



**Annual Financial Report
For Fiscal Year Ended June 30, 2025**

THE FLORIDA VIRTUAL SCHOOL
Table of Contents

Independent Auditors Report.....	1
Management’s Discussion and Analysis	4
 Basic Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Balance Sheet-Governmental Funds	16
Reconciliation of Balance Sheet-Governmental Funds to the Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds to the Statement of Activities	19
Statement of Net Position – Proprietary Funds	20
Statement of Revenues, Expenses and Changes in Fund Net Position- Proprietary Funds	21
Statement of Cash Flows – Proprietary Funds	22
Notes to the Financial Statements	23
 Required Supplemental Information	
Budgetary Comparison Schedule-General Fund	55
Budgetary Comparison Schedule – Special Revenue Fund.....	56
Schedule of Changes in the School's Total OPEB Liability & Related Ratios.....	57
Schedule of Proportionate Share of Net Pension Liability – FRS	58
Schedule of Contributions – FRS	59
Schedule of Proportionate Share of Net Pension Liability – HIS	60
Schedule of Contributions – HIS.....	61
Notes to Required Supplementary Information.....	62
 Table of Contents	

THE FLORIDA VIRTUAL SCHOOL

Table of Contents

Other Reports

Schedule of Expenditures of Federal Awards	65
Notes to the Schedule of Expenditures of Federal Awards	66
Schedule of Findings and Questioned Costs.....	67
Summary Schedule of Prior Audit Findings.....	69
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards.....	70
Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance and Report on the Schedule of Expenditures of Federal Awards Required by the Unifor Guidance.....	72
Independent Auditors Management Letter.....	75

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2025, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, pension, and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2026, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Forvis Mazars, LLP

**Orlando, Florida
March 3, 2026**

**THE FLORIDA VIRTUAL SCHOOL
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2025**

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, 2025.

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 2024-2025 fiscal year are as follows:

- In total, net position decreased \$15,296,342 during the 2024-25 fiscal year, prior to the restatement. This decrease is primarily due to the decrease in deferred outflows and increase in deferred inflows related to the pension.
- There is a Prior Period Adjustment of \$3,765,739 due to the implementation of GASB 101-compensated absences.
- The School’s total assets and deferred outflows exceed liabilities and deferred inflows by \$49,914,352 at the end of the fiscal year. Of this amount, \$23,704,837 represents investments in capital assets, \$2,043,237 represents Restricted for State Categorys and 24,166,278 represents unrestricted net position.
- Total revenues of \$412,248,725 were comprised of revenues generated from governmental activities in the amount of \$355,941,563 and \$56,307,162 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 \$163,879,177. This is an increase of \$4,270,288 in comparison with the prior year due to an increase in state funding of \$14 per student completion.
- The unassigned fund balance in the General Fund, representing the net current financial resources available for contingency, future initiatives, and research and development appropriations by the Board, totals \$137,863,102 at June 30, 2025, or 39.5 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 required 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, 2025**

Government-Wide Financial Statements

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

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

- Governmental activities – This represents most of the School's services including its educational programs. Support functions such as curriculum, technology and administration are also included. The State's education finance program provides most of the resources that support these activities.
- Business-type activities – This consists of the School's FlexPoint, FlexPoint Virtual School and the Florida Franchises, including a contract with the Department of Juvenile Justice to provide educational services for the Florida Scholars Academy. This 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

**THE FLORIDA VIRTUAL SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2025**

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 government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

- Proprietary Funds – Proprietary funds may be established to account for activities in which a fee is charged for services. Two types of proprietary funds are maintained.
 - Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The School uses the enterprise fund to account for its FlexPoint, FlexPoint Virtual School and Florida Franchises divisions.
 - Internal service funds are used to report activities that provide goods and services to support the School's other programs and functions through user charges. The School uses the internal service fund to account for its health insurance and course development activities. The School's internal service funds are combined into a single, aggregated column in the proprietary fund financial statements.

**THE FLORIDA VIRTUAL SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2025**

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, 2025, and June 30, 2024:

	Net Position, End of Year					
	Governmental Activities		Business-Type Activities		Total	
	6-30-25	6-30-24	6-30-25	6-30-24	6-30-25	6-30-24
Current Assets	\$ 221,342,461	\$ 220,205,994	\$ 85,460,432	\$ 84,359,356	\$ 306,802,893	\$ 304,565,350
Capital Assets	25,544,321	26,933,196	310,711	440,161	25,855,032	27,373,357
Total Assets	246,886,782	247,139,190	85,771,143	84,799,517	332,657,925	331,938,707
Deferred outflows of Resources	88,521,738	102,303,061	10,940,887	4,262,626	99,462,625	106,565,687
Other Liabilities	28,657,186	27,430,073	8,102,211	6,418,879	36,759,397	33,848,952
Long-Term Liabilities	277,983,316	301,017,588	31,068,625	13,539,901	309,051,941	314,557,489
Total Liabilities	306,640,502	328,447,661	39,170,836	19,958,780	345,811,338	348,406,441
Deferred inflows of Resources	32,391,425	20,276,656	4,003,435	844,864	36,394,860	21,121,520
Net Position:						
Invested in Capital Assets	23,394,126	22,656,511	310,711	440,161	23,704,837	23,096,672
Restricted for State Categoricals	2,043,237	2,190,435	-	-	2,043,237	2,190,435
Unrestricted (Deficit)	(29,060,770)	(24,129,012)	53,227,048	67,818,338	24,166,278	43,689,326
Total Net Position	\$ (3,623,407)	\$ 717,934	\$ 53,537,759	\$ 68,258,499	\$ 49,914,352	\$ 68,976,433

Governmental – Liabilities & inflows exceed assets & Outflows. Business type- Assets & Outflows exceed Liabilities & Inflows. In total – Assets & Outflows exceed Liabilities & Inflows at the end of the fiscal year. Of this amount \$23,704,837 represents Investment in Capital Assets, \$2,043,237 represents Restricted for State Categoricals, and \$24,166,278 represents Unrestricted net position.

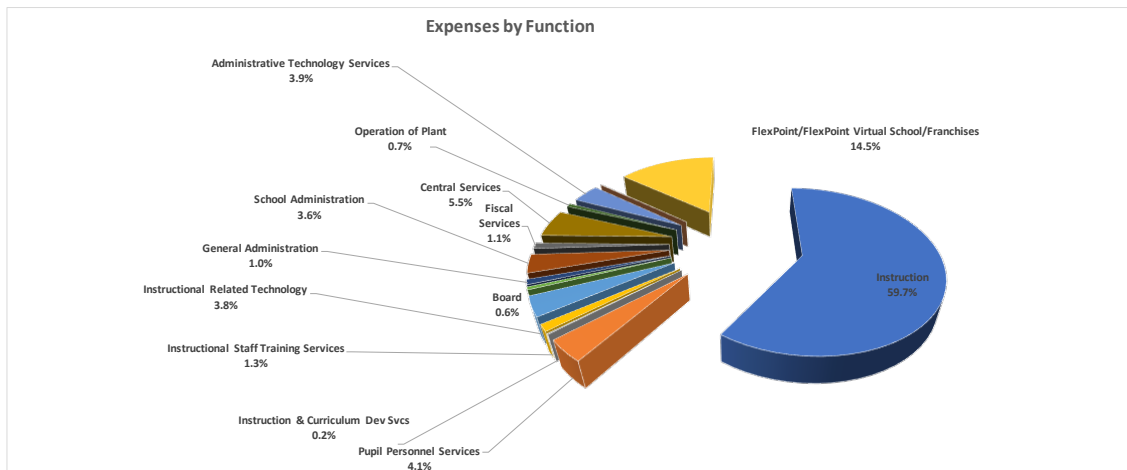
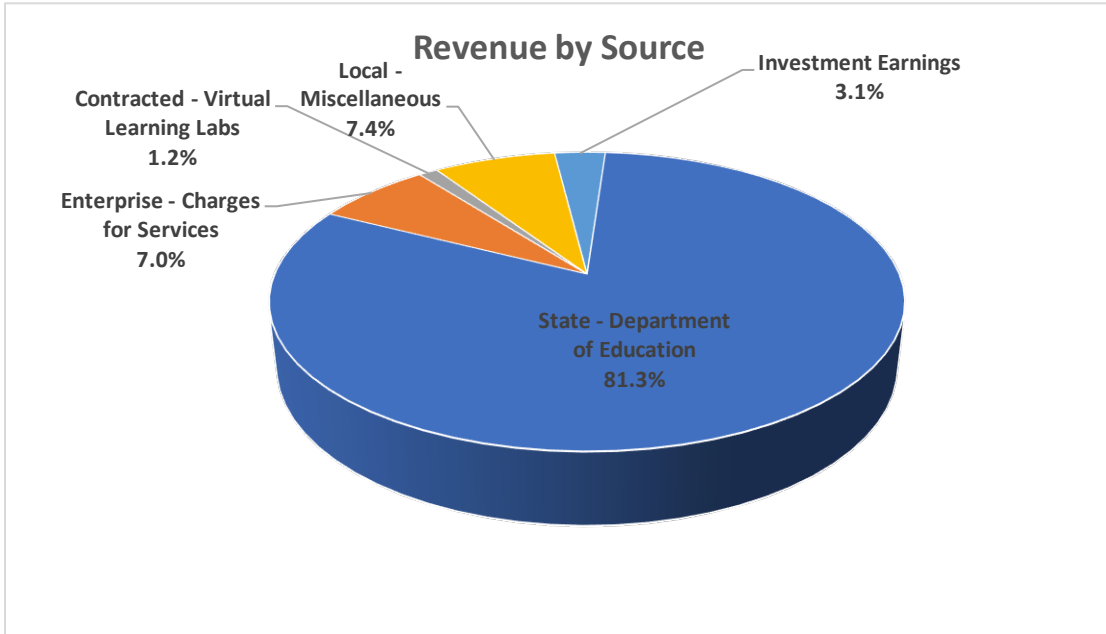
**THE FLORIDA VIRTUAL SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2025**

The following is a summary of the School's changes in net position for the fiscal years ended June 30, 2025 and June 30, 2024, as follows:

