

**CITY OF PEMBROKE PINES, FLORIDA
FLORIDA STATE UNIVERSITY
CHARTER ELEMENTARY SCHOOL**

SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(With Independent Auditors' Reports Thereon)

**CITY OF PEMBROKE PINES, FLORIDA
FLORIDA STATE UNIVERSITY
CHARTER ELEMENTARY SCHOOL**

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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 the major fund of the Florida State University Elementary Charter School (the Charter School) of the City of Pembroke Pines, Florida (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund for the Charter School of the City, as of June 30, 2025, 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 Matters

As discussed in Note 1, the financial statements of the Charter School 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 the aggregate remaining fund information of the City that is attributable to the transactions of the Charter School. They do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2025, 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.

As discussed in Note 1 to the financial statements, the Charter School adopted the recognition and disclosure requirements of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*, as of July 1, 2024. As a result of the adoption, the Charter School restated the beginning net position of governmental activities. Our opinion is 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 School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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 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 17, 2025, on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Charter School's internal control over financial reporting and compliance.

RSM US LLP

Fort Lauderdale, Florida
December 17, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As management of the City of Pembroke Pines, Florida/Florida State University ("FSU") Charter Elementary School (the "School"), we offer readers of the School's special purpose financial statements this narrative overview and analysis of the financial activities of the School for the twelve-month period ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the School's special purpose financial statements, which follow this section.

The School was established and built in 2003, initially providing educational opportunities to 610 Elementary school students. Currently there are 709 students. This partnership between the City of Pembroke Pines and FSU was the first of its kind in Broward County. The School was established as a Developmental Research Laboratory School with the primary goal of enhancing the educational instruction and research of reading, and other disciplines at the primary and secondary school levels. The City also owns and operates six other Charter Schools within its corporate limits, which are sponsored by the School Board of Broward County. For fiscal year 2024-2025, there were 5,530 students enrolled in these Schools.

Financial Highlights

- The assets and deferred outflows of resources of the School was less than its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$883,266 (*net position (deficit)*) which decreased by \$1,528,295 from prior year.
- As of the close of the current fiscal year, the School's governmental fund's financial statements had a net decrease in fund balance of \$1,196,867, as compared to a net decrease of \$551,211 from last year, and an ending fund balance of \$1,368,047 as compared with \$2,564,914 from last year. The entire fund balance is assigned for rent payments.

Overview of the Special Purpose Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's special purpose financial statements. The School's 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 School's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on the School's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these two 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 School 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 School's *government-wide financial statements* distinguish the functions of the School as being principally supported by local revenues (full time equivalent (FTE) dollars through Florida State University) (*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 School has no business-type activities and no component units for which it is financially accountable. The governmental funds financial statements can be found in the Basic Financial Statement section 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 School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The fund used by the School is considered to be a governmental fund type.

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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The School maintains only one governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance. The School adopts an annual appropriated budget. A budgetary comparison schedule has been provided to demonstrate compliance with this budget. The governmental funds financial statements can be found in the Basic Financial Statement section 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 in the Basic Financial Statement section 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 9, the budgetary comparison schedule, note to the budgetary comparison schedule, pension schedule, schedule of pension contributions, schedule of changes in the net OPEB liability and related ratios and schedule of employer contributions OPEB which can be found on pages 50 through 55 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 56-57

- Management Letter in Accordance with the Rules of the Auditor General of the State of Florida, which can be found on pages 58-59.

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, 2025, the School's total net position decreased by \$1,528,295 when compared to prior year.

| | Condensed Statement of Net Position | | |
|--------------------------------------|--|-------------------|-------------------------|
| | Governmental | | Increase/ (Decrease) |
| | Activities | | |
| | <u>2025</u> | <u>2024</u> | |
| Current assets | \$ 2,803,837 | \$ 2,889,271 | \$ (85,434) |
| Capital assets, net of depreciation | <u>3,936,671</u> | <u>4,443,257</u> | <u>(506,586)</u> |
| Total assets | <u>6,740,508</u> | <u>7,332,528</u> | <u>(592,020)</u> |
| | | | |
| Total deferred outflows of resources | <u>1,658,410</u> | <u>1,273,119</u> | <u>385,291</u> |
| | | | |
| Current liabilities | 1,478,568 | 370,711 | 1,107,857 |
| Noncurrent liabilities | <u>7,434,317</u> | <u>7,388,382</u> | <u>45,935</u> |
| Total liabilities | <u>8,912,885</u> | <u>7,759,093</u> | <u>1,153,792</u> |
| | | | |
| Total deferred inflows of resources | <u>369,299</u> | <u>186,501</u> | <u>182,798</u> |
| | | | |
| Net Position | | | |
| Net investment in capital assets | 750,589 | 1,025,775 | (275,186) |
| Unrestricted | <u>(1,633,855)</u> | <u>(365,722)</u> | <u>(1,268,133)</u> |
| Total net position | <u>\$ (883,266)</u> | <u>\$ 660,053</u> | <u>\$ (1,543,319)</u> |

The decrease in total assets of \$592,020, or (-8.1%), was attributed mainly to the decrease in capital assets, net of depreciation and amortization, of \$506,586 (-11.4%). This decrease in capital assets was primarily due to ongoing depreciation and amortization of those assets over the course of the year.

Total liabilities rose by \$1,153,792 (14.9%), mainly due to a large increase in current liabilities of \$1,107,857 (298.8%), resulting from advances made by the City of Pembroke Pines to the School for financing its current operations. These liabilities will be liquidated in fiscal year 2026.

Net investment in capital assets decreased by \$275,186 (-26.8%), and unrestricted net position decreased by \$1,268,133 (-346.7%) from the prior year.

As of June 30, 2025, net investment in capital assets (e.g., improvements other than buildings and equipment, net of accumulated depreciation and amortization) amounted to \$750,589. The Schools do not have any related debt outstanding that was used to acquire these assets except for the right-to-use lease assets and SBITAs liabilities as required by Statement 87, *Leases* and Statement 96, subscription-based information technology arrangements (*SBITAs*). These assets are not available for future spending.

Governmental activities. The School reported total net position (deficit) of \$(883,266) at the end of the current fiscal year, a decrease of \$1,528,295 (66.7%) from prior year. The total expense of all governmental activities this year was \$10,976,359. Key elements of these changes in net position are as follows:

| | Condensed Statement of Activities | | |
|-------------------------------------|--|-------------------|-------------------------|
| | Governmental | | Increase/ (Decrease) |
| | Activities | | |
| | <u>2025</u> | <u>2024</u> | |
| Revenues: | | | |
| Program revenues: | | | |
| Charges for services | \$ 762,094 | \$ 764,077 | \$ (1,983) |
| Operating grants and contributions | 1,025,084 | 1,442,084 | (417,000) |
| General revenues: | | | |
| FTE non-specific revenues | 7,652,872 | 7,463,196 | 189,676 |
| Unrestricted investment earnings | 3,850 | 94,893 | (91,043) |
| Other revenues | 4,164 | 3,472 | 692 |
| Total revenues | <u>9,448,064</u> | <u>9,767,722</u> | <u>(319,658)</u> |
| Expenses: | | | |
| Instructional services | 6,357,978 | 6,344,172 | 13,806 |
| Instructional support services | 661,806 | 664,482 | (2,676) |
| School administration | 913,679 | 916,520 | (2,841) |
| Food services | 426,930 | 451,391 | (24,461) |
| Student transportation services | 350,130 | 326,747 | 23,383 |
| Operation and maintenance of school | 2,001,843 | 1,704,794 | 297,049 |
| Child care supervision | 221,828 | 230,126 | (8,298) |
| Interest | 42,165 | 46,472 | (4,307) |
| Total expenses | <u>10,976,359</u> | <u>10,684,704</u> | <u>291,655</u> |
| Change in net position | (1,528,295) | (916,982) | (611,313) |
| Net position, beginning | 660,053 | 1,577,035 | (916,982) |
| Restatement - GASB 101* | (15,024) | - | (15,024) |
| Net position, ending | <u>\$ (883,266)</u> | <u>\$ 660,053</u> | <u>\$ (1,543,319)</u> |

* Beginning net position was restated with the implementation of GASB 101, *Compensated Absences*

The School's total revenues decreased by \$319,658, or (-3.3%). This decline was mainly attributed to a drop in operating grants and contributions, which decreased by \$417,000. Additionally, unrestricted investment earnings fell by \$91,043. However, these reductions were partially offset by an increase in non-specific FTE revenues, which rose by \$189,676, representing a (2.5%) increase.

The decrease of \$417,000 in operating grants and contributions was primarily due to the funding received from the federal government in the previous year. This funding was related to the Elementary and Secondary Emergency Relief (ESSER) funds as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act; the program concluded during the first half of fiscal year 2025.

The \$189,676 increase in full-time equivalent (FTE) non-specific revenues was primarily due to an increase in the total funding allocation per student for fiscal year 2025.

Total expenses increased by \$291,655 (2.7 %) from the prior year due to increase in depreciation and amortization of capital assets.

Financial analysis of the School’s fund. As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and segregation for particular purposes.

Governmental fund. The focus of the School’s governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School’s financing requirements.

