

**CITY OF PEMBROKE PINES, FLORIDA  
CHARTER SCHOOLS**

SPECIAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(With Independent Auditors' Reports Thereon)

**CITY OF PEMBROKE PINES, FLORIDA  
CHARTER SCHOOLS**

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## Independent Auditor's Report

Honorable Mayor and Members of the City Commission  
City of Pembroke Pines, Florida

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the financial statements of the governmental activities and each major fund of the City of Pembroke Pines, Florida Charter Schools (the Charter Schools) of the City of Pembroke Pines, Florida (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Charter Schools' 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 and each major fund for the Charter Schools of the City, 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 (*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 City, 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 discussed in Note 1, the financial statements of the Charter Schools were prepared for the purpose of complying with Section 218.39, Florida Statutes. They are intended to present the financial position and the changes in financial position of only that portion of the governmental activities and aggregate remaining fund information of the City that is attributable to the transactions of the Charter Schools. They do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2024, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

#### **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.

### ***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 Charter Schools' 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.

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, budgetary comparison information, and pension and other post-employment benefits (OPEB) related information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2024 on our consideration of the Charter Schools' 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 Charter Schools' 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 Charter Schools' internal control over financial reporting and compliance.

*RSM US LLP*

Fort Lauderdale, Florida  
December 30, 2024

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

As management of the City of Pembroke Pines, Florida Charter Schools (the "Schools") operating under the charter sponsored by the Broward County School Board, we offer readers of the Schools' special purpose financial statements this narrative overview and analysis of the financial activities of the Schools for the twelve-month period ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the Schools' special purpose financial statements, which follow this section.

### **Financial Highlights**

- The liabilities and deferred inflows of resources of the Schools as reported in the government-wide financial statements exceeded their assets and deferred outflows of resources at the close of the current fiscal year by (\$11,874,586) (*net position*) which decreased by \$3,924,190 from prior year.
- As of the close of the current fiscal year, the Schools' governmental funds' financial statements reported combined ending fund balances of \$4,799,504 or 7.38% of total expenditures. This represents an decrease of \$323,283 from prior year. The entire fund balance is assigned for rent payments.

### **Overview of the Special Purpose Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Schools' special purpose financial statements. The Schools' special purpose financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to special purpose financial statements. In addition to these special purpose financial statements, this report contains required supplementary information.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Schools' finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Schools' assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Schools is improving or deteriorating.

The *statement of activities* presents information for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will eventually result in cash flows in future fiscal periods.

The Schools' *government-wide financial statements* distinguish the functions of the Schools as being principally supported by local revenues (full-time equivalent (FTE) dollars through the Broward County School Board) (*governmental activities*) as opposed to *business-type activities* that are intended to recover all or a significant portion of their costs through user fees and charges. The Schools have no business-type activities and no component units for which they are financially accountable. The government-wide financial statements can be found on pages 12-13 of this report.

**Fund 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 Schools, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds used by the Schools are considered governmental fund types, and are special revenues funds of the City of Pembroke Pines, Florida.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the 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* in the government-wide financial statements. The Schools maintain three funds (governmental funds). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances. The Schools adopt an annual appropriated budget. Budgetary comparison schedules and note have been provided to demonstrate compliance with these budgets. The governmental funds financial statements can be found on pages 14-16 of this report.

**Notes to special purpose financial statements.** The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the special purpose financial statements can be found on pages 17-52 of this report.

**Required Supplementary Information.** The information in this section is required by the Governmental Accounting Standards Board (GASB). It consists of the Management's Discussion and Analysis (MD&A) comprising pages 4 through 11, the budgetary comparison schedules, the note to budgetary comparison schedules, pension schedules, schedule of pension contributions, schedule of changes in net OPEB liability and related ratios and schedule of employer contributions which can be found on pages 53 through 62 of this report.

**Supplementary Auditors' Reports.** This section includes the following:

- Independent Auditors' 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*, which can be found on pages 63-64.
- Management Letter in Accordance with the Rules of the Auditor General of the State of Florida, which can be found on pages 65-66.

**Government-wide financial analysis.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2024, the Schools' total net position decreased by \$3,924,190 when compared to prior year primarily because of liabilities exceeding the assets during the year.

CONDENSED STATEMENT OF NET POSITION (DEFICIT)

	Governmental Activities		Increase/ (Decrease)
	2024	2023	
Current assets	\$ 7,968,484	\$ 9,493,276	\$ (1,524,792)
Capital assets, net of depreciation/amortization	31,403,416	36,953,308	(5,549,892)
Total assets	39,371,900	46,446,584	(7,074,684)
 Total deferred outflows of resources	 7,850,390	 7,976,686	 (126,296)
Current liabilities	3,455,377	4,721,340	(1,265,963)
Noncurrent liabilities	53,769,696	56,247,312	(2,477,616)
Total liabilities	57,225,073	60,968,652	(3,743,579)
 Total deferred inflows of resources	 1,871,803	 1,405,014	 466,789
 Net position (deficit):			
Net investment in capital assets	2,320,487	2,305,733	14,754
Unrestricted	(14,195,073)	(10,256,129)	(3,938,944)
Total net position (deficit)	\$ (11,874,586)	\$ (7,950,396)	\$ (3,924,190)

Total assets decreased by \$(7,074,684) (-15.2 %) due to a \$(1,524,792) decrease in current assets and a \$(5,549,892) decrease in capital assets, net of depreciation/amortization. The \$(1,524,792) (-16.1%) reduction in current assets was mainly due to the partial collection of outstanding reimbursements from Broward County for grant expenditures related to the Elementary and Secondary Emergency Relief (ESSER) funds as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The decrease in capital assets, net of depreciation/amortization, is mainly due to the depreciation and amortization of the capital assets during the year.

Total liabilities decreased by \$(3,743,579) (-6.1 %) was attributed by a \$(1,415,743) decrease in Due to the City of Pembroke Pines for advances provided by the City in the prior year which the Schools paid off during the fiscal year 2024 as the Schools partially collected the receivables from the ESSER grant program and a decrease in lease liability of \$(5,381,584) due to repayments made during the year. These decreases were offset by a \$2,998,045 increase in net pension liability due to changes in assumptions related to project benefit obligations due to various factors, including increased healthcare costs, employee longevity, etc.

Net investment in capital assets increased by \$14,754 (0.6%) and unrestricted net position (deficit) decreased by \$(3,938,944) (38.4%) from the prior year.

As of June 30, 2024, net investment in capital assets (e.g., improvements other than buildings and equipment) amounted to \$2,320,487. The Schools do not have any related debt outstanding that was used to acquire these assets except for the lease and subscription-based information technology arrangements (SBITA) related liability as required by Statement 87 and Statement 96, respectively. These assets are not available for future spending.

**Governmental activities.** The Schools' total net position (deficit) at the end of the year amounted to (\$11,874,586), a decrease of \$(3,924,190) (49.4%) from the previous fiscal year. The total cost of all governmental activities this year was \$67,956,841. Key elements of these changes in net position are as follows:

CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities		Increase/ (Decrease)
	<u>2024</u>	<u>2023</u>	
Revenues:			
Program revenues:			
Charges for services	\$ 6,082,866	\$ 5,422,040	\$ 660,826
Operating grants and contributions	4,372,933	11,163,803	(6,790,870)
Capital grants and contributions	-	38,573	(38,573)
General revenues:			
FTE non-specific revenues	52,897,600	44,071,740	8,825,860
Unrestricted investment earnings (losses)	(35,513)	(56,205)	20,692
Rental income	688,236	685,268	2,968
E-rate program	26,529	26,530	(1)
Other revenue	-	9,447	(9,447)
Total revenues	<u>64,032,651</u>	<u>61,361,196</u>	<u>2,671,455</u>
Expenses:			
Instructional services	37,534,571	32,952,881	4,581,690
Instructional support services	4,128,459	3,136,681	991,778
Food services	3,164,720	2,835,721	328,999
Student transportation services	2,612,873	2,516,148	96,725
Operation and maintenance of school	13,447,373	13,219,837	227,536
School administration	5,699,796	4,895,831	803,965
Interest	287,309	381,303	(93,994)
Other	1,081,740	934,463	147,277
Total expenses	<u>67,956,841</u>	<u>60,872,865</u>	<u>7,083,976</u>
Change in net position	(3,924,190)	488,331	(4,412,521)
Net position, beginning	<u>(7,950,396)</u>	<u>(8,438,727)</u>	<u>488,331</u>
Net position - ending	<u>\$ (11,874,586)</u>	<u>\$ (7,950,396)</u>	<u>\$ (3,924,190)</u>

The Schools' total revenues increased by \$2,671,455 (4.4 %) during the year. This increase is mainly due to a \$8,825,860 (20.0%) increase in FTE non-specific revenues and \$660,826 (12.2%) increase in charges for services. These increases were offset by a decrease of \$(6,790,870) (-60.8%) in operating grants and contributions.

The \$8,825,860 increase in FTE non-specific revenues was mainly attributable to an increase of \$3,687,322 in Florida Education Finance Program (FEFP) funding and \$6,314,483 as partial payment of taxes owed to charter schools related to a voter-approved referendum increasing the School District's millage rate for school safety and other initiatives, which the District did not distribute to charter schools from 2019 through 2023. These increases were offset by the decrease in Teacher Salary Allocation of \$1,459,238 as this becomes part of the FEFP base allocation effective in fiscal year 2024.

The \$(6,790,870) decrease in operating grants and contributions was due to significant funding received from the federal government related to the Elementary and Secondary Emergency Relief (ESSER) funds as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act in the prior year which is winding down in fiscal year 2024 as the last year of the program.

The \$660,826 increase in service charges is attributable to the increase in food services and student transportation revenues due to the increase in students availing themselves of these services.

Total expenses increased by \$7,083,976 (11.7 %) from the prior year mainly attributed by the \$7,122,185 (21.1%) increase in personnel costs. The increase in personnel costs, including benefits, was mainly attributable to the increase in teachers' salaries and pension expenses due to the differences between the actual results and assumptions used to calculate net pension liability.

**Financial analysis of the Schools' funds.** As noted earlier, the Schools use fund accounting to ensure and demonstrate compliance with finance-related legal requirements and segregation for particular purposes.

**Governmental funds.** The focus of the Schools' governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Schools' financing requirements.

### **Budgetary Highlights**

For the fiscal year ended June 30, 2024, the Schools had final estimated revenues and appropriations of \$64,812,327 and \$66,283,023, respectively, excluding other financing sources and uses.

Over the course of the year, the Schools made several amendments to budgeted revenues and appropriations.

These amendments may fall into one or more of the following categories:

- Amendments related to grants and new programs.
- Amendments to revise estimates for state and local revenues based on the latest information on student attendance.
- Amendments during the year for unexpected occurrences.

***The Charter Elementary Schools, East, West and Central Campuses, made the following amendments to budget:***

Several amendments were made to increase budgeted revenues totaling \$1,079,320. This was mainly due to an increase of \$332,372 in revenues for the Governor's A+ funding program, \$295,312 in additional ESSER funds, and \$229,577 in District School taxes.

Amendments were also made to increase the expenditure budget by approximately \$876,834. These adjustments include increasing the personnel costs to reflect the supplemental payouts to teachers for the Governor's A+ program, an increase in operating costs such as professional and other support services, and purchasing software related to the digital versions of textbooks. These increases were offset by an approximately \$698,000 decrease in annual true-up adjustments for health, life, and workers' compensation insurance.

After appropriations were amended, as described above, actual revenues were below the budgeted revenues by \$333,550, and overall actual expenditures were below final budgeted amounts by \$442,155 before transfers.

***The Charter Middle Schools, West and Central Campuses, made the following amendments to budget:***

Several amendments were made to increase budgeted revenues totaling \$663,537. This was mainly due to an increase of \$233,159 in revenues for the Governor's A+ funding program, \$156,854 in additional ESSER funds, and \$114,790 in District School taxes.

Amendments were also made to increase the expenditure budget by approximately \$479,468. These adjustments include increasing the personnel costs to reflect the supplemental payouts to teachers for the Governor's A+ program, an increase in operating costs such as professional and other support services, and purchasing software related to the digital versions of textbooks. These increases were offset by an approximately \$529,000 decrease in annual true-up adjustments for health, life, and workers' compensation insurance.

After appropriations were amended, as described above, actual revenues were below the budgeted revenues by \$689,141, and actual expenditures were below final budgeted amounts by \$359,685 before transfers.

***The Charter High School made the following amendments to budget:***

Several amendments were made to increase budgeted revenues totaling \$847,385. This was mainly due to an increase of \$368,633 in revenues for the Governor's A+ funding program, \$83,462 in additional ESSER funds, and \$114,790 in District School taxes.

Amendments were also made to decrease the expenditure budget by approximately \$612,423. These adjustments include increasing the personnel costs to reflect the supplemental payouts to teachers for the Governor's A+ program, an increase in operating costs such as professional and other support services, and purchasing software related to the digital versions of textbooks. These increases were offset by an approximately \$748,000 decrease in annual true-up adjustments for health, life, and workers' compensation insurance.

After appropriations were amended, as described above, actual revenues were above the budgeted revenues by \$243,017, and actual expenditures were below final budgeted amounts by \$417,065 before transfers.

### Capital Assets

The Schools' investment in capital assets for its governmental activities as of June 30, 2024 amounted to \$31,403,146, net of accumulated depreciation/amortization. This investment in capital assets includes improvements other than buildings, equipment, lease assets – building, and construction in progress.

#### CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities		Increase/ (Decrease)
	<u>2024</u>	<u>2023</u>	
Improvements other than buildings	\$ 1,376,851	\$ 1,439,232	\$ (62,381)
Equipment	921,143	347,472	573,671
Right-to-use - Lease assets - building	27,994,172	33,593,008	(5,598,836)
Right-to-use – SBITA	620,507	713,353	(92,846)
Construction in progress	<u>490,743</u>	<u>860,243</u>	<u>(369,500)</u>
Total capital assets	<u>\$ 31,403,416</u>	<u>\$ 36,953,308</u>	<u>\$ (5,549,892)</u>

In fiscal year 2024, total capital purchases amounted to approximately \$302,000. Roughly \$51,000 was spent on purchasing equipment to support the schools and about \$193,000 on an ongoing kitchen renovation. The net decrease in the current year was due to the depreciation and amortization of approximately \$6.6 million.

Additional information on the Schools' capital assets can be found in Note 4 of the notes to the special purpose financial statements (page 32).

### Economic Factors and Next Year's Budgets and Rates

- Capital outlay funding from the State is expected to increase by 8.13% for FY 2024-2025. The State is funding this revenue at an estimated 58% of the total maximum allocation.
- HB 1259 was passed during the 2023 Florida Legislative Session, and under this bill, school districts are mandated to share local capital outlay revenue collected through discretionary 1.5-mill local levies with charter schools. HB 1259 requires school districts to allocate a portion of these revenues to charter schools, based on their proportional enrollment within the district. For fiscal year 2024-25, the charter schools will receive 40% of their allocation, and subsequently receive 100% of their allocation by fiscal year 2027-28.