	Governmental Activities		Business-Type Activities		Total	
	6-30-25	6-30-24	6-30-25	6-30-24	6-30-25	6-30-24
Program Revenues						
Charges for Services	\$ -	\$ -	\$ 29,012,687	\$ 33,850,422	\$ 29,012,687	\$ 33,850,422
General Revenues:						
Grants and Contributions Not Restricted to Specific Programs	311,191,203	313,740,564	24,073,272	5,255,258	335,264,475	318,995,822
Virtual Learning Labs	4,752,607	7,724,716		-	4,752,607	7,724,716
Miscellaneous Local	30,459,590	24,538,071	80,000	174	30,539,590	24,538,245
Unrestricted Investment Earnings	9,538,163	10,032,649	3,141,203	3,369,817	12,679,366	13,402,466
Total Revenues	355,941,563	356,036,000	56,307,162	42,475,671	412,248,725	398,511,671
Functions/Program Expenses:						
Instruction	255,391,212	279,302,738	-	-	255,391,212	279,302,738
Pupil Personnel Services	17,357,033	18,291,611	-	-	17,357,033	18,291,611
Instruction & Curriculum Dev Svcs	709,608	1,225,862	-	-	709,608	1,225,862
Instructional Staff Training Services	5,468,892	6,948,850	-	-	5,468,892	6,948,850
Instructional Related Technology	16,070,054	19,783,007	-	-	16,070,054	19,783,007
Board	2,421,789	3,741,711	-	-	2,421,789	3,741,711
General Administration	4,159,962	4,802,381	-	-	4,159,962	4,802,381
School Administration	15,499,796	16,716,367	-	-	15,499,796	16,716,367
Fiscal Services	4,823,234	4,440,766	-	-	4,823,234	4,440,766
Central Services	23,488,161	22,149,973	-	-	23,488,161	22,149,973
Student Transportation Services	-	84	-	-	-	84
Operation of Plant	2,927,758	3,032,465	-	-	2,927,758	3,032,465
Administrative Technology Services	16,779,912	23,950,413	-	-	16,779,912	23,950,413
Community Services	161,264	187,858	-	-	161,264	187,858
Interest on Long Term Debt	130,155	198,912	-	-	130,155	198,912
FlexPoint, FlexPoint Virtual Schools & Franchises			62,156,237	32,030,225	62,156,237	32,030,225
Total Expenses	365,388,830	404,772,998	62,156,237	32,030,225	427,545,067	436,803,223
Excess (deficiency) of revenue over (under) expenses	(9,447,267)	(48,736,998)	(5,849,075)	10,445,446	(15,296,342)	(38,291,552)
Other Financial Sources (uses)						
Transfers In	8,721,035	9,793,775	-	-	8,721,035	9,793,775
Transfers Out	-	-	(8,721,035)	(9,793,775)	(8,721,035)	(9,793,775)
Total Other Financial Sources (uses)	8,721,035	9,793,775	(8,721,035)	(9,793,775)	-	-
Change in Net Position	(726,232)	(38,943,223)	(14,570,110)	651,671	(15,296,342)	(38,291,552)
Beginning Net Position, as previously reported	717,934	39,661,157	68,258,499	67,606,828	68,976,433	107,267,985
Prior Period Adjustments						
GASB 101 - Compensated Absences	(3,615,109)	-	(150,630)	-	(3,765,739)	-
Beginning Net Position, as restated	(2,897,175)	-	68,107,869	67,606,828	65,210,694	67,606,828
Net Position, ending	\$ (3,623,407)	\$ 717,934	\$ 53,537,759	\$ 68,258,499	\$ 49,914,352	\$ 68,976,433

**THE FLORIDA VIRTUAL SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2025**

The largest revenue source is the State of Florida (81 percent). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. Included in the FEFP funds is revenue the School receives for both part-time and full-time programs. The FEFP formula utilizes student enrollment data and is designed to maintain equity in funding across all Florida school districts. The Florida Virtual School is a unique member of the FEFP in that revenues are only earned for students that successfully complete a course.



**THE FLORIDA VIRTUAL SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2025**

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

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

General Fund

The General Fund is the chief operating fund of the School. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$137,863,102, which represents a decrease of \$393,594 or .3 percent from the previous year. The total unassigned fund balance represents 39.5 percent of total General Fund revenues. It is necessary for the School to maintain a fund balance which is higher than what is normally expected of many other Governmental agencies in order to (1) have funds available to periodically improve its products and services through capital investment, since the School is not authorized to borrow funds; (2) have adequate reserves available to cover the effects of potential State funding cuts, potential unanticipated enrollment or course completion reductions (Florida Virtual School is a choice school funded through successful student course completions), and unanticipated effects of the Florida 1.0 FTE sharing formula (funding per student varies based upon the proportionate share of courses taken with the School compared to other public schools in the State).

Special Revenue Funds

The Special Revenue Funds are used to account for certain Federal program resources, such as grants, which are typically funded on a cost-reimbursement basis. During the fiscal year the funds had total revenues of \$4,568,257 and total expenditures of \$4,558,253. There were transfers in of \$1,378. The receivables balance of \$269,903 at June 30, 2025, represents amounts due from other agencies for outstanding reimbursements due for expenditures incurred during the fiscal year.

Proprietary Funds

The Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The School uses the enterprise funds to account for its FlexPoint, FlexPoint Virtual School and Florida Franchises divisions. The fund had total revenues of \$56,307,162, total expenditures and transfers-out of \$70,877,270. The School recorded a net position of \$53,537,759 at June 30, 2025. The receivable balance of \$11,704,262 at June 30, 2025, represents amounts due from FlexPoint, FlexPoint Virtual and Florida Franchise customers.

**THE FLORIDA VIRTUAL SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2025**

GENERAL FUND BUDGETARY HIGHLIGHTS

Original Budget Compared to Final Budget

During the 2024-2025 fiscal year, the School amended its General Fund budget several times to account for budget increases/decreases in revenue, primarily due to changes in student completion forecasts and State funding adjustments.

The actual General Fund revenues were lower than the adjusted budgeted revenues by \$235,641 due to miscellaneous grants budgeted but not received. The actual General Fund expenditures were less than the adjusted budgeted appropriations by \$40,495,548 due to several unfilled job opportunities as well as various other budgetary accounts that were not fully expended. Included in the unexpended fund balance are outstanding purchasing commitments of \$2,115,463, restricted categorical programs of \$2,043,237, assigned for research and development of \$14,134,428, and re-budgeted programs of \$7,625,711.

CAPITAL ASSET & LONG-TERM DEBT ADMINISTRATION

Capital Assets

The School's capital assets as of June 30, 2025, amounts to \$25,855,032 (net of accumulated depreciation). The School's capital assets includes furniture, fixtures and equipment; computer software and courses; and a learning management system. The total decrease in the School's investment in capital assets (net of accumulated depreciation) for the current fiscal year was \$1,518,325.

Long-Term Debt

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

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

OTHER SIGNIFICANT MATTERS

In developing the 2024-2025 fiscal year budget, the School considered many factors, including the following:

- The adjustment of the completion and revenue forecasts for the School and the impact of legislation, including the online course requirement.
- Federal and State funding sources provided through the American Rescue Plan (ARP) and Elementary and Secondary School Relief (ESSER) programs concluding in fiscal year 2025.
- A continued agreement with the Department of Juvenile Justice through June 30, 2026, to be the educational provider for the Florida Scholars Academy.

**THE FLORIDA VIRTUAL SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2025**

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the School's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Corey Wheeler (cowheeler@flvs.net), Senior Director, Financial and Treasury Services, The Florida Virtual School, 5422 Carrier Drive, Suite 201, Orlando, Florida, 32819.



**BASIC FINANCIAL STATEMENTS
ANNUAL FINANCIAL REPORT
2025**

**The Florida Virtual School
Statement of Net Position
June 30, 2025**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash	\$ 35,757,610	\$ 15,950,587	\$ 51,708,197
Investments	175,173,258	57,805,583	232,978,841
Accounts Receivable, net	6,105,142	11,704,262	17,809,404
Due from Other Funds	3,896,879	-	3,896,879
Due from Other Agencies	386,711	-	386,711
Prepaid Expenses	22,861	-	22,861
Capital Assets:			
Depreciable, net	25,544,321	310,711	25,855,032
Total Assets	<u>246,886,782</u>	<u>85,771,143</u>	<u>332,657,925</u>
DEFERRED OUTFLOWS OF RESOURCES			
Other Postemployment Benefits	9,133,873	1,128,906	10,262,779
Pensions	79,387,865	9,811,981	89,199,846
Total Deferred Outflows of Resources	<u>88,521,738</u>	<u>10,940,887</u>	<u>99,462,625</u>
LIABILITIES			
Wages and Benefits Payable	18,233,325	2,691,537	20,924,862
Accounts Payable	8,005,830	1,075,974	9,081,804
Estimated Insurance Claims Payable	2,359,186	-	2,359,186
Due to Other Agencies	44,823	-	44,823
Due to Other Funds	-	3,896,879	3,896,879
Unearned Revenue	14,022	437,821	451,843
Long-Term Liabilities:			
Portion Due and Payable Within One Year:			
Liability for Compensated Absences	4,452,356	243,873	4,696,229
Liability for Right To Use Asset	719,342	-	719,342
Liability for Florida Retirement Pension & Health Subsidy	248,347	30,694	279,041
Portion Due and Payable After One Year:			
Liability for Compensated Absences	44,161,661	2,741,491	46,903,152
Liability for Other Post Employment Benefits	26,395,635	3,262,383	29,658,018
Liability for Right To Use Asset	1,430,853	-	1,430,853
Liability for Florida Pension & Health Subsidy	200,575,122	24,790,184	225,365,306
Total Liabilities	<u>306,640,502</u>	<u>39,170,836</u>	<u>345,811,338</u>
DEFERRED INFLOWS OF RESOURCES			
Other Postemployment Benefits	8,630,172	1,066,651	9,696,823
Pensions	23,761,253	2,936,784	26,698,037
Total Deferred Inflows of Resources	<u>32,391,425</u>	<u>4,003,435</u>	<u>36,394,860</u>
NET POSITION			
Investment in Capital Assets	23,394,126	310,711	23,704,837
Restricted for State Categoricals	2,043,237	-	2,043,237
Unrestricted	(29,060,770)	53,227,048	24,166,278
Total Net Position	<u>\$ (3,623,407)</u>	<u>\$ 53,537,759</u>	<u>\$ 49,914,352</u>