Budgetary Highlights

For the fiscal year ended June 30, 2025, the School had final estimated revenues and appropriations of \$10,704,937 and \$10,704,937 , respectively. Over the course of the year, the School 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 School made the following significant amendments to the budget:

Several amendments were made to increase the budgeted revenues by \$446,784. This increase was primarily due to additional federal grants of \$95,209, contributions from private donors, and funding from the Governor’s A+ program amounting to \$96,830. Correspondingly, the expenditure budget was also increased by \$446,784. These adjustments were mainly due to supplemental payouts to teachers under the Governor’s A+ program and salary increases for teachers throughout the year.

After appropriations were amended, as described above, actual revenues were below the budgeted revenues by \$1,256,873, and actual expenditures were below final budgeted amounts by \$47,850 due to various savings.

Capital Assets

The School’s investment in capital assets for its governmental activities as of June 30, 2025 amounts to \$3,936,671 (net of accumulated depreciation and amortization). This investment in capital assets includes improvements other than buildings, equipment, lease assets – building, SBITAs, and construction in progress.

| | Governmental Activities | | Increase/ (Decrease) |
|--|----------------------------|---------------------|-------------------------|
| | 2025 | 2024 | |
| Equipment | \$ 496,779 | \$ 651,988 | \$ (155,209) |
| Right-to-use - Lease assets - building | 3,150,315 | 3,465,347 | (315,032) |
| Right-to-use – SBITA | 46,129 | 82,474 | (36,345) |
| Construction in progress | 243,448 | 243,448 | - |
| Total capital assets | <u>\$ 3,936,671</u> | <u>\$ 4,443,257</u> | <u>\$ (506,586)</u> |

The \$506,586 decrease in capital assets was mainly due to the depreciation and amortization of the capital assets aggregating to \$523,470.

Additional information on the School’s capital assets can be found on Note 4 of the notes to the special purpose financial statements (page 30).

Economic Factors and Next Year's Budget and Rates

- In the 2023 Florida Legislative Session, HB 1259 was enacted, changing the financial eligibility requirements for capital outlay funding for charter schools. HB 1259 prohibits charter lab schools from receiving state funds for capital improvements, and FSU Elementary Charter School is categorized as a developmental research lab school. However, FSU Elementary will continue to receive state-funded discretionary millage, provided for in Specific Appropriation 16 within the 2025-2026 General Appropriations Act.
- The School will enroll 725 elementary students for the 2025-2026 school year.
- For fiscal year 2025-2026, the Base Student Allocation (BSA) used to calculate the Florida Education Finance Program (FEFP) revenues increased by \$41.62 to \$5,373 in fiscal year 2025-2026 as per Florida State Legislature SB2500 FEFP Conference Report dated June 13, 2025.
- An 8.33% increase to the School Activity Fee was approved for FY 2025-26, increasing the fee from \$300 in FY 2024-25 to \$325 per student in FY 2025-26. This fee is estimated to generate approximately \$140,833 in fiscal year 2025-2026.
- The State determined annual employer contribution to the Florida Retirement System will increase to 14.03% for fiscal year 2025-2026, up from 13.63% for fiscal year 2024-25.

Requests for Information

This financial report is designed to provide the reader with a general overview of the School's finances, as well as demonstrate accountability for funds the School receives. 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, City of Pembroke Pines, Florida/FSU Charter Elementary School, 601 City Center Way, Pembroke Pines, Florida 33025.

City of Pembroke Pines, Florida
Florida State University
CHARTER ELEMENTARY SCHOOL

STATEMENT OF NET POSITION (DEFICIT)

JUNE 30, 2025

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| <u>ASSETS</u> | |
| Pooled cash and cash equivalents | \$ 300 |
| Due from Florida State University | 2,545,146 |
| Other miscellaneous receivables | 255,279 |
| Prepayments | 3,112 |
| Capital assets not being depreciated | 243,448 |
| Capital assets being depreciated, net | <u>3,693,223</u> |
| Total assets | <u><u>6,740,508</u></u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | |
| Deferred outflows related to pension | 1,573,857 |
| Deferred outflows related to OPEB | 91,291 |
| Total deferred outflows of resources | <u><u>1,665,148</u></u> |
| <u>LIABILITIES</u> | |
| Accrued liabilities | 259,873 |
| Accrued interest payable | 42,778 |
| Due to City of Pembroke Pines' General Fund | 1,077,352 |
| Unearned revenue | 25,081 |
| Deposits | 73,484 |
| Noncurrent liabilities: | |
| Due within one year | 404,334 |
| Due in more than one year | <u>7,029,983</u> |
| Total liabilities | <u><u>8,912,885</u></u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | |
| Deferred inflows related to pension | 358,590 |
| Deferred inflows related to OPEB | 17,447 |
| Total deferred inflows of resources | <u><u>376,037</u></u> |
| <u>NET POSITION</u> | |
| Net investment in capital assets | 750,589 |
| Unrestricted | <u>(1,633,855)</u> |
| Total net position (deficit) | <u><u>\$ (883,266)</u></u> |

See notes to special purpose financial statements.

City of Pembroke Pines, Florida
Florida State University
CHARTER ELEMENTARY SCHOOL

STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2025

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Net (Expense) Revenue and Changes in Net Position</u> Total Governmental Activities |
|---|----------------------|-----------------------------|---|---|---|
| Governmental activities: | | | | | |
| Instructional services | \$ 6,357,978 | \$ - | \$ - | \$ - | \$ (6,357,978) |
| Instructional support services | 661,806 | - | 830,136 | - | 168,330 |
| School administration | 913,679 | - | - | - | (913,679) |
| Food services | 426,930 | 191,332 | 194,948 | - | (40,650) |
| Student transportation services | 350,130 | 56,442 | - | - | (293,688) |
| Operation and maintenance of school | 2,001,843 | 25,300 | - | - | (1,976,543) |
| Child care supervision | 221,828 | 489,020 | - | - | 267,192 |
| Interest | 42,165 | - | - | - | (42,165) |
| Total Charter School | <u>\$ 10,976,359</u> | <u>\$ 762,094</u> | <u>\$ 1,025,084</u> | <u>\$ -</u> | <u>\$ (9,189,181)</u> |
| General revenues: | | | | | |
| FTE non-specific revenues | | | | | 7,652,872 |
| Unrestricted investment earnings | | | | | 3,850 |
| Other revenues | | | | | 4,164 |
| Total general revenues | | | | | <u>7,660,886</u> |
| Change in net position | | | | | (1,528,295) |
| Net position, beginning, as restated (Note 1D.14) | | | | | 645,029 |
| Net position (deficit), ending | | | | | <u>\$ (883,266)</u> |

See notes to special purpose financial statements.

City of Pembroke Pines, Florida
Florida State University
CHARTER ELEMENTARY SCHOOL

BALANCE SHEET
GOVERNMENTAL FUND

JUNE 30, 2025

ASSETS

| | | |
|-----------------------------------|----|------------------|
| Pooled cash and cash equivalents | \$ | 300 |
| Due from Florida State University | | 2,545,146 |
| Other miscellaneous receivables | | 255,279 |
| Prepayments | | 3,112 |
| Total assets | \$ | <u>2,803,837</u> |

LIABILITIES AND FUND BALANCE

| | | |
|-------------------------------|----|------------------|
| Liabilities: | | |
| Accrued liabilities | \$ | 259,873 |
| Due to City of Pembroke Pines | | 1,077,352 |
| Unearned revenue | | 25,081 |
| Deposits | | 73,484 |
| Total liabilities | | <u>1,435,790</u> |

| | | |
|----------------------------|--|------------------|
| Fund balance: | | |
| Nonspendable - prepayments | | 3,112 |
| Assigned for rent payments | | 1,364,935 |
| Total fund balance | | <u>1,368,047</u> |

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

| | | |
|--|--|-----------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund. | | 3,936,671 |
|--|--|-----------|

| | | |
|--|--|-----------|
| Compensated absences, shown as noncurrent liabilities, are not due and payable in the current period and, therefore, are not reported in the fund. | | (194,368) |
|--|--|-----------|

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

| | | |
|--------------------------------|--|-----------|
| Deferred outflows of resources | | 1,665,148 |
| Deferred inflows of resources | | (376,037) |

Accrued interest payable and long term liabilities such as lease liability, SBITA liability, 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 fund.

| | | |
|---|----|-------------------------|
| | | <u>(7,282,727)</u> |
| Net position of governmental activities (page 11) | \$ | <u><u>(883,266)</u></u> |

See notes to special purpose financial statements.

City of Pembroke Pines, Florida
Florida State University
CHARTER ELEMENTARY SCHOOL

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND

FISCAL YEAR ENDED JUNE 30, 2025

| | |
|---|---------------------|
| Revenues: | |
| Local and state | \$ 8,974,148 |
| Federal and State grants | 473,916 |
| Total revenues | <u>9,448,064</u> |
| Expenditures: | |
| Current: | |
| K-3 basic | 3,283,123 |
| 4-8 basic | 1,541,548 |
| 9-12 basic | 454 |
| Exceptional student program | 1,214,255 |
| Substitute teachers | 48,422 |
| School/Other | 36,831 |
| Guidance services | 102,151 |
| Office of innovative learning | 151,856 |
| Institutional and Curriculum Development Services | 174,233 |
| Health services | 236,788 |
| Instructional media service | 130,430 |
| Instructional staff training services | 15,292 |
| Board | 5,286 |
| School administration | 887,004 |
| Food services | 426,830 |
| Student transportation services | 349,643 |
| Operation of school | 1,526,874 |
| Child care supervision | 219,886 |
| Debt service: | |
| Principal | 243,556 |
| Interest | 45,741 |
| Capital outlay | 16,884 |
| Total expenditures | <u>10,657,087</u> |
| Excess of expenditures over revenues | <u>(1,209,023)</u> |
| Other financing sources : | |
| Other financing sources - subscription agreements | <u>12,156</u> |
| Total other financing sources | <u>12,156</u> |
| Net change in fund balance | (1,196,867) |
| Fund balance, beginning | <u>2,564,914</u> |
| Fund balance, ending | <u>\$ 1,368,047</u> |

See notes to special purpose financial statements.

