions. The total pension liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	3.87 percent

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

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. Because the HIS Plan is funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 3.87 percent, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percent lower (2.87 percent) or 1 percent higher (4.87 percent) than the current rate:

	HIS Net Pension Liability (Asset)		
	1% Decrease	Current	1% Increase
	2.87%	3.87%	4.87%
NPL per HIS, June 30, 2018	\$ 12,054,683,680	\$ 10,584,112,254	\$ 9,358,305,758
FLVS proportionate @measurement date, date, June 30, 2018	0.363314651%	0.363314651%	0.363314651%
FLVS proportionate share of NPL	\$ 43,796,432	\$ 38,453,631	\$ 34,000,096

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

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

Payables to the Pension Plan. At June 30, 2019, the School reported no payables for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2019.

2. FRS - Defined Contribution Pension Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. School employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member’s accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment members accounts during the 2018-19 fiscal year were as follows:

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

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.046 percent of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended June 30,

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

2019, 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 \$3,226,132 and there were 770 School participants for the fiscal year ended June 30, 2019.

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.

H. Other Postemployment Benefit Obligations

Plan Description. The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the School. Pursuant to the provision of the Section 112.0801, Florida Statutes, former employees who retire from the School, and eligible dependents, may continue to participate in the School's health and hospitalization plan for medical and prescription coverages. The School subsidizes the premium rates paid by the retirees by allowing them to participate in the plan at the blended group premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the School on average than those of active employees. The School does not offer any explicit subsidies for retiree coverage. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. No assets are accumulated in the trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefit Terms and Employees Covered. Plan contribution requirements and benefit terms of the School and OPEB Plan members are established and may be amended through recommendation of the Insurance Committee and action from the Board. The School has not advanced funded or established a funding methodology for the annual OPEB costs or the net OPEB obligation. As of the valuation date, June 30, 2018, there were 2,176 active participants and 40 inactive participants (retirees plus surviving spouses) receiving postemployment healthcare benefits. The School provided contributions estimated at \$122,458 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 \$15,073,111 was measured as of June 30, 2018 and was determined by an actuarial valuation as of June 30, 2018. The School's total OPEB liability increased \$30,097 compared to last year's liability of \$15,043,014.

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Discount Rate	3.62%
Salary Increases	4.0% - 7.8%
General Inflation	2.50%
Mortality Rates – Healthy Female	Female: RP-2000 Generational, 100% Annuitant White Collar, Scale BB
Mortality Rates – Healthy Male	Male: RP-2000 Generational, 50% Annuitant White Collar, Scale BB
Mortality Rates – Disabled Female	Female: RP-2000, 100% Disabled female set forward 2 years, no projection scale
Mortality Rates – Disabled Male	Male: RP-2000, 100% Disabled male set back 4 years, no projection scale
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 6.75% and gradually trending to an ultimate trend rate of 4.24% plus .33% increase for excise tax
Current Retirees	All current retirees are assumed to continue coverage
Projected Retiree Healthcare Contributions	A weighted average with weights derived from the current distribution of members among plans offered:
Retiree Premium Contributions	\$614 Non-Medicare and \$614 Medicare
Spouse Premium Contributions	\$535 Non-Medicare and \$535 Medicare
Administrative Expenses	Per-capita administrative costs are based actual 2018 administrative fees
Actuarial Cost Method	Entry Age Normal cost method
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018
Valuation Date	June 30, 2018

The School selected the economic, demographic, and health care claim cost assumptions used in the June 30, 2018 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, 2017, 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, 2017 to June 30, 2018.