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

**The Florida Virtual School
Statement of Activities
For the Fiscal Year Ended June 30, 2025**

FUNCTIONS/ PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating	Capital	Primary Government		
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction	\$ 255,391,212	\$ -	\$ -	\$ -	\$ (255,391,212)	\$ -	\$ (255,391,212)
Pupil Personnel Services	17,357,033	-	-	-	(17,357,033)	-	(17,357,033)
Instruction and Curriculum Development Services	709,608	-	-	-	(709,608)	-	(709,608)
Instructional Staff Training Services	5,468,892	-	-	-	(5,468,892)	-	(5,468,892)
Instructional Related Technology	16,070,054	-	-	-	(16,070,054)	-	(16,070,054)
Board	2,421,789	-	-	-	(2,421,789)	-	(2,421,789)
General Administration	4,159,962	-	-	-	(4,159,962)	-	(4,159,962)
School Administration	15,499,796	-	-	-	(15,499,796)	-	(15,499,796)
Fiscal Services	4,823,234	-	-	-	(4,823,234)	-	(4,823,234)
Central Services	23,488,161	-	-	-	(23,488,161)	-	(23,488,161)
Operation of Plant	2,927,758	-	-	-	(2,927,758)	-	(2,927,758)
Administrative Technology Services	16,779,912	-	-	-	(16,779,912)	-	(16,779,912)
Community Service	161,264	-	-	-	(161,264)	-	(161,264)
Interest on Long- term Debt (Leases)	130,155	-	-	-	(130,155)	-	(130,155)
Total Governmental Activities	365,388,830	-	-	-	(365,388,830)	-	(365,388,830)
Business-type Activities:							
FlexPoint, FlexPoint Virtual School & Franchises	62,156,237	29,012,687	-	-	-	(33,143,550)	(33,143,550)
Total Primary Government	\$ 427,545,067	\$ 29,012,687	\$ -	\$ -	(365,388,830)	(33,143,550)	(398,532,380)
General Revenues:							
Grants and Contributions not Restricted to Specific Programs					311,191,203	24,073,272	335,264,475
Virtual Learning Labs					4,752,607		4,752,607
Miscellaneous Local					30,459,590	80,000	30,539,590
Unrestricted Investment Earnings					9,538,163	3,141,203	12,679,366
Transfers In (Out)					8,721,035	(8,721,035)	-
Total General Revenues and Transfers					364,662,598	18,573,440	383,236,038
Change in Net Position					(726,232)	(14,570,110)	(15,296,342)
Beginning Net Position, as previously reported					717,934	68,258,499	68,976,433
Adjustment to Net Position-GASB 101					(3,615,109)	(150,630)	(3,765,739)
Net Position - Beginning Restated					(2,897,175)	68,107,869	65,210,694
Net Position, Ending					\$ (3,623,407)	\$ 53,537,759	\$ 49,914,352

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, 2025**

	General Fund	Special Revenue Funds	Total Governmental Funds
ASSETS			
Cash	\$ 27,511,186	\$ 97,457	\$ 27,608,643
Investments	148,783,055	-	148,783,055
Accounts Receivable, net	1,649,304	400	1,649,704
Due from Other Funds	6,302,352	-	6,302,352
Prepaid Expense	22,861	-	22,861
Due from Other Agencies	116,808	269,903	386,711
Total Assets	\$ 184,385,566	\$ 367,760	\$ 184,753,326
LIABILITIES AND FUND BALANCE			
Salaries, Benefits, and Payroll Taxes Payable	\$ 17,026,399	\$ 152,762	\$ 17,179,161
Accounts Payable	3,539,356	221	3,539,577
Due to Other Funds	-	96,565	96,565
Due to Other Agencies	23,848	20,976	44,824
Unapplied Payments	14,022	-	14,022
Total Liabilities	20,603,625	270,524	20,874,149
Fund Balances:			
Restricted for State Categoricals	2,043,237	-	2,043,237
Assigned for Encumbrances	2,115,463	-	2,115,463
Assigned for Re-budget	7,625,711	97,236	7,722,947
Assigned for Research & Development	14,134,428	-	14,134,428
Unassigned	137,863,102	-	137,863,102
Total Fund Balance	163,781,941	97,236	163,879,177
Total Liabilities and Fund Balance	\$ 184,385,566	\$ 367,760	\$ 184,753,326

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

**The Florida Virtual School
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2025**

Total Fund Balances - Governmental Funds	\$	163,879,177
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		25,544,321
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	61,674,762	
Less: Total Liabilities - Internal Service Fund	(10,188,509)	
Less: Depreciable Assets Reported Above	<u>(22,680,155)</u>	28,806,098
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	(200,823,469)	
Other Postemployment Benefits Payable	(26,395,635)	
Compensated Absences Payable	(48,614,017)	
Lease Liability-Right to Use Asset	<u>(2,150,195)</u>	(277,983,316)
The deferred outflows of resources and deferred inflows of resources related to other postemployment benefits are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred Outflows of Resources related to OPEB	9,133,873	
Deferred Inflows of Resources related to OPEB	<u>(8,630,172)</u>	503,701
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	79,387,865	
Deferred Inflows of Resources related to Pensions	<u>(23,761,253)</u>	55,626,612
Net Position - Governmental Activities	\$	<u><u>(3,623,407)</u></u>

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

The Florida Virtual School
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2025

	General Fund	Special Revenue Funds	Total Governmental Funds
REVENUES			
Federal Through State Sources:			
Other Federal Through State Sources	\$ 11,576	\$ 4,484,505	\$ 4,496,081
Total Federal Through State	11,576	4,484,505	4,496,081
State Sources:			
Florida Education Finance Program	309,075,737	-	309,075,737
Other State Sources	2,370,008	1,984	2,371,992
Total State Sources	311,445,745	1,984	311,447,729
Local Sources:			
Other Local Sources	38,398,915	81,768	38,480,683
Total Local Sources	38,398,915	81,768	38,480,683
Total Revenues	349,856,236	4,568,257	354,424,493
EXPENDITURES			
Current:			
Instruction	245,538,068	2,241,878	247,779,946
Pupil Personnel Services	15,713,788	1,217,022	16,930,810
Instruction and Curriculum Development Services	436,412	291,627	728,039
Instructional Staff Training Services	5,112,975	393,940	5,506,915
Instruction Related Technology	14,685,083	-	14,685,083
School Board	2,377,216	-	2,377,216
General Administration	4,022,250	72,790	4,095,040
School Administration	14,828,162	254,067	15,082,229
Fiscal Services	4,730,559	-	4,730,559
Central Services	22,918,537	13,181	22,931,718
Operation of Plant	1,202,583	-	1,202,583
Administrative Technology Services	16,285,520	-	16,285,520
Community Services	81,857	73,748	155,605
Debt Service:			
Principal	2,126,490	-	2,126,490
Interest	130,155	-	130,155
Capital Outlay:			
Other Capital Outlay	849,678	-	849,678
Total Expenditures	351,039,333	4,558,253	355,597,586
Excess (deficit) of Revenues Over Expenditures	(1,183,097)	10,004	(1,173,093)
OTHER FINANCIAL SOURCES (USES)			
Transfers In	5,443,381	1,378	5,444,759
Transfers Out	(1,378)	-	(1,378)
Total Other Financial Sources (Uses)	5,442,003	1,378	5,443,381
Net Change in Fund Balance	4,258,906	11,382	4,270,288
FUND BALANCES			
Fund Balance, July 1, 2024	159,523,035	85,854	159,608,889
Fund Balance, June 30, 2025	\$ 163,781,941	\$ 97,236	\$ 163,879,177

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

**The Florida Virtual School
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2025**

Net Change in Fund Balances - Governmental Funds	\$	4,270,288
 Amounts reported for <i>governmental activities</i> in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount of capital outlay, \$849,678 less depreciation/amortization expense, (\$3,410,598) in the current period.		(2,560,920)
Repayment of debt principal is reflected as an expenditure in the governmental funds, however in the Statement of Net Position it is reflected as a reduction of liabilities and does not affect the statement of Activities.		
Repayment of Debt Principal for Leases and SBITAs		2,126,490
Internal service funds are used by management to charge the cost of certain activities, such as insurance and course development, to individual funds. The net revenue and transfers in of certain activities of internal service funds are report with governmental activities.		
Net Revenue		(3,188,889)
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	(40,099)	
Increase in Deferred Outflow of Resources - OPEB	(391,382)	
Increase in Deferred Inflows of Resources - OPEB	144,406	(287,075)
Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as an expense		
Decrease in Pension Liability	28,792,803	
Decrease in Deferred Outflow of Resources - Pension	(13,389,941)	
Increase in Deferred Inflows of Resources - Pension	(12,259,175)	3,143,687
In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences earned in excess of the amount paid in the current period.		(4,229,813)
Change in Net Position - Governmental Activities	\$	(726,232)

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, 2025**

	Business-type Activities FlexPoint	Business-type Activities FlexPoint Virtual School	Business-type Activities Franchises	Business-type Activities Total	Governmental Activities Internal Service Fund
ASSETS					
Current Assets					
Cash	\$ 3,761,725	\$ 2,182,062	\$ 10,006,800	\$ 15,950,587	\$ 8,148,966
Investments	43,805,583	4,000,000	10,000,000	57,805,583	26,390,203
Accounts Receivable, net	3,850,984	114,718	7,738,560	11,704,262	4,455,438
Noncurrent Assets					
Capital Assets:					
Depreciable (net)	12,824	702	297,185	310,711	22,680,155
Total Assets	<u>51,431,116</u>	<u>6,297,482</u>	<u>28,042,545</u>	<u>85,771,143</u>	<u>61,674,762</u>
DEFERRED OUTFLOWS OF RESOURCES					
Other Postemployment Benefits	205,256	102,628	821,022	1,128,906	-
Pensions	1,783,996	891,998	7,135,987	9,811,981	-
Total Deferred Outflows of Resources	<u>1,989,252</u>	<u>994,626</u>	<u>7,957,009</u>	<u>10,940,887</u>	<u>-</u>
LIABILITIES					
Current Liabilities:					
Current Liabilities					
Salaries and Benefits Payable	1,166,255	197,788	1,327,494	2,691,537	1,054,162
Accounts Payable	457,169	1,383	617,422	1,075,974	4,466,253
Due to Other Funds	-	-	3,896,879	3,896,879	2,308,908
Estimated Insurance Claims Payable	-	-	-	-	2,359,186
Unearned Revenue	437,821	-	-	437,821	-
Long-term Liabilities:					
Portion Due and Payable Within One Year:					
Liability for Compensated Absences	65,241	37,298	141,334	243,873	-
Liability for Florida Retirement Pension & Health Subsidy	5,581	2,790	22,323	30,694	-
Portion Due and Payable After One Year:					
Liability for Compensated Absences	854,975	276,004	1,610,512	2,741,491	-
Liability for Other Post Employment Benefits	593,161	296,580	2,372,642	3,262,383	-
Liability for Florida Retirement Pension & Health Subsidy	4,507,306	2,253,653	18,029,224	24,790,183	-
Total Liabilities	<u>8,087,509</u>	<u>3,065,496</u>	<u>28,017,830</u>	<u>39,170,835</u>	<u>10,188,509</u>
DEFERRED INFLOWS OF RESOURCES					
Other Postemployment Benefits	193,936	96,968	775,746	1,066,650	-
Pensions	533,961	266,980	2,135,843	2,936,784	-
Total Deferred Inflows of Resources	<u>727,897</u>	<u>363,948</u>	<u>2,911,589</u>	<u>4,003,434</u>	<u>-</u>
NET POSITION					
Invested in Capital Assets	12,824	702	297,185	310,711	22,680,155
Unrestricted	44,592,138	3,861,962	4,772,950	53,227,050	28,806,098
Total Net Position	\$ 44,604,962	\$ 3,862,664	\$ 5,070,135	\$ 53,537,761	\$ 51,486,253