City of Pembroke Pines, Florida
Florida State University
CHARTER ELEMENTARY SCHOOL

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2025

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

Net change in fund balance - total governmental fund (page 13) \$ (1,196,867)

The governmental fund reports 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 and amortization expense. This is the amount by which depreciation and amortization exceeded capital outlays in the current period.

The detail of the difference is as follows:

| | | |
|---------------------------------------|------------------|-----------|
| Capital outlay | 16,884 | |
| Depreciation and amortization expense | <u>(523,470)</u> | |
| Net adjustment | | (506,586) |

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. (12,156)

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. 243,556

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 the governmental fund. Conversely, repayments of noncurrent liabilities are expenditures in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position.

The details of the difference are as follows:

| | | |
|---------------------------------------|--|---------------|
| Compensated absences | | (12,486) |
| Interest expense | | 3,577 |
| Pension expense, net of contributions | | (59,507) |
| OPEB expense, net of contributions | | <u>12,174</u> |

Change in net position of governmental activities (page 11) \$ (1,528,295)

CITY OF PEMBROKE PINES, FLORIDA
FLORIDA STATE UNIVERSITY
CHARTER ELEMENTARY SCHOOL

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

On February 3, 2003, the City of Pembroke Pines, Florida (“the City”) and Florida State University (“FSU”) signed an agreement (“Charter Agreement”) to establish a Developmental Research Charter Laboratory School (“the School”) to train teachers and to promote learning and research through collaboration. The Charter Agreement is for a 15-year term from July 1, 2003 through June 30, 2018 with provisions for extensions in increments of additional 15 years. The Charter Agreement was extended through June 30, 2035. The School Campus was constructed with funds from the Public Improvement Revenue Bonds, Series 2001. The principal and interest on this bond relating to the construction are payable from rental payments received from the School.

The Charter Agreement is constructed pursuant to Florida Statutes 1002.32 and 1002.33. FSU has an existing Charter School in Leon County, Florida, and the Charter Agreement calls for the School to serve as a model for the FSU Professional Development School program and be a part of FSU Charter Schools’ existing School District. The School opened for the 2003-04 school year with 600 students in grades K-5 in the new facility plus 10 Exceptional Student Education (“ESE”) students attending the City of Pembroke Pines Charter School Central Campus. The Charter Agreement calls for continued expansion of the program to encompass grades K-12 and expansion of the ESE program to provide for a total of 50 students.

The Governing Body of the School is comprised of six voting members, consisting of the City of Pembroke Pines Mayor, Vice-Mayor and three Commissioners plus the FSU President or his or her designee. The Governing Body shall establish a School Advisory Board or Boards, pursuant to the requirements of Section 1002.32(8) Florida Statutes. The City operates the School as a public employer, and the School’s employees are considered public employees. The City will indemnify FSU from any claims, suits or actions. The School is accounted for as a special revenue fund of the City. The Pembroke Pines City Manager serves as the School Superintendent. The special purpose financial statements contained herein present only the operations of the School, and do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2025, 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.

Non-renewal of the Charter Agreement requires 365 days’ notice prior to the expiration date by either the City or FSU to the other party. Any real or personal property paid for by the City will revert to the City in the event of termination of the Charter Agreement. The City also owns and operates six other Charter Schools - three (3) Charter Elementary Schools, two (2) Charter Middle Schools, and one (1) Charter High School, which has been expanded to include a Middle School. All of these Schools are chartered by the School Board of Broward County.

**CITY OF PEMBROKE PINES, FLORIDA
FLORIDA STATE UNIVERSITY
CHARTER ELEMENTARY SCHOOL**

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

The financial information of these Charter Schools is not included herein, as they are separately chartered with the School Board of Broward County, and issue their own special purpose financial statements.

b. Government-Wide and Fund Financial Statements

The School's 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 School. 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 are 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*.

The major individual governmental fund is reported as a single column in the fund financial statements. The School's 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 School's 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.

The School's 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 School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The School 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.

**CITY OF PEMBROKE PINES, FLORIDA
FLORIDA STATE UNIVERSITY
CHARTER ELEMENTARY SCHOOL**

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)

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 School receives cash.

The School reports the following major fund:

Charter Elementary School – The Elementary School, located at the Pembroke Shores site serves 709 student stations for the 2024-25 school year.

When both restricted and unrestricted resources are available for use, it is the School's 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 School considers all highly liquid investments with maturity of three months or less when purchased to be cash and cash equivalents. The School maintains its 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 which are valued at amortized costs.

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 School has no inventories at June 30, 2025.

**CITY OF PEMBROKE PINES, FLORIDA
FLORIDA STATE UNIVERSITY
CHARTER ELEMENTARY SCHOOL**

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

Capital assets, which include equipment, right-to-use lease assets – building, 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 School 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 if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of acquisition.

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 School 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.

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

| <u>Assets</u> | <u>Years</u> |
|--------------------------------------|--------------|
| Right-to-use– lease asset (building) | 14 |
| Equipment | 3-10 |
| Right-to-use-SBITA | 2-3 |

CITY OF PEMBROKE PINES, FLORIDA
FLORIDA STATE UNIVERSITY
CHARTER ELEMENTARY SCHOOL

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*

The School's 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.

The Schools implemented GASB Statement 101, *Compensated Absences*, in 2025. Vested or accumulated vacation and sick leave that is due to employees who have retired or been terminated by the end of the year is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation and sick leave from governmental activities are recorded as expenses and liabilities as the benefits accrue to employees. The entire balance of vacation leave is recognized as a liability at year-end. A liability is recognized for the portion of accumulating sick leave benefits that is estimated to be more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

The implementation also recognized Medicare and Social Security taxes and pension contributions as *salary-related payments* in calculating the compensated absences liability. A direct effect on net position resulted from this implementation, reflected in the current financial statements as a \$15,024 reduction in the beginning net position and a corresponding increase in the compensated absences liability (See Note 1D.14).

CITY OF PEMBROKE PINES, FLORIDA
FLORIDA STATE UNIVERSITY
CHARTER ELEMENTARY SCHOOL

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

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 School's special purpose financial statements, and is described below:

In 2001, the City issued Public Improvement Revenue Bonds, Series 2001 for \$19,600,000 of which approximately \$7,100,000 was used to finance the construction of the City of Pembroke Pines/Florida State University Charter Elementary School. Effective October 1, 2013, there is no outstanding balance for the Series 2001 Bonds. In December 2006, \$10,985,000 of the Public Improvement Revenue Bonds, Series 2001 was advance refunded by a portion of the \$29,720,000 Public Improvement Revenue Refunding Bonds, Series 2006. In October 2016, \$29,720,000 of the Public Improvement Revenue Bonds, Series 2006 were 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.

In 2008, the City issued the Charter School Revenue Bonds, Series 2008 for \$64,095,000 and used approximately \$3,360,000 to finance the construction of 12 new classrooms for the City of Pembroke Pines/Florida State University Charter Elementary School. 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 (the "Bank") 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. 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.

**CITY OF PEMBROKE PINES, FLORIDA
FLORIDA STATE UNIVERSITY
CHARTER ELEMENTARY SCHOOL**

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)*

The School remits a yearly rental fee to the City for the use of the facilities that were constructed by the City (see Note 5–Leases).

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 School had no restricted assets as of June 30, 2025.
- 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 School is 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 (highest level of decision making authority) 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.

**CITY OF PEMBROKE PINES, FLORIDA
FLORIDA STATE UNIVERSITY
CHARTER ELEMENTARY SCHOOL**

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 (Continued)

Fund Financial Statements

Fund balance of the School is considered to be assigned for rent payments, as the School is a special revenue fund 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.

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

8. Revenue Sources

Revenues for current operations are received primarily from Florida State University pursuant to the funding provisions included in the School's Charter. In accordance with the funding provisions of the Charter Agreement and Section 1002.33, Florida Statutes, the School reports the full-time equivalent (FTE) students and related data to Florida State University. Under the provisions of Section 1002.33, Florida Statutes, the Florida State University 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 School 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 School during the designated full-time equivalent student survey periods.

9. Use of Estimates

The preparation of the special purpose 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 special purpose 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.

**CITY OF PEMBROKE PINES, FLORIDA
FLORIDA STATE UNIVERSITY
CHARTER ELEMENTARY SCHOOL**

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)

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.

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. Leases and Subscription Obligations

Leases and Subscription-Based Information Technology Arrangements (SBITAs) are included in capital assets and long-term liabilities on the Statement of Net Position.