- For fiscal year 2024-2025, the Base Student Allocation (BSA) used to calculate the Florida Education Finance Program (FEFP) revenues increased by approximately \$191.25 to \$5,330.98 in fiscal year 2024-2025 as per Florida State Legislature HB 5001 FEFP Conference Report dated March 5, 2024.
- The State determined annual employer contribution to the Florida Retirement System will increase to 13.63% for fiscal year 2024-2025, up from 13.57% for fiscal year 2024-25.
- The Schools' student attendance rate remains stable at 94.38%.
- The Schools' enrollment is at 100% capacity.
- On August 23, 2022, Broward County voters approved an extension of the 2018 Secure the Next Generation voter initiative for an additional four years. For fiscal years 2024 through 2027, the principal uses of this revenue stream will fund teacher compensation, school resource officers and safety measures, and other activities necessary to preserve essential programs.
- The Schools have estimated revenues and appropriations in the fiscal year 2024-2025 budgets of \$70,750,479.

### **Requests for Information**

This financial report is designed to provide the reader with a general overview of the Schools' finances, as well as demonstrate accountability for funds the Schools receive. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to the Office of the City Manager, 601 City Center Way, Pembroke Pines, Florida 33025.

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## STATEMENT OF NET POSITION

JUNE 30, 2024

<u>ASSETS</u>	<u>Governmental Activities</u>
Pooled cash and cash equivalents	\$ 2,576,650
Due from Broward County	5,110,725
Due from Federal and State Government	28,083
Other miscellaneous receivables	205,516
Prepayments	47,510
Capital assets not being depreciated	490,743
Capital assets being depreciated, net	30,912,673
Total assets	39,371,900
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflows related to pension	7,245,350
Deferred outflows related to OPEB	605,040
Total deferred outflows of resources	7,850,390
<u>LIABILITIES</u>	
Accrued liabilities	1,606,502
Accrued interest payable	286,397
Due to City of Pembroke Pines	580,871
Unearned revenue	56,615
Deposits	924,992
Noncurrent liabilities:	
Due within one year	6,575,911
Due in more than one year	47,193,785
Total liabilities	57,225,073
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflows related to pension	1,595,836
Deferred inflows related to OPEB	275,967
Total deferred inflows of resources	1,871,803
<u>NET POSITION</u>	
Net investment in capital assets	2,320,487
Unrestricted	(14,195,073)
Total net position	\$ (11,874,586)

See notes to special purpose financial statements.

**CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS**

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2024

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants</u>	<u>Net (Expense) Revenue and Changes in Net Position Total Governmental Activities</u>
Governmental activities:					
Instructional services	\$ 37,534,571	\$ -	\$ -	\$ -	\$ (37,534,571)
Instructional support services	4,128,459	-	461,277	-	(3,667,182)
Food services	3,164,720	1,596,061	1,652,330	-	83,671
Student transportation services	2,612,873	292,705	-	-	(2,320,168)
Operation and maintenance of school	13,447,373	3,187,657	446,740	-	(9,812,976)
School administration	5,699,796	-	1,812,586	-	(3,887,210)
Interest	287,309	-	-	-	(287,309)
Other	1,081,740	1,006,443	-	-	(75,297)
Total Charter Schools	<u>\$ 67,956,841</u>	<u>\$ 6,082,866</u>	<u>\$ 4,372,933</u>	<u>\$ -</u>	<u>(57,501,042)</u>

General revenues:

FTE non-specific revenues	52,897,600
Unrestricted investment earnings (losses)	(35,513)
Rental income	688,237
E-rate program	<u>26,528</u>
Total general revenues	<u>53,576,852</u>
Change in net position	(3,924,190)
Net position, beginning	<u>(7,950,396)</u>
Net position, ending	<u>\$ (11,874,586)</u>

See notes to special purpose financial statements.

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2024

	<u>Charter Elementary Schools</u>	<u>Charter Middle Schools</u>	<u>Charter High School</u>	<u>Total</u>
<b><u>ASSETS</u></b>				
Pooled cash and cash equivalents	\$ 977,934	\$ 538	\$ 1,598,178	\$ 2,576,650
Due from Broward County	2,113,795	1,251,545	1,745,385	5,110,725
Due from Federal and State Government	15,544	9,128	3,411	28,083
Other miscellaneous receivables	73,192	51,427	80,897	205,516
Prepayments	16,920	11,889	18,701	47,510
Total assets	<u>\$ 3,197,385</u>	<u>\$ 1,324,527</u>	<u>\$ 3,446,572</u>	<u>\$ 7,968,484</u>

### LIABILITIES AND FUND BALANCE

Liabilities:				
Accrued liabilities	\$ 603,040	\$ 413,517	\$ 589,945	\$ 1,606,502
Due to City of Pembroke Pines	-	580,871	-	580,871
Unearned revenue	18,644	11,600	26,371	56,615
Deposits	250,822	170,928	503,242	924,992
Total liabilities	<u>872,506</u>	<u>1,176,916</u>	<u>1,119,558</u>	<u>3,168,980</u>
Fund balances:				
Assigned for rent payments	2,324,879	147,611	2,327,014	4,799,504
Total fund balances	<u>2,324,879</u>	<u>147,611</u>	<u>2,327,014</u>	<u>4,799,504</u>
Total liabilities and fund balances	<u>\$ 3,197,385</u>	<u>\$ 1,324,527</u>	<u>\$ 3,446,572</u>	

Amounts reported for governmental activities in the statement of net position (deficit) are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 31,403,416

Compensated absences, shown as noncurrent liabilities, are not due and payable in the current period and, therefore, are not reported in the funds. (1,106,457)

Deferred outflows and inflows of resources related to pensions and OPEB are applicable to applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources 7,850,390

Deferred inflows of resources (1,871,803)

Long-term liabilities, such as accrued interest payable, net pension liability, and net OPEB liability, are not due and payable in the current period and, therefore, are not reported as a liability in the funds. (52,949,636)

Net position (deficit) of governmental activities (page 12) \$ (11,874,586)

See notes to special purpose financial statements.

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

FISCAL YEAR ENDED JUNE 30, 2024

	Charter Elementary Schools	Charter Middle Schools	Charter High School	Total
<b>Revenues:</b>				
Local	\$ 21,349,112	\$ 13,921,934	\$ 24,835,414	\$ 60,106,460
Federal and State grants	<u>1,709,557</u>	<u>1,040,796</u>	<u>1,175,840</u>	<u>3,926,193</u>
Total revenues	<u>23,058,669</u>	<u>14,962,730</u>	<u>26,011,254</u>	<u>64,032,653</u>
<b>Expenditures:</b>				
<b>Current:</b>				
K-3 Basic	7,508,197	-	-	7,508,197
4-8 Basic	3,559,470	7,964,188	1,786,925	13,310,583
9-12 Basic	-	-	9,383,100	9,383,100
Intensive English/ESOL	-	92	-	92
Exceptional student program	833,518	919,277	863,147	2,615,942
Vocational 6-12	-	-	326,121	326,121
Substitute teachers	107,519	88,133	156,494	352,146
School/other	21,610	47,622	54,153	123,385
Guidance services	303,673	318,018	816,255	1,437,946
Health services	440,272	248,039	141,997	830,308
Instructional media services	349,404	257,752	203,223	810,379
Instructional and Curriculum Development services	292,631	197,505	152,281	642,417
Office of Innovative Learning	103,199	103,053	101,732	307,984
Instructional staff training service	45,068	27,829	22,884	95,781
Board	16,212	10,808	5,404	32,424
General administration	14,214	9,895	16,017	40,126
School administration	2,002,874	1,279,165	1,926,025	5,208,064
Food services	1,173,030	935,896	1,048,410	3,157,336
Student transportation services	905,613	637,446	1,059,240	2,602,299
Operation of school	2,585,907	1,738,272	3,352,686	7,676,865
Child care supervision	600,910	-	-	600,910
Athletics	-	23,317	351,496	374,813
<b>Debt service:</b>				
Principal	2,159,479	1,052,200	3,061,148	6,272,827
Interest	125,277	61,524	156,840	343,641
Capital outlay	<u>433,629</u>	<u>230,678</u>	<u>346,125</u>	<u>1,010,432</u>
Total expenditures	<u>23,581,706</u>	<u>16,150,709</u>	<u>25,331,703</u>	<u>65,064,118</u>
Excess (Deficit) of revenues over (under) expenditures	<u>(523,037)</u>	<u>(1,187,979)</u>	<u>679,551</u>	<u>(1,031,465)</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	933,780	-	933,780
Transfers out	-	-	(933,780)	(933,780)
Other financing sources - Subscription agreements	<u>286,148</u>	<u>173,620</u>	<u>248,414</u>	<u>708,182</u>
Total other financing sources (uses)	<u>286,148</u>	<u>1,107,400</u>	<u>(685,366)</u>	<u>708,182</u>
Net change in fund balances	(236,889)	(80,579)	(5,815)	(323,283)
Fund balances, beginning	<u>2,561,768</u>	<u>228,190</u>	<u>2,332,829</u>	<u>5,122,787</u>
Fund balances, ending	<u>\$ 2,324,879</u>	<u>\$ 147,611</u>	<u>\$ 2,327,014</u>	<u>\$ 4,799,504</u>

See notes to special purpose financial statements.

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2024

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

Net change in fund balances - total governmental funds (Page 15)	\$ (323,283)
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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 and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

The detail of the difference is as follows:

Capital outlay	1,010,432	
Depreciation and amortization expenses	<u>(6,604,324)</u>	
Net adjustment		(5,593,892)

The net effect of various miscellaneous transactions involving leased and capital assets	44,000
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The issuance of long-term debt (e.g. lease agreements, SBITA agreements, etc.) are shown as other resources in the governmental funds but are shown as increases in long-term debt in the statement of net position.	(708,182)
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Repayment of long-term debt principal on bond, leases, and SBITAs are expenditures in the governmental funds, but these activities reduce long-term liabilities in the statement of net position.	6,272,827
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

The details of the difference are as follows:

Compensated absences		(9,378)
Interest expense		64,452
Pension expense, net of contributions		(3,812,600)
OPEB benefit, net of contributions		<u>141,866</u>

Change in net position of governmental activities (page 13)	<u>\$ (3,924,190)</u>
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# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Reporting Entity

On August 20, 1997, June 2, 1998 and August 19, 1998, the City of Pembroke Pines Commission (“City Commission”) approved the creation of the City of Pembroke Pines Charter Elementary School, consisting of three campuses; the City of Pembroke Pines Charter Middle School, consisting of two campuses; and the City of Pembroke Pines Charter High School, consisting of one campus. The three schools will be referred to collectively as the Schools in these special purpose financial statements. The City of Pembroke Pines, Florida (the “City”) is a municipal corporation operating charter schools organized pursuant to Section 1002.33 of the Florida Statutes. The City of Pembroke Pines Charter Elementary School’s first school year commenced in August 1998; the City of Pembroke Pines Charter Middle School’s first school year commenced in July 1999 and the City of Pembroke Pines Charter High School’s first school year commenced in July 2000. The governing body of the Schools is the City Commission comprising five voting members which consist of the City of Pembroke Pines Mayor, Vice Mayor, and three Commissioners. The Pembroke Pines City Manager also serves as the Superintendent of the Charter Schools.

The Schools operate under a charter of the sponsoring school district, the Broward County School Board (the “District”). The Elementary Schools’ charter agreement was approved by the District on August 18, 1998 and was effective until June 30, 2014. The Middle School’s charter agreement was approved by the District on June 15, 1999 and was effective until June 30, 2014. The High School’s charter was approved by the City Commission on April 4, 2000 and was effective until June 30, 2015. The Elementary, Middle and High Schools’ charter agreements were renewed from July 1, 2014 to June 30, 2029. All three charters may be renewed pursuant to Section 1002.33(7)(b)(1), Florida Statutes, for such duration as may be established by mutual written agreement of the parties. At the end of the term of the charters, the District may choose not to renew the charters under grounds specified in the charter in which case the District is required to notify the Schools in writing at least 90 days prior to the charter’s expiration. Pursuant to Section 1002.33, Florida Statutes, the charter school contract provides that in the event the Schools are dissolved or terminated, any unencumbered funds and all school property purchased with public funds automatically revert to the Broward County School Board. During the term of the charter, the District may also terminate the charter if good cause is shown.

The Schools are accounted for as special revenue funds of the City of Pembroke Pines, Florida (the “City”). The special purpose financial statements contained herein present only the operations of the Schools, and do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2024, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### a. Reporting Entity (Continued)

On February 1, 2003, the City entered into a Charter Agreement with Florida State University (FSU) to create a seventh Charter School – the City of Pembroke Pines/Florida State University Charter Elementary School. This Charter School opened for the 2003-2004 School year, and has a current enrollment of 698 students for the 2023-24 school year. Its financial information is not included herein, as it is separately chartered with Florida State University and issues its own special purpose financial statements.

#### b. Government-Wide and Fund Financial Statements

The Schools' government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Schools. The effect of interfund activity has been removed from these statements. Full-time equivalent (FTE) dollars and intergovernmental revenues support *governmental activities*.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. FTE dollars and other items not properly included among program revenues are reported instead as *general revenues*.

Major individual governmental funds are reported as separate columns in the fund financial statements. The Schools' special purpose financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

#### c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Schools' government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### c. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The Schools' fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both 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. For this purpose, the Schools consider revenues to be available if they are collected within 60 days of the end of the current fiscal period. When the primary requirement under a grant is incurring an eligible expenditure, the Schools recognize revenue at the time the expenditures are incurred. The Schools consider the availability period of grant revenue susceptible to accrual to be a year. Expenditures are recorded when a liability is incurred, as under accrual accounting.

FTE dollars, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the Schools receive cash.

The Schools report the following major funds:

**Charter Elementary Schools** – The Elementary Schools consist of an East, West and Central campus, serving 1,884 student stations for the 2023-24 school year.

**Charter Middle Schools** – The Middle Schools consist of a West and Central campus, serving 1,325 student stations for the 2023-24 school year.

**Charter High School** – The Charter High School, located at the Academic Village site, serving 2,125 student stations for the 2023-24 school year.

When both restricted and unrestricted resources are available for use, it is the Schools' policy to use restricted resources first, and then unrestricted resources as they are needed.

#### d. Assets, Liabilities, Deferred Outflows/ (Inflows) of Resources, and Net Position/Fund Balance

##### 1. Deposits and Investments

The Schools consider all highly liquid investments with maturity of three months or less when purchased to be cash and cash equivalents. The Schools maintain their cash and cash equivalents in pooled accounts managed by the City. Within the City's pooled control accounts, separate accounting is maintained for each fund. Pooled cash and cash equivalents include deposits held with the State Board of Administration (SBA) Investment Pool.

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### d. Assets, Liabilities, Deferred Outflows/ (Inflows) of Resources, and Net Position/Fund Balance (Continued)

##### **2. Receivables**

All receivables are considered to be collectible; therefore, no allowance for uncollectible accounts is recorded.

##### **3. Inventories**

Inventories consist of expendable food commodities and are valued on the first-in, first-out basis. United States Department of Agriculture surplus commodities are stated at their fair value as determined at the time of donation to the Schools' food service program by the Florida Department of Agriculture and Consumer Services, Bureau of Food Distribution. This inventory is accounted for under the consumption method, and as such, is recorded as an expenditure when used rather than purchased. The Schools have no inventories at June 30, 2024.

##### **4. Capital Assets**

Capital assets, which include improvements other than buildings, right to use lease assets – building, equipment and right to use – subscription-based information technology arrangements (SBITA), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Schools as assets with an initial, individual cost of \$5,000 or more and useful lives of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the acquisition date.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The lease/SBITA asset is initially measured as the initial amount of the lease/SBITA liability based on the present value of payments expected to be made during the term, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the lease/SBITA liability is reduced by the principal portion of payments made and is amortized on a straight-line basis over its useful life. The Schools monitor changes in circumstances that would require a remeasurement of its lease/SBITA and will remeasure the lease/SBITA assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease/SBITA liability.