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

	Total OPEB Liability
Balance Recognized at 6/30/2018	\$ 15,043,014
Changes for the Fiscal Year:	
Service Cost	819,985
Interest on the Total OPEB Liability	562,543
Difference Between Expected and Actual Experience	1,680,209
Changes in Assumptions and Other Inputs	(2,910,182)
Benefit Payments	(122,458)
Net Changes	30,097
Balance at 6/30/2019	\$ 15,073,111

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the School, as well as what the School's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.62 percent) or 1 percentage point higher (4.62 percent) than the current discount rate:

	1% Decrease 2.62%	Current 3.62%	1% Increase 4.62%
Total OPEB Liability	\$ 18,359,660	\$ 15,073,111	\$ 12,441,105

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	\$ 11,960,587	\$ 15,073,111	\$ 19,332,467

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2019, the School recognized OPEB expense of \$2,323,525. At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

	Deferred Outflows	Deferred Inflows
Difference between Expected and Actual Experience	\$ 1,561,048	\$ -
Changes of Assumptions or Other Inputs	-	4,452,129
Total	\$ 1,561,048	\$ 4,452,129

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
2020	\$ (231,841)
2021	(231,841)
2022	(231,841)
2023	(231,841)
2024	(231,841)
Thereafter	(1,731,876)
Total	\$ (2,891,081)

I. Risk Management Programs

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Florida Virtual School is a member of the North East Florida Educational Consortium (NEFEC) under which several district school boards have established a combined limited self-insurance program for property protection, general liability, automobile liability, workers' compensation, and other coverage deemed necessary by the members of the Consortium. However, workers' compensation for employees who reside in states other than Florida is provided through fully insured plans that are not part of NEFEC. Arthur Gallagher Risk Management Services handles the School's multi-state workers' compensation policy for all states in which we have employees that allow such a policy. Section 1001.42(10)(k), Florida Statutes, provides the authority for the School to enter in such a risk management program. The Consortium is self-sustaining through member assessments (premiums), and purchases coverage through commercial companies for claims in excess of specified amounts. Reinsurance from commercial companies provided excess property coverage of up to \$50 million during the 2018-19 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 FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

The School provides group health, life and disability insurance to benefited employees. There are three different health plans offered. All are PPO (Preferred Organization) plans, with one plan offering a lower-premium higher-deductible option coupled with an employer-funded HRA contribution. Under these plans, the Board contributes to a portion of the premiums as part of the “fringe benefits” offered to employees. These plans offer four participant tiers to include employee-only, employee plus spouse, employee plus child(ren), and full family coverage. The three plans are administered by Blue Cross Blue Shield of Florida. The School reported an estimated unpaid claims liability of \$1,248,099.

J. Changes in Long-Term Liabilities

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

Description	Balance			Balance 6/30/2019	Due in One Year
	7/1/2018	Additions	Reductions		
Comp Abs - Governmental Activities	\$ 13,055,119	\$ 6,019,080	\$ 911,841	\$ 18,162,358	\$ 1,921,690
Comp Abs - Business-type Activities	633,498	339,281	53,707	919,072	92,393
Total Compensated Absences Payable	13,688,617	6,358,361	965,548	19,081,430	2,014,083
OPEB - Governmental Activities	14,441,294	2,485,705	2,456,812	14,470,187	-
OPEB - Business-type Activities	601,720	107,081	105,877	602,924	-
Total Other Post Employment Benefits	15,043,014	2,592,786	2,562,689	15,073,111	-
Pension - Governmental Activities	97,891,063	61,121,197	56,814,013	102,198,247	-
Pension - Business-type Activities	5,254,285	2,528,428	2,375,828	5,406,885	-
Total Net Pension Liability	103,145,348	63,649,625	59,189,841	107,605,132	-
Estimated Insurance Claims Payable	1,180,295	1,248,099	1,180,295	1,248,099	1,248,099
Total Governmental Activities - LT Liabilities	126,567,771	70,874,081	61,362,961	136,078,891	3,169,789
Total Business-Type Activities - LT Liabilities	6,489,503	2,974,790	2,535,412	6,928,881	92,393
Total Long-Term Liabilities	\$ 133,057,274	\$ 73,848,871	\$ 63,898,373	\$ 143,007,772	\$ 3,262,182

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

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

K. Schedule of State Revenue Sources

The following is a schedule of the School's State revenue for the General Fund for 2018-2019 fiscal year:

Source	2018-2019
Florida Education Finance Program	\$ 188,388,684
Other State Sources:	
Reading Program	1,563,601
Miscellaneous State	4,306,589
Total Other State Sources	5,870,190
Total State Revenue	\$ 194,258,874

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

L. 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.

M. Operating Leases

The School is obligated under a lease agreement for office facilities beginning October 1, 2013 and ending July 31, 2022. The annual lease payments increase approximately 3% beginning fiscal year 2019. The total amount of payments for fiscal year ending June 30, 2019 is \$1,235,755.