An intangible right-of-use (ROU) asset represents the School's right to use an underlying asset for the lease or SBITA term. Lease obligations represent the School's liability to make lease payments arising from lease agreements or SBITA agreements. Intangible right-of-use assets and lease obligations are recognized based on the present value of lease payments over the lease term, where the initial term exceeds twelve months. Residual value guarantees and the value of an option to extend or terminate a lease are reflected to the extent it is reasonably certain to be paid or exercised. Variable payments, if any, based on future performance or usage are not included in the measurement of the lease obligation. Intangible right-of-use assets are amortized using a straight-line basis over the shorter of the lease term or useful life of the underlying asset.

CITY OF PEMBROKE PINES, FLORIDA
FLORIDA STATE UNIVERSITY
CHARTER ELEMENTARY SCHOOL

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)

12. Leases and Subscription Obligations (Continued)

At the commencement of each lease and subscription, the liability is measured at the present value of payments expected to be made during the term. Subsequently, the lease and subscription liabilities are reduced by the principal portions of payments made. The ROU lease and subscription assets are measured as the initial amount of the individual liabilities, adjusted for payments made at or before the lease and subscription commencement dates, plus certain initial direct costs. Subsequently, the ROU lease and subscription assets are amortized on a straight-line basis over their useful lives.

Key estimates and judgments related to leases and subscriptions include how the School determines the discount rate it uses to discount the expected lease and subscription payments to present value, lease and subscription term, and lease and subscription payments.

- The interest rate charged by the lessor is used as the discount rate. When an interest rate charged by the lessor is not provided, the estimated incremental borrowing rate is used as the discount rate for leases and subscriptions.
- The lease terms include the noncancelable period of the leases and subscriptions and option years that the School is reasonably certain to exercise. Lease and subscription payments included in the measurement of the lease and subscription liabilities are composed of fixed payments and purchase option prices that the School is reasonably certain to exercise.

The School monitors changes in circumstances that would require a remeasurement of its leases and subscriptions and will remeasure the lease and subscription assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease and subscription liabilities. Lease and subscription assets are reported with capital assets and lease and subscription liabilities are reported with noncurrent liabilities on the statement of net position. For additional information, refer to Note 5 and 6 for leases and subscriptions, respectively.

**CITY OF PEMBROKE PINES, FLORIDA
FLORIDA STATE UNIVERSITY
CHARTER ELEMENTARY SCHOOL**

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)

13. Deferred Outflows/Deferred 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 School's deferred outflows of resources related to the pension and OPEB are discussed in Note 10 and Note 11, 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 School's deferred inflows of resources related to the pension and OPEB are discussed in Note 10 and Note 11, respectively.

14. Restatement

For the fiscal year ended June 30, 2025, the Schools implemented GASB Statement 101, *Compensated Absences*. The implementation of this guidance impacted the beginning compensated absence balances, which resulted in a restatement of beginning net position and compensated absences, as follows:

| | Government-wide Financial Statements | |
|---|---|------------------------------------|
| | <u>Net Position</u> | <u>Compensated Absences</u> |
| As previously reported | \$ 660,053 | \$ 166,858 |
| Change in accounting principles - GASB 101 - <i>Compensated Absences</i> | <u>(15,024)</u> | <u>15,024</u> |
| As restated | <u>\$ 645,029</u> | <u>\$ 181,882</u> |

**CITY OF PEMBROKE PINES, FLORIDA
FLORIDA STATE UNIVERSITY
CHARTER ELEMENTARY SCHOOL**

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS

Investment Policy

The School's investment objective order of priority is safety of capital, liquidity of funds, and investment income, in that order. Authorized investments of the School 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, 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.
- (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.

CITY OF PEMBROKE PINES, FLORIDA
FLORIDA STATE UNIVERSITY
CHARTER ELEMENTARY SCHOOL

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

(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 (Appendix B).

(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.

(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.

CITY OF PEMBROKE PINES, FLORIDA
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NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

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

The School invests in the State Board of Administration (SBA). The 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. Financial statements for the SBA can be obtained on their website at prime.sbafla.com/audits. The SBA is required to invest assets and discharge its duties in accordance with Florida law and in compliance with Fiduciary standards of care.

As of June 30, 2025, the School has no participating balance in the City's pooled cash and cash equivalents.

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 School limits its exposure to fair value losses arising from increasing interest rates by limiting the effective duration of the investment portfolio.

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 School utilizes portfolio diversification and credit quality rating in order to control this risk.

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 School categorizes its 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.

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NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

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.

NOTE 3. REVENUE SOURCES

| | |
|---|---------------------|
| Florida State University: | |
| Florida education finance program | \$ 4,745,605 |
| Class size reduction | 679,652 |
| District school taxes | 1,139,902 |
| ESE guaranteed allocation | 346,759 |
| Supplemental academic instruction | 200,713 |
| Governor's A+ Funds | 96,830 |
| Safe schools | 297,324 |
| Mental health allocation | 144,298 |
| School lunch supplement | 1,150 |
| School breakfast supplement | 639 |
| Total Florida State University | 7,652,872 |
| Other: | |
| Before and after school education program | 350,568 |
| Contributions | 551,168 |
| Food sales | 191,332 |
| Activity fee | 138,452 |
| Rental revenue | 25,300 |
| In-house transportation | 56,442 |
| Interest | 3,850 |
| E-Rate program | 4,164 |
| Total other | 1,321,276 |
| Total local | 8,974,148 |
| Federal and State grants: | |
| National school lunch program | 139,714 |
| Elementary and secondary school emergency relief fund | 196,081 |
| Individuals with disabilities education act (IDEA) | 127,040 |
| NSLP non-cash assistance (commodities) | 17,426 |
| Science of Reading Literacy and Tutoring (SORT) allowance | (44,153) |
| School breakfast program | 37,808 |
| Total Federal and State grants | 473,916 |
| Total Revenue Sources | \$ 9,448,064 |

CITY OF PEMBROKE PINES, FLORIDA
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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 | \$ 243,448 | \$ - | \$ - | \$ 243,448 |
| Total capital assets not being depreciated | <u>243,448</u> | <u>-</u> | <u>-</u> | <u>243,448</u> |
| Capital assets, being depreciated/amortized: | | | | |
| Equipment | 1,002,013 | 4,728 | - | 1,006,741 |
| Right-to-use - Lease assets – Building | 4,410,443 | - | - | 4,410,443 |
| Right-to-use - SBITA | <u>208,877</u> | <u>12,156</u> | <u>(126,558)</u> | <u>94,475</u> |
| Total capital assets being depreciated/amortized | <u>5,621,333</u> | <u>16,884</u> | <u>(126,558)</u> | <u>5,511,659</u> |
| Less accumulated depreciation/amortization for: | | | | |
| Equipment | (350,025) | (159,937) | - | (509,962) |
| Right-to-use - lease assets – Building | (945,096) | (315,032) | - | (1,260,128) |
| Right-to-use - SBITA | <u>(126,403)</u> | <u>(48,501)</u> | <u>126,558</u> | <u>(48,346)</u> |
| | <u>(1,421,524)</u> | <u>(523,470)</u> | <u>126,558</u> | <u>(1,818,436)</u> |
| Total capital assets being depreciated, net | <u>4,199,809</u> | <u>(506,586)</u> | <u>-</u> | <u>3,693,223</u> |
| Total capital assets, net | <u>\$ 4,443,257</u> | <u>\$ (506,586)</u> | <u>\$ -</u> | <u>\$ 3,936,671</u> |

Depreciation and amortization expense were charged to functions/programs of the School as follows:

| | |
|-------------------------------------|-------------------|
| Governmental activities: | |
| Operation and maintenance of school | \$ 474,969 |
| Instructional services | 45,136 |
| Instruction support services | 146 |
| School administration | 2,632 |
| Food services | 100 |
| Student transportation services | 487 |
| | <u>\$ 523,470</u> |

NOTE 5. LEASES

Leases are accounted for in accordance with the requirements of GASB Statement No. 87, Leases. 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
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NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 5. LEASES (Continued)

On July 1, 2021, the School entered a 168-month lease as Lessee for the use of FSU Elementary School buildings, facilities that were constructed and owned by the City. The School is required to make annual payments as disclosed below. As of June 30, 2025, the value of the lease liability is \$3,145,234. The lease has an interest rate of 1.3270%. As of June 30, 2025, the value of the right to use asset of \$4,410,443 with accumulated amortization of \$1,260,128 is included with Lease Assets – Building on Note 4 – Capital Assets.

As of June 30, 2025, the School had a minimum principal and interest payment required for its leasing activities, with a remaining term more than one year, as follows:

| Fiscal Year | Governmental Activities | | |
|-------------|-------------------------|-------------------|---------------------|
| | Principal Payments | Interest Payments | Total Payments |
| 2026 | \$ 207,942 | \$ 41,737 | \$ 249,679 |
| 2027 | 291,203 | 38,978 | 330,181 |
| 2028 | 297,901 | 35,114 | 333,015 |
| 2029 | 301,577 | 31,160 | 332,737 |
| 2030 | 305,988 | 27,159 | 333,147 |
| 2031-2035 | <u>1,740,623</u> | <u>70,853</u> | <u>1,811,476</u> |
| | <u>\$ 3,145,234</u> | <u>\$ 245,001</u> | <u>\$ 3,390,235</u> |

NOTE 6. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

SBITAs are accounted for in accordance with the requirements of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

The School has entered into 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 2.0237% to 3.070%. The assets acquired and capitalized under the right to use SBITAs is as follows:

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NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 6. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

(Continued)

| | |
|--------------------------------|------------------|
| Right to Use SBITA Asset Cost | \$ 94,475 |
| Less: Accumulated Depreciation | <u>(48,346)</u> |
| Net Book Value | <u>\$ 46,129</u> |

The principal and interest payment for the SBITA agreements outstanding as of June 30, 2025, are as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Requirement</u> |
|--------------------|------------------|-----------------|--------------------------|
| 2026 | \$ 35,677 | \$ 1,259 | \$ 36,936 |
| 2027 | <u>5,171</u> | <u>159</u> | <u>5,330</u> |
| | <u>\$ 40,848</u> | <u>\$ 1,418</u> | <u>\$ 42,266</u> |

For the year ended June 30, 2025, the total principal reductions and interest incurred related to SBITA agreements was \$30,419 and \$1,284, respectively.