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### d. Assets, Liabilities, Deferred Outflows/ (Inflows) of Resources, and Net Position/Fund Balance (Continued)

##### 4. Capital Assets (Continued)

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

<u>Assets</u>	<u>Years</u>
Right to use asset – lease (building)	8
Improvements other than buildings	5-50
Equipment	3-10
Right to use asset - SBITA	2-3

In accordance with Florida Statutes, all property and improvements, furnishings and equipment purchased with public funds will automatically revert to full ownership by the Broward County School Board upon the non-renewal or termination of the charter agreement.

##### 5. Compensated Absences

The Schools' full-time teachers are given three sick leave days at the beginning of the school year and accrue one day per month up to ten days per year. Sick leave may be carried over into the following school year. Once teachers reach thirty days, they will bank those days for future use and will be compensated for any sick leave days over thirty at the end of September of each year at their current rate of pay. Part-time teachers are not entitled to sick leave. Non-Instructional full-time 12 and 10-month employees earn one sick day per month. Sick time not used is forfeited. Non-Instructional employees that work year-round (12 months) are entitled to vacation based on their continuous years of service earning from 1 day per month up to 12 days to 2 days per month up to 24 days. Non-Instructional employees may carryover unused vacation time. For current employees hired prior to February 1, 2010, annual leave accumulated above 320 hours will be paid out at time of termination at a rate of: (1) 75% of the employee's ending base salary for hours above 320 and up to 640; (2) 50% of the employee's ending base salary for any hours above 640; and (3) any leave accumulated prior to February 1, 2010 will be paid out at 100% of the employee's ending base salary. For employees hired on or after February 1, 2010, annual leave accumulated above 320 hours will be paid out at time of termination at a rate of: (1) 50% of the employee's ending base salary for hours above 320 and up to 640; and (2) 25% of the employee's ending base salary for any hours above 640.

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### d. Assets, Liabilities, Deferred Outflows/ (Inflows) of Resources, and Net Position/Fund Balance (Continued)

##### 5. *Compensated Absences* (Continued)

The liability for these compensated absences is recorded as noncurrent liabilities in the government-wide financial statements. The current portion of this liability is estimated based on historical trends. In the fund financial statements, the Schools report only the compensated absence liability due and payable at June 30th and paid from expendable available financial resources.

##### 6. *Long-Term Obligations*

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities. Long-term debt, which is reported in the City's financial statements, is not included in the Schools' special purpose financial statements, and is described as follows.

The City borrowed \$10,000,000 from a bank in December 1997 of which approximately \$8,000,000 was used to finance the acquisition of land and construction of the Elementary Schools. In 1998, the City issued Public Improvement Revenue Bonds, Series 1998 for \$24,055,000 of which approximately \$12,500,000 was used to finance the construction of the Middle School, and the purchase and development of the site for the City's Charter High School. During 1999, the City issued Capital Improvement Revenue Bonds, Series 1999 for \$45,240,000 of which approximately \$31,000,000 was used to finance the construction of the City of Pembroke Pines Charter High School and further expansion of the Schools. During 2001, the City issued Charter School Revenue Bonds, Series 2001A and 2001B for \$31,910,000 and \$20,060,000, respectively, which were used to finance the construction of the City of Pembroke Pines Charter Central Campus and the shared-use facility located at the Academic Village Charter High School Campus.

On December 1, 2006, \$18,935,000 of the Public Improvement Revenue Bonds, Series 1998, and \$10,985,000 of the Public Improvement Revenue Bonds, Series 2001 were advance refunded by the City's \$29,720,000 Public Improvement Revenue Refunding Bonds, Series 2006. On December 1, 2006, \$28,100,000 of the Capital Improvement Revenue Bonds, Series 1999 was advance refunded by a portion of the City's \$45,050,000 Capital Improvement Revenue Refunding Bonds, Series 2006. In October 2016, \$29,720,000 of the Public Improvement Revenue Bonds, Series 2006 was refunded by \$17,386,400 Public Improvement Revenue Refunding Bonds, Series 2016, which resulted in rent savings of approximately \$295,000 annually for all the Charter Schools.

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### d. Assets, Liabilities, Deferred Outflows/ (Inflows) of Resources, and Net Position/Fund Balance (Continued)

##### 6. Long-Term Obligations (Continued)

In May 2017, \$30,505,000 of the Capital Improvement Revenue Refunding Bonds, Series 2006 was refunded by a portion of the City's \$45,960,000 Capital Improvement Revenue Refunding Bonds, Series 2017, which resulted in rent savings of approximately \$151,000 annually for all the Charter Schools.

On March 25, 2008, the City advance refunded the Charter School Revenue Bonds, Series 2001A and 2001B, and constructed thirty-eight (38) additional classrooms for the City of Pembroke Pines Charter Schools and twelve (12) new classrooms for the City of Pembroke Pines/Florida State University Charter Elementary School by issuing the Charter School Revenue Bonds, Series 2008 for \$64,095,000. This was done to comply with the State's Class Size Amendment. The Amendment allows for no more than 18 students in Kindergarten through Third grade classrooms and 22 students in each Fourth through Fifth grade classroom. On May 17, 2011, the City remarketed the Series 2008 Bonds to Wells Fargo and obtained a variable rate of SIFMA rate plus 0.89% for a three-year term. On May 29, 2014, the City remarketed the Series 2008 Bonds to PNC Bank, National Association and obtained a variable rate of SIFMA rate plus 0.59% for a four year term, which resulted in rent savings of approximately \$139,000 annually for all the Charter Schools, including the FSU Charter School. The remarket was extended to November 7, 2019.

On November 7, 2019, \$62,195,000 of the Charter School Revenue Bonds, Series 2008 was refunded by \$58,985,000 Capital Improvement Revenue Bonds, Series 2019A and \$3,635,000 Taxable Capital Improvement Revenue Bonds, Series 2019B. The Series 2019A bears an interest rate ranging from 3% to 5% payable semi-annually beginning on January 1, 2020. The Series 2019B bears an interest rate of 2.4% and 2.5% payable semi-annually for bonds maturing in 2026 and 2027, respectively. The 2019 Bonds are payable from the Pledged Funds, which consist primarily of non-ad valorem budgeted and appropriated by the City, the bondholders will have a lien on or a pledge of the non-ad valorem revenues until such funds are budgeted, appropriated, and deposited into the Debt Service Funds pursuant to the bond resolution.

The Schools remit a yearly rental fee to the City for the use of the facilities that were constructed by the City (see Note 7 – Leases).

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### d. Assets, Liabilities, Deferred Outflows/ (Inflows) of Resources, and Net Position/Fund Balance (Continued)

##### *7. Net Position/Fund Balance*

##### Government-wide Financial Statements

Net position is classified in three components:

- a. Net investment in capital assets – Consists of capital assets, net of accumulated depreciation reduced by the outstanding balances of any borrowing that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation. The Schools have no restricted assets as of June 30, 2024.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Schools are bound to honor constraints on the specific purposes for which amounts in these funds can be spent. Amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the City Commission through an ordinance or resolution are classified as committed fund balances. Amounts that are constrained by the intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances. Assignments are made by management based on Commission direction. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes.

Fund balances of the Schools are considered to be assigned for rent payments, as they are special revenue funds of the City. Per GASB 54, all remaining amounts reported in governmental funds that are not classified as nonspendable, and are neither restricted nor committed should be reported as assigned fund balance.

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### d. Assets, Liabilities, Deferred Outflows/ (Inflows) of Resources, and Net Position/Fund Balance (Continued)

##### **7. Net Position/Fund Balance**

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Schools consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Schools consider amounts to have been spent, first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Schools have provided otherwise in its commitment or assignment actions.

##### **8. Revenue Sources**

Revenues for current operations are received primarily from the Broward County School Board pursuant to the funding provisions included in the Schools' Charters. In accordance with the funding provisions of the charters and Section 1002.33, Florida Statutes, the Schools report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1002.33, 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. Funding for the Schools is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual full-time equivalent students reported by the Schools during the designated full-time equivalent student survey periods.

##### **9. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may differ from actual results.

##### **10. Pensions**

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 Systems (FRS) and additions to/deductions from FRS' fiduciary net position have been determined on the same basis as they are reported by FRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### d. Assets, Liabilities, Deferred Outflows/ (Inflows) of Resources, and Net Position/Fund Balance (Continued)

##### **11. Post-employment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City of Pembroke Pines Post-Employment Benefit Trust Fund (Trust) and additions to/deductions from the Trust's fiduciary net position have been determined on the same basis as they are reported by the Trust. For this purpose, the Trust recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

##### **12. Deferred Outflows/(Inflows) of Resources**

In addition to assets, the statement of net position will periodically 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 Schools' deferred outflows of resources relate to the FRS pension and OPEB, as discussed in Note 12 and Note 13, respectively.

In addition to liabilities, the statement of net position will periodically 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 that time. The Schools' deferred inflows of resources relate to the FRS pension and OPEB, as discussed in Note 12 and Note 13, respectively.

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

### NOTE 2. DEPOSITS AND INVESTMENTS

The Schools pool their cash, cash equivalents, and investments in accordance with legal restrictions.

As of June 30, 2024, the Schools' pooled cash and cash equivalents are summarized as follows:

<u>Description</u>	<u>Carrying Amount</u>
State Board of Administration	\$ 2,574,775
Cash on hand	<u>1,875</u>
Total pooled cash and cash equivalents	<u>\$ 2,576,650</u>

The Schools' investment objective order of priority is safety of capital, liquidity of funds, and investment income. Authorized investments of the Schools are subject to limitations prescribed in the City of Pembroke Pines' Investment Policy as adopted per Ordinance 1493, dated September 1, 2004 and amended per Ordinance 1793, and dated October 1, 2014. The average duration of the entire portfolio as a whole may not exceed five (5) years. This calculation excludes maturities of the underlying securities of a repurchase agreement. This calculation also applies to the expected average life of asset-backed securities and mortgage-backed securities (rather than the stated final maturity). No more than 30% of the total investment portfolio shall be placed in securities with an expected duration of more than five (5) years. This calculation excludes maturities of the underlying securities of a repurchase agreement.

Authorized Investments per the Investment Policy are as follows:

***List of Authorized Investments:***

(a) The Local Government Surplus Funds Trust Fund and any other investment plan or investment trust developed by the Florida League of Cities, the Florida Association of Counties, the Florida Association of Court Clerks, or similar state or national associations, approved by the City.

(b) Negotiable direct obligations of, or obligations the principal and interest of which are unconditionally guaranteed by the United States Government or its agencies, including but not limited to, U.S. Government Treasury Securities, and Government National Mortgage Associations (GNMAs).

(c) Non-negotiable interest-bearing time certificates of deposits or savings accounts in state or federal banks, state or federal savings and loan associations as permitted and/or prescribed by Chapter 280 of the Florida Statutes.

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

### NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

(d) Government Sponsored Enterprises including but not limited to Federal Farm Credit Banks, Federal Home Loan Bank or its district banks, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation.

(e) Prime commercial paper. Commercial Paper having a maturity of 90 days or less shall require one of the following three minimum ratings: A-1, P-1 or F-1, or better as rated by Standard & Poors, Moody's, and/or Fitch Investors Service rating services. Prime commercial paper of U.S. Corporations having a maturity in excess of 90 days shall require two of the three above-mentioned ratings.

(f) Repurchase agreements comprised of only those investment instruments as otherwise authorized herein.

(g) State or local government taxable and tax-exempt debt, general obligation and/or revenue bonds rated at least "A3" by Moody's or "A-" by Standard & Poor's for long-term debt or rated at least MIG-2 by Moody's or SP-2 Standard & Poor's for short-term debt.

(h) Securities or, other interests in, any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, provided the portfolio meets the City's investment policy.

(i) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency. The funds must be in compliance with Title 17, Part 270, Section 2a-7 of the Federal Code of Regulations.

(j) U.S dollar denominated debt obligations of domestic or foreign corporations, or foreign sovereignties issued in the U.S. or in foreign markets having two of the following three minimum ratings: BBB, Baa2, or BBB, as rated by Standard and Poor's, and/or Moody's, and/or Fitch Investors Service rating services. However, if such obligations are rated by only one rating service, then such rating shall be at least A-, A3, or A- by Standard & Poor's, or Moody's or Fitch.

(k) Real estate, so long as the acquisition and sale comply with applicable federal and state laws and regulations in addition to applicable City Charter provisions, if any, and the City Code of Ordinances.

(l) Real Estate Investment Trusts ("REIT") which are properly registered pursuant to applicable Federal and State laws, provided the ("REIT") portfolio meets the City's Investment Policy.

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

**NOTE 2. DEPOSITS AND INVESTMENTS (Continued)**

(m) Land Trusts or Title Trusts as described in Sections 689.07 or 689.071, Florida Statutes, so long as the Land Trust complies with any applicable Federal and State laws and regulations, applicable City Charter provisions, if any, and the City's Code of Ordinances.

(n) Mortgage-Backed Securities. Securities collateralized by mortgages on residential property or commercial (industrial, office, retail etc.) property (“Commercial Mortgage-Backed Securities”). The securities may be issued by a Federal Instrumentality or by a private corporation and may be structured as collateralized mortgage obligations or unstructured pass-through securities.

(o) Asset-Backed Securities. Securities collateralized by pools of assets (credit cards, autos, home equity loans). The securities may be structured or unstructured pass-through securities.

The Schools invest in the State Board of Administration (SBA). SBA was created by the Florida Constitution and is governed by a three-member Board of Trustees, comprised of the Governor as Chair, the Chief Financial Officer and the Attorney General. The SBA’s Local Government Surplus Funds Trust Fund currently known as the Florida PRIME is governed by Chapter 19-7 of the Florida Administrative Code, which identifies the Rules of the SBA. These rules provide guidance and establish the general operating procedures for the administration of the Florida PRIME. Additionally, the Office of the Florida Auditor General performs the operational audit of the activities and investments of the SBA. The SBA is required to invest assets and discharge its duties in accordance with Florida law and in compliance with Fiduciary standards of care.

**Interest Rate Risk:** Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair market value of an investment. The Schools limit their exposure to fair value losses arising from increasing interest rates by limiting the effective duration of the investment portfolio.

The Schools’ operating fund in the State Board of Administration and the sensitivity of the fair values of the Schools’ investments to market interest rate fluctuations as of June 30, 2024 is provided below.

	<u>Fair Value</u>	<b>Weighted Average <u>Life</u></b>	<b>Weighted Average <u>Maturity</u></b>	<b>Credit Rating <u>S&amp;P</u></b>
SBA (the Florida PRIME)	\$ 2,574,775	81 days	45 days	AAAm

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

### NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

**Credit Risk:** Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Schools utilize portfolio diversification and credit quality rating in order to control this risk. The Florida PRIME is rated by Standard and Poor's.

**Concentration of Credit Risk:** Concentration risk exists when investments are concentrated in one issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investment are excluded from the concentration of credit risk disclosure requirements.

**Fair Value Measurement:** The Schools categorize their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels.

Level 1 – Inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 – Inputs are other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets.

Level 3 – Inputs are significant unobservable inputs for an asset or liability.

The overall valuation process and information sources for the investment classification is as follows:

As of June 30, 2024, the Schools had \$ 2,574,775 invested in the Florida PRIME. The investments in the Florida PRIME are not restricted as to deposits or withdrawals. Florida PRIME currently meets all the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost. Therefore, Florida PRIME investment is exempt from the GASB 72 fair value hierarchy disclosures, and the account balance should also be considered the fair value of the investment.

