

**FLORIDA CYBER CHARTER
ACADEMY AT OSCEOLA
(A CHARTER SCHOOL UNDER CENTRAL
FLORIDA VIRTUAL CHARTER SCHOOL BOARD, INC.)**

A Charter School and Component Unit of the
District School Board of Osceola County, Florida

INDEPENDENT AUDITOR'S REPORT

for the fiscal year ended JUNE 30, 2024

King & Walker, CPAs, PL

Certified Public Accountants

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FLORIDA CYBER CHARTER ACADEMY AT OSCEOLA
(A CHARTER SCHOOL UNDER CENTRAL FLORIDA VIRTUAL CHARTER SCHOOL BOARD, INC.)

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Independent Auditor's Report

To the Board of Directors of Florida Cyber Charter Academy at Osceola
(A Charter School under Central Florida Virtual Charter School Board, Inc.)
a Charter School and Component Unit of the District
School Board of Osceola County, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Florida Cyber Charter Academy at Osceola ("School"), a charter school under Central Florida Virtual Charter School Board, Inc., and component unit of the District School Board of Osceola County, Florida, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2024, and the respective changes in financial position 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 1, the accompanying financial statements referred to above present only the financial position of the School at June 30, 2024, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of Central Florida Virtual Charter School Board, Inc. These financial statements do not purport to and do not present fairly the financial position of Central Florida Virtual Charter School Board, Inc., as of June 30, 2024, and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 twelve 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 Management's Discussion and Analysis, the Budgetary Comparison Schedule, and Note to Required Supplementary 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report September 9, 2024, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

Respectfully submitted,

A handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, flowing style.

September 9, 2024
Tampa, Florida

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A Charter School and Component Unit of the District School Board of Osceola County, Florida

MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)

The Management’s Discussion and Analysis (MD&A) section of the annual financial report of Florida Cyber Charter Academy at Osceola (“School”) provides an overview of the School’s activities for the fiscal year ended June 30, 2024.

Because the information contained in the 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 financial statements, as listed in the table of contents.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2024, the School’s revenues equaled expenses as shown on the School’s statement of activities.
- Total assets and total liabilities were \$716,106 as of June 30, 2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- ✓ Government-wide financial statements
- ✓ Fund financial statements
- ✓ Notes to financial statements

Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the School’s overall financial condition in a manner similar to those of 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 governmental activities of the School presented on the accrual basis of accounting. The statement of net position provides information about the government’s financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net position, is a measure of the financial health of the School. The statement of activities presents information about the change in the School’s net position and the results of operations, during the fiscal year. An increase or decrease in net position is an indication of whether the School’s financial health is improving or deteriorating. To assess the overall financial position of the School, one needs to consider additional non-financial factors such as changes in the School student base funding level.

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MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)

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. Fund financial statements provide more detailed information about the School’s financial activities, focusing on its most significant funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide statements.

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.

The governmental fund statements provide a detailed short-term view that may be used to evaluate the School’s near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental fund to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School’s most significant funds. The School operates two funds; a General Fund and Special Revenue Fund. The School considers the General Fund to be a major fund.

The School adopts annual budgets for its governmental funds. A budgetary comparison schedule, as required, has been provided for the General Fund to demonstrate compliance with the budget.

Notes to Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

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MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of the School’s current year and prior year net position:

	Net Position, End of Year		
	<u>Governmental Activities</u>		
	<u>6-30-23</u>	<u>6-30-24</u>	<u>Increase (Decrease)</u>
ASSETS			
Current and Other Assets	<u>\$ 1,135,804</u>	<u>\$ 716,106</u>	<u>\$ (419,698)</u>
Total Assets	<u>1,135,804</u>	<u>716,106</u>	<u>(419,698)</u>
LIABILITIES			
Current Liabilities	<u>1,135,804</u>	<u>716,106</u>	<u>(419,698)</u>
Total Liabilities	<u>1,135,804</u>	<u>716,106</u>	<u>(419,698)</u>
NET POSITION			
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Position	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Assets consist of cash and cash equivalents, prepaid items and deposits, and amounts due from other agencies. Liabilities are comprised of accounts payable.