NOTE 7. CHANGES IN NONCURRENT LIABILITIES

| | <u>Beginning Balance *</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|-----------------------|----------------------------|-------------------|---------------------|-----------------------|----------------------------|
| Lease liability | \$3,358,371 | \$ - | \$ (213,137) | \$3,145,234 | \$ 207,942 |
| SBITA liability | 59,111 | 12,156 | (30,419) | 40,848 | 35,677 |
| Net pension liability | 3,787,276 | 239,977 | - | 4,027,253 | - |
| Net OPEB liability | 16,766 | 9,848 | - | 26,614 | - |
| Compensated absences* | <u>181,882</u> | <u>12,486</u> | <u>-</u> | <u>194,368</u> | <u>160,715</u> |
| Total | <u>\$7,403,406</u> | <u>\$ 274,467</u> | <u>\$ (243,556)</u> | <u>\$7,434,317</u> | <u>\$ 404,334</u> |

* The School adopted GASB Statement 101, *Compensated Absences* and this requires restatement of the beginning balance as of July 1, 2024. See Note 1D.14

CITY OF PEMBROKE PINES, FLORIDA
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NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 8. RISK MANAGEMENT

The Charter Agreement requires the City to maintain the same insurance levels and coverage for the School as it currently maintains for its other Charter Schools, as required by the City's Charters with the Broward County School Board.

Health and hospitalization, workers' compensation and life insurance coverage are provided through the City, and the City, in turn, charges the School for this coverage. The School maintains its insurance as an additional named insured on the aggregate insurance policies purchased for all of the City's Charter Schools for general liability, automotive liability, basic and catastrophic student accident, school leaders errors and omissions, and property and flood coverage through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not exceeded commercial coverage in the past three years.

NOTE 9. COMMITMENTS AND CONTINGENCIES

Commitment

The agreement with FSU requires that as the sponsor of the School and for its research and evaluation responsibilities, the Charter School pay FSU the fixed annual amount of \$354,500 as a University Oversight and Research Fee, which is reported as part of the Operation of school function.

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 fund. The amount, if any, of such expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although the School expects such amounts, if any, to be immaterial.

NOTE 10. PENSION PLANS

Defined Benefit Plan

Florida Retirement System

The FSU Charter Elementary School 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.

**CITY OF PEMBROKE PINES, FLORIDA
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NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 10. PENSION PLANS (Continued)

Defined Benefit Plan (Continued)

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.

The Retiree Health Insurance Subsidy (HIS) Program is a non-qualified, cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS Program. The benefit is a monthly payment to assist retirees and surviving beneficiaries of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2024, retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$7.50. The payments are at least \$45 but not more than \$225 per month, pursuant to section 112.363, Florida Statutes. This change applies to all years of service for both members currently in pay and members not yet in pay. 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, the 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, the AFC is the average of the eight highest fiscal years of salary earned during covered employment.

**CITY OF PEMBROKE PINES, FLORIDA
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NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 10. PENSION PLANS (Continued)

Defined Benefit Plan (Continued)

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 the 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.
- *Regular Class* – For FRS members who are in the FRS Pension Plan, the FRS Investment Plan, reemployed retirees without renewed membership in a regularly established position, or the non-integrated defined contribution plans.

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
850-778-4408 or toll free at 877-377-1737

Funding Policy

The School's required contribution rate is established and may be amended, by State Statute. For the fiscal year ended June 30, 2025, the contribution rate was 13.63% for Regular Class Members, 6.84% for Regular Class Retired Rehired Members, and 21.13% for DROP Members. The School is required to contribute both for full-time and part-time members of the Plan, which amounted to \$626,380 for FRS and HIS for the year ended June 30, 2025. As of June 30, 2025, the Plan has 52 members. The contribution rate includes the post-employment health insurance supplement of 2.00% and the administrative/educational fee of 0.06%.

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NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 10. PENSION PLANS (Continued)

Defined Benefit Plan (Continued)

| Fiscal Year | Annual Required Contributions | Total Employer Contributions | Percentage Contributed | Contribution Rates | |
|-------------|-------------------------------|------------------------------|------------------------|--------------------|--------|
| | | | | Regular Class | DROP |
| 2025 | \$ 626,380 | \$ 626,380 | 100.0% | 13.63% | 21.13% |
| 2024 | 504,801 | 504,801 | 100.0% | 13.57% | 21.13% |
| 2023 | 431,168 | 431,168 | 100.0% | 11.91% | 18.60% |
| 2022 | 355,051 | 355,051 | 100.0% | 10.82% | 18.34% |
| 2021 | 307,262 | 307,262 | 100.0% | 10.00% | 16.98% |
| 2020 | 247,140 | 247,140 | 100.0% | 8.47% | 14.60% |
| 2019 | 233,455 | 233,455 | 100.0% | 8.26% | 14.03% |
| 2018 | 220,019 | 220,019 | 100.0% | 7.52% | 12.99% |
| 2017 | 191,139 | 191,139 | 100.0% | 7.52% | 12.99% |
| 2016 | 171,032 | 171,032 | 100.0% | 7.26% | 12.88% |

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 \$134,536 for fiscal year 2025.

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, 2025, are shown below.

Net Pension Liability

| | FRS | HIS |
|-----------------------------|---------------------|---------------------|
| Total Pension Liability | \$ 15,775,746 | \$ 1,529,714 |
| Plan Fiduciary Net Position | (13,204,742) | (73,465) |
| Net Pension Liability | <u>\$ 2,571,004</u> | <u>\$ 1,456,249</u> |

| | | |
|--|--------|-------|
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 83.70% | 4.80% |
|--|--------|-------|

The total pension liability for each plan was determined by the plans' actuary and reported in the plans' valuations as of June 30, 2024. 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 School reported a liability of \$4,027,253 for its proportionate share of the net pension liability. The detail of the proportionate shares is as follows:

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NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 10. PENSION PLANS (Continued)

Defined Benefit Plan (Continued)

| | | FRS Pension Plan | | | | | Employer | Employer |
|--------------------------|---|---|--------------------------------------|---|--|--|--|----------|
| 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 | Proportionate Share of Net Pension Liability/(Asset) at Prior Measurement Date | Proportionate Share of Net Pension Liability/(Asset) at Measurement Date | |
| 16309 | CITY OF PEMBROKE PINES FSU CHARTER SCHOOL | \$ 290,515 | 0.006038997% | \$ 376,341 | 0.006646049% | \$ 2,406,349 | \$ 2,571,004 | |

| | | FRS Retiree Health Insurance Subsidy (HIS) Program | | | | | Employer | Employer |
|--------------------------|---|---|--------------------------------------|---|--|--|--|----------|
| 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 | Proportionate Share of Net Pension Liability/(Asset) at Prior Measurement Date | Proportionate Share of Net Pension Liability/(Asset) at Measurement Date | |
| 16309 | CITY OF PEMBROKE PINES FSU CHARTER SCHOOL | \$ 57,199 | 0.008695283% | \$ 82,188 | 0.009707696% | \$ 1,380,927 | \$ 1,456,249 | |

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 current and several prior measurement dates, for employers that were members of the FRS and HIS during those fiscal years. For fiscal years ended June 30, 2015, through June 30, 2024, 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 based on 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.

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NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 10. PENSION PLANS (Continued)

Defined Benefit Plan (Continued)

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 valuation 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 2024 for the period July 1, 2018, through June 30, 2023. 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.

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 3.50%. 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 3.93% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Index). 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 2024 for the HIS Program:

1. All demographic assumptions and method were reviewed as part of the 2024 Experience Study. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its meeting in October 2024.
2. The coverage election assumptions were updated to reflect recent and anticipated future experience of HIS program participants. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its October 2024 meeting.
3. The discount rate was modified to reflect the change in the value of the municipal bond index between GASB measurement dates

**CITY OF PEMBROKE PINES, FLORIDA
FLORIDA STATE UNIVERSITY
CHARTER ELEMENTARY SCHOOL**

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 10. PENSION PLANS (Continued)

Defined Benefit Plan (Continued)

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.

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%, Milliman; and 2) a long-term average annual inflation assumption of 2.40% as adopted in October 2024 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 2024 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.