The School has the following recurring fair value measurements as of June 30, 2024:

<u>Investment Type</u>	
<b><u>Investments Measured at the Net Asset Value (NAV)</u></b>	
State Board of Administration – Florida PRIME	\$ 2,574,775

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

### NOTE 3. REVENUE SOURCES

	<u>Elementary Schools</u>	<u>Middle Schools</u>	<u>High School</u>	<u>Total</u>
<b>Broward County School Board:</b>				
Florida Education Finance Program	\$ 10,852,464	\$ 6,986,103	\$ 13,301,093	\$ 31,139,660
Class size reduction	2,030,498	1,225,725	1,971,161	5,227,384
Public education capital outlay (PECO)	1,129,193	786,140	1,272,324	3,187,657
District school taxes	3,716,251	2,509,556	4,333,684	10,559,491
Governor's A+ funds	332,372	233,159	368,633	934,164
Supplemental academic instruction	412,807	287,353	465,141	1,165,301
Transportation revenue	195,227	278,932	571,131	1,045,290
ESE guaranteed allocation	342,247	387,238	682,013	1,411,498
Instructional materials	(342)	(247)	(379)	(968)
Safe schools program	168,875	117,552	190,285	476,712
Local Capital Improvement	225,301	157,893	253,205	636,399
Mental health allocation	102,906	71,639	115,963	290,508
Summer reading program	(55)	(45)	(53)	(153)
Library media materials	(20)	(15)	(21)	(56)
School lunch supplement	2,733	1,921	3,021	7,675
Science lab materials	(6)	(4)	(6)	(16)
School breakfast supplement	1,678	1,179	1,854	4,711
Total Broward County School Board	<u>19,512,129</u>	<u>13,044,079</u>	<u>23,529,049</u>	<u>56,085,257</u>
<b>Other:</b>				
Rental revenue	97,340	294,250	296,647	688,237
Food sales	506,055	462,344	627,663	1,596,062
Contributions	139,673	113,923	193,144	446,740
Before and after school education program	1,000,712	-	5,732	1,006,444
In-house transportation	104,246	73,256	115,203	292,705
Interest income (losses)	(20,902)	(72,164)	57,553	(35,513)
E-rate program	9,859	6,246	10,423	26,528
Total other	<u>1,836,983</u>	<u>877,855</u>	<u>1,306,365</u>	<u>4,021,203</u>
<b>Total local</b>	<b><u>21,349,112</u></b>	<b><u>13,921,934</u></b>	<b><u>24,835,414</u></b>	<b><u>60,106,460</u></b>
<b>Federal and State grants:</b>				
School breakfast program	114,544	70,888	45,376	230,808
National school lunch program	471,904	302,661	323,708	1,098,273
NSLP non-cash assistance (commodities)	65,227	45,831	72,094	183,152
NSLP Supply chain assistance	49,885	35,068	55,146	140,099
Elementary and secondary school emergency relief fund	18,526	13,307	20,353	52,186
Safety and security school building	996,287	577,899	660,745	2,234,931
Student support and academic enrichment program	(13,677)	(9,640)	(15,255)	(38,572)
Individuals with disabilities education act (IDEA)	6,861	4,782	7,586	19,229
Carl Perkins Grant	-	-	6,087	6,087
Total Federal and State grants	<u>1,709,557</u>	<u>1,040,796</u>	<u>1,175,840</u>	<u>3,926,193</u>
<b>Total Revenue Sources</b>	<b><u>\$ 23,058,669</u></b>	<b><u>\$ 14,962,730</u></b>	<b><u>\$ 26,011,254</u></b>	<b><u>\$ 64,032,653</u></b>

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

### NOTE 4. CAPITAL ASSETS

	Balance <u>July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2024</u>
Capital assets, not being depreciated:				
Construction-in-progress	\$ 860,243	\$ -	\$ (369,500)	\$ 490,743
Total capital assets being depreciated	<u>860,243</u>	<u>-</u>	<u>(369,500)</u>	<u>490,743</u>
Capital assets, being depreciated:				
Improvements other than buildings	2,802,064	-	-	2,802,064
Equipment	2,354,317	671,750	-	3,026,067
Right-to-use lease assets - Buildings	44,790,676	-	-	44,790,676
Right-to-use SBITA	<u>1,325,078</u>	<u>752,182</u>	<u>(862,170)</u>	1,215,090
Total capital assets being depreciated	<u>51,272,135</u>	<u>1,423,932</u>	<u>(862,170)</u>	<u>51,833,897</u>
Less accumulated depreciation for:				
Improvements other than buildings	(1,362,832)	(62,381)	-	(1,425,213)
Equipment	(2,006,845)	(98,079)	-	(2,104,924)
Right-to-use lease assets - Buildings	(11,197,668)	(5,598,836)	-	(16,796,504)
Right-to-use SBITA	<u>(611,725)</u>	<u>(845,028)</u>	<u>862,170</u>	<u>(594,583)</u>
Total accumulated depreciation	<u>(15,179,070)</u>	<u>(6,604,324)</u>	<u>862,170</u>	<u>(20,921,224)</u>
Total capital assets being depreciated, net	<u>36,093,065</u>	<u>(5,180,392)</u>	<u>-</u>	<u>30,912,673</u>
	<u>\$ 36,953,308</u>	<u>\$ (5,180,392)</u>	<u>\$ (369,500)</u>	<u>\$ 31,403,416</u>

Depreciation and amortization expense was charged to functions/programs of the Schools as follows:

Governmental activities:

Operation and maintenance of school	\$	5,767,907
Instructional services		667,452
Instruction support services		6,602
School administration		144,405
Food services		7,384
Student transportation services		<u>10,574</u>
		<u>\$ 6,604,324</u>

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

### NOTE 5. RECEIVABLES

<u>Receivables</u>	<u>Charter Elementary Schools</u>	<u>Charter Middle Schools</u>	<u>Charter High School</u>	<u>Total</u>
Due from Federal and state government	\$ 15,544	\$ 9,128	\$ 3,411	\$ 28,083
Due from Broward County	2,113,795	1,251,545	1,745,385	5,110,725
Others	<u>73,192</u>	<u>51,427</u>	<u>80,897</u>	<u>205,516</u>
Total receivables	<u>\$ 2,202,531</u>	<u>\$ 1,312,100</u>	<u>\$ 1,829,693</u>	<u>\$ 5,344,324</u>

The due from Broward County comprises mainly of unreimbursed Elementary and Secondary School Emergency Relief (ESSER) grant expenditures allocated to the Schools to negate the financial impact caused by the Coronavirus pandemic. The Schools invested this funding in technology to facilitate remote learning, provide online teaching platforms, and make additional resources available to students to bridge learning gaps caused by remote learning during the stay-at-home mandate due to the pandemic. The Schools are responsible for submitting all expenditures and related documentation to the Broward County Public School Board (BCPSB or the County) for reimbursement. The reimbursement process has been very slow, leaving a large amount waiting to be received.

### NOTE 6. INTERFUND TRANSFERS

<u>Transfer in</u>	<u>Transfer out Charter High School</u>	<u>Total</u>	<u>Purpose</u>
Charter Middle Schools	\$ 933,780	\$ 933,780	Supplement current year operations

### NOTE 7. LEASES

For the year ended June 30, 2024, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

**NOTE 7. LEASES (Continued)**

As of June 30, 2024, Pembroke Pines Charter Schools, FL had three (3) active leases. The leases have payments that range from \$854,881 to \$2,915,438 and interest rates of 0.9670%. As of June 30, 2024, the total combined value of the lease liability is \$28,587,232, the total combined value of the short-term lease liability is \$5,366,142. The combined value of the right to use asset, as of June 30, 2024, of \$44,790,676 with accumulated amortization of \$16,796,504 is included with the Right-to-Use Lease Assets – Building activities on Note 4 – Capital Assets.

As of June 30, 2024, the Schools had minimum principal and interest payment requirements for its leasing activities, with a remaining term more than one year, as follows:

Fiscal Year	Governmental Activities		Total Payments
	Principal Payments	Interest Payments	
2025	\$ 5,366,142	\$ 276,439	\$ 5,642,581
2026	5,419,692	224,548	5,644,240
2027	6,762,507	172,140	6,934,647
2028	5,496,166	106,746	5,602,912
2029	5,542,725	53,598	5,596,323
	\$ 28,587,232	\$ 833,471	\$ 29,420,703

**NOTE 8. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)**

The School has entered various subscription-based information technology arrangements (SBITAs) for IT software. Most SBITAs have initial terms of up to two or three years and contain one or more renewals at the School’s option. The School has generally included these renewal periods in the SBITA term when it is reasonably certain that the School will exercise the renewal option. Certain SBITAs require additional payments for other items such as training, support services, and variable payments that are not dependent upon an index or rate, or are not fixed in substance, which are expensed as incurred. As the interest rate implicit in the School’s SBITAs is not readily determinable, the School utilizes its incremental borrowing rate to discount the SBITA payments which ranges from 2.275% to 3.295%. The assets acquired and capitalized under the right to use SBITAs is as follows:

Right to Use SBITA Asset Cost	\$ 1,215,090
Less: Accumulated Depreciation	<u>(594,583)</u>
Net Book Value	<u>\$ 620,507</u>

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

### NOTE 8. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

(Continued)

The annual requirement to amortize SBITA agreements outstanding as of June 30, 2024, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2025	\$ 295,444	\$ 11,395	\$ 306,839
2026	164,711	5,849	170,560
2027	<u>35,543</u>	<u>1,090</u>	<u>36,633</u>
	<u>\$ 495,698</u>	<u>\$ 18,334</u>	<u>\$ 514,032</u>

For the year ended June 30, 2024, the total principal reduction and interest incurred related to SBITA agreements was \$891,243 and \$15,164, respectively.

### NOTE 9. CHANGES IN NONCURRENT LIABILITIES

	<u>Balance</u>			<u>Balance</u>	
	<u>July 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2024</u>	<u>Due Within One Year</u>
Lease liability	\$ 33,968,816	\$ -	\$ (5,381,584)	\$ 28,587,232	\$ 5,366,142
SBITA liability	678,759	708,182	(891,243)	495,698	295,444
Net pension liability	20,447,677	2,998,045	-	23,445,722	-
Net OPEB liability	54,983	79,604	-	134,587	-
Compensated absences	<u>1,097,079</u>	<u>1,068,271</u>	<u>(1,058,893)</u>	<u>1,106,457</u>	<u>914,325</u>
Total	<u>\$ 56,247,314</u>	<u>\$4,854,102</u>	<u>\$ (7,331,720)</u>	<u>\$ 53,769,696</u>	<u>\$ 6,575,911</u>

### NOTE 10. RISK MANAGEMENT

Health and hospitalization, workers' compensation and life insurance coverage is provided through the City of Pembroke Pines, Florida and the City, in turn, charges the Schools for this coverage. The Schools maintain their own insurance for general liability, automotive liability, School Board liability, basic and catastrophic student accident, and property and flood coverage through purchased commercial insurance with minimum deductibles for each line of coverage. There were no reductions in insurance coverage from the coverage provided in the prior year. Settled claims resulting from these risks have not exceeded commercial coverage in the past two years.

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

### NOTE 11. CONTINGENCY

Amounts received or receivable from grantor agencies are subject to future audit and compliance testing, which may result in adjustments by Federal or State grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of such expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although the Schools expect such amounts, if any, to be immaterial.

### NOTE 12. PENSION PLANS

#### *Defined Benefit Plan*

##### *Florida Retirement System*

The Schools' employees participate in the Florida Retirement System (FRS), a cost-sharing, multiple-employer Public Employment Retirement System (PERS). The FRS is administered by the State of Florida.

##### **Plan Description**

Membership in the FRS is required for all full-time and part-time employees working in regularly established positions for state agencies, county governments, district school boards, state universities, and state community colleges, or cities, independent special districts, metropolitan planning districts, and public charter schools that make an irrevocable election to participate. Most Pension Plan members (including renewed members), and State Community College Optional Retirement Program participants may elect to participate in the FRS Investment Plan. Florida Retirement System Pension Plan members who retired and chose to participate in the Deferred Retirement Option Program (DROP) are not eligible to become members of the FRS Investment Plan.

##### **Type of Benefit**

The FRS Pension Plan is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a nonintegrated defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

### NOTE 12. PENSION PLANS (Continued)

#### ***Defined Benefit Plan*** (Continued)

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

#### **Average Final Compensation (AFC)**

For members initially enrolled in the FRS before July 1, 2011, average final compensation (AFC) is the average of the five highest fiscal years of salary earned during covered employment. For members initially enrolled in the FRS on or after July 1, 2011, AFC is the average of the eight highest fiscal years of salary earned during covered employment.

#### **Vesting**

Members initially enrolled on or after July 1, 2001, through June 30, 2011, vest after six years of creditable service. Members initially enrolled on or after July 1, 2011, vest after eight years of creditable service.

#### **Service Retirement**

Members are eligible for normal retirement or unreduced retirement based on their age and/or service when they first meet one of the minimum requirements below. Early retirement or reduced retirement may be taken after a member is vested and is within 20 years of normal retirement age; however, there is a 5 percent benefit reduction for each year prior to the normal retirement age.

- *Regular Class* – For members initially enrolled in the FRS before July 1, 2011, six or more years of creditable service and age 62, or the age after completing six years of creditable service if after age 62. Thirty years of creditable service regardless of age before age 62.
- *Regular Class* – For members initially enrolled in the FRS on or after July 1, 2011, eight or more years of creditable service and age 65, or the age after completing eight years of creditable service if after age 65. Thirty years of creditable service regardless of the age before age 62.

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

### NOTE 12. PENSION PLANS (Continued)

#### *Defined Benefit Plan* (Continued)

FRS issues an annual financial report. A copy can be obtained by contacting the Division of Retirement at:

Department of Management Services  
 Division of Retirement  
 Research and Education Section  
 P.O. Box 9000  
 Tallahassee, FL 32315-9000  
 850-488-5706 or toll free at 877-377-1737

#### **Funding Policy**

The Schools' required contribution rate is established and may be amended, by State Statute. For the fiscal year ended June 30, 2024, the contribution was 13.57% for Regular Class Members and 21.13% for DROP Members. The Schools are required to contribute both for full-time and part-time members of the Plan, which amounted to \$2,974,710 for FRS and HIS for the year ended June 30, 2024. As of June 30, 2024, there were 450 members in this Plan. The contribution rate includes the post-employment health insurance supplement of 2.00% and the administrative/educational fee of 0.06%.

<u>Fiscal Year</u>	<u>Annual Required Contributions</u>	<u>Total Employer Contributions</u>	<u>Percentage Contributed</u>	<u>Contribution Rates</u>	
				<u>Regular Class</u>	<u>DROP</u>
2024	\$ 2,974,710	\$ 2,974,710	100.0%	13.57%	21.13%
2023	2,620,578	2,620,578	100.0%	11.91%	18.60%
2022	2,241,335	2,241,335	100.0%	10.82%	18.34%
2021	1,934,235	1,934,235	100.0%	10.00%	16.98%
2020	1,574,740	1,574,740	100.0%	8.47%	14.60%
2019	1,476,624	1,476,624	100.0%	8.26%	14.03%
2018	1,413,716	1,413,716	100.0%	7.52%	12.99%
2017	1,311,513	1,311,513	100.0%	7.52%	12.99%
2016	1,191,296	1,191,296	100.0%	7.26%	12.88%
2015	1,202,083	1,202,083	100.0%	7.37%	12.28%

Starting in fiscal year 2012, the State mandated that employees contribute 3% of pay to the FRS Pension Plan. This required employee contribution amounted to \$713,802 for fiscal year 2024.