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

**The Florida Virtual School
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2025**

	Business-type Activities FlexPoint	Business-type Activities FlexPoint Virtual School	Business-type Activities Franchises	Business-type Activities Total	Governmental Activities Internal Service Fund
OPERATING REVENUES					
Charges for Sales or Services	\$ 14,325,049	\$ 2,644,293	\$ 36,116,617	\$ 53,085,959	\$ 13,305,858
Premium Revenues				-	55,644,124
Miscellaneous Revenues	80,000	-	-	80,000	6,080,726
Total Operating Revenue	<u>14,405,049</u>	<u>2,644,293</u>	<u>36,116,617</u>	<u>53,165,959</u>	<u>75,030,708</u>
OPERATING EXPENSES					
Salaries	4,875,866	1,582,691	27,871,710	34,330,267	6,775,479
Employee Benefits	2,163,448	883,685	6,431,998	9,479,131	5,185,165
Purchased Services	4,825,256	142,060	6,186,690	11,154,006	1,230,923
Materials and Supplies	31,407	1,933	333,581	366,921	57,274
Other Expenses	2,233,045	456,162	3,973,035	6,662,242	64,606,475
Unallocated Depreciation/Amortization Expense	13,774	526	149,368	163,668	5,159,007
Total Operating Expenses	<u>14,142,796</u>	<u>3,067,057</u>	<u>44,946,382</u>	<u>62,156,235</u>	<u>83,014,323</u>
Operating Income (Loss)	<u>262,253</u>	<u>(422,764)</u>	<u>(8,829,765)</u>	<u>(8,990,276)</u>	<u>(7,983,615)</u>
NONOPERATING REVENUES					
Interest	2,486,899	186,944	467,360	3,141,203	1,517,072
Income (Loss) Before Operating Transfers	2,749,152	(235,820)	(8,362,405)	(5,849,073)	(6,466,543)
Transfers In	-	-	-	-	3,277,654
Transfers Out	(2,904,886)	(396,644)	(5,419,505)	(8,721,035)	-
Change in Net Position	(155,734)	(632,464)	(13,781,910)	(14,570,108)	(3,188,889)
Beginning Net Position	44,786,724	4,503,026	18,968,749	68,258,499	54,675,142
Prior period adjustment (note II.A.)					
GASB 101 - Compensated Absences	(26,028)	(7,898)	(116,704)	(150,630)	-
Beginning Net Position, as restated	<u>44,760,696</u>	<u>4,495,128</u>	<u>18,852,045</u>	<u>68,107,869</u>	<u>54,675,142</u>
Net Position - June 30, 2025	<u>\$ 44,604,962</u>	<u>\$ 3,862,664</u>	<u>\$ 5,070,135</u>	<u>\$ 53,537,761</u>	<u>\$ 51,486,253</u>

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, 2025**

	Business-type Activities FlexPoint	Business-type Activities FlexPoint Virtual School	Business-type Activities Franchises	Business-type Activities Total	Governmental Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users	\$ 13,669,791	\$ 2,622,984	\$ 32,445,977	\$ 48,738,752	\$ 76,637,566
Payments to Suppliers of Goods and Services	(7,019,887)	(599,668)	(12,279,918)	(19,899,473)	(65,718,307)
Payments to Employees	(6,912,793)	(2,903,186)	(18,932,995)	(28,748,974)	(11,708,681)
Net Cash Provided (Used) by Operating Activities	(262,889)	(879,870)	1,233,064	90,305	(789,422)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Receipts from Other Funds	-	-	2,561,418	2,561,418	5,586,562
Payments to Other Funds	(2,904,886)	(396,644)	(5,419,505)	(8,721,035)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(2,904,886)	(396,644)	(2,858,087)	(6,159,617)	5,586,562
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of Capital Assets	-	-	(34,218)	(34,218)	(6,331,052)
Net Cash Used in Capital and Related Financing Activities	-	-	(34,218)	(34,218)	(6,331,052)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on Investments	2,486,899	186,944	467,360	3,141,203	1,517,071
Purchases of Investments	(1,591,690)	-	-	(1,591,690)	(536,293)
Net Cash Provided (used) by Investing Activities	895,209	186,944	467,360	1,549,513	980,778
Net Change in Cash	(2,272,566)	(1,089,570)	(1,191,881)	(4,554,017)	(553,134)
Cash at Beginning of Year	6,034,291	3,271,632	11,198,681	20,504,604	8,702,100
Cash at End of Year	<u>\$ 3,761,725</u>	<u>\$ 2,182,062</u>	<u>\$ 10,006,800</u>	<u>\$ 15,950,587</u>	<u>\$ 8,148,966</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating Income	\$ 262,253	\$ (422,764)	\$ (8,829,765)	\$ (8,990,276)	\$ (7,983,615)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Amortization Expense	13,774	526	149,368	163,668	5,159,007
Changes in Assets and Liabilities:					
Accounts Receivable	(373,954)	(21,309)	(3,668,140)	(4,063,403)	1,606,858
Deferred Outflows of Resources - Other Postemployment Benefits	(6,811)	(3,408)	(721,802)	(732,021)	-
Deferred Outflows of Resources - Pensions	148,875	74,437	(6,169,552)	(5,946,240)	-
Accounts Payable	69,821	487	(1,786,612)	(1,716,304)	176,365
Salaries and Benefits Payable	254,738	17,883	929,401	1,202,022	15,941
Compensated Absences Payable	250,343	(1,671)	878,570	1,127,242	-
Unearned Revenue	(361,304)	-	(2,500)	(363,804)	-
Estimated Unpaid Claims for Self Insurance Program	-	-	-	-	236,022
Other Postemployment Benefits Liability	44,087	22,043	2,098,105	2,164,235	-
Net Pension Liability	(870,176)	(691,254)	15,648,046	14,086,616	-
Deferred Inflows of Resources - Other Postemployment Benefits	11,131	(2,006)	691,916	701,041	-
Deferred Inflows of Resources - Pensions	294,334	147,166	2,016,029	2,457,529	-
Total adjustments	(525,142)	(457,106)	10,062,829	9,080,581	7,194,193
Net Cash Provided (Used) by Operating Activities	<u>\$ (262,889)</u>	<u>\$ (879,870)</u>	<u>\$ 1,233,064</u>	<u>\$ 90,305</u>	<u>\$ (789,422)</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, 2025**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely on fees charged to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

B. Reporting Entity

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

The School is governed by a board of trustees consisting of seven members appointed by the Governor. Members have experience working in a variety of fields such as education, business, and government. The Board of Trustees is required to meet a minimum of four times each year. The board members and the President who served during the 2024-2025 fiscal year are shown below:

Board Members

Ms. Linda Reiter, Chair
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Dr. John Watret
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Dr. Louis Algaze, President & CEO

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

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

C. Basis of Presentation

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

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

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

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

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

The School reports the following major funds:

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

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025**

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

Additionally, the School reports the following proprietary fund:

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

D. Basis of Accounting

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

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

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

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

1. Cash and Cash Equivalents

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

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

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

2. Investments

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

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

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

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

3. Allowance for Doubtful Accounts

Accounts receivable are presented on the balance sheet net of estimated uncollectible amounts. The School records an allowance for estimated uncollectible accounts in an amount approximating anticipated losses. Individual uncollectible accounts are written off against the allowance when collection of the individual accounts appears doubtful. The School recorded \$1,345,260 in losses for doubtful accounts as of June 30, 2025.

4. Capital Assets

Expenditures for capital assets acquired or constructed for general School purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the School as those with a useful life greater than a year and costing more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

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

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025**

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

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

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

5. Leases

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

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

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

6. Pensions

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

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

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

7. Compensated Absences

A compensated absence is leave (e.g., employee vacation leave and sick leave) for which employees may receive one or more (a) cash payments when the leave is used for time off; (b) other cash payments, such as payment for unused leave upon termination of employment; or (c) noncash settlements, such as conversion to defined benefit postemployment benefits. In the government-wide financial statements, compensated absences are estimated and accrued as liabilities to the extent that it is more likely than not that the leave will be used for time off or otherwise paid in cash or settled through noncash means. 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.

8. Long-Term Liabilities

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

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

9. Deferred Outflows/Inflows of Resources

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

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

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

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

10. Net Position

The government-wide and the business-type activities fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted. Net investment in capital assets groups all capital assets into one component of net position, net of accumulated depreciation and any debt related to acquiring capital assets. 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.

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

11. Fund Balance Policy

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The School itself can establish limitations through either a commitment (committed fund balance) or an assignment (assigned fund balance).

- Committed – Committed fund balances can only be used for specific purposes determined by a formal action of the School's highest level of decision making authority. The School reported no committed fund balances at June 30.
- Restricted – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.
- Assigned - Amounts in the assigned fund balance classification are intended to be used by the School for specific purposes but do not meet the criteria to be classified as restricted. The School and the Board also have not established a policy to assign fund balance. However, certain actions taken by the School, as subsequently described, assign fund balance in accordance with GASB Statement No. 54. Upon the recommendation of the CEO, the board will impose constraints on any funds placed in the assigned classification. Included in the assigned fund balance in the General Fund is an amount for purchase order obligations outstanding that have not been already included as restricted fund balance. In addition, an amount is included in assigned fund balance for certain program budget carried over from year-to-year outside those required by State Statute as well as an amount assigned to be used for research and development.
- Unassigned - The residual fund balance remaining is reported as unassigned fund balance and is the excess of non-spendable, restricted, committed, and assigned fund balance.