**CITY OF PEMBROKE PINES, FLORIDA
FLORIDA STATE UNIVERSITY
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NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 10. PENSION PLANS (Continued)

Defined Benefit Plan (Continued)

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

¹ As outlined in the FRS Pension Plan's investment policy available from Funds Manage on the SBA's website at www.sbafla.com

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, 2024.

| FRS Net Pension Liability | | |
|---------------------------|------------------------------|--------------------|
| <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
| 5.70% | 6.70% | 7.70% |
| \$ 4,522,307 | \$ 2,571,004 | \$ 936,375 |

| HIS Net Pension Liability | | |
|---------------------------|------------------------------|--------------------|
| <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
| 2.93% | 3.93% | 4.93% |
| \$ 1,657,753 | \$ 1,456,249 | \$ 1,288,969 |

CITY OF PEMBROKE PINES, FLORIDA
FLORIDA STATE UNIVERSITY
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NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 10. PENSION PLANS (Continued)

Defined Benefit Plan (Continued)

Pension Expense and Deferred Outflows/ (Inflows) of Resources

In accordance with GASB 68 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

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, 2025, was 5.3 years for FRS and 6.3 years for HIS. The pension expense recognized during the year by the School amounted to \$470,978 and \$99,913 for FRS and HIS, respectively.

The components of deferred outflows and inflows of resources reported as of June 30, 2025, are presented below for each plan.

**CITY OF PEMBROKE PINES, FLORIDA
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NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 10. PENSION PLANS (Continued)

Defined Benefit Plan (Continued)

Pension Expense and Deferred Outflows/ (Inflows) of Resources (Continued)

| | FRS Pension Plan | | |
|---|-------------------------------------|------------------------------------|---------------------|
| | Deferred Outflow of Resources | Deferred Inflow of Resources | Total |
| Contributions, subsequent to measurement date | \$ 418,460 | \$ - | \$ 418,460 |
| Assumptions/inputs | 352,380 | - | 352,380 |
| Projected/actual earnings | - | (170,882) | (170,882) |
| Experience expected/actual | 259,740 | - | 259,740 |
| Change in proportion, NPL | 244,139 | (8,907) | 235,232 |
| | \$ 1,274,719 | \$ (179,789) | \$ 1,094,930 |

| | HIS Program | | |
|---|-------------------------------------|------------------------------------|-------------------|
| | Deferred Outflow of Resources | Deferred Inflow of Resources | Total |
| Contributions, subsequent to measurement date | \$ 92,925 | \$ - | \$ 92,925 |
| Assumptions/inputs | 25,772 | (172,401) | (146,629) |
| Projected/actual earnings | - | (527) | (527) |
| Experience expected/actual | 14,061 | (2,796) | 11,265 |
| Change in proportion, NPL | 166,380 | (3,077) | 163,303 |
| | \$ 299,138 | \$ (178,801) | \$ 120,337 |

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, 2026. 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, | FRS Expense | HIS Expense |
|----------------------|-------------------|------------------|
| 2026 | \$ 40,566 | \$ 11,741 |
| 2027 | 492,094 | 6,176 |
| 2028 | 70,296 | (8,137) |
| 2029 | 39,264 | 1,547 |
| 2030 | 34,250 | 12,279 |
| Thereafter | - | 3,806 |
| Total | \$ 676,470 | \$ 27,412 |

**CITY OF PEMBROKE PINES, FLORIDA
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NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 10. PENSION PLANS (Continued)

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 Florida Retirement System (FRS) or to remain in the Defined Contribution Plan with the Mission Square Retirement (MRS). At June 30, 2025, there were three School Plan members in this Plan. Effective January 1, 2002, the Charter School's Plan members may make voluntary after-tax contributions of up to twenty-five percent (25%) of compensation during the fiscal year. The School's required contribution is 13.63% of the Plan member's gross salary to agree with the contributions to the FRS. For the year ended June 30, 2025, the School's share of contribution to the Plan was \$34,499, and there were no employee contributions during the year. Provisions of the School's Plan may be amended by the City Commission. The Charter School's Plan is held in a trust for the exclusive benefit of the participants and their beneficiaries. Therefore, the net position of the School's Plan is not included in the School's special purpose financial statements.

Beginning fiscal year 2009, the School recorded revenue and a receivable for MRS forfeitures. These forfeitures represent the amount of non-vested accrued employer benefits. The School will utilize these forfeitures to offset future employer contributions to the Plan. As of June 30, 2025, there was no receivable for MRS forfeitures.

NOTE 11. OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB)

The City provides postemployment benefits for eligible participants of the School 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.

**CITY OF PEMBROKE PINES, FLORIDA
FLORIDA STATE UNIVERSITY
CHARTER ELEMENTARY SCHOOL**

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 11. OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB) (Continued)

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 on the City's website (www.ppines.com).

Plan Description

The retiree health 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 employees of the School are excluded from the life insurance benefits. The health plan is self-insured and administered by United Medical Resources (UMR) on behalf of the City. The City Commission has authority to establish and amend benefits related to the City's retiree health 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:

| 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 |

**CITY OF PEMBROKE PINES, FLORIDA
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NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 11. OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB) (Continued)

Benefits Provided

The City provides postemployment benefits such as health insurance for the School's eligible 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.

Employees covered by benefit terms. At September 30, 2024, the measurement date used for the City's OPEB liability, the following School 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>55</u> |
| | <u>55</u> |

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, 2025, the City's contribution rate was 13.50% percent of covered-employee payroll.

**CITY OF PEMBROKE PINES, FLORIDA
FLORIDA STATE UNIVERSITY
CHARTER ELEMENTARY SCHOOL**

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 11. OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB) (Continued)

Net OPEB Liability

The City's net OPEB liability was measured as of September 30, 2024. The School's proportionate share of the City's net OPEB liability was calculated based on the School's OPEB contributions for the reporting period ended June 30, 2025. The components of the School's proportionate share of the City's net OPEB liability are as follows:

| | |
|---|-------------------------|
| Total OPEB liability | \$ 169,849 |
| Plan fiduciary net position | <u>(143,235)</u> |
| Net OPEB liability | <u>\$ 26,614</u> |
| | |
| Plan fiduciary net position as a percentage of total OPEB liability | 84.33% |
| Net OPEB liability as a percentage of covered employee payroll | 18.00% |

Actuarial Assumptions

The total OPEB liability as of June 30, 2025 reporting date was based on an actuarial valuation with measurement date of September 30, 2024. The actuarial valuation used the following actuarial assumptions:

| | |
|------------------------------------|--|
| Inflation | 2.30% |
| Salary Increases | Ranging from 3.50% to 8.50% depending on age |
| Investment Rate of Return | 7.65% per annum Discount rate is based on expected long-term rate of return on plan investments using building block approach plus inflation (2.30%) |
| Healthcare Cost Trend Rates | 7.75% initial for Pre-Medicare Medical and Prescription and stop loss fees, 6.75% initial for Medicare benefits, decreasing 0.31% each year for nine years, and 0.10% thereafter until reaching the ultimate trend rate and 4.0% for administrative fees |
| Marriage Rate | The assumed number of eligible spouses is based on the current information in the census provided. |
| Spouse Age | Male spouses are assumed to be three years older than female spouses. |
| Medicare Eligibility | All current and future retirees are assumed to be eligible for Medicare at age of 65 |
| Cost Method | Entry Age Normal based on level percentage of projected salary |

**CITY OF PEMBROKE PINES, FLORIDA
FLORIDA STATE UNIVERSITY
CHARTER ELEMENTARY SCHOOL**

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 11. OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB) (Continued)

Actuarial Assumptions (Continued)

| | |
|----------------------------|--|
| Amortization Method | Experience/Assumption 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) Investment gains and losses are amortized over a closed period of 5 years |
| Mortality Rates | PUB-2010 mortality table and scaled using MP-2021 and applied on a gender-specific and job class basis |

The actuarial assumptions used in the September 30, 2024 valuation was based on the results of an actuarial experience study for the period of September 2016 through September 2023.

The changes of actuarial assumption from the prior year include an update of the discount rate from 8.11% to 7.65%, retirement rates for general employees were updated based on the July 1, 2024, Florida Retirement System actuarial valuation, and the trend rates were updated to an initial rate of 7.75% from 6.75% in the prior year.

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% | 7.0% |
| Mid Cap | 7% | 7.5% |
| Small Cap | 8% | 7.5% |
| International Equity | 8% | 8.5% |
| Real Estate | 10% | 6.9% |
| Fixed income | 30% | 3.3% |
| Total Real Return | <u>100%</u> | <u>7.65%</u> |

**CITY OF PEMBROKE PINES, FLORIDA
FLORIDA STATE UNIVERSITY
CHARTER ELEMENTARY SCHOOL**

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 11. OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB) (Continued)

Discount Rate

The discount rate used to measure the OPEB liability was updated from 8.11% in the prior valuation to 7.65%. 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.