Annual remaining rent payments are shown in the table below:

Fiscal Year Ending, June 30	Payment
2020	\$ 1,248,056
2021	1,285,524
2022	1,324,338
2023	111,178
Total	\$ 3,969,096

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

N. Interfund Receivables, Payables, and Transfers

The following is a summary of interfund transfers reported in the proprietary financial statements at June 30, 2019:

<u>Funds</u>	<u>Interfund</u>	
	<u>Transfer In</u>	<u>Transfer Out</u>
GF Development Fund	\$ 2,800,000	\$ -
Internal Service Fund	3,650,000	-
Enterprise Fund		
FLVS Global Services Fund		750,000
FLVS Global School Fund		800,000
Franchises Fund		4,900,000
Total	\$ 6,450,000	\$ 6,450,000

The interfund transfers represent a transfer of profit from the FLVS global and franchise enterprise funds to the governmental funds. Of the amount transferred to the governmental funds, \$6,450,000 was obligated for the development of student courses and for various technology upgrades.

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.



FLORIDA VIRTUAL
SCHOOL

**REQUIRED SUPPLEMENTARY
INFORMATION
ANNUAL FINANCIAL REPORT 2019**

**The Florida Virtual School
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2019**

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance Positive / (Negative)
	Original	Final		
REVENUES				
Federal Through State Sources:				
Other Federal Through State Sources	\$ -	\$ -	\$ 112,127	\$ 112,127
Total Federal Through State	-	-	112,127	112,127
State Sources:				
Florida Education Finance Program	179,252,498	188,182,091	188,388,684	206,593
Reading Program	1,490,377	1,557,336	1,563,601	6,265
Other State Sources	78,267	4,353,112	4,306,589	(46,523)
Total State Sources	180,821,142	194,092,539	194,258,874	166,335
Local Sources:				
Other Local Sources	13,582,181	13,607,185	14,638,777	1,031,592
Total Local Sources	13,582,181	13,607,185	14,638,777	1,031,592
Total Revenues	194,403,323	207,699,724	209,009,778	1,310,054
EXPENDITURES				
Current:				
Instruction	139,643,176	146,672,146	136,603,888	10,068,258
Pupil Personnel Services	7,572,203	7,562,002	7,098,004	463,998
Instruction and Curriculum Development Services	207,844	207,844	178,995	28,849
Instructional Staff Training Services	2,898,751	2,931,545	2,616,410	315,135
Instruction Related Technology	10,656,105	11,568,590	9,115,212	2,453,378
School Board	2,964,629	2,808,753	2,159,642	649,111
General Administration	1,101,913	1,445,355	1,423,107	22,248
School Administration	8,665,944	8,856,872	8,579,939	276,933
Fiscal Services	2,445,226	2,431,240	2,512,054	(80,814)
Central Services	12,592,889	13,156,695	11,067,740	2,088,955
Operation of Plant	2,241,356	2,397,730	2,271,683	126,047
Administrative Technology Services	11,715,294	11,426,632	8,570,548	2,856,084
Community Services	166,795	166,795	161,176	5,619
Capital Outlay:				
Other Capital Outlay	652,366	657,800	256,164	401,636
Total Expenditures	203,524,491	212,289,999	192,614,562	19,675,437
Excess (Deficiency) of Revenues Over Expenditures	(9,121,168)	(4,590,275)	16,395,216	20,985,491
OTHER FINANCIAL SOURCES (USES)				
Transfers In	2,800,000	2,800,000	2,800,000	-
Transfers Out	-	-	-	-
Total Other Financial Sources (Uses)	2,800,000	2,800,000	2,800,000	-
Net Change in Fund Balance	(6,321,168)	(1,790,275)	19,195,216	20,985,491
Fund Balance, beginning	55,663,347	55,735,379	55,735,379	-
Fund Balance, ending	<u>\$ 49,342,179</u>	<u>\$ 53,945,104</u>	<u>\$ 74,930,595</u>	<u>\$ 20,985,491</u>