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

### NOTE 12. PENSION PLANS (Continued)

#### *Defined Benefit Plan* (Continued)

#### Net Pension Liabilities

The components of the collective net pension liability of the participating employers for each defined benefit plan for the measurement date of June 30, 2023, are shown below:

#### Net Pension Liability

	FRS	HIS
Total Pension Liability	\$ 83,894,781	\$ 9,039,402
Plan Fiduciary Net Position	(69,116,357)	(372,103)
Net Pension Liability	\$ 14,778,424	\$ 8,667,299
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 82.38%	 4.12%

The total pension liability for each plan was determined by the plans' actuary and reported in the plans' valuations as of June 30, 2023. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. Each plan's fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

The Schools reported a liability of \$23,445,722 for their proportionate share of the net pension liability. The details of the proportionate share are as follow:

FRS Pension Plan								
Employer/ Agency Number	Employer / Agency Name	Employer Contribution for Pension Plan Funding for Prior Period	Proportion at Prior Measurement Date	Employer Contribution for Pension Plan Funding for Current Period	Proportion at Current Measurement Date	Employer Proportionate Share of Net Pension Liability/(Asset) at Prior Measurement Date	Employer Proportionate Share of Net Pension Liability/(Asset) at Measurement Date	
16310	CITY OF PEMBROKE PINES CHARTER ELEMENTARY SCHOOL	\$ 651,016	0.015256345%	\$ 716,914	0.014902670%	\$ 5,676,586	5,938,242	
16311	CITY OF PEMBROKE PINES CHARTER MIDDLE SCHOOL	416,305	0.009755973%	437,308	0.009090421%	3,630,006	3,622,245	
16312	CITY OF PEMBROKE PINES CHARTER HIGH SCHOOL	597,155	0.013994127%	629,953	0.013094983%	5,206,940	5,217,936	
FRS Retiree Health Insurance Subsidy (HIS) Program								
Employer/ Agency Number	Employer / Agency Name	Employer Contribution for Pension Plan Funding for Prior Period	Proportion at Prior Measurement Date	Employer Contribution for Pension Plan Funding for Current Period	Proportion at Current Measurement Date	Employer Proportionate Share of Net Pension Liability/(Asset) at Prior Measurement Date	Employer Proportionate Share of Net Pension Liability/(Asset) at Measurement Date	
16310	CITY OF PEMBROKE PINES CHARTER ELEMENTARY SCHOOL	\$ 131,277	0.021695585%	\$ 145,289	0.022086542%	\$ 2,297,909	3,507,637	
16311	CITY OF PEMBROKE PINES CHARTER MIDDLE SCHOOL	85,664	0.014157382%	89,324	0.013578821%	1,499,493	2,156,498	
16312	CITY OF PEMBROKE PINES CHARTER HIGH SCHOOL	122,069	0.020173943%	124,393	0.018910024%	2,136,743	3,003,164	

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

### NOTE 12. PENSION PLANS (Continued)

#### *Defined Benefit Plan* (Continued)

##### **Basis for Allocation**

The employer's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions related to the reporting periods included in the system's fiscal years ended June 30, 2013 through June 30, 2023, for employers that were members of the FRS and HIS during those fiscal years. For fiscal years ended June 30, 2015 through June 30, 2023, in addition to contributions from employers, the required accrued contributions for the division (paid on behalf of the division's employees who administer the plans) were allocated to each employer on a proportional basis. The division administers the plans, and therefore, cannot allocate a portion of the liability to itself. Although GASB 68 encourages the use of the employers' projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is acceptable. The aggregate employer contribution amounts for each fiscal year agree to the employer contribution amounts reported in the system's annual comprehensive financial report for that fiscal year.

The proportion calculated based on contributions for each of the fiscal years presented in the pension allocation schedules was applied to the net pension liability and other pension amounts applicable to that fiscal year to determine each employer's proportionate share of the liability, deferred outflows of resources, deferred inflows of resources and associated pension expense.

For the purposes of the pension allocation schedules, pension amounts are allocated to reporting employers. The pension amounts of participating employers whose payrolls are reported and contributions are remitted by another entity are included in the reporting employer's amounts and will be allocated to the participating employer by the reporting employer.

##### **Actuarial Methods and Assumptions**

The FRS Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of the defined benefit pension plan pursuant to section 216.136(10), Florida Statutes. The division determines the assumptions in the valuations for GASB 67 reporting purposes. The FRS Pension Plan's GASB 67 valuations is performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for this program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

### NOTE 12. PENSION PLANS (Continued)

#### *Defined Benefit Plan* (Continued)

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.70%. 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.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.65% was used to determine the total pension liability for the program. Mortality assumptions for both the FRS Pension Plan and the HIS Program were based on the PUB-2010 base tables.

The following changes in actuarial assumptions occurred in 2023:

1. HIS: The discount rate was modified to reflect the change in the value of the municipal bond index between GASB measurement dates.
2. HIS: Chapter 2023-193, Laws of Florida (Senate Bill 7024) increased the level of monthly benefits from \$5 times years of service to \$7.50, with an increased minimum of \$45 and maximum of \$225. This change applies to all years of service for both members currently receiving benefits and members not year receiving benefits.

The benefits received by retirees and beneficiaries are increased by a cost-of-living adjustment (COLA) each July based on their June benefit amount (excluding the Retiree Health Insurance Subsidy benefit). For retirees who have been retired for less than 12 months on July 1, the first COLA increase is prorated. The COLA applies to all continuing monthly retirement benefits paid under the FRS Pension Plan (i.e., normal and early service retirement benefits and benefits accruing in participant accounts under the DROP, disability retirement benefits, and survivor benefits). The COLA for retirements or DROP participation effective before August 1, 2011, is 3 percent per year. The COLA formula for retirees with an effective retirement date or DROP begin date on or after August 1, 2011, will be the sum of the pre-July 2011 service credit divided by the total service credit at retirement multiplied by 3 percent. Each Pension Plan member with an effective retirement date of August 1, 2011, or after will have an individual COLA factor for retirement. FRS Pension Plan members initially enrolled on or after July 1, 2011, will not have a COLA after retirement.

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

### NOTE 12. PENSION PLANS (Continued)

#### *Defined Benefit Plan* (Continued)

##### **Long-Term Expected Rate of Return**

The long-term expected rate of return assumption of 6.70% consists of two building block components: 1) an inferred real (in excess of inflation) return of 4.20%, which is consistent with the 4.48% real return from the capital market outlook model developed by the FRS consulting actuary, Milliman; and 2) a long-term average annual inflation assumption of 2.40% as adopted in October 2023 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary, both components and the overall 6.70% return assumption were determined to be reasonable and appropriate per the Actuarial Standards of Practice. The 6.70% reported investment return assumption is the same as the investment return assumption chosen by the 2023 FRS Actuarial Assumption Conference for funding policy purposes.

For reference, the table below contains a summary of the actuarial assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<b>Asset Class</b>	<b>Policy Allocation</b>	<b>Annual Arithmetic Return</b>	<b>Compound Annual (Geometric) Return</b>	<b>Standard Deviation</b>
Cash	1.0%	2.9%	2.9%	1.1%
Fixed income	19.8%	4.5%	4.4%	3.4%
Global equity	54.0%	8.7%	7.1%	18.1%
Real estate	10.3%	7.6%	6.6%	14.8%
Private equity	11.1%	11.9%	8.8%	26.3%
Strategic investments	3.8%	6.3%	6.1%	7.7%
Assumed Inflation - Mean			2.4%	1.4%

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

### NOTE 12. PENSION PLANS (Continued)

#### *Defined Benefit Plan* (Continued)

#### **Sensitivity Analysis**

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the collective net pension liability of the participating employers if the discount rate was 1.00% higher or 1.00% lower than the current discount rate at June 30, 2023.

<b>FRS Net Pension Liability</b>			
	<b><u>1% Decrease</u></b>	<b><u>Current</u></b>	<b><u>1% Increase</u></b>
	5.70%	6.70%	7.70%
<b>Elementary</b>	\$ 10,143,727	\$ 5,938,242	\$ 2,419,851
<b>Middle</b>	6,187,532	3,622,245	1,476,075
<b>High</b>	8,913,298	5,217,936	2,126,324

  

<b>HIS Net Pension Liability</b>			
	<b><u>1% Decrease</u></b>	<b><u>Current</u></b>	<b><u>1% Increase</u></b>
	2.65%	3.65%	4.65%
<b>Elementary</b>	\$ 4,001,667	\$ 3,507,637	\$ 3,098,120
<b>Middle</b>	2,460,227	2,156,498	1,904,726
<b>High</b>	3,426,141	3,003,164	2,652,544

#### **Pension Expense and Deferred Outflows/ (Inflows) of Resources**

In accordance with GASB 68, paragraph 54 and 71, changes in the net pension liability are recognized in pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current measurement period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

1. Differences between expected and actual experience with regard to economic and demographic factors are amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
2. Changes of assumptions or other inputs are amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
3. Changes in proportion and differences between contributions and proportionate share of contributions are amortized over the average expected remaining service life of all employees that are provided with pension through the pension plan (active and inactive employees)
4. Differences between expected and actual earnings on pension plan investments are amortized over five years

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

### NOTE 12. PENSION PLANS (Continued)

#### *Defined Benefit Plan* (Continued)

Employer contributions to the pension plans from employers are not included in collective pension expense; however, employee contributions are used to reduce pension expense.

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2023, was 5.3 years for FRS and 6.3 years for HIS. The components of collective pension expense reported in the pension allocation schedules for the fiscal year ended June 30, 2023, are presented below:

	Collective Pension Expense		
	FRS	HIS	Total
<b>Charter Elementary</b>	\$ 892,936	\$ 125,434	\$ 1,018,370
<b>Charter Middle</b>	767,308	805,476	1,572,784
<b>Charter High</b>	855,817	146,495	1,002,312
<b>Total</b>	<b>\$ 2,516,061</b>	<b>\$ 1,077,405</b>	<b>\$ 3,593,466</b>

The components of deferred outflows and inflows of resources schedules reported as of June 30, 2024, are presented below for each plan.

	FRS Pension Plan					
	Elementary		Middle		High	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Changes in:						
Contributions, subsequent to measurement date	\$ 909,814	\$ -	\$ 535,726	\$ -	\$ 835,186	\$ -
Assumptions/inputs	387,104	-	236,128	-	340,148	-
Projected/actual earnings	247,997	-	151,275	-	217,915	-
Experience expected/actual	557,550	-	340,098	-	489,919	-
Change in Proportion, NPL	320,625	(110,890)	212,409	(221,611)	387,915	(217,490)
	<b>\$ 2,423,090</b>	<b>\$ (110,890)</b>	<b>\$ 1,475,636</b>	<b>\$ (221,611)</b>	<b>\$ 2,271,083</b>	<b>\$ (217,490)</b>

	HIS Program					
	Elementary		Middle		High	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Changes in:						
Contributions, subsequent to measurement date	\$ 145,289	\$ -	\$ 95,103	\$ -	\$ 179,257	\$ -
Assumptions/inputs	92,215	(303,949)	56,694	(186,868)	78,952	(260,234)
Projected/actual earnings	1,811	-	1,114	-	1,551	-
Experience expected/actual	51,349	(8,233)	31,570	(5,062)	43,964	(7,049)
Change in Proportion, NPL	144,539	(50,469)	38,096	(94,989)	114,037	(128,992)
	<b>\$ 435,203</b>	<b>\$ (362,651)</b>	<b>\$ 222,577</b>	<b>\$ (286,919)</b>	<b>\$ 417,761</b>	<b>\$ (396,275)</b>

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

### NOTE 12. PENSION PLANS (Continued)

#### **Defined Benefit Plan** (Continued)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

Year Ending June 30,	Elementary		Middle		High	
	FRS Expense	HIS Expense	FRS Expense	HIS Expense	FRS Expense	HIS Expense
2024	\$ 235,398	\$ (13,041)	\$ 111,534	\$ (27,219)	\$ 221,691	\$ (22,626)
2025	13,605	(4,161)	(13,377)	(23,134)	29,149	(12,089)
2026	1,042,162	(10,992)	598,634	(25,165)	909,751	(20,427)
2027	90,380	(30,174)	16,027	(47,922)	48,964	(51,311)
2028	20,841	(14,104)	5,481	(31,425)	8,852	(42,465)
Thereafter	-	(265)	-	(4,580)	-	(8,853)
<b>Total</b>	<b>\$ 1,402,386</b>	<b>\$ (72,737)</b>	<b>\$ 718,299</b>	<b>\$ (159,445)</b>	<b>\$ 1,218,407</b>	<b>\$ (157,771)</b>

#### **Defined Contribution Plan**

Effective July 1, 2000, the City established a Defined Contribution Plan for employees of the Charter Schools and Early Development Centers (the Charter Schools' Plan) created in accordance with Internal Revenue Service Code 401(a) and Ordinance 1345 and amended by Ordinance 1401 dated April 3, 2002. If a participant separates from service and subsequently becomes employed with another unit of a state or local government, then the participant may rollover the benefits into his or her new employer's pension plan providing said plan permits rollovers.

In fiscal Year 2007 employees were given the option to enter the FRS or to remain in the Defined Contribution Plan with the ICMA-RC. At June 30, 2024, there were 25 Plan members. Effective January 1, 2002, the Schools' Plan members may make voluntary after-tax contributions of up to twenty-five percent (25%) of compensation during the fiscal year. The Schools' required contribution is 13.57% of the Plan member's gross salary to agree with the contribution to the FRS. For the year ended June 30, 2024, the Schools contributed \$139,271 and the employees contributed \$15,829 to the Plan. Provisions of the Schools' Plan may be amended by the City Commission. The Schools' Plan is held in a trust for the exclusive benefit of the participants and their beneficiaries. Therefore, the net position of the Schools' Plan is not included in the Schools' special purpose financial statements.

Beginning in the fiscal year 2009, the Schools recorded revenue and a receivable for ICMA forfeitures. These forfeitures represent the amount of non-vested accrued employer benefits. The Schools will utilize these forfeitures to offset future employer contributions to the Plan. There were no ICMA forfeitures during the fiscal year ended June 30, 2024.

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

### NOTE 13. OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB)

The City provides post-employment benefits for eligible participants of the Schools enrolled in the City of Pembroke Pines, Florida Post-Employment Benefit Trust Fund. The benefits are provided in the form of:

- An implicit rate subsidy where retirees pay combined active/retiree rates for health coverage.
- An explicit subsidy where the City contributes towards the retiree health premium equivalents.

#### ***Summary of Significant Accounting Policies***

**Basis of Accounting** - The Plan's policy is to prepare its financial statements on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

**Method Used to Value Investments** - Investments are reported at fair value in the plan financial statements based on the quoted market prices as reported by recognized security exchanges. Securities that have no quoted market price will be presented at estimated fair value as provided by the custodial bank and investment counsel. The Plan considers all highly liquid investments with an original maturity of 90 days or less when purchased to be cash equivalents.

The City's Other Post-Employment Benefit Trust Fund does not issue separate stand-alone financial statements. Therefore, the Statement of Net Position – Fiduciary Fund and the Statement of Changes in Net Position are included within the Notes to Basic Financial Statement of the City's Annual Comprehensive Financial Report (ACFR) as published in the City's website ([www.ppines.com](http://www.ppines.com)).