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

- Nonspendable Fund Balance- The net current financial resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Generally, not in spendable form means that an item is not expected to be converted to cash.

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

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. State Revenue Sources

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

The State provides financial assistance to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for certain programs be expended only for the program for which the money is provided and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025**

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. Included in this note is Department of Juvenile Justice (DJJ), which is a reimbursable contract.

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. 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. ACCOUNTING CHANGES AND ERROR CORRECTIONS

Change in Accounting Principle

The District implemented GASB Statement No. 101, Compensated Absences, which updates the recognition and measurement guidance for compensated absences and requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. At implementation on July 1, 2024, the beginning balance of the compensated absences liability was increased by \$3,765,739 which resulted in a decrease to the beginning net position by the same amount as shown in the table below.

	Governmental Activities	Business-Type Activities	Total
Beginning net position, as previously reported	\$ 717,934	\$ 68,258,499	\$ 68,976,433
Prior period Adjustment			
GASB 101 - Compensated Absences	(3,615,109)	(150,630)	(3,765,739)
Beginning net position, as restated	\$ (2,897,175)	\$ 68,107,869	\$ 65,210,694

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025**

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash Deposits with Financial Institutions

Custodial Credit Risk

In the case of deposits, this is the risk that in the event of the failure of a depository financial institution, the School will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The School does not have a policy for custodial credit risk. All bank balances of the School are fully insured or collateralized as required by Chapter 280, Florida Statutes.

B. Investments

The School's investments at June 30, 2025, are reported as follows:

<u>Investments</u>	<u>Maturities</u>	
* SBA/Florida Prime	47 Day Average	\$ 158,978,841
** JP Morgan Prime Money Market	42 Day Average	<u>74,000,000</u>
Total Investments		<u>\$ 232,978,841</u>

* SBA is recorded at amortized Cost

** JP Morgan Prime Money Market is reported at NAV

Fair Value Measurement

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

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025**

Interest Rate Risk

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

Florida PRIME and JP Morgan Prime Money Market Fund use a weight average days to maturity (WAM). A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes.

For Florida PRIME, with regard to redemption gates, Section 218.409(8)(a), Florida Statutes, states, "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the board (State Board of Administration) can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days." As of June 30, 2025, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Section 218.415(17), Florida Statutes, limits investments to the Local Government Surplus Funds Trust Fund (Florida PRIME), or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Section 163.01, Florida Statutes; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits or savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; and direct obligations of the United States Treasury. The School's investment policy limits investments to the Local Government Surplus Funds Trust Fund, United States Treasury securities, obligations of United States Government agencies and instrumentalities, interest bearing time deposit or savings accounts, repurchase agreements, commercial paper, bankers' acceptances, State and/or local government taxable and/or tax-exempt debt, registered investment companies, and intergovernmental investment pools.

THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

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

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

Custodial Credit Risk

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

Concentration of Credit Risk

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

Foreign Currency Risk

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

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025**

C. Receivables

The \$17,809,404 reported as receivables consists of \$11,704,262 due in the enterprise funds, primarily from FlexPoint, FlexPoint Virtual School and Florida Franchises customers including the Department of Juvenile Justice, \$1,649,704 course fees due in the General Fund primarily from scholarship agencies and students and \$4,455,438 due in the internal service fund from employee premium payments to the self-insurance fund as well as the June dividend receivable.

D. Due From Other Agencies

The \$386,711 reported as due from other agencies consist of amounts due from the Florida Department of Education for grants expenditure reimbursements pending.

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025**

E. Changes in Capital Assets

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

	Balance 7/1/2024	Additions	Deletions	Balance 6/30/2025
<u>GOVERNMENTAL ACTIVITIES</u>				
Furniture, Fixtures, and Equipment	\$ 8,842,313	\$ 130,924	\$ 369,922	\$ 8,603,315
Less: Accumulated Depreciation	7,762,266	638,453	369,922	8,030,797
Total Furniture, Fixtures, and Equipment	1,080,047	(507,529)	-	572,518
Internally Created Software	74,474,198	6,331,052	-	80,805,250
Less: Accumulated Amortization	55,335,485	5,159,007	-	60,494,492
Total Internally Created Software	19,138,713	1,172,045	-	20,310,758
Learning Management System	5,750,000	-	-	5,750,000
Less: Accumulated Amortization	4,600,000	575,000	-	5,175,000
Total Learning Management System	1,150,000	(575,000)	-	575,000
Learning Content Management System	1,574,098	-	-	1,574,098
Less: Accumulated Amortization	1,574,098	-	-	1,574,098
Total Learning Content Management System	-	-	-	-
E24DL Educator	956,898	718,754	-	1,675,652
Less: Accumulated Amortization	95,690	167,565	-	263,255
Total E24DL Educator	861,208	551,189	-	1,412,397
Subscription Based IT Asset	4,176,249	-	-	4,176,249
Less: Accumulated Amortization	2,091,991	1,392,083	-	3,484,074
Total Subscription Based IT Asset	2,084,258	(1,392,083)	-	692,175
Right to Use Leased Asset	3,958,567	-	-	3,958,567
Less: Accumulated Amortization	1,339,597	637,497	-	1,977,094
Total Right to Use Leased Asset	2,618,970	(637,497)	-	1,981,473
Total Governmental Activities Capital Assets, net	26,933,196	(1,388,875)	-	25,544,321
<u>BUSINESS-TYPE ACTIVITIES:</u>				
Furniture, Fixtures, and Equipment	531,004	34,218	-	565,222
Less: Accumulated Depreciation	90,843	163,668	-	254,511
Total Furniture, Fixtures, and Equipment	440,161	(129,450)	-	310,711
Internally Created Software	2,894,506	-	-	2,894,506
Less: Accumulated Amortization	2,894,506	-	-	2,894,506
Total Internally Created Software	-	-	-	-
Total Business-type Activities Capital Assets, net	440,161	(129,450)	-	310,711
Total Gov't & Bus-type Activities Capital Assets, net	\$ 27,373,357	\$ (1,518,325)	\$ -	\$ 25,855,032

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025**

Depreciation/Amortization expense for the governmental funds was charged to functions for the year ended June 30, 2025 as follows:

<u>Function</u>	<u>Amount</u>
GOVERNMENTAL ACTIVITIES	
Instruction	\$ 5,734,007
Instructional Related Technology	559,036
Central Services	1,299
Operation of Plant	46,779
Administrative Related Technology	2,228,484
Total Depreciation/Amortization-Governmental Activities	<u>\$ 8,569,605</u>

Depreciation expense of \$163,668 was charged to the business type activities.

F. Retirement Plans

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

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

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

The School's FRS and HIS pension expense totaled \$35,803,052 for the fiscal year ended June 30, 2025.

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025**

FRS Pension Plan

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

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

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

The DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 96 months after electing to participate, except that certain instructional personnel may participate for up to 120 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

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

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025**

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

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. The contribution rates during the 2024-25 fiscal year were as follows:

Class or Plan	Percent of Gross Salary	
	Employee	Employer (1)
Florida Retirement System, Regular	3.00	13.63
Florida Retirement System, Senior Management Service	3.00	34.52
Deferred Retirement Option Program - Applicable to members from all of the above classes or plans	0.00	21.13
Florida Retirement System, Reemployed Retiree	(2)	(2)

(1) In addition to the rates shown, employer rates include 2 percent for the post-employment insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administration costs of the Investment Plan.

(2) Contribution rates are dependent upon retirement class in which reemployed.

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025**

The School's contributions to the Plan totaled \$23,389,712 for the fiscal year ended June 30, 2025.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to FRS Pensions. At June 30, 2025, the School reported a liability of \$145,472,465 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The School's proportionate share of the net pension liability was based on the School's 2023-24 fiscal year contributions relative to the total 2023-24 fiscal year contributions of all participating members. At June 30, 2024, the School's proportionate share was .376046484 percent, which is a decrease of .010329445 from its proportionate share measured as of June 30, 2023.

For the fiscal year ended June 30, 2025, the School recognized a Plan pension expense of \$29,537,292. In addition, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>Gov't Activities</u>	<u>Bus-type Activities</u>	<u>Gov't Activities</u>	<u>Bus-type Activities</u>
Differences between expected and actual experience	\$ 13,079,995	\$ 1,616,629	\$ -	\$ -
Changes in assumptions or other inputs	17,745,115	2,193,216	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	(8,605,283)	(1,063,574)
Changes in proportion and differences between district contributions and proportionate share of contributions	13,926,179	1,721,213	(4,421,337)	(546,457)
District contributions subsequent to the measurement date	20,816,844	2,572,868	-	-
Total	\$ 65,568,133	\$ 8,103,926	\$ (13,026,620)	\$ (1,610,031)

The deferred outflows of resources related to pensions resulting from the School contributions to the Plan subsequent to the measurement date, totaling \$23,389,712, will be recognized as a reduction of net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending, June 30</u>	<u>Amount</u>
2026	\$ 4,857,764
2027	28,950,196
2028	1,451,889
2029	(746,797)
2030	1,132,644
Thereafter	-
Totals	\$ 35,645,696

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025**

Actuarial Methods and Assumptions. The total pension liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.50 percent, average, including inflation
Investment rate of return	6.70 percent, net of pension plan investment expense, including inflation

Salary increases were changed from 3.25 percent in the previous valuation to 3.50 percent.

Mortality rates were based on the PUB 2010 base table, projected generationally with Scale MP-2021. This is a change from the previous valuation in which mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

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

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.3%	3.3%	1.1%
Fixed Income	29.0%	5.7%	5.6%	3.9%
Global Equity	45.0%	8.6%	7.0%	18.2%
Real Estate (Property)	12.0%	8.1%	6.8%	16.6%
Private Equity	11.0%	12.4%	8.8%	28.4%
Strategic Investments	2.0%	6.6%	6.2%	8.7%
Total	100.0%			
Assumed Inflation - Mean			2.4%	1.5%

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, 2025**

Discount Rate. The discount rate used to measure the total pension liability was 6.70 percent. The Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2024 valuation was unchanged from the previous valuation.