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

	2019	2018
Total OPEB Liability		
Service cost	\$ 819,985	\$ 1,022,582
Interest	562,543	485,986
Changes in benefit terms	-	-
Difference between expected and actual experience	(1,229,973)	(2,037,559)
Benefit payments	(122,458)	(97,550)
Net change in total OPEB liability	30,097	(626,541)
Total OPEB Liability, beginning	15,043,014	15,669,555
Total OPEB Liability, ending	\$ 15,073,111	\$ 15,043,014
Covered-employee payroll	\$ 117,822,135	\$ 109,364,998
Total OPEB Liability as a percentage of covered-employee payroll	12.79%	13.75%

Note: Two year 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)**

	2018		2017		2016		2015		2014
Florida Virtual School's proportion of the net pension liability (asset)	0.229582713%		0.220371423%		0.200875549%		0.201089408%		0.203303739%
Florida Virtual School's proportionate share of the net pension liability (asset)	\$ 69,151,503	\$	65,184,388	\$	50,721,234	\$	25,973,394	\$	12,404,518
Florida Virtual School's covered-employee payroll	\$ 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	58.69%		59.60%		46.38%		25.61%		13.50%
Plan fiduciary net position as a percentage of the total pension liability	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.

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

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 7,606,152	\$ 6,542,923	\$ 5,736,811	\$ 4,898,671	\$ 4,902,731
Contributions in relation to the contractually required contribution	\$ (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	\$ 117,822,135	\$ 109,364,998	\$ 109,364,998	\$ 101,434,489	\$ 91,872,334
Contributions as a percentage of covered-employee payroll	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.

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

	<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>
Florida Virtual School's proportion of the net pension liability (asset)	0.363314651%		0.355025456%		0.328567617%		0.307188119%		0.313815997%
Florida Virtual School's proportionate share of the net pension liability (asset)	\$ 38,453,631	\$	37,960,960	\$	38,293,195	\$	31,328,356	\$	29,342,561
Florida Virtual School's covered-employee payroll	\$ 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	32.64%		34.71%		35.01%		30.89%		31.94%
Plan fiduciary net position as a percentage of the total pension liability	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.

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

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 2,147,028	\$ 1,970,265	\$ 1,878,897	\$ 1,684,118	\$ 1,174,264
Contributions in relation to the contractually required contribution	\$ (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>
Florida Virtual School's covered-employee payroll	\$ 117,822,135	\$ 109,364,998	\$ 109,364,998	\$ 101,434,489	\$ 91,872,334
Contributions as a percentage of covered-employee payroll	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.

THE FLORIDA VIRTUAL SCHOOL
Required Supplementary Information
Notes to Required Supplementary Information
Year Ended June 30, 2019

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

Changes in assumptions:

- The discount rate was changed from 3.56 percent as of June 30, 2018, to 3.62 percent as of June 30, 2019.
- The healthcare trend rates were revised as of June 30, 2018, based on Getzen Model's latest trend survey and based on national average information from a variety of sources, including S&P Healthcare Economic Index, NHCE data, plan renewal data, and vendor Rx reports, with adjustments based on the provisions of the benefits sponsored by the School.
- Data was collected from The Florida Virtual School as of July 1, 2018.

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

Changes in Assumptions. As of June 30, 2018, the inflation rate assumption was 2.60 percent, the overall payroll growth rate assumption was 3.25 percent, and the long-term expected rate of return was 7.00 percent.