#### ***Plan Description***

The retiree health and life insurance program is a single-employer defined benefit plan administered by the City which provides medical and life insurance benefits to eligible retirees and their beneficiaries. The health plan is self-insured and administered by United Medical Resources (UMR) on behalf of the City. The life insurance plan is fully insured through Sun Life Financial. The City Commission has authority to establish and amend benefits related to the City's retiree health and life insurance program. On December 7, 2007, the City adopted Ordinance 1598 creating the Other Post-Employment Benefits Trust Fund in accordance with Florida Statutes Chapter 115.

The City created a retiree health and life insurance program as adopted and amended by City Commission by the following ordinances:

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

**NOTE 13. OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB) (Continued)**

***Benefits Provided***

OPEB			
Ordinance Number	Dated	Ordinance Number	Dated
990	April 15, 1992	1480	March 17, 2004
1015	November 4, 1992	1554	August 16, 2006
1024	February 17, 1993	1598	December 3, 2007
1144	December 6, 1995	1670	August 4, 2010
1371	April 4, 2001	1702	September 20, 2011
1443	June 18, 2003	1779	November 5, 2014

The City provides post-employment benefits such as health insurance for eligible School's participants enrolled in City-sponsored plans. Coverage of health insurance is provided to all regular full-time permanent general employees, if hired before October 1, 1991, who have reached normal retirement age and completed service as prescribed by the City Pension Plan which covers the employee.

Coverage for employees hired after October 1, 1991, is limited to employee (single) coverage only. Effective July 1, 2010, general employees, who are members of the collective bargaining unit, that retire after July 1, 2010, may continue to participate in the City's health insurance plan but will be required to pay the active/blended rate. Additionally, effective July 1, 2010, members hired prior to May 1, 2005, will receive a health insurance subsidy of five dollars per month for each year of service, as long as they have completed at least 10 years of eligible service and retire from the City at age 55 or above.

Primary insurance coverage is extended until the employee qualifies for Medicare benefits (at 65 years of age). At that time, Medicare becomes the primary coverage.

In addition, extended health insurance coverage is offered to terminated employees for a period of 18 months, divorced or widowed spouses of current employees for a period of 36 months, and disabled employees meeting the requirements of Social Security for a period of 29 months. These extended benefits are offered in order to comply with COBRA's requirements. The cost of this extended insurance coverage is paid by the covered individual using a blended/active rate.

At September 30, 2023, the measurement date used for the City's OPEB liability, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>322</u>
	<u>322</u>

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

### **Contributions**

Contributions are required for both retiree and dependent health insurance coverage. Contribution rates are determined based on the following factors: hire date, retirement date, and employee group. Based on these factors, retirees pay either the full rates, reduced rates or nothing for the medical and prescription drug benefit. The contribution requirements of the plan members are established and may be amended by the City Commission. The percentage contributed is expected to equal the Actuarial Determined Contribution (ADC) as determined by the annual actuarial valuation. Administrative costs are financed through investment earnings where available.

For the year ended June 30, 2024, the average contribution rate was 10.25 percent of covered-employee payroll.

### **Net OPEB Liability**

The City's net OPEB liability was measured as of September 30, 2023. The Schools' proportionate share of the City's net OPEB liability was calculated based on the Schools' OPEB contributions for the reporting period ended June 30, 2024. The components of the Schools' proportionate share of the City's net OPEB liability are as follows:

	<b>Broward Charter</b>
Total OPEB liability	\$ 866,164
Plan fiduciary net position	<u>(731,577)</u>
Net OPEB liability	<u><b>\$ 134,587</b></u>
Plan fiduciary net position as a percentage of total OPEB liability	84.46%
Net OPEB liability as a percentage of covered employee payroll	13.87%

### **Actuarial Assumptions**

The total OPEB liability as of June 30, 2024 reporting date was based on an actuarial valuation with measurement date of September 30, 2023. The actuarial valuation used the following actuarial assumptions:

<b>Inflation</b>	2.60% per annum
<b>Salary Increases</b>	Ranging from 4.38% to 6.68% depending on age
<b>Investment Rate of Return</b>	8.11% per annum
	Discount rate is based on expected long-term rate of return on plan investments using building block approach plus inflation (2.6%)
<b>Healthcare Cost Trend Rates</b>	6.5% initial for Pre-Medicare Medical and Prescription and stop loss fees, 5.5% initial for Medicare benefits, decreasing 0.25% per year until an ultimate rate of 4.0% is reached and 4.0% for administrative fees

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

### NOTE 13. OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB) (Continued)

#### *Actuarial Assumptions* (Continued)

<b>Marriage Rate</b>	The assumed number of eligible spouses is based on the current information in the census provided.
<b>Spouse Age</b>	Male spouses are assumed to be three years older than female spouses.
<b>Medicare Eligibility</b>	All current and future retirees are assumed to be eligible for Medicare at age of 65
<b>Cost Method</b>	Entry Age Normal based on level percentage of projected salary
<b>Amortization Method</b>	<i>Experience/Assumption</i> gains and losses are amortized over a closed period of 5.0 years, equal to the average remaining service of active and inactive plan members (those without future service remaining count as 0 years in the averaging) <i>Investment gain and losses</i> are amortized over a closed period of 5 years
<b>Mortality Rates</b>	PUB 2010 mortality table and scaled using MP-21 and applied on a gender-specific and job class basis.

The actuarial assumptions used in the September 30, 2023 valuation were based on the results of an actuarial experience study for the period of September 2016 through September 2022.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of returns for each major asset class are summarized in the following table:

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap	37%	11.1%
Mid Cap	7%	11.8%
Small Cap	8%	10.5%
International Equity	8%	8.4%
Real Estate	10%	7.9%
Fixed income	30%	2.9%
Total Real Return	100%	8.11%

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

### NOTE 13. OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB) (Continued)

#### *Discount Rate*

The discount rate used to measure the OPEB liability was updated from 8.24% in the prior valuation to 8.11%. The projection of cash flows used to determine the discount rate assumed that the City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Total OPEB Liability (October 1, 2022)	\$ 656,442	\$ 601,459	\$ 54,983
Changes for the year:			
Service cost	6,553	-	6,553
Interest cost	102,990	-	102,990
Differences between expected and actual experience	136,523	-	136,523
Changes in assumptions	(67,256)	-	67,256
Contributions	-	143,690	(143,690)
Net Investment Income	-	91,716	(91,716)
Benefit payments	(103,600)	(103,600)	-
Administration expenses	-	(1,688)	1,688
Net change	209,722	130,118	79,604
Total OPEB Liability (September 30, 2023)	<b>\$ 866,164</b>	<b>\$ 731,577</b>	<b>\$ 134,587</b>

The following table presents the net OPEB liability of the City using the trend rate and the discount rate, as well as what the City's net OPEB liability would be if it were calculated using a rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Net OPEB Liability (based on Trend Rate)		
1% Decrease	Current Trend	1% Increase
\$ 92,630	\$ 134,587	\$ 184,000

  

Net OPEB Liability (based on Discount Rate)		
+1% Discount Sensitivity 9.11%	Current Rate 8.11%	-1% Discount Sensitivity 7.11%
\$ 94,764	\$ 134,587	\$ 181,918

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

**NOTE 13. OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB)** (Continued)

***OPEB Benefit and Deferred Outflows/ (Inflows) of Resources Related to OPEB***

In accordance with GASB 75, paragraph 86, changes in the collective net OPEB liability are recognized in OPEB benefit in the current measurement period, except as indicated below. For each of the following, a portion is recognized in OPEB benefit in the current measurement period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

1. Difference between expected and actual experience with regard to economic and demographic factors – amortized over five years
2. Changes of assumptions or other inputs – amortized over five years
3. Differences between expected and actual earnings on OPEB plan investments – amortized over five years

The OPEB benefit for the fiscal year ended June 30, 2024 is as follows:

	<b>Collective OPEB Benefit</b>
<b>Charter Elementary</b>	\$ (51,489)
<b>Charter Middle</b>	(37,721)
<b>Charter High</b>	(52,656)
<b>Total</b>	<u><u>\$ (141,866)</u></u>

***OPEB Benefit and Deferred Outflows/ (Inflows) of Resources*** (Continued)

Per GASB 75, paragraph 68, employer contributions to the OPEB plan made subsequent to the measurement date of the collective net OPEB liability, September 30, 2023, and before the end of the employer’s reporting period, June 30, 2024, should be reported as deferred outflows of resources related to OPEB. At June 30, 2024, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**Charter Elementary**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Total</b>
<b>Contributions, subsequent to measurement date</b>	\$ 32,412	\$ -	\$ 32,412
<b>Experience expected/actual</b>	66,249	(16,023)	50,226
<b>Assumptions/inputs</b>	62,901	(83,109)	(20,208)
<b>Projected/Actual earnings</b>	56,280	-	56,280
	<u><u>\$ 217,842</u></u>	<u><u>\$ (99,132)</u></u>	<u><u>\$ 118,710</u></u>

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

### NOTE 13. OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB) (Continued)

#### Charter Middle

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Contributions, subsequent to measurement date	\$ 23,880	\$ -	\$ 23,880
Experience expected/actual	48,932	(11,893)	37,039
Assumptions/inputs	46,551	(61,615)	(15,064)
Projected/Actual earnings	41,735	-	41,735
	<u>\$ 161,098</u>	<u>\$ (73,508)</u>	<u>\$ 87,590</u>

#### Charter High

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Contributions, subsequent to measurement date	\$ 33,444	\$ -	\$ 33,444
Experience expected/actual	68,626	(16,727)	51,899
Assumptions/inputs	65,363	(86,600)	(21,237)
Projected/Actual earnings	58,667	-	58,667
	<u>\$ 226,100</u>	<u>\$ (103,327)</u>	<u>\$ 122,773</u>

#### ***OPEB Benefit and Deferred Outflows/ (Inflows) of Resources*** (Continued)

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

Reporting Period Ending June 30:	
2026	\$ 80,824
2027	98,363
2028	101,795
2028	48,091
2029	-
Total	<u>\$ 329,073</u>

# Required Supplementary Information

**CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS**

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
CHARTER ELEMENTARY SCHOOLS

FISCAL YEAR ENDED JUNE 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final <u>Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local	\$ 20,859,268	\$ 21,526,076	\$ 21,349,112	\$ (176,964)
Federal and State grants	<u>1,453,631</u>	<u>1,866,143</u>	<u>1,709,557</u>	<u>(156,586)</u>
Total revenues	<u>22,312,899</u>	<u>23,392,219</u>	<u>23,058,669</u>	<u>(333,550)</u>
Expenditures:				
Current:				
K-3 Basic	7,145,627	7,225,321	7,508,197	(282,876)
4-8 Basic	3,678,720	3,550,906	3,559,470	(8,564)
Exceptional student program	852,911	807,985	833,518	(25,533)
Substitute teachers	130,920	130,920	107,519	23,401
School/Others	31,518	29,093	21,610	7,483
Guidance services	324,945	312,760	303,673	9,087
Health services	471,407	464,983	440,272	24,711
Instructional media services	330,506	326,656	349,404	(22,748)
Instructional and Curriculum Development services	322,786	317,210	292,631	24,579
Office of Innovative Learning	106,724	102,098	103,199	(1,101)
Instructional staff training service	52,743	60,340	45,068	15,272
Board	16,434	16,434	16,212	222
General Administration	15,119	15,119	14,214	905
School administration	2,597,138	2,625,302	2,002,874	622,428
Food services	984,276	1,270,788	1,173,030	97,758
Student transportation services	922,210	914,577	905,613	8,964
Operation of school	4,502,278	5,093,738	4,870,663	223,075
Child care supervision	608,718	612,148	600,910	11,238
Capital outlay	<u>52,047</u>	<u>147,483</u>	<u>433,629</u>	<u>(286,146)</u>
Total expenditures	<u>23,147,027</u>	<u>24,023,861</u>	<u>23,581,706</u>	<u>442,155</u>
Excess (Deficit) of revenues over (under) expenditures	(834,128)	(631,642)	(523,037)	108,605
Other financing sources (uses):				
Other financing sources - Subscription agreements	-	-	286,148	286,148
Transfers in	<u>141,388</u>	<u>141,388</u>	<u>-</u>	<u>(141,388)</u>
Total other financing sources (uses)	<u>141,388</u>	<u>141,388</u>	<u>286,148</u>	<u>144,760</u>
Net change in fund balances	(692,740)	(490,254)	(236,889)	253,365
Fund balances, beginning	<u>2,561,768</u>	<u>2,561,768</u>	<u>2,561,768</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,869,028</u>	<u>\$ 2,071,514</u>	<u>\$ 2,324,879</u>	<u>\$ 253,365</u>

See note to Budgetary Comparison Schedule.

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE CHARTER MIDDLE SCHOOLS

FISCAL YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
<b>Revenues:</b>				
Local	\$ 13,837,379	\$ 14,250,725	\$ 13,921,934	\$ (328,791)
Federal and State grants	1,150,955	1,401,146	1,040,796	(360,350)
Total revenues	14,988,334	15,651,871	14,962,730	(689,141)
<b>Expenditures:</b>				
Current:				
4-8 Basic	7,895,459	7,767,281	8,010,558	(243,277)
Intensive English/ESOL	2,250	2,250	92	2,158
Exceptional student program	886,052	856,411	919,277	(62,866)
Substitute teachers	90,086	78,794	88,133	(9,339)
School/other	44,853	44,853	47,622	(2,769)
Guidance services	289,098	285,732	318,018	(32,286)
Health services	246,056	242,388	248,039	(5,651)
Instructional media services	251,117	244,872	257,752	(12,880)
Instructional and Curriculum Development services	199,858	203,034	197,505	5,529
Office of Innovative Learning	102,167	104,802	103,053	1,749
Instructional staff training service	49,595	49,595	27,829	21,766
Board	10,956	10,956	10,808	148
General Administration	10,624	10,624	9,895	729
School administration	1,704,478	1,767,524	1,279,165	488,359
Food services	821,204	1,007,600	935,896	71,704
Student transportation services	651,608	644,999	637,446	7,553
Operation of school	2,690,376	3,049,142	2,805,626	243,516
Athletics	47,085	45,085	23,317	21,768
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	38,004	94,452	230,678	(136,226)
Total expenditures	16,030,926	16,510,394	16,150,709	359,685
Excess (Deficit) of revenues over (under) expenditures	(1,042,592)	(858,523)	(1,187,979)	(329,456)
<b>Other financing sources:</b>				
Other financing sources - Subscription agreements	-	-	173,620	173,620
Transfers in	555,851	555,851	933,780	377,929
Total other financing sources (uses)	555,851	555,851	1,107,400	551,549
Net change in fund balances	(486,741)	(302,672)	(80,579)	222,093
Fund balances, beginning	228,190	228,190	228,190	-
Fund balances, ending	\$ (258,551)	\$ (74,482)	\$ 147,611	\$ 222,093

See note to Budgetary Comparison Schedule.