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MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)

The following is a summary of the School’s change in net position for the current year and prior year:

Operating Results for the Year

	Governmental Activities		
	6-30-23	6-30-24	Increase (Decrease)
Revenues:			
Federal Through State and Local	\$ 83,891	\$ 123,664	\$ 39,773
State	5,971,448	5,378,633	(592,815)
Local and Other	1,619,534	1,786,937	167,403
Total Revenues	7,674,873	7,289,234	(385,639)
Expenses:			
Instruction	2,142,642	2,202,599	59,957
Student Support Services	403,986	464,404	60,418
Instruction & Curriculum Development	2,982,667	2,561,315	(421,352)
Instructional Staff Training	17,038	10,693	(6,345)
Instructional Related Technology	620,464	660,342	39,878
Board	11,630	20,519	8,889
General Administration	79,766	75,727	(4,039)
School Administration	1,350,644	1,231,330	(119,314)
Fiscal Services	62	15	(47)
Operation of Plant	65,974	62,290	(3,684)
Total Expenses	7,674,873	7,289,234	(385,639)
Increase/(Decrease) in Net Position	\$ -	\$ -	\$ -

Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data to determine the funds available for the School.

The largest concentration of expenses is in Instruction related functions which accounted for 81% of total expenditures. Other expense categories experienced increases and decreases between fiscal years due to general economic conditions and the financial needs of the School.

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MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

As the School completed the year, its governmental funds reported a combined fund balance of \$0.

BUDGETARY HIGHLIGHTS

The general fund budget for the fiscal year ended June 30, 2024, was developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. Over the course of the year, management revised the budget several times. Refer to the Budgetary Comparison Schedule for additional information.

CAPITAL ASSETS

The School's budget for the current fiscal year of operations did not include plans for any investment in capital assets; therefore, there are no capital assets to report for the fiscal year ended June 30, 2024.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Florida Cyber Charter Academy at Osceola's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Florida Cyber Charter Academy at Osceola, 9143 Philips Highway, Suite 590, Jacksonville, FL 32256.

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A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY, FLORIDA**

STATEMENT OF NET POSITION

June 30, 2024

	Government Activities
ASSETS	
Cash & Cash Equivalents	\$ 639,149
Due From Other Agencies	32,859
Prepaid Items & Deposits	44,098
TOTAL ASSETS	716,106
LIABILITIES	
Accounts Payable	716,106
TOTAL LIABILITIES	716,106
NET POSITION	
Unrestricted	-
TOTAL NET POSITION	\$ -

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

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DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY, FLORIDA**

**STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2024**

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 2,202,599	\$ -	\$ 113,848	\$ -	\$ (2,088,751)
Student Support Services	464,404	-	-	-	(464,404)
Instruction & Curriculum Development	2,561,315	-	4,500	-	(2,556,815)
Instructional Staff Training	10,693	-	5,316	-	(5,377)
Instructional Related Technology	660,342	-	-	-	(660,342)
Board	20,519	-	-	-	(20,519)
General Administration	75,727	-	-	-	(75,727)
School Administration	1,231,330	-	-	-	(1,231,330)
Fiscal Services	15	-	-	-	(15)
Operation of Plant	62,290	-	-	-	(62,290)
Total Governmental Activities	\$ 7,289,234	\$ -	\$ 123,664	\$ -	(7,165,570)
General Revenue					
State Sources					5,378,633
Local and Other					1,786,937
Total General Revenues					7,165,570
Change in Net Position					-
Net Position - July 1, 2023					-
Net Position - June 30, 2024					\$ -

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

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BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2024

	<u>General Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash & Cash Equivalents	\$ 639,149	\$ -	\$ 639,149
Due From Other Agencies	21,222	11,637	32,859
Prepaid Items & Deposits	44,098	-	44,098
Due from Other Funds	11,637	-	11,637
Total Assets	<u>\$ 716,106</u>	<u>\$ 11,637</u>	<u>\$ 727,743</u>
LIABILITIES			
Accounts Payable	\$ 716,106	\$ -	\$ 716,106
Due to Other Funds	<u>-</u>	<u>11,637</u>	<u>11,637</u>
Total Liabilities	<u>716,106</u>	<u>11,637</u>	<u>727,743</u>
FUND BALANCES			
Nonspendable	44,098	-	44,098
Unassigned	<u>(44,098)</u>	<u>-</u>	<u>(44,098)</u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 716,106</u>	<u>\$ 11,637</u>	<u>\$ 727,743</u>

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

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A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY, FLORIDA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
*For the Fiscal Year Ended June 30, 2024***