Sensitivity of the School’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate. The following presents the School’s proportionate share of the net pension liability calculated using the discount rate of 6.70 percent, as well as what the School’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.70 percent) or 1 percentage point higher (7.70 percent) than the current rate

	FRS Net Pension Liability (Asset)		
	1% Decrease	Current	1% Increase
	5.70%	6.70%	7.70%
NPL per FRS	\$ 68,045,037,966	\$ 38,684,702,966	\$ 14,089,194,966
FLVS proportionate @ measurement date	0.00376046484	0.00376046484	0.00376046484
FLVS proportionate share of NPL	\$ 255,880,973	\$ 145,472,465	\$ 52,981,922

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, 2025, the School reported \$1,581,042 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2025.

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended June 30, 2025, eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each creditable service completed at the time of retirement with a minimum HIS payment of \$45 and maximum HIS payment of \$225 per month pursuant to section 112.363, Florida Statute. To be eligible to receive a HIS plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Federal Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2025, the contribution rate was 2

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025**

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.

The Schools contributions to the HIS Plan totaled \$4,959,120 for the fiscal year ended June 30, 2025.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIS Pensions. At June 30, 2025, the School reported a net pension liability of \$80,171,882 for its proportionate share of the HIS Plan’s net pension liability. The current portion of the net pension liability is the School’s proportionate share of benefit payments expected to be paid within one year, net of the School’s proportionate share of the HIS Plan’s fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024, and update procedures were used to calculate the net pension liability as of June 30, 2024. The School’s proportionate share of the net pension liability was based on the School’s 2023-24 fiscal year contributions relative to the total 2023-24 fiscal year contributions of all participating members. At June 30, 2024, the School’s proportionate share was 0.534444410 percent, and decrease of 0.009539847 from its proportionate share measured as of June 30, 2023.

For fiscal year ended June 30, 2025, the School recognized HIS Plan pension expense of \$6,265,760 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	\$ 688,961	\$ 85,151	\$ (137,008)	\$ (16,934)
Changes in assumptions or other inputs	1,262,780	156,074	(8,447,277)	(1,044,046)
Net difference between projected and actual earnings on pension plan investments	-	-	(25,806)	(3,189)
Changes in proportion and differences between district contributions and proportionate share of contributions	7,454,374	921,327	(2,124,542)	(262,584)
Adjustment due to difference between estimated and actual deferred outflows subsequent to measurement date,	-	-	-	-
District contributions subsequent to measurement date	4,413,617	545,503	-	-
Total	\$ 13,819,732	\$ 1,708,055	\$ (10,734,633)	\$ (1,326,753)

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025**

The deferred outflows of resources related to pensions, totaling \$4,959,120 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending, June 30	Amount
2026	\$ 1,621,663
2027	1,045,484
2028	(1,007,029)
2029	(1,688,774)
2030	(1,156,396)
Thereafter	(307,667)
Totals	\$ (1,492,719)

Actuarial Assumptions. The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.50 percent, average, including inflation
Municipal Bond Rate	3.93 percent

Salary increases were changed from 3.25 percent in the previous valuation to 3.50 percent.

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP 2021. This is a change from the previous valuation in which the mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP 2018.

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

Discount Rate. The discount rate used to measure the total pension liability was 3.93 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate changed from 3.65 percent to 3.93 percent.

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025**

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 3.93 percent, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.93 percent) or 1 percentage point higher (4.93 percent) than the current rate:

	HIS Net Pension Liability (Asset)		
	1% Decrease 2.93%	Current 3.93%	1% Increase 4.93%
NPL per FRS	\$ 17,076,684,221	\$ 15,000,976,846	\$ 13,277,804,250
FLVS proportionate @ measurement date	0.00534444410	0.00534444410	0.00534444410
FLVS proportionate share of NPL	\$ 91,265,384	\$ 80,171,882	\$ 70,962,483

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

Payables to the Pension Plan. At June 30, 2025, the School reported a payable of \$381,080 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2025.

2. FRS - Defined Contribution Pension Plan

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

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

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025**

Allocations to the investment members accounts during the 2024-25 fiscal year were as follows:

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

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings, regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2025, 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 \$10,607,830 and there were 1238 School participants for the fiscal year ended June 30, 2025.

Payables to the Pension Plan. At June 30, 2025, the School reported a payable of \$714,620 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2025.

3. Allocation of Pension-Related Amounts to Proprietary Funds

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

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025**

G. Other Postemployment Benefit Obligations

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

Benefit Terms and Employees Covered. Plan contribution requirements and benefit terms of the School and OPEB Plan members are established and may be amended through recommendation of the Insurance Committee and action from the Board. The School has not advance funded or established a funding methodology for the annual OPEB costs or the total OPEB obligation. As of the valuation date, June 30, 2024, there were 3,430 active participants and 12 inactive participants (retirees plus surviving spouses) receiving postemployment healthcare benefits. The School provided contributions estimated at \$201,204 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 \$29,658,018 was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2024. The School's total OPEB liability increased \$2,204,334 compared to last year's liability of \$27,453,684.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2024 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	3.93%
Salary Increases	3.65% - 6.35% , average, including inflation
General Inflation	2.50%
Retirement Age	Retirement rates used in July 1, 2024 actuarial valuation of the Florida Retirement System for Regular K-12 Instructional Class members and Non-Instructional K-12 Regular Class members. They are based on the results of a statewide experience study covering the period 2018 through 2023.
Mortality Rates	Mortality rates are the same as used in the July 1, 2024 actuarial valuation of the Florida Retirement System for K-12 Instructional Regular Class members and non K-12 instructional regular class members. These rates were taken from adjusted Pub-2010 mortality tables published by SOA with generational mortality improvements using scale MP-2023. Adjustments

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025**

Healthcare Cost Trend Rates	to reference tables are based on the results of a state-wide experience study covering the period 2018 through 2023. Based on the Getzen Model, with trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.00% after 2050.
Aging Factors	Based on the 2013 SOA Study “Health Care Costs – From Birth to Death”.
Expenses	Administrative expenses are included in the per capita health costs.

The discount rate was changed from 3.86% as of the beginning of the measurement period to 3.93% as of June 30, 2024. The discount rate was based on the daily rate of Fidelity’s 20-Year Municipal General Obligation AA Index closest to but not later than the measurement date.

Demographic assumptions employed in the actuarial valuation were the same as those employed in the July 1, 2024, actuarial valuation of the FRS Defined Benefit Pension Plan. These demographic assumptions were developed by FRS from an actuarial experience study, and therefore are appropriate for use in the OPEB Plan actuarial valuation. These include assumed rates of future termination, mortality, disability, and retirement. In addition, salary increase assumptions (for development of the pattern of the normal cost increases) were the same as those used in the July 1, 2024, actuarial valuation of the FRS Defined Benefit Pension Plan. Assumptions used in valuation of benefits for participants of the FRS Investment Plan are the same as for similarly situated participants of the FRS Defined Benefit Pension Plan.

Changes to the Total OPEB Liability. Below are the details regarding the total OPEB liability for the measurement period from July 1, 2023 to June 30, 2024.

	Total OPEB Liability
Balance Recognized at 7/1/2024	<u>\$ 27,453,684</u>
Changes for the Fiscal Year:	
Service Cost	1,484,697
Interest on the Total OPEB Liability	1,113,138
Difference Between Expected and Actual Experience	1,296,056
Changes in Assumptions and Other Inputs	(1,488,353)
Benefit Payments	(201,204)
Net Changes	<u>2,204,334</u>
Balance at 6/30/2025	<u>\$ 29,658,018</u>

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025**

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 (2.93 percent) or 1 percentage point higher (4.93 percent) than the current discount rate:

	Current Discount		
	1% Decrease	Current	1% Increase
	2.93%	3.93%	4.93%
Total OPEB Liability	\$ 35,795,573	\$ 29,658,018	\$ 24,376,259

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	\$ 23,531,077	\$ 29,658,018	\$ 37,446,823

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2025, the School recognized OPEB expense of \$2,560,350. At June 30, 2024, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
	<hr/>	<hr/>
Difference between Expected and Actual Experience	\$ 7,378,039	\$ -
Assumption changes		
Changes of Assumptions or Other Inputs	2,744,721	9,696,823
Benefits Paid Subsequent to the Measure Date	140,019	-
Total	<hr/> \$10,262,779 <hr/>	<hr/> \$9,696,823 <hr/>

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025**

The deferred outflow of resources related to OPEB resulting from benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Fiscal year Ending, June 30	Annual Expense
2026	\$ (37,485)
2027	(37,485)
2028	(37,485)
2029	(37,485)
2030	(37,485)
Thereafter	613,362
Total	\$ 425,937

H. Risk Management Programs

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Florida Virtual School is a member of the North East Florida Educational Consortium (NEFEC) under which several district school boards have established a combined limited self-insurance program for property protection, general liability, automobile liability, workers’ compensation, and other coverage deemed necessary by the members of the Consortium. However, workers’ compensation for employees who reside in states other than Florida is provided through fully insured plans that are not part of NEFEC. Arthur J. Gallagher Risk Management Services handles the School’s multi-state workers’ compensation policy for all states in which the School has employees that allow such a policy. Section 1001.42(10)(k), Florida Statutes, provides the authority for the School to enter in such a risk management program. The Consortium is self-sustaining through member assessments (premiums), and purchases coverage through commercial companies for claims in excess of specified amounts. Reinsurance from commercial companies provided excess property coverage of up to \$50 million during the 2024-25 fiscal year. The Board of Directors of the Consortium is composed of superintendents of all participating districts and schools. The Putnam County District School Board serves as fiscal agent for the Consortium. In addition, FLVS maintains a separate Cyber Liability Insurance Policy to protect against Cyber attacks and incidents. FLVS also maintains separate Student Accident Coverage for its in-person events. The School has not reduced insurance coverage for the past two years. Settled claims have not exceeded insurance coverage for the past three years.

The School provides group health, life and disability insurance to benefited employees. There are two different health plans offered. Both are PPO (Preferred Provider Organization) plans, with one plan offering a lower-premium higher-deductible option coupled with an employer-funded HRA contribution. Under these plans, the Board contributes to a portion of the premiums as part of the “fringe benefits” offered to employees. These plans offer four participant tiers to include employee-only, employee plus spouse, employee plus child(ren), and full family coverage. The two plans are administered by Blue Cross Blue Shield of Florida. The School reported an estimated unpaid claims liability of \$2,359,186.