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE CHARTER HIGH SCHOOL

FISCAL YEAR ENDED JUNE 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Local	\$ 23,550,582	\$ 24,191,844	\$ 24,835,414	\$ 643,570
Federal and State grants	<u>1,370,270</u>	<u>1,576,393</u>	<u>1,175,840</u>	<u>(400,553)</u>
Total revenues	<u>24,920,852</u>	<u>25,768,237</u>	<u>26,011,254</u>	<u>243,017</u>
<b>Expenditures:</b>				
Current:				
4-8 Basic	1,717,696	1,714,254	1,786,925	(72,671)
9-12 Basic	9,365,495	9,161,813	9,383,100	(221,287)
Exceptional student program	828,277	829,757	863,147	(33,390)
Vocational 6-12	340,513	331,732	326,121	5,611
Substitute teachers	128,494	128,494	156,494	(28,000)
School/other	30,306	30,306	54,153	(23,847)
Guidance services	811,715	782,479	816,255	(33,776)
Health services	181,636	178,854	141,997	36,857
Instructional media services	195,716	191,589	203,223	(11,634)
Office of Innovative Learning	97,609	94,447	101,732	(7,285)
Instructional and Curriculum Development services	224,476	199,870	152,281	47,589
Instructional staff training service	24,023	24,023	22,884	1,139
Board	5,478	5,478	5,404	74
General Administration	16,771	16,771	16,017	754
School administration	2,306,319	2,343,180	1,926,025	417,155
Food services	857,555	1,160,544	1,048,410	112,134
Student transportation services	1,095,056	1,087,670	1,059,240	28,430
Operation of school	6,385,852	6,900,540	6,570,674	329,866
Child care supervision	8,183	8,183	-	8,183
Athletics	433,558	406,606	351,496	55,110
Capital outlay	<u>81,617</u>	<u>152,178</u>	<u>346,125</u>	<u>(193,947)</u>
Total expenditures	<u>25,136,345</u>	<u>25,748,768</u>	<u>25,331,703</u>	<u>417,065</u>
Excess of revenues over expenditures	<u>(215,493)</u>	<u>19,469</u>	<u>679,551</u>	<u>660,082</u>
<b>Other financing sources:</b>				
Transfers in	(550,168)	(550,168)	(933,780)	383,612
Other financing sources - Subscription agreements	<u>-</u>	<u>-</u>	<u>248,414</u>	<u>248,414</u>
Total other financing sources (uses)	<u>(550,168)</u>	<u>(550,168)</u>	<u>(685,366)</u>	<u>632,026</u>
Net change in fund balances	(765,661)	(530,699)	(5,815)	1,292,108
Fund balances, beginning	<u>2,332,829</u>	<u>2,332,829</u>	<u>2,332,829</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,567,168</u>	<u>\$ 1,802,130</u>	<u>\$ 2,327,014</u>	<u>\$ 1,292,108</u>

See note to Budgetary Comparison Schedule.

# CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

## NOTE TO BUDGETARY COMPARISON SCHEDULES

FISCAL YEAR ENDED JUNE 30, 2024

### **NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING**

1. Annual budgets are legally adopted for all Charter School funds which are governmental funds. All governmental fund budgets are maintained on the modified accrual basis of accounting, consistent with accounting principles generally accepted in the United States, except for encumbrances, which are purchase orders and contracts issued for goods and services not received at year end.

For budgetary purposes, significant encumbrances outstanding at year end are reappropriated in the subsequent year's budget. Unencumbered appropriations lapse at year-end. For the fiscal year ended June 30, 2024, there were no encumbrances.

2. The Charter Schools' budgets are approved via resolution in a public hearing conducted by the City Commission. The adopted budgets are integrated into the accounting software system effective July 1<sup>st</sup>. The budgets establish the legal authority to incur expenditures up to the appropriated amount for each line item.
3. Section 30.30(F) of the Code of Ordinances requires a majority affirmative vote of the quorum to adopt the budgets, which prior to July 1<sup>st</sup>, are legally enacted through passage of a resolution. Section 6.06 of the City Charter provides that no officer, department or agency may legally expend or contract to expend the amounts in excess of the amounts appropriated for any department, within an individual fund.
4. The legal level of budgetary control is at the fund level. The adopted budgets may be amended as follows:
  - a. The Principals approve line item adjustments within a school site or school function.
  - b. The City Manager or his designee approves budget adjustments that transfer monies from fund to fund or interdepartmentally.
  - c. The City Commission may approve supplemental appropriations of revenues and expenditures. If this is done, the adoption of an amended budget resolution is required.
5. The final budgets include the supplemental appropriations before transfers, which have the effect of adjusting the original adopted budgets. There were supplemental expenditure appropriations before transfers of \$876,834 more than the original budget in the elementary schools, \$479,468 more than the original budget in the middle schools and \$612,423 more than the original budget in the high school during the fiscal year ended June 30, 2024. There were revenues before transfer of \$1,079,320 more than the original budget in the elementary schools, \$663,537 more than the original budget in the middle schools, and \$847,385 more than the original budget in the high schools.

**CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS**  
**Charter Elementary School**  
**Required Supplementary Information**  
**Pension Schedule**  
**(UNAUDITED)**

Reporting period as of: Measurement date as of:	6/30/2024		6/30/2023		6/30/2022		6/30/2021		6/30/2020	
	6/30/2023		6/30/2022		6/30/2021		6/30/2020		6/30/2019	
<b>Florida Retirement System Plan (in thousands):</b>	<b>FRS</b>	<b>HIS</b>	<b>FRS</b>	<b>HIS</b>	<b>FRS</b>	<b>HIS</b>	<b>FRS</b>	<b>HIS</b>	<b>FRS</b>	<b>HIS</b>
Total pension liability	\$ 226,204,201	\$ 16,563,149	\$ 217,434,441	\$ 11,126,966	\$ 209,636,046	\$ 12,719,121	\$ 204,909,739	\$ 12,588,098	\$ 198,012,334	\$ 11,491,044
Plan fiduciary net position	(186,357,366)	(681,815)	(180,226,405)	(535,368)	(202,082,183)	(452,618)	(161,568,265)	(378,261)	(163,573,726)	(302,045)
Net pension liability	<u>\$ 39,846,835</u>	<u>\$ 15,881,334</u>	<u>\$ 37,208,036</u>	<u>\$ 10,591,597</u>	<u>\$ 7,553,863</u>	<u>\$ 12,266,503</u>	<u>\$ 43,341,474</u>	<u>\$ 12,209,837</u>	<u>\$ 34,438,608</u>	<u>\$ 11,188,999</u>

Plan fiduciary net position as a percentage of the total pension liability	82.38%	4.12%	82.89%	4.81%	96.40%	3.56%	78.85%	3.00%	82.61%	2.63%
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<b>Charter Elementary Schools:</b>											
Share of net pension liability as a percentage	0.014902670%	0.022086542%	0.015256345%	0.021695585%	0.014587594%	0.020373695%	0.013222129%	0.020635278%	0.013409509%	0.021056019%	
Share of net pension liability as an amount	\$ 5,938,242	\$ 3,507,637	\$ 5,676,586	\$ 2,297,909	\$ 1,101,927	\$ 2,499,140	\$ 5,730,666	\$ 2,519,534	\$ 4,618,048	\$ 2,355,958	
Covered-employee payroll	\$ 10,244,447	\$ 10,244,447	\$ 8,828,804	\$ 8,828,804	\$ 8,028,361	\$ 8,028,361	\$ 7,212,741	\$ 7,212,741	\$ 7,042,033	\$ 7,042,033	
Net pension liability as a percentage of covered-employee payroll	57.97%	34.24%	64.30%	26.03%	13.73%	31.13%	79.45%	34.93%	65.58%	33.46%	

Reporting period as of: Measurement date as of:	6/30/2019		6/30/2018		6/30/2017		6/30/2016		6/30/2015	
	6/30/2018		6/30/2017		6/30/2016		6/30/2015		6/30/2014	
<b>Florida Retirement System Plan (in thousands):</b>	<b>FRS</b>	<b>HIS</b>	<b>FRS</b>	<b>HIS</b>	<b>FRS</b>	<b>HIS</b>	<b>FRS</b>	<b>HIS</b>	<b>FRS</b>	<b>HIS</b>
Total pension liability	\$ 191,317,399	\$ 10,816,576	\$ 183,632,592	\$ 10,870,772	\$ 167,030,999	\$ 11,768,445	\$ 161,370,735	\$ 10,249,201	\$ 156,115,763	\$ 9,443,629
Plan fiduciary net position	(161,196,881)	(232,463)	(154,053,263)	(178,311)	(141,780,921)	(113,859)	(148,454,394)	(50,774)	(150,014,292)	(93,385)
Net pension liability	<u>\$ 30,120,518</u>	<u>\$ 10,584,113</u>	<u>\$ 29,579,329</u>	<u>\$ 10,692,461</u>	<u>\$ 25,250,078</u>	<u>\$ 11,654,586</u>	<u>\$ 12,916,341</u>	<u>\$ 10,198,427</u>	<u>\$ 6,101,471</u>	<u>\$ 9,350,244</u>

Plan fiduciary net position as a percentage of the total pension liability	84.26%	2.15%	83.89%	1.64%	84.88%	0.97%	92.00%	0.50%	96.09%	0.99%
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<b>Charter Elementary Schools:</b>											
Share of net pension liability as a percentage	0.013727637%	0.021531224%	0.013577866%	0.021325349%	0.013137343%	0.021223884%	0.014180334%	0.021143721%	0.015319533%	0.023009714%	
Share of net pension liability as an amount	\$ 4,134,835	\$ 2,278,889	\$ 4,016,242	\$ 2,280,205	\$ 3,317,189	\$ 2,473,556	\$ 1,831,580	\$ 2,156,327	\$ 934,718	\$ 2,151,464	
Covered-employee payroll	\$ 7,957,227	\$ 7,957,227	\$ 7,745,300	\$ 7,745,300	\$ 7,520,707	\$ 7,520,707	\$ 7,546,090	\$ 7,546,090	\$ 7,816,059	\$ 7,816,059	
Net pension liability as a percentage of covered-employee payroll	51.96%	28.64%	51.85%	29.44%	44.11%	32.89%	24.27%	28.58%	11.96%	27.53%	

**Note to Schedule:**

Assumptions:

- The total pension liability for each cost-sharing defined benefit plan was determined by an actuarial valuation as of July 1, 2023, using the individual entry age actuarial cost method.
- Inflation increases for both plans is assumed at 2.40%.
- Payroll growth, including inflation, for both plans is assumed at 3.25%.
- Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.70%.
- Mortality assumptions for both the FRS Pension Plan and the HIS Program were based on the PUB-2010 base table, projected generationally with Scale MP-2018.
- The municipal bond rate (the Bond Buyer General Obligation 20-Bond Municipal Bond Index) used to determine total pension liability for HIS was 3.65%.

Benefit Types:

- FRS pension plan's retirees receive a lifetime pension benefit with joint and survivor payment options.
- HIS program is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs, established and administered in accordance with section 112.363, Florida Statutes. For the fiscal year ended June 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at the retirement multiplied by \$7.50. Per Chapter 2023-193, Laws of Florida, the minimum payment increased to \$45 from \$30 and the maximum payment increased to \$225 from \$150 per month.

**CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS**  
**Charter Middle School**  
**Required Supplementary Information**  
**Pension Schedule**  
**(UNAUDITED)**

Reporting period as of:	6/30/2024		6/30/2023		6/30/2022		6/30/2021		6/30/2020		
Measurement date as of:	6/30/2023		6/30/2022		6/30/2021		6/30/2020		6/30/2019		
<b>Florida Retirement System Plan (in thousands):</b>											
Total pension liability	\$ 226,204,201	\$ 16,563,149	\$ 217,434,441	\$ 11,126,966	\$ 209,636,046	\$ 12,719,121	\$ 204,909,739	\$ 12,588,098	\$ 198,012,334	\$ 11,491,044	
Plan fiduciary net position	(186,357,366)	(681,815)	(180,226,405)	(535,368)	(202,082,183)	(452,618)	(161,568,265)	(378,261)	(163,573,726)	(302,045)	
Net pension liability	<u>\$ 39,846,835</u>	<u>\$ 15,881,334</u>	<u>\$ 37,208,036</u>	<u>\$ 10,591,597</u>	<u>\$ 7,553,863</u>	<u>\$ 12,266,503</u>	<u>\$ 43,341,474</u>	<u>\$ 12,209,837</u>	<u>\$ 34,438,608</u>	<u>\$ 11,188,999</u>	
Plan fiduciary net position as a percentage of the total pension liability	82.38%	4.12%	82.89%	4.81%	96.40%	3.56%	78.85%	3.00%	82.61%	2.63%	
<b>Charter Middle Schools:</b>											
Share of net pension liability as a percentage	0.009090421%	0.013578821%	0.009755973%	0.014157382%	0.009949211%	0.014471648%	0.008672572%	0.014047239%	0.008387837%	0.013849723%	
Share of net pension liability as an amount	\$ 3,622,245	\$ 2,156,498	\$ 3,630,006	\$ 1,499,493	\$ 751,550	\$ 1,775,165	\$ 3,758,820	\$ 1,715,145	\$ 2,888,654	\$ 1,549,645	
Covered-employee payroll	\$ 5,960,910	\$ 5,960,910	\$ 5,459,960	\$ 5,459,960	\$ 5,182,179	\$ 5,182,179	\$ 5,125,177	\$ 5,125,177	\$ 4,632,343	\$ 4,632,343	
Net pension liability as a percentage of covered-employee payroll	60.77%	36.18%	66.48%	27.46%	14.50%	34.26%	73.34%	33.47%	62.36%	33.45%	

Reporting period as of:	6/30/2019		6/30/2018		6/30/2017		6/30/2016		6/30/2015		
Measurement date as of:	6/30/2018		6/30/2017		6/30/2016		6/30/2015		6/30/2014		
<b>Florida Retirement System Plan (in thousands):</b>											
Total pension liability	\$ 191,317,399	\$ 10,816,576	\$ 183,632,592	\$ 10,870,772	\$ 167,030,999	\$ 11,768,445	\$ 161,370,735	\$ 10,249,201	\$ 156,115,763	\$ 9,443,629	
Plan fiduciary net position	(161,196,881)	(232,463)	(154,053,263)	(178,311)	(141,780,921)	(113,859)	(148,454,394)	(50,774)	(150,014,292)	(93,385)	
Net pension liability	<u>\$ 30,120,518</u>	<u>\$ 10,584,113</u>	<u>\$ 29,579,329</u>	<u>\$ 10,692,461</u>	<u>\$ 25,250,078</u>	<u>\$ 11,654,586</u>	<u>\$ 12,916,341</u>	<u>\$ 10,198,427</u>	<u>\$ 6,101,471</u>	<u>\$ 9,350,244</u>	
Plan fiduciary net position as a percentage of the total pension liability	84.26%	2.15%	83.89%	1.64%	84.88%	0.97%	92.00%	0.50%	96.09%	0.99%	
<b>Charter Middle Schools:</b>											
Share of net pension liability as a percentage	0.009170693%	0.014329829%	0.009167388%	0.014203866%	0.008687191%	0.013636514%	0.009774085%	0.013999520%	0.010014704%	0.014743185%	
Share of net pension liability as an amount	\$ 2,762,260	\$ 1,516,685	\$ 2,711,652	\$ 1,518,743	\$ 2,193,523	\$ 1,589,279	\$ 1,262,454	\$ 1,427,731	\$ 611,044	\$ 1,378,524	
Covered-employee payroll	\$ 5,606,419	\$ 5,606,419	\$ 5,398,562	\$ 5,398,562	\$ 5,357,386	\$ 5,357,386	\$ 5,273,513	\$ 5,273,513	\$ 5,373,301	\$ 5,373,301	
Net pension liability as a percentage of covered-employee payroll	49.27%	27.05%	50.23%	28.13%	40.94%	29.67%	23.94%	27.07%	11.37%	25.66%	

**Note to Schedule:**

Assumptions:

1. The total pension liability for each cost-sharing defined benefit plan was determined by an actuarial valuation as of July 1, 2023, using the individual entry age actuarial cost method.
2. Inflation increases for both plans is assumed at 2.40%.
3. Payroll growth, including inflation, for both plans is assumed at 3.25%.
4. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.70%.
5. Mortality assumptions for both the FRS Pension Plan and the HIS Program were based on the PUB-2010 base table, projected generationally with Scale MP-2018.
6. The municipal bond rate (the Bond Buyer General Obligation 20-Bond Municipal Bond Index) used to determine total pension liability for HIS was 3.65%.