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

Changes in Assumptions. The municipal bond rate used to determine total pension liability was increased from 3.58 percent to 3.87 percent.



FLORIDA VIRTUAL
SCHOOL

**OTHER REPORTS
ANNUAL FINANCIAL REPORT 2019**

THE FLORIDA VIRTUAL SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2019

Federal Pass-Through Entity Federal Program	CFDA Number	Contract/ Grant Number	Contract Period	Expenditures	Amount Provided to Sub-Recipients
Federal Awards					
U.S. Department of Education					
Indirect:					
Passed through the State of Florida Department of Education					
Carl D. Perkins Career & Technical Education	84.048A	48C-1619B-9CV01	07/01/18 - 06/30/19	\$ 29,841	\$ -
Title I - Part A, Education of Disadvantaged Children & Youth	84.010A	48C-2127B-7CB01	07/01/18 - 06/30/19	830,207	-
Title II - Teacher and Principal Training and Recruiting Fund	84.367A	48C-2247B-7CT01	07/01/18 - 06/30/19	155,276	-
Title IV - Student Support & Academic Enrichment	84.424A	48C-2419A-9C001	08/30/18 - 08/30/19	46,656	-
Special Education Cluster:					
IDEA - Part B K-12	84.027A	48C-2638B-8CB01	07/01/18 - 06/30/19	820,454	-
IDEA - Part B Preschool Entitlement	84.173A	48C-2678B-8CP01	07/01/18 - 06/30/19	5,205	-
Total Special Education Cluster				825,659	
Temporary Emergency Impact Aid for Displaced Students	84.938C	NA	07/01/18 - 06/30/19	112,127	
Total Federal Awards				\$ 1,999,766	\$ -

See Accompanying Notes to Schedule

THE FLORIDA VIRTUAL SCHOOL
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

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, 2019. 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, 2019.

NOTE 3. De Minimis Cost Rate

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

THE FLORIDA VIRTUAL SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

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 Program:

CFDA Number

84.027A & 84.173A

Name of Federal Program or Cluster

Special Education Cluster

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, 2019

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

No matters are reported.

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

No matters are 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, 2019, 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 3, 2020.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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

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 determination of financial statement amounts. 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 10.800, *Rules of the Auditor General*, we reported certain matters to management of the School in a separate management letter and Independent Accountant's Report dated February 3, 2020.

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 3, 2020



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 REQUIRED BY 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

We have audited the compliance of The Florida Virtual School (the "School") with the types of compliance requirements described in the U.S. Office of Management and Budget *OMB Compliance Supplement* that could have a direct and material effect on the School's major federal program for the fiscal year ended June 30, 2019. The School's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the School's major federal program based on our audit of the types of compliance requirements referred to above. 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"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for its major federal program. However, our audit does not provide a legal determination of the School's compliance.

Opinion on Each Major Federal Program

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 its major federal program for the fiscal year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to in the first paragraph. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

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

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, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements. We issued our report thereon dated February 3, 2020 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. 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.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance (Cont.)

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 3, 2020



Certified Public Accountants

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, 2019, and have issued our report thereon dated February 3, 2020.

Auditor's Responsibility

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; 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 Required by the Uniform Guidance, and Schedule of Findings and Questioned Costs, and our Independent Accountant's Report 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 3, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)5., *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 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 Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6a. and 10.855(12), *Rules of the Auditor General*, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based, in part, on representations made by management and the review of financial information provided by the same.

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

Transparency

Sections 10.854(1)(e)7. and 10.855(13), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

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 3, 2020



INDEPENDENT ACCOUNTANT'S REPORT

Chairman and Members of
The Florida Virtual School
Orlando, Florida

We have examined The Florida Virtual School's (the "School") compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended June 30, 2019. 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 with those requirements. An examination involves performing procedures to obtain evidence about the School's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of noncompliance, 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. Our examination does not provide a legal determination on the School's compliance with specified requirements.

In our opinion, the School complied, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2019.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
February 3, 2020