	<u>General Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Intergovernmental:			
Federal Through State and Local	\$ -	\$ 123,664	\$ 123,664
State	5,378,633	-	5,378,633
Local and Other	1,786,937	-	1,786,937
Total Revenues	<u>7,165,570</u>	<u>123,664</u>	<u>7,289,234</u>
Expenditures			
Current - Education:			
Instruction	2,088,751	113,848	2,202,599
Student Support Services	464,404	-	464,404
Instruction & Curriculum Development	2,556,815	4,500	2,561,315
Instructional Staff Training	5,377	5,316	10,693
Instructional Related Technology	660,342	-	660,342
Board	20,519	-	20,519
General Administration	75,727	-	75,727
School Administration	1,231,330	-	1,231,330
Fiscal Services	15	-	15
Operation of Plant	62,290	-	62,290
Total Expenditures	<u>7,165,570</u>	<u>123,664</u>	<u>7,289,234</u>
Net Change in Fund Balances	-	-	-
Fund Balances, July 1, 2023	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, June 30, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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NOTES TO FINANCIAL STATEMENTS

June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ **Reporting Entity**

Florida Cyber Charter Academy at Osceola (“School”), a charter school under Central Florida Virtual Charter School Board, Inc., and is a component unit of the District School Board of Osceola County, Florida (“District”). The School’s charter is held by Central Florida Virtual Charter School Board, Inc., a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the not-for-profit corporation Board of Directors, which is comprised of not less than three members.

The basic financial statements of the School present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of Central Florida Virtual Charter School Board, Inc., as of June 30, 2024, and its changes in financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Osceola County, Florida, (“District”). The current extended charter was effective until June 30, 2029, and may be renewed by mutual written agreement between the School and the District. The District agreed to extend the current charter agreement for one additional year through June 30, 2024. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter. In this case, the District is required to notify the school in writing at least 90 days prior to the charter’s expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds, except capital outlay funds, revert back to the District. Any unencumbered capital outlay funds revert back to the Florida Department of Education to be redistributed among eligible charter schools. The School is considered a component unit of the District; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

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

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NOTES TO FINANCIAL STATEMENTS

June 30, 2024

would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

➤ **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.

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. 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 is self-financing or draws from the general revenues of the School.

Fund Financial Statements - Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The School's major governmental fund is as follows:

- 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.

Data from the other governmental fund is combined into a single aggregate presentation.

➤ **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.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2024

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using 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. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

➤ **Cash and Cash Equivalents**

Cash and cash equivalents consist of demand deposits with one financial institution. Deposits on hand at this financial institution are insured by the Federal Deposit Insurance Company up to \$250,000.

➤ **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until then. The School does not have any items that qualify for reporting in this category.

➤ **Net Position and Fund Balance Classification**

Government-wide Financial Statements

Net Position are classified and reported in three components:

- Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any

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NOTES TO FINANCIAL STATEMENTS

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borrowings that are attributed to the acquisition or improvement of those assets.

- Restricted Net Position – consists of net position with constraints placed on their use either by external groups such as creditors, contributors, or laws or regulations of other governments.
- Unrestricted Net Position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in nonspendable form.
- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School’s Board of Governance.
- Assigned – fund balance that is intended to be used by the School’s management for specific purposes but does not meet the criteria to be classified as restricted or committed.
- Unassigned – fund balance that is the residual amount for the School’s general fund and includes all spendable amounts not contained in the other classifications.

➤ **Order of Fund Balance Spending Policy**

The School’s policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Any remaining fund balance amounts for the non-general funds are to be classified as restricted fund balance. It is possible for the non-general funds to be classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the amount of restricted fund balances for specific purposes exceed the positive fund balance for non-general fund.

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➤ **Revenue Sources**

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent students and related data to the District.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent (FTE) students reported by the School during designated full-time equivalent student survey periods. 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 basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the fiscal year ended June 30, 2024, the School reported 874.65 unweighted FTE and 914.0681 weighted FTE.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Florida Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC).
- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC).
- Documentation for instructors teaching out-of-field (Rule 6A-1.0503, FAC).
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC).
- Evaluation and planning documents for weighted programs (Section 1010.305, Florida Statutes, and Rule 6A-6.03411, FAC).

The School may receive Federal or state awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For Federal or state awards in which a claim to these grant proceeds is based on incurring eligible

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expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

The School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based upon a capital outlay plan submitted to the District and are to be used for lease, rent or construction of school facilities.