Benefit Types:

1. FRS pension plan's retirees receive a lifetime pension benefit with joint and survivor payment options.
2. HIS program is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs, established and administered in accordance with section 112.363, Florida Statutes. For the fiscal year ended June 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at the retirement multiplied by \$7.50. Per Chapter 2023-193, Laws of Florida, the minimum payment increased to \$45 from \$30 and the maximum payment increased to \$225 from \$150 per month.

**CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS**  
Charter High School  
Required Supplementary Information  
Pension Schedule  
(UNAUDITED)

Reporting period as of:	6/30/2024		6/30/2023		6/30/2022		6/30/2021		6/30/2020	
Measurement date as of:	6/30/2023		6/30/2022		6/30/2021		6/30/2020		6/30/2019	
<b>Florida Retirement System Plan (in thousands):</b>	<b>FRS</b>	<b>HIS</b>	<b>FRS</b>	<b>HIS</b>	<b>FRS</b>	<b>HIS</b>	<b>FRS</b>	<b>HIS</b>	<b>FRS</b>	<b>HIS</b>
Total pension liability	\$ 226,204,201	\$ 16,563,149	\$ 217,434,441	\$ 11,126,966	\$ 209,636,046	\$ 12,719,121	\$ 204,909,739	\$ 12,588,098	\$ 198,012,334	\$ 11,491,044
Plan fiduciary net position	(186,357,366)	(681,815)	(180,226,405)	(535,368)	(202,082,183)	(452,618)	(161,568,265)	(378,261)	(163,573,726)	(302,045)
Net pension liability	<u>\$ 39,846,835</u>	<u>\$ 15,881,334</u>	<u>\$ 37,208,036</u>	<u>\$ 10,591,597</u>	<u>\$ 7,553,863</u>	<u>\$ 12,266,503</u>	<u>\$ 43,341,474</u>	<u>\$ 12,209,837</u>	<u>\$ 34,438,608</u>	<u>\$ 11,188,999</u>
Plan fiduciary net position as a percentage of the total pension liability	82.38%	4.12%	82.89%	4.81%	96.40%	3.56%	78.85%	3.00%	82.61%	2.63%
<b>Charter High School:</b>										
Share of net pension liability as a percentage	0.013094983%	0.018910024%	0.013994127%	0.020173943%	0.013363337%	0.019271451%	0.011554431%	0.018577679%	0.011433330%	0.018604000%
Share of net pension liability as an amount	\$ 5,217,936	\$ 3,003,164	\$ 5,206,940	\$ 2,136,743	\$ 1,009,448	\$ 2,363,933	\$ 5,007,861	\$ 2,268,304	\$ 3,937,480	\$ 2,081,601
Covered-employee payroll	\$ 8,898,846	\$ 8,898,846	\$ 7,627,315	\$ 7,627,315	\$ 7,368,647	\$ 7,368,647	\$ 6,822,503	\$ 6,822,503	\$ 6,221,975	\$ 6,221,975
Net pension liability as a percentage of covered-employee payroll	58.64%	33.75%	68.27%	28.01%	13.70%	32.08%	73.40%	33.25%	63.28%	33.46%

Reporting period as of:	6/30/2019		6/30/2018		6/30/2017		6/30/2016		6/30/2015	
Measurement date as of:	6/30/2018		6/30/2017		6/30/2016		6/30/2015		6/30/2014	
<b>Florida Retirement System Plan (in thousands):</b>	<b>FRS</b>	<b>HIS</b>	<b>FRS</b>	<b>HIS</b>	<b>FRS</b>	<b>HIS</b>	<b>FRS</b>	<b>HIS</b>	<b>FRS</b>	<b>HIS</b>
Total pension liability	\$ 191,317,399	\$ 10,816,576	\$ 183,632,592	\$ 10,870,772	\$ 167,030,999	\$ 11,768,445	\$ 161,370,735	\$ 10,249,201	\$ 156,115,763	\$ 9,443,629
Plan fiduciary net position	(161,196,881)	(232,463)	(154,053,263)	(178,311)	(141,780,921)	(113,859)	(148,454,394)	(50,774)	(150,014,292)	(93,385)
Net pension liability	<u>\$ 30,120,518</u>	<u>\$ 10,584,113</u>	<u>\$ 29,579,329</u>	<u>\$ 10,692,461</u>	<u>\$ 25,250,078</u>	<u>\$ 11,654,586</u>	<u>\$ 12,916,341</u>	<u>\$ 10,198,427</u>	<u>\$ 6,101,471</u>	<u>\$ 9,350,244</u>
Plan fiduciary net position as a percentage of the total pension liability	84.26%	2.15%	83.89%	1.64%	84.88%	0.97%	92.00%	0.50%	96.09%	0.99%
<b>Charter High School:</b>										
Share of net pension liability as a percentage	0.011548723%	0.018683750%	0.012016723%	0.018962929%	0.011451996%	0.018074525%	0.012391542%	0.018101749%	0.011808963%	0.017492768%
Share of net pension liability as an amount	\$ 3,478,535	\$ 1,977,509	\$ 3,554,466	\$ 2,027,604	\$ 2,891,638	\$ 2,106,511	\$ 1,600,534	\$ 1,846,094	\$ 720,520	\$ 1,635,616
Covered-employee payroll	\$ 7,140,664	\$ 7,140,664	\$ 6,894,012	\$ 6,894,012	\$ 6,648,338	\$ 6,648,338	\$ 6,249,677	\$ 6,249,677	\$ 5,987,830	\$ 5,987,830
Net pension liability as a percentage of covered-employee payroll	48.71%	27.69%	51.56%	29.41%	43.49%	31.68%	25.61%	29.54%	12.03%	27.32%

**Note to Schedule:**

Assumptions:

- The total pension liability for each cost-sharing defined benefit plan was determined by an actuarial valuation as of July 1, 2023, using the individual entry age actuarial cost method.
- Inflation increases for both plans is assumed at 2.40%.
- Payroll growth, including inflation, for both plans is assumed at 3.25%.
- Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.70%.
- Mortality assumptions for both the FRS Pension Plan and the HIS Program were based on the PUB-2010 base table, projected generationally with Scale MP-2018.
- The municipal bond rate (the Bond Buyer General Obligation 20-Bond Municipal Bond Index) used to determine total pension liability for HIS was 3.65%.

Benefit Types:

- FRS pension plan's retirees receive a lifetime pension benefit with joint and survivor payment options.
- HIS program is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs, established and administered in accordance with section 112.363, Florida Statutes. For the fiscal year ended June 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at the retirement multiplied by \$7.50. Per Chapter 2023-193, Laws of Florida, the minimum payment increased to \$45 from \$30 and the maximum payment increased to \$225 from \$150 per month.

**CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS**  
**Charter Schools**  
**Required Supplementary Information**  
**Schedule of Pension Contributions**  
**(UNAUDITED)**

Fiscal year ended June 30:	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contribution	\$ 2,974,710	\$ 2,620,578	\$ 2,241,335	\$ 1,934,235	\$ 1,574,740	\$ 1,476,624	\$ 1,413,716	\$ 1,311,513	\$ 1,191,296	\$ 1,202,083
Contributions in relation to the contractually required contribution	(2,974,710)	(2,620,578)	(2,241,335)	(1,934,235)	(1,574,740)	(1,476,624)	(1,413,716)	(1,311,513)	(1,191,296)	(1,202,083)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 25,104,203	\$ 21,916,079	\$ 20,579,187	\$ 19,160,421	\$ 18,485,891	\$ 17,896,351	\$ 17,896,351	\$ 20,037,874	\$ 19,526,431	\$ 19,069,280
Contributions as a percentage of covered-employee payroll	11.85%	11.96%	10.89%	10.09%	8.52%	8.25%	7.90%	6.55%	6.10%	6.30%

**CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS**

Required Supplementary Information

Other Post-Employment Benefit Plan (OPEB)

Schedule of Changes in Net OPEB Liability and Related Ratios

Last Ten Fiscal Years (1)

(UNAUDITED)

Reporting period as of:	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Measurement date as of:	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Total OPEB liability:							
Service costs	6,553	\$ 6,638	\$ 7,638	\$ 7,549	\$ 21,860	\$ 9,627	\$ 4,617
Interest	102,990	73,124	66,377	66,559	192,224	102,097	48,054
Benefit payments	(103,600)	36,600	(58,189)	(50,820)	(173,712)	(86,666)	(44,063)
Differences in experience	136,523	(110,361)	(30,684)	19,057	(129,348)	136,606	21,639
Changes in assumptions	67,256	(75,621)	101,335	(61,274)	(58,288)	(81,173)	96,897
Net change in total OPEB liability	209,722	(69,620)	86,477	(18,929)	(147,264)	80,491	127,144
Total OPEB liability - beginning	656,442	726,062	639,585	658,514	805,778	725,287	598,143
Total OPEB liability - ending	<u>\$ 866,164</u>	<u>\$ 656,442</u>	<u>\$ 726,062</u>	<u>\$ 639,585</u>	<u>\$ 658,514</u>	<u>\$ 805,778</u>	<u>\$ 725,287</u>
Plan fiduciary net position:							
Contributions - employer	\$ 135,843	\$ 61,658	\$ 64,325	\$ 65,131	\$ 212,527	\$ 83,182	\$ 62,377
Contributions - member	6,332	4,576	3,842	3,036	16,077	4,066	2,581
Other Contributions - Part D Subsidy, Rs Rebates)	1,515	-	-	-	-	-	-
Net investment income	91,716	(102,503)	99,101	49,193	69,494	66,989	36,899
Benefit payments	(103,600)	(75,621)	(58,189)	(50,820)	(173,712)	(86,666)	(44,063)
Administrative expense	(1,688)	(1,081)	(705)	(1,226)	(3,632)	(2,717)	(800)
Net changes in plan fiduciary net position	130,118	(112,971)	108,374	65,314	120,754	64,854	56,994
Plan fiduciary net position - beginning	601,459	714,430	606,056	540,742	419,988	355,134	298,140
Plan fiduciary net position - ending	<u>\$ 731,577</u>	<u>\$ 601,459</u>	<u>\$ 714,430</u>	<u>\$ 606,056</u>	<u>\$ 540,742</u>	<u>\$ 419,988</u>	<u>\$ 355,134</u>
<b>Net OPEB liability - ending</b>	<b>\$ 134,587</b>	<b>\$ 54,983</b>	<b>\$ 11,632</b>	<b>\$ 33,529</b>	<b>\$ 117,772</b>	<b>\$ 385,790</b>	<b>\$ 370,153</b>
Plan fiduciary net position as a percentage of the total OPEB liability	84.46%	91.62%	98.40%	94.76%	82.12%	52.12%	48.96%
Covered payroll (2)	\$ 970,235	\$ 657,809	\$ 554,464	\$ 544,416	\$ 663,566	\$ 260,156	\$ 315,444
Net OPEB liability as a percentage of covered payroll	13.87%	8.36%	2.10%	6.16%	17.75%	148.29%	117.34%

**Note to Schedule:**

(1) Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

(2) Includes all active members with no adjustments.

**CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS**

**Required Supplementary Information  
Other Post-Employment Benefit Plan (OPEB)  
Schedule of Employer Contributions  
(UNAUDITED)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution (1)	\$ 48,657	\$ 33,692	\$ 37,071	\$ 48,111	\$ 156,237	\$ 157,303	\$ 41,981	\$ 26,989	\$ 35,375	\$ 35,577
Contributions in relation to the actuarially determined contribution	136,287	67,398	60,158	60,472	181,487	54,751	62,377	66,706	43,954	41,061
Contributions deficiency (excess)	\$ (87,630)	\$ (33,706)	\$ (23,086)	\$ (12,361)	\$ (25,250)	\$ 102,551	\$ (20,396)	\$ (39,717)	\$ (8,579)	\$ (5,484)
Covered payroll	\$ 970,235	\$ 677,543	\$ 591,044	\$ 544,416	\$ 1,561,416	\$ 663,566	\$ 260,156	\$ 315,444	\$ 306,256	\$ 297,336
Contributions as a percentage of covered payroll	14.05%	9.95%	10.18%	11.11%	11.62%	8.25%	23.98%	21.15%	14.35%	13.81%

**Note to Schedule:**

Measurement date	9/30/2023
Actuarial cost method	Entry Age Normal based on level percentage of projected salary
Amortization method	Experience/Assumption gains and losses are amortized over a closed period of 5 years, equal to the average remaining service of active and inactive plan members (who have
Asset valuation method	Fair Market value
Asset valuation method	Fair Market value Fair Market value
Marriage rate	The assumed number of eligible spouses is based on the current information in the census provided.
Spouse age	Where this information is missing, male spouses are assumed to be three years older than female spouses.
Mortality rates	PUB-2010 mortality table and scaled using MP-21 and applied on a gender specific and job class basis
Actuarial assumptions:	
Inflation rate	2.60%
Investment rate of return (2)	8.11%
Projected salary increase rate	4.38% to 6.68%
Healthcare cost trend rate (3)	6.50% initial for Pre-Medicare Medical and Prescription and stop loss fees, 5.50% initial for Medicare benefits, decreasing 0.25% per year until an ultimate rate of 4.0% is reached and 4.0% for administrative fees
Post-retirement benefits increase	N/A

(1) Prior to 2017, the ADC was represented by the Annual Required Contribution (ARC) in GASB 45

(2) Valuation results are developed assuming a discount rate of 8.11% determined based on the long-term rate of return on plan investments using building block approach plus inflation.

(3) The healthcare cost trend rate grades down every year by 0.25% until an ultimate rate of 4.0% is reached.

**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**

Honorable Mayor and Members of the City Commission  
City of Pembroke Pines, 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 and each major fund of the City of Pembroke Pines, Florida Charter Schools (the Charter Schools) of the City of Pembroke Pines, Florida, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Charter Schools' basic financial statements, and have issued our report thereon dated December 30, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Charter Schools' 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 Charter Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter Schools' 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 Charter Schools' 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.

*RSM US LLP*

Fort Lauderdale, Florida  
December 30, 2024

## Management Letter Required by Chapter 10.850, Rules of the Auditor General

Honorable Mayor and Members of the City Commission  
City of Pembroke Pines, Florida

### Report on the Financial Statements

We have audited the financial statements of the City of Pembroke Pines, Florida Charter Schools (the Charter Schools) of the City of Pembroke Pines, Florida, as of and for the fiscal year ended June 30, 2024, and have issued our report thereon dated December 30, 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 that report, which is dated December 30, 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 findings and recommendations made in the preceding annual 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 and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title assigned by the Florida Department of Education for the entity is the City of Pembroke Pines, Florida Charter Schools of the City of Pembroke Pines, Florida, and the corresponding school codes are 5051, 5081 and 5121.

### 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 Charter Schools have 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 Charter Schools 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 Charter Schools. It is management's responsibility to monitor the Charter Schools' 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 Charter Schools maintain on their Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the Charter Schools maintained on their 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 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 Directors, applicable management, and the Broward County School Board, and is not intended to be and should not be used by anyone other than these specified parties.

*RSM US LLP*

Fort Lauderdale, Florida  
December 30, 2024