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025**

I. Changes in Long-Term Liabilities

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

Description	Balance			Balance 6/30/2025	Due in One Year
	7/1/2024	Additions	Reductions		
Comp Abs - Governmental Activities	\$ 44,384,204	\$ 5,258,534	\$ 1,028,721	\$ 48,614,017	\$ 4,452,356
Comp Abs - Business-type Activities	1,858,122	1,186,187	58,945	2,985,364	243,873
Total Compensated Absences Payable	46,242,326	6,444,721	1,087,666	51,599,381	4,696,229
OPEB - Governmental Activities	26,355,536	535,505	495,406	26,395,635	-
OPEB - Business-type Activities	1,098,148	2,225,465	61,230	3,262,383	-
Total Other Post Employment Benefits	27,453,684	2,760,970	556,636	29,658,018	-
Pension - Governmental Activities	229,616,272	97,498,213	126,291,016	200,823,469	248,347
Pension - Business-type Activities	10,734,261	20,885,954	6,799,337	24,820,878	30,694
Total Net Pension Liability	240,350,533	118,384,167	133,090,353	225,644,347	279,041
Subscription Based Arrangement Payable	1,525,522	-	1,525,522	-	-
Obligation under Leases-Governmental Activities	2,751,163	-	600,968	2,150,195	633,439
Total Liability for right to use assets	2,751,163	-	2,126,490	2,150,195	633,439
Total Governmental Activities - LT Liabilities	301,017,588	103,292,252	129,941,633	277,983,316	5,334,142
Total Business-Type Activities - LT Liabilities	13,539,901	24,297,606	6,919,512	31,068,625	274,567
Total Long-Term Liabilities	\$ 314,557,489	\$ 127,589,858	\$ 136,861,145	\$ 309,051,941	\$ 5,608,709

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

J. Schedule of State Revenue Sources

The following is a schedule of the School's State revenue for the 2024-2025 fiscal year:

<u>Source</u>	<u>2024-2025</u>
Florida Education Finance Program	\$ 309,075,737
Other State Sources:	
Miscellaneous State- GF	2,370,008
Miscellaneous State - Special Revenue Fund	1,984
Miscellaneous State - DJJ	21,733,660
Total Other State Sources	24,105,652
Total State Revenue	\$ 333,181,389

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

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025**

K. Encumbrances

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

L. Lease Obligations

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

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

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

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

The ending balances of lease obligations are reported in the changes in long term liabilities note.

Future principal and interest payment requirements related to the School’s lease liability and obligations under financing agreements at June 30, 2025 are as follows:

Fiscal year ending	Total Payments	Principal Payments	Interest Payments
2026	692,215	633,439	58,776
2027	572,975	536,209	36,766
2028	352,657	330,062	22,595
2029	291,688	277,190	14,498
2030	379,687	373,295	6,392
	<u>\$ 2,289,222</u>	<u>\$ 2,150,195</u>	<u>\$ 139,027</u>

**THE FLORIDA VIRTUAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025**

M. Interfund Receivables, Payables, and Transfers

The following is a summary of interfund transfers reported in the financial statements at June 30, 2025:

<u>Funds</u>	<u>Interfund</u>	
	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 5,443,381	\$ 1,378
Special Revenue Fund	\$ 1,378	
Internal Service Fund	3,277,654	-
Enterprise Funds:		
Flexpoint	-	2,904,886
FlexPoint Virtual	-	396,644
Franchises	-	5,419,505
Total	\$ 8,722,413	\$ 8,722,413

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

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

<u>Funds</u>	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 6,302,352	
Special Revenue Fund		96,565
Internal Service Fund		2,308,908
Franchises	-	3,896,879
Total	\$ 6,302,352	\$ 6,302,352

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

III. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

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



**REQUIRED SUPPLEMENTARY
INFORMATION
ANNUAL FINANCIAL REPORT
2025**

**The Florida Virtual School
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2025**

	General Fund			Variance Positive / (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Federal Direct Sources:				
Miscellaneous Federal Direct	\$ -	\$ 11,576	\$ 11,576	\$ -
Total Federal Direct Sources	-	11,576	11,576	-
State Sources:				
Florida Education Finance Program	315,072,621	309,075,737	309,075,737	-
Other State Sources	21,806,945	2,494,006	2,370,008	(123,998)
Total State Sources	336,879,566	311,569,743	311,445,745	(123,998)
Local Sources:				
Other Local Sources	20,642,195	38,510,558	38,398,915	(111,643)
Total Local Sources	20,642,195	38,510,558	38,398,915	(111,643)
Total Revenues	357,521,761	350,091,877	349,856,236	(235,641)
EXPENDITURES				
Current:				
Instruction	255,469,737	261,250,459	245,538,068	15,712,391
Pupil Personnel Services	15,793,504	16,934,668	15,713,788	1,220,880
Instruction and Curriculum Development Services	260,220	472,927	436,412	36,515
Instructional Staff Training Services	5,865,971	6,208,559	5,112,975	1,095,584
Instruction Related Technology	25,944,383	27,500,667	16,470,693	11,029,974
School Board	7,078,670	7,351,220	2,377,216	4,974,004
General Administration	2,096,686	4,078,218	4,022,250	55,968
School Administration	14,938,150	15,312,764	14,828,162	484,602
Fiscal Services	3,967,086	4,827,985	4,730,559	97,426
Central Services	25,519,520	25,924,321	22,918,537	3,005,784
Operation of Plant	1,725,883	1,704,720	1,499,786	204,934
Administrative Technology Services	18,407,666	18,941,557	16,459,352	2,482,205
Community Services	169,974	177,138	81,857	95,281
Capital Outlay:				-
Other Capital Outlay	-	849,678	849,678	-
Total Expenditures	377,237,450	391,534,881	351,039,333	40,495,548
Excess (Deficiency) of Revenues Over Expenditures	(19,715,689)	(41,443,004)	(1,183,097)	40,259,907
OTHER FINANCIAL SOURCES (USES)				
Transfers In	4,830,000	5,316,582	5,443,381	(126,799)
Transfers Out	-	1,378	1,378	-
Total Other Financial Sources (Uses)	4,830,000	5,315,204	5,442,003	(126,799)
Net Change in Fund Balance	(14,885,689)	(36,127,800)	4,258,906	40,259,907
Fund Balance, beginning	159,523,035	159,523,035	159,523,035	-
Fund Balance, ending	<u>\$ 144,637,346</u>	<u>\$ 123,395,235</u>	<u>\$ 163,781,941</u>	<u>\$ 40,259,907</u>

**The Florida Virtual School
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Special Revenue Funds
For the Fiscal Year Ended June 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Positive / (Negative)</u>
REVENUES				
Federal Through State Sources:				
Grants to Local Educational Agencies	\$ 3,429,990	3,748,835	\$ 3,234,042	\$ (514,793)
Education Stabilization Funds	1,569,142	1,828,344	1,250,463	(577,881)
Total Federal Through State	4,999,132	5,577,179	4,484,505	(1,092,674)
State Sources:				
Other State Sources	108,987	1,984	1,984	-
Total State Sources	108,987	1,984	1,984	-
Local Sources:				
Other Local Sources	-	81,768	81,768	-
Total Local Sources	-	81,768	81,768	-
Total Revenues	5,108,119	5,660,931	4,568,257	(1,092,674)
EXPENDITURES				
Current:				
Instruction	2,599,611	3,014,712	2,241,878	772,834
Pupil Personnel Services	1,268,808	1,324,125	1,217,022	107,103
Instruction and Curriculum Development Services	266,638	399,908	291,627	108,281
Instructional Staff Training Services	401,874	423,523	393,940	29,583
Instruction Related Technology	-	-	-	-
General Administration	183,565	98,636	72,790	25,846
School Administration	269,988	297,994	254,067	43,927
Central Services	116,135	21,542	13,181	8,361
Student Transportation Services	1,500	600	-	600
Community Services	-	167,123	73,748	93,375
Total Expenditures	5,108,119	5,748,163	4,558,253	1,189,910
Excess (Deficiency) of Revenues Over Expenditures	-	(87,232)	10,004	97,236
OTHER FINANCIAL SOURCES (USES)				
Transfers In	-	1,378	1,378	-
Transfers Out	-	-	-	-
Total Other Financial Sources (Uses)	-	1,378	1,378	-
Net Change in Fund Balance	-	(85,854)	11,382	97,236
Fund Balance, July 1, 2024	85,854	85,854	85,854	-
Fund Balance, June 30, 2025	\$ 85,854	\$ -	\$ 97,236	\$ 97,236

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

Measurement year ended June 30	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service cost	\$ 1,484,697	\$ 1,422,178	\$ 1,902,679	\$ 1,195,880	\$ 1,224,328	\$ 842,685	\$ 819,985	\$ 1,022,582
Interest on the Total OPEB Liability	1,113,138	1,011,335	472,091	483,535	597,974	576,366	562,543	485,986
Changes in benefit terms	-	-	-	-	-	-	-	-
Difference between expected and actual experience of the Total OPEB Liability	1,296,056	-	5,248,286	-	1,555,956	-	1,680,209	-
Changes of Assumptions and other inputs	(1,488,353)	(888,465)	(4,185,292)	2,559,636	(2,618,890)	1,443,105	(2,910,182)	(2,037,559)
Benefit payments	(201,204)	(153,266)	(122,523)	(65,233)	(133,602)	11,810	(122,458)	(97,550)
Net change in total OPEB liability	2,204,334	1,391,782	3,315,241	4,173,818	625,766	2,873,966	30,097	(626,541)
Total OPEB Liability, beginning	27,453,684	26,061,902	22,746,661	18,572,843	17,947,077	15,073,111	15,043,014	15,669,555
Total OPEB Liability, ending	\$ 29,658,018	\$ 27,453,684	\$ 26,061,902	\$ 22,746,661	\$ 18,572,843	\$ 17,947,077	\$ 15,073,111	\$ 15,043,014
Covered-employee payroll	\$ 220,126,891	\$ 213,400,147	\$ 204,398,918	\$ 182,853,646	\$ 137,263,061	\$ 128,878,886	\$ 117,822,135	\$ 109,364,998
Total OPEB Liability as a percentage of covered-employee payroll	13.47%	12.86%	12.75%	12.44%	13.53%	13.93%	12.79%	13.75%