Changes in the net OPEB liabilities:

| | Increase (Decrease) | | |
|---|---------------------------------|--|--|
| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability/ (Asset) |
| Total OPEB Liability (June 30, 2024) | \$ 122,846 | \$ 106,080 | \$ 16,766 |
| Changes for the year: | | | |
| Service cost | 1,717 | - | 1,717 |
| Interest cost | 20,010 | - | 20,010 |
| Differences between expected and actual experience | (3) | - | (3) |
| Changes in assumptions | 41,823 | - | 41,823 |
| Contributions | - | 23,666 | (23,666) |
| Net Investment Income | - | 30,330 | (30,330) |
| Benefit payments | (16,544) | (16,544) | - |
| Administration expenses | - | (297) | 297 |
| Net change | 47,003 | 37,155 | 9,848 |
| Total OPEB Liability (June 30, 2025) | \$ 169,849 | \$ 143,235 | \$ 26,614 |

The following present the net OPEB liability of the School using the trend rate and the discount rate, as well as what the School'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 |
| \$ 18,569 | \$ 26,614 | \$ 36,158 |

| Net OPEB Liability (based on Discount Rate) | | |
|---|--------------|-----------------------------|
| +1% Discount Sensitivity | Current Rate | -1% Discount Sensitivity |
| 8.65% | 7.65% | 6.65% |
| \$ 19,143 | \$ 26,614 | \$ 35,525 |

**CITY OF PEMBROKE PINES, FLORIDA
FLORIDA STATE UNIVERSITY
CHARTER ELEMENTARY SCHOOL**

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 11. OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB) (Continued)

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

In accordance with GASB 75 changes in the net OPEB liability are recognized in OPEB expenses in the current measurement period, except as indicated below. For each of the following, a portion is recognized in OPEB expenses 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

For the year ended June 30, 2025, the School recognized OPEB expenses of \$12,174.

Per GASB 75 employer contributions to the OPEB plan made subsequent to the measurement date of the collective net OPEB liability, September 30, 2024, and before the end of the employer's reporting period, June 30, 2025, are reported as a deferred outflows of resources related to OPEB which will be recognized as a reduction of the OPEB liability in the reporting period ending June 30, 2026. At June 30, 2025, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Total |
|---|---|--|------------------|
| Contributions, subsequent to measurement date | \$ 14,218 | \$ - | \$ 14,218 |
| Experience expected/actual | 15,269 | (1,076) | 14,193 |
| Assumptions/inputs | 61,804 | (9,633) | 52,171 |
| Projected/Actual earnings | - | (6,738) | (6,738) |
| | \$ 91,291 | \$ (17,447) | \$ 73,844 |

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

| Year Ending June 30: | | | |
|---------------------------------|----|--------|--|
| 2026 | \$ | 19,716 | |
| 2027 | | 20,022 | |
| 2028 | | 15,231 | |
| 2029 | | 4,657 | |
| Total | \$ | 59,626 | |

**Required Supplementary
Information
(Unaudited)**

City of Pembroke Pines, Florida
Florida State University
CHARTER ELEMENTARY SCHOOL

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance</u> |
|--|-------------------------|---------------|----------------|-----------------|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | <u>with</u> |
| | | | | <u>Final</u> |
| | | | | <u>Budget</u> |
| Revenues: | | | | |
| Local | \$ 9,809,981 | \$ 10,108,650 | \$ 8,974,148 | \$ (1,134,502) |
| Federal and State grants | 448,172 | 596,287 | 473,916 | (122,371) |
| Total revenues | 10,258,153 | 10,704,937 | 9,448,064 | (1,256,873) |
| Expenditures: | | | | |
| Current: | | | | |
| K-3 basic | 2,727,504 | 3,058,097 | 3,312,404 | (254,307) |
| 4-8 basic | 1,283,673 | 1,312,274 | 1,541,623 | (229,349) |
| 9-12 basic | 1,000 | 454 | 454 | - |
| Exceptional student program | 1,085,345 | 1,064,719 | 1,214,255 | (149,536) |
| Substitute teachers | 52,085 | 52,085 | 48,422 | 3,663 |
| School/Other | 33,157 | 33,157 | 36,831 | (3,674) |
| Guidance services | 134,169 | 120,872 | 102,151 | 18,721 |
| Office of innovative learning | 131,654 | 120,160 | 151,856 | (31,696) |
| Institutional and Curriculum | | | | |
| Development Services | 127,843 | 122,285 | 174,233 | (51,948) |
| Health services | 272,352 | 280,323 | 236,788 | 43,535 |
| Instructional media service | 107,114 | 101,661 | 130,430 | (28,769) |
| Instructional staff training services | 3,581 | 20,322 | 15,292 | 5,030 |
| Board | 5,945 | 5,945 | 5,286 | 659 |
| School administration | 1,491,368 | 1,530,531 | 889,351 | 641,180 |
| Food services | 458,550 | 459,251 | 426,830 | 32,421 |
| Student transportation services | 383,787 | 365,042 | 349,643 | 15,399 |
| Operation of school | 1,752,896 | 1,845,713 | 1,784,468 | 61,245 |
| Child care supervision | 196,534 | 203,151 | 219,886 | (16,735) |
| Capital outlay | 9,596 | 8,895 | 16,884 | (7,989) |
| Total expenditures | 10,258,153 | 10,704,937 | 10,657,087 | 47,850 |
| Excess (Deficit) of revenues over (under) expenditures | - | - | (1,209,023) | (1,209,023) |
| Other financing sources : | | | | |
| Other financing sources - subscription agreements | - | - | 12,156 | 12,156 |
| Total other financing sources | - | - | 12,156 | 12,156 |
| Net change in fund balance | - | - | (1,196,867) | (1,196,867) |
| Fund balance, beginning | 2,564,914 | 2,564,914 | 2,564,914 | - |
| Fund balance, ending | \$ 2,564,914 | \$ 2,564,914 | \$ 1,368,047 | \$ (1,196,867) |

See note to Budgetary Comparison Schedule.

CITY OF PEMBROKE PINES, FLORIDA
FLORIDA STATE UNIVERSITY
CHARTER ELEMENTARY SCHOOL

NOTE TO BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING

1. Annual budgets are legally adopted for the School which is a governmental fund. The governmental fund budget is 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 re-appropriated in the subsequent year's budget. Unencumbered appropriations lapse at year-end. For the fiscal year ended June 30, 2025, there were no encumbrances.

2. The School's budget is approved via resolution in a public hearing conducted by the City Commission. The adopted budget is integrated into the accounting software system effective July 1st. The budget establishes 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 budget, which prior to July 1st, is 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 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 including appropriated fund transfers. The adopted budget 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 budget includes the supplemental appropriations, which have the effect of adjusting the original adopted budget. There were supplemental expenditure appropriations of \$446,784 more than the original expenditure budget and \$446,784 more than the original revenue budget during the fiscal year ended June 30, 2025. These increases were due to the additional monies received and related expenditures on the federal grants and the Governor's A+ funding program. An increase in appropriated expenditure primarily relates to payments for School Resource Officers (SRO) services and the additional supplements given to teachers.

CITY OF PEMBROKE PINES, FLORIDA
FLORIDA STATE UNIVERSITY
CHARTER ELEMENTARY SCHOOL
Required Supplementary Information
Pension Schedule
(UNAUDITED)

| Reporting period as of: | 6/30/2025 | | 6/30/2024 | | 6/30/2023 | | 6/30/2022 | | 6/30/2021 | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Measurement date as of: | 6/30/2024 | | 6/30/2023 | | 6/30/2022 | | 6/30/2021 | | 6/30/2020 | |
| Florida Retirement System Plan (in thousands): | FRS | HIS |
| Total pension liability | \$ 237,370,289 | \$ 15,757,752 | \$ 226,204,201 | \$ 16,563,149 | \$ 217,434,441 | \$ 11,126,966 | \$ 209,636,046 | \$ 12,719,121 | \$ 204,909,739 | \$ 12,588,098 |
| Plan fiduciary net position | (198,685,586) | (756,775) | (186,357,366) | (681,815) | (180,226,405) | (535,368) | (202,082,183) | (452,618) | (161,568,265) | (378,261) |
| Net pension liability | <u>\$ 38,684,703</u> | <u>\$ 15,000,977</u> | <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> |
| Plan fiduciary net position as a percentage of the total pension liability | 83.70% | 4.80% | 82.38% | 4.12% | 82.89% | 4.81% | 96.40% | 3.56% | 78.85% | 3.00% |
| Florida State University: | | | | | | | | | | |
| Share of net pension liability as a percentage | 0.006646049% | 0.009707696% | 0.006038997% | 0.008695283% | 0.005956451% | 0.008576608% | 0.006018715% | 0.008522783% | 0.005244823% | 0.008263835% |
| Share of net pension liability as an amount | \$ 2,571,004 | \$ 1,456,249 | \$ 2,406,349 | \$ 1,380,927 | \$ 2,216,279 | \$ 908,400 | \$ 454,645 | \$ 1,045,447 | \$ 2,273,183 | \$ 1,009,001 |
| Covered payroll | \$ 4,638,254 | \$ 4,638,254 | \$ 4,108,372 | \$ 4,108,372 | \$ 3,458,115 | \$ 3,458,115 | \$ 3,169,001 | \$ 3,169,001 | \$ 3,017,263 | \$ 3,017,263 |
| Net pension liability as a percentage of covered payroll | 55.43% | 31.40% | 58.57% | 33.61% | 64.09% | 26.27% | 14.35% | 32.99% | 75.34% | 33.44% |
| Reporting period as of: | 6/30/2020 | | 6/30/2019 | | 6/30/2018 | | 6/30/2017 | | 6/30/2016 | |
| Measurement date as of: | 6/30/2019 | | 6/30/2018 | | 6/30/2017 | | 6/30/2016 | | 6/30/2015 | |
| Florida Retirement System Plan (in thousands): | FRS | HIS |
| Total pension liability | \$ 198,012,334 | \$ 11,491,044 | \$ 191,317,399 | \$ 10,816,576 | \$ 183,632,592 | \$ 10,870,772 | \$ 167,030,999 | \$ 11,768,445 | \$ 161,370,735 | \$ 10,249,201 |
| Plan fiduciary net position | (163,573,726) | (302,045) | (161,196,881) | (232,463) | (154,053,263) | (178,311) | (141,780,921) | (113,859) | (148,454,394) | (50,774) |
| Net pension liability | <u>\$ 34,438,608</u> | <u>\$ 11,188,999</u> | <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> |
| Plan fiduciary net position as a percentage of the total pension liability | 82.61% | 2.63% | 84.26% | 2.15% | 83.89% | 1.64% | 84.88% | 0.97% | 92.00% | 0.50% |
| Florida State University: | | | | | | | | | | |
| Share of net pension liability as a percentage | 0.005230315% | 0.008309768% | 0.005320825% | 0.008401021% | 0.005031075% | 0.007881519% | 0.004659122% | 0.007524053% | 0.005166942% | 0.007705802% |
| Share of net pension liability as an amount | \$ 1,801,248 | \$ 929,780 | \$ 1,602,660 | \$ 889,174 | \$ 1,488,158 | \$ 842,728 | \$ 1,176,432 | \$ 876,897 | \$ 349,777 | \$ 43,957 |
| Covered payroll | \$ 2,868,137 | \$ 2,868,137 | \$ 2,779,138 | \$ 2,779,138 | \$ 3,197,135 | \$ 3,197,135 | \$ 2,852,151 | \$ 2,748,729 | \$ 2,748,729 | \$ 2,800,535 |
| Net pension liability as a percentage of covered payroll | 62.80% | 32.42% | 57.67% | 31.99% | 46.55% | 26.36% | 41.25% | 31.90% | 12.73% | 1.57% |