The School follows the policy of applying restricted resources prior to applying unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

➤ **Allocation of Expenses**

The School shares certain Instructional and Administrative expenses with other Florida Cyber Charter Academies under the same Management Company. These expenses have been allocated between the Schools based on student enrollment.

Expenses that are subject to allocation include, but are not limited to the following functional categories:

- Instruction
- School Administration

The process of the allocation of common expenses takes place when the expenses are recorded based on a methodical and non-discriminatory basis.

➤ **Income Taxes**

The School is exempt from Federal tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related notes to financial statements. The School's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

➤ **Use of Estimates**

In preparing the financial statements in conformity with generally accepted accounting principles in the United States management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of net position and affect revenues and expenditures for the period presented. Actual results could differ from those estimates.

➤ **Subsequent Events**

Management has evaluated all events subsequent to the balance sheet date and through the report date, which is the date these financial statements were available to be issued. Management determined there are no subsequent events which require disclosure.

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2. CASH DEPOSITS

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the School’s deposits may not be returned to the School. The School does not have a custodial credit risk policy. Deposits on hand at financial institutions are insured by the Federal Deposit Insurance Company (FDIC) up to \$250,000. As of June 30, 2024, the School was exposed to custodial credit risk. One of the School’s bank accounts exceeded the FDIC insurance limit by \$386,439.

3. DUE FROM OTHER AGENCIES

The amount Due From Other Agencies included in the accompanying Statement of Net Position and Balance Sheet – Governmental Funds consists of amount due from the District School Board of Osceola County for grant funds awaiting reimbursement. This receivable is considered to be fully collectible and as such, no allowance for uncollectible is accrued.

4. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2024, the School’s Special Revenue Fund owed the General Fund \$11,637 for grant expenditures awaiting reimbursement from the Osceola County District School Board. These amounts are netted together and not reported in the Statement of Net Position.

5. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the School’s State revenue:

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program	<u>\$ 5,378,633</u>
Total State Revenue	<u><u>\$ 5,378,633</u></u>

As provided in the charter school contract, the District has charged the School an administrative fee totaling \$75,707.

6. FUNDING AND CREDIT RISK CONCENTRATIONS

The School receives substantially all of its support and revenue from Federal, state and local funding sources, passed through the District, in the form of performance and budget-based contracts. Continuing operation of the School is greatly dependent upon the continued support of these governmental agencies.

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7. OPERATING AGREEMENTS

Educational Products and Services Agreement – The School entered into an educational products and services agreement for the period July 1, 2012, to June 30, 2019, with K12 Florida, LLC (the “Company”). Thereafter, the agreement will automatically renew consistent with the extension of the charter agreement unless either party provides the other with written notice of non-renewal at least two years before the expiration of the then current term or if other certain conditions are met resulting in an earlier termination. During the term, the Company and Affiliates shall license to the School solely for use in the School’s educational program, on a non-exclusive, non-assignable, non-sublicensable basis, the products and offerings of the Company curriculum, access to its online school and designated learning management systems and/or available third-party curriculum, instructional tools and other products and offerings collectively known as Educational Products.

The contract further calls for the Company to be responsible and accountable to the School’s Board for administrative and technology services, including operation and performance of the School in accordance with the School’s charter contract, the statement of mission and purpose, and the laws of the State of Florida. An administrative services fee of 15% and a technology services fee of 7% of the School’s Program Revenues compensate the Company for the services provided. Program Revenues shall mean all revenues and income generated or appropriated for and received by or on behalf of the School as attributed to any Student, the School or the Program which includes, but is not limited to the following sources:

- Basic State Funding
- FEFP Funding
- Exceptional Education Funding
- Class Size Funding
- Safety Funding
- Income sources provided by state, Federal and local law and/or obtained through the Company’s efforts

Financial Matters – Regardless of the service fees described above under this agreement, the Company assumes the risks, except as otherwise set forth in the agreement, that its fees may not allow it: i) to operate profitably, and/or ii) to fully recover the amounts invoiced by the Company to the School in accordance with the agreement. In addition, the parties agree that the program will not conclude a fiscal year during the agreement term in a negative net position. If the School ends a fiscal year in a negative net position, the parties agree that the Company will provide sufficient credits (“Balanced Budget Credits”) to be applied to the Company invoices to ensure that the program does not experience a negative net position at the end of said fiscal year. A typical balanced budget credit would reduce expenses charged from the Company and reduce the payable balance due to the Company from the School. Expenses to be reduced include curriculum expenses, materials expenses, computer lease expenses, and the management and technology fees. Should the School end a fiscal year in a positive net position, as