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

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

Measurement year ended June 30	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Florida Virtual School's proportion of the net pension liability (asset)	0.376046484%	0.386375929%	0.399376991%	0.358579551%	0.248971694%	0.245302657%	0.229582713%	0.220371423%	0.200875549%	0.201089408%
Florida Virtual School's proportionate share of the net pension liability (asset)	\$ 145,472,465	\$ 153,958,579	\$ 148,600,336	\$ 27,086,610	\$ 107,908,002	\$ 84,478,820	\$ 69,151,503	\$ 65,184,388	\$ 50,721,234	\$ 25,973,394
Florida Virtual School's covered-employee payroll	\$ 220,126,891	\$ 213,400,147	\$ 204,398,918	\$ 182,853,646	\$ 137,263,061	\$ 128,878,886	\$ 117,822,135	\$ 109,364,998	\$ 109,364,998	\$ 101,434,489
Florida Virtual School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	66.09%	72.15%	72.70%	14.81%	78.61%	65.55%	58.69%	59.60%	46.38%	25.61%
Plan fiduciary net position as a percentage of the total pension liability	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 23,389,712	\$ 21,294,133	\$ 18,587,167	\$ 17,042,143	\$ 13,660,332	\$ 8,272,226	\$ 7,606,152	\$ 6,542,923	\$ 5,736,811	\$ 4,898,671
Contributions in relation to the contractually required contribution	\$ (23,389,712)	\$ (21,294,133)	\$ (18,587,167)	\$ (17,042,143)	\$ (13,660,332)	\$ (8,272,226)	\$ (7,606,152)	\$ (6,542,923)	\$ (5,736,811)	\$ (4,898,671)
Contribution deficiency (excess)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Florida Virtual School's covered-employee payroll	220,126,891	213,400,147	204,398,918	182,853,646	137,263,061	128,878,886	117,822,135	109,364,998	109,364,998	101,434,489
Contributions as a percentage of covered-employee payroll	10.63%	9.98%	9.09%	9.32%	9.95%	6.42%	6.46%	5.98%	5.25%	4.83%

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

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

Measurement year ended June 30	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Florida Virtual School's proportion of the net pension liability (asset)	0.534444410%	0.543984257%	0.557583911%	0.510794566%	0.392541540%	0.386649715%	0.363314651%	0.355025456%	0.328567617%	0.307188119%
Florida Virtual School's proportionate share of the net pension liability (asset)	\$ 80,171,882	\$ 86,391,955	\$ 59,057,042	\$ 62,656,633	\$ 47,928,683	\$ 43,262,234	\$ 38,453,631	\$ 37,960,960	\$ 38,293,195	\$ 31,328,356
Florida Virtual School's covered-employee payroll	\$ 220,126,891	\$ 213,400,147	\$ 204,398,918	\$ 182,853,646	\$ 137,263,061	\$ 128,878,886	\$ 117,822,135	\$ 109,364,998	\$ 109,364,998	\$ 101,434,489
Florida Virtual School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	36.42%	40.48%	28.89%	34.27%	34.92%	33.57%	32.64%	34.71%	35.01%	30.89%
Plan fiduciary net position as a percentage of the total pension liability	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 4,959,120	\$ 4,524,764	\$ 3,578,425	\$ 3,373,852	\$ 3,002,455	\$ 2,262,033	\$ 2,147,028	\$ 1,970,265	\$ 1,878,897	\$ 1,684,118
Contributions in relation to the contractually required contribution	\$ (4,959,120)	\$ (4,524,764)	\$ (3,578,425)	\$ (3,373,852)	\$ (3,002,455)	\$ (2,262,033)	\$ (2,147,028)	\$ (1,970,265)	\$ (1,878,897)	\$ (1,684,118)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Florida Virtual School's covered-employee payroll	\$ 220,126,891	\$ 213,400,147	\$ 204,398,918	\$ 182,853,646	\$ 137,263,061	\$ 128,878,886	\$ 117,822,135	\$ 109,364,998	\$ 109,364,998	\$ 101,434,489
Contributions as a percentage of covered-employee payroll	2.25%	2.12%	1.75%	1.85%	2.19%	1.76%	1.82%	1.80%	1.72%	1.66%

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

THE FLORIDA VIRTUAL SCHOOL
Required Supplementary Information
Notes to Required Supplementary Information
Year Ended June 30, 2025

1. Basis of Budgeting

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

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

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

The following assumption changes have been reflected in the Schedule of Changes in the Total OPEB Liability for Measurement period ending June 30, 2024.

Changes in assumptions:

- The discount rate was changed from 3.86 percent as of the beginning of the measurement period, to 3.93 percent as of June 30, 2024 measurement date.
- The medical claims costs and premiums were updated based on data provided for this valuation.
- The medical cost trend rates were updated.
- Rates of mortality, withdrawal, disability, salary increase, retirement, and DROP entry for all membership classes were updated to align with changes adopted by the Florida Retirement System in its July 1, 2024, Actuarial Valuation.

There were no benefit changes during the year.

THE FLORIDA VIRTUAL SCHOOL
Required Supplementary Information
Notes to Required Supplementary Information
Year Ended June 30, 2025

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

Changes in Assumptions. In 2024, the long term remained the same at 6.70%.

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

Changes in Assumptions. In 2024, the municipal bond rate used to determine total pension liability was increased from 3.65 percent to 3.93 percent.



OTHER REPORTS
ANNUAL FINANCIAL REPORT
2025

THE FLORIDA VIRTUAL SCHOOL
SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Federal Pass-Through Entity Federal Program	Assistance Listing	Contract/ Grant Number	Contract Period	Expenditures
Federal Awards				
U.S. Department of Education				
Indirect:				
Passed through the State of Florida Department of Education				
Carl D. Perkins Career & Technical Education	84.048A	48C-1615R-5CV01	07/01/24 - 06/30/25	\$ 65,832
Title I - Part A, Education of Disadvantaged Children & Youth	84.010A	48C-2125B-5CB01	07/01/24 - 06/30/25	1,237,267
Title I - Supplemental School Improvement	84.010	48C-2263B-4CSS1	12/04/23 - 09/30/24	193
Total for Title I				<u>1,237,460</u>
Title II - Teacher and Principal Training and Recruiting Fund	84.367A	48C-2245C-5CT01	07/01/24 - 06/30/26	349,069
Title III - English Language Acquisition State Grants	84.365A	48C-1025B-5C001	07/01/24 - 06/30/26	12,224
Title IV - Student Support & Academic Enrichment	84.424A	48C-2415A-5C001	07/01/24 - 06/30/26	106,004
Title IX - Part A - Education of Homeless Children and Youth Project	84.196	48C-1274B-4CH01	07/01/23 - 08/31/24	1,214
Title IX - Part A - Education of Homeless Children and Youth Project	84.196	48C-1275B-5CH01	07/01/24 - 06/30/25	44,002
Total for Title IX				<u>45,215</u>
Special Education Cluster:				
IDEA - Part B K-12	84.027A	48C-2635B-5CB01	07/01/24 - 06/30/25	1,408,980
IDEA - Part B Preschool Entitlement	84.173A	48C-2675B-5CP01	07/01/24 - 06/30/25	9,258
Total for special education cluster				<u>1,418,237</u>
Education Stabilization Fund (ESF):				
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ARP ESSER)	84.425U	48C-1211A-2C001	01/31/22 - 09/30/24	79,049
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ARP ESSER)	84.425U	48C-1211D-2CR01	07/15/22 - 09/30/24	78,646
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ARP ESSER)	84.425U	48C-1211G-2CR01	06/03/22 - 09/30/24	246,573
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ARP ESSER)	84.425U	48C-1211H-2CR01	10/04/22 - 09/30/24	229,934
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ARP ESSER)	84.425U	48C-1211R-2CR01	09/09/22 - 09/30/24	39,795
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ARP ESSER)	84.425U	48C-1211T-3CR01	11/02/22 - 09/30/24	528,351
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ARP ESSER)	84.425U	48C-1211M-2CR01	11/22/22 - 09/30/24	48,114
				<u>1,250,463</u>
Total Federal Awards				<u>\$ 4,484,505</u>

See Accompanying Notes to Schedule

THE FLORIDA VIRTUAL SCHOOL
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

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, 2025. 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, 2025.

NOTE 3. De Minimis Cost Rate

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

NOTE 4. Subrecipient

No amounts were passed to subrecipients.

**The Florida Virtual School
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2025**

Section I – Summary of Auditor’s Results

Financial Statements

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

- Unmodified Qualified Adverse Disclaimer

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

Noncompliance material to the financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

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

- Unmodified Qualified Adverse Disclaimer

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

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027A / 84.173A	Special Education Cluster

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

Auditee qualified as a low-risk auditee? Yes No

**The Florida Virtual School
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2025**

Section II – Financial Statement Findings

Reference Number	Finding
	No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
	No matters are reportable.

**The Florida Virtual School
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2025**

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

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

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 (*Government Auditing Standards*), 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, 2025, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated March 3, 2026.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a 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 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

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.

Forvis Mazars, LLP

**Orlando, Florida
March 3, 2026**

Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited The Florida Virtual School's (the "School") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the School's major federal program for the year ended June 30, 2025. 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.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2025.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

Report on Internal Control Over Compliance

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

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

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

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

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

Forvis Mazars, LLP

**Orlando, Florida
March 3, 2026**

Independent Auditor's Management Letter

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

Report on the Financial Statements

We have audited the financial statements of the Florida Virtual School (the "School"), as of and for the fiscal year ended June 30, 2025, and have issued our report thereon dated March 3, 2026.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards, Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance, Schedule of Findings and Questioned Costs, and our Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.800, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated March 3, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations in the preceding financial audit 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 this management letter. The official title of the entity is The Florida Virtual School.

Financial Management

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

Additional Matters

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

Purpose of this Letter

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

Forvis Mazars, LLP

**Orlando, Florida
March 3, 2026**

Independent Accountant's Report

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

We have examined the compliance of The Florida Virtual School (the "School") with the requirements of Section 218.415, Florida Statutes, for the fiscal year ended June 30, 2025. 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 the School is in compliance with the requirements referenced above, in all material respects. An examination involves performing procedures to obtain evidence about the School's compliance with the requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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

In our opinion, the School complied with the aforementioned requirements for the year ended June 30, 2025, in all material respects.

Forvis Mazars, LLP

Orlando, Florida
March 19, 2026