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, 2024, 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 3.50%.
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-2021.
6. The municipal bond rate (the Bond Buyer General Obligation 20-Bond Municipal Bond Index) used to determine total pension liability for HIS was 3.93%.

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, 2024, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$7.50. The payment are at least \$45 but no more than \$225 per month, pursuant to section 112.363, Florida Statutes.

CITY OF PEMBROKE PINES, FLORIDA
FLORIDA STATE UNIVERSITY
CHARTER ELEMENTARY SCHOOL
Required Supplementary Information
Schedule of Pension Contributions
(UNAUDITED)

| Fiscal year ended June 30: | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually required contribution | \$ 626,380 | \$ 504,801 | \$ 431,168 | \$ 355,051 | \$ 307,262 | \$ 247,140 | \$ 233,455 | \$ 220,019 | \$ 191,139 | \$ 171,032 |
| Contributions in relation to the contractually required contribution | (626,380) | (504,801) | (431,168) | (355,051) | (307,262) | (247,140) | (233,455) | (220,019) | (191,139) | (171,032) |
| Contributions deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered payroll | \$ 4,638,254 | \$ 4,108,372 | \$ 3,458,115 | \$ 3,169,001 | \$ 3,017,263 | \$ 2,868,137 | \$ 2,779,138 | \$ 3,197,135 | \$ 2,852,151 | \$ 2,748,729 |
| Contributions as a percentage of covered payroll | 13.50% | 12.29% | 12.47% | 11.20% | 10.18% | 8.62% | 8.40% | 6.88% | 6.70% | 6.22% |

City of Pembroke Pines, Florida
Florida State University
CHARTER ELEMENTARY SCHOOL
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: Measurement date as of: | 6/30/2025 9/30/2024 | 6/30/2024 9/30/2023 | 6/30/2023 9/30/2022 | 6/30/2022 9/30/2021 | 6/30/2021 9/30/2020 | 6/30/2020 9/30/2019 | 6/30/2019 9/30/2018 | 6/30/2018 9/30/2017 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Total OPEB liability: | | | | | | | | |
| Service Cost | \$ 1,717 | \$ 1,030 | \$ 1,056 | \$ 1,199 | \$ 1,136 | \$ 3,314 | \$ 1,424 | \$ 640 |
| Interest | 20,010 | 16,196 | 11,630 | 10,419 | 10,026 | 29,141 | 15,101 | 6,669 |
| Benefit payments | (16,544) | (16,292) | (12,027) | (9,132) | (7,665) | (26,334) | (12,819) | (6,116) |
| Differences between expected and actual experience | (3) | 21,470 | 5,821 | (4,816) | 2,871 | (19,609) | 20,205 | 3,003 |
| Changes in assumptions | 41,823 | 10,577 | (17,552) | 15,885 | (9,230) | (8,836) | (12,006) | 13,449 |
| Net change in total OPEB liability | 47,003 | 32,981 | (11,072) | 13,555 | (2,862) | (22,324) | 11,905 | 17,645 |
| Total OPEB liability - beginning | 122,846 | 89,865 | 100,937 | 87,382 | 90,244 | 112,568 | 100,663 | 83,018 |
| Total OPEB liability - ending | <u>\$ 169,849</u> | <u>\$ 122,846</u> | <u>\$ 89,865</u> | <u>\$ 100,937</u> | <u>\$ 87,382</u> | <u>\$ 90,244</u> | <u>\$ 112,568</u> | <u>\$ 100,663</u> |
| Plan fiduciary net position: | | | | | | | | |
| Contributions - employer | 22,276 | \$ 21,363 | \$ 9,755 | \$ 13,726 | \$ 10,299 | \$ 34,657 | \$ 12,905 | \$ 8,657 |
| Contributions - member | 1,133 | 996 | 728 | 603 | - | - | - | 358 |
| Other Contributions - Part D Subsidy, Rs Rebates) | 257 | 238 | - | - | - | - | - | - |
| Net investment income | 30,330 | 14,423 | (16,302) | 11,525 | 7,379 | 10,535 | 9,908 | 5,121 |
| Benefit payments | (16,544) | (16,293) | (12,027) | (9,132) | (7,665) | (26,334) | (12,819) | (6,116) |
| Administrative expense | (296) | (265) | (165) | (110) | (185) | (551) | (402) | (111) |
| Net change in plan fiduciary net position | 37,156 | 20,462 | (18,011) | 16,612 | 9,828 | 18,307 | 9,592 | 7,909 |
| Plan fiduciary net position - beginning | 106,079 | 85,617 | 103,628 | 87,016 | 77,188 | 58,881 | 49,289 | 41,380 |
| Plan fiduciary net position - ending | <u>\$ 143,235</u> | <u>\$ 106,079</u> | <u>\$ 85,617</u> | <u>\$ 103,628</u> | <u>\$ 87,016</u> | <u>\$ 77,188</u> | <u>\$ 58,881</u> | <u>\$ 49,289</u> |
| Net OPEB liability/(asset) - ending | \$ 26,614 | \$ 16,767 | \$ 4,248 | \$ (2,691) | \$ 366 | \$ 13,056 | \$ 53,687 | \$ 51,374 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 84.33% | 86.35% | 95.27% | 102.67% | 99.58% | 85.53% | 52.31% | 48.96% |
| Covered payroll (2) | \$ 147,842 | \$ 152,580 | \$ 104,610 | \$ 87,020 | \$ 84,486 | \$ 79,619 | \$ 229,813 | \$ 98,148 |
| Net OPEB liability as a percentage of covered payroll | 18.00% | 10.99% | 4.06% | -3.09% | 0.43% | 16.40% | 23.36% | 52.34% |

Notes to the 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
Florida State University
CHARTER ELEMENTARY SCHOOL
Required Supplementary Information
Other Post-Employment Benefit Plan (OPEB)
Schedule of Employer Contributions
(UNAUDITED)

| | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Actuarially determined contribution (1) | \$ 11,610 | \$ 6,760 | \$ 5,963 | \$ 5,818 | \$ 7,247 | \$ 23,685 | \$ 10,748 | \$ 9,896 | \$ 3,746 | \$ 4,910 |
| Contributions in relation to the actuarially determined contribution | 22,276 | 21,363 | 9,755 | 13,726 | 10,299 | 34,657 | 12,905 | 8,657 | 9,258 | 6,101 |
| Contribution Deficiency/(Excess) | \$ (10,667) | \$ (14,603) | \$ (3,792) | \$ (7,908) | \$ (3,052) | \$ (10,972) | \$ (2,157) | \$ 1,239 | \$ (5,512) | \$ (1,191) |
| Covered payroll | \$ 147,842 | \$ 152,580 | \$ 104,610 | \$ 87,020 | \$ 84,486 | \$ 79,619 | \$ 229,813 | \$ 98,148 | \$ 43,781 | \$ 42,506 |
| Contributions as a percentage of covered payroll | 15.07% | 14.00% | 9.33% | 15.77% | 12.19% | 43.53% | 5.62% | 8.82% | 21.15% | 14.35% |

Note to Schedule:

| | |
|-----------------------------------|---|
| Measurement date | 9/30/2024 |
| 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 no future service). Investment gains and losses are amortized over a closed period of 5 years. |
| Asset valuation method | 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-2021, applied on a gender-specific and job class basis |
| Actuarial assumptions: | |
| Inflation rate | 2.30% |
| Investment rate of return (2) | 7.65% |
| Projected salary increase rate | 4.50% to 8.5% |
| Healthcare cost trend rate (3) | 7.75% initial for Pre-Medicare Medical and Prescription and stop loss fees, 6.75% initial for Medicare benefits. Select trends are