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evidenced by its audited financial statements, and the Company has issued balanced budget credits in prior years for which a balance remains, the School will reimburse the Company up to the cumulative amount of previously issued balanced budget credits. In no single fiscal year will the amount of any remittance exceed 50% of the then current fiscal year positive net position, as determined by an independent audit before the payment of balanced budget credits. At the end of the term, if there is a cumulative balance from prior years of balanced budget credits which have not been remitted, such credits will be forgiven by the Company, subject to the termination provisions of the agreement.

The School no longer reports its balanced budget credits as a reduction of expenses, but as revenue from local sources. During the current fiscal year, the Company credited \$1,759,018 to the School as part of their balanced budget credit recognition and is included in the local and other revenue reported in the statement of activities and the statement of revenues, expenditures, and changes in fund balances – governmental funds.

8. 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; and natural disasters for which the School carries commercial insurance. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

9. COMMITMENTS AND CONTINGENT LIABILITIES

The School participates in state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies, therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivables at June 30, 2024, may be impaired.

In the opinion of the School, there are no significant liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

10. LEGAL MATTERS

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

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A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (UNAUDITED)
For the Fiscal Year Ended June 30, 2024

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental:				
State	\$ 5,642,350	\$ 5,378,633	\$ 5,378,633	\$ -
Local and Other	1,658,609	1,786,937	1,786,937	-
Total Revenues	<u>7,300,959</u>	<u>7,165,570</u>	<u>7,165,570</u>	<u>-</u>
Expenditures:				
Current - Education:				
Instruction	2,267,319	2,088,751	2,088,751	-
Student Support Services	223,150	464,404	464,404	-
Instruction & Curriculum Development	3,330,791	2,556,815	2,556,815	-
Instructional Staff Training	24,067	5,377	5,377	-
Instructional Related Technology	394,964	660,342	660,342	-
Board	12,259	20,519	20,519	-
General Administration	79,125	75,727	75,727	-
School Administration	895,106	1,231,330	1,231,330	-
Fiscal Services	423	15	15	-
Operation of Plant	73,755	62,290	62,290	-
Total Expenditures	<u>7,300,959</u>	<u>7,165,570</u>	<u>7,165,570</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, July 1, 2023	-	-	-	-
Fund Balance, June 30, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report

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NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2024

1. BUDGETARY BASIS OF ACCOUNTING

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g., instruction, pupil personnel services and school administration). Budgets may be amended by resolution at any Board meeting prior to the date for the annual report.

**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

To the Board of Directors of Florida Cyber Charter Academy at Osceola
(A Charter School under Central Florida Virtual Charter School Board, Inc.)
a Charter School and Component Unit of the District
School Board of Osceola County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Florida Cyber Charter Academy at Osceola ("School"), a charter school under Central Florida Virtual Charter School Board, Inc., and component unit of the District School Board of Osceola County, Florida, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 9, 2024.

Report on Internal Control Over Financial Reporting

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

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

Respectfully submitted,

A handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, professional style.

September 9, 2024
Tampa, Florida

**Management Letter as Required by Rules of the Florida Auditor General,
Chapter 10.850, Florida Statutes, *Charter School Audits***

To the Board of Directors of Florida Cyber Charter Academy at Osceola,
(A Charter School under Central Florida Virtual Charter School Board, Inc.)
a Charter School and Component Unit of the District
School Board of Osceola County, Florida

Report on the Financial Statements

We have audited the financial statements of the Florida Cyber Charter Academy at Osceola, (“School”), a charter school under Central Florida Virtual Charter School Board, Inc., and component unit of the District School Board of Osceola County, Florida, as of and for the fiscal year ended June 30, 2024, and have issued our report thereon dated September 9, 2024.

Auditor’s Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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 the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated September 9, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity is Florida Cyber Charter Academy at Osceola, 490153.

Financial Condition and Management

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

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

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.

Transparency

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

Additional Matters

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

Purpose of this Letter

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

Respectfully submitted,

A handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, flowing style.

September 9, 2024
Tampa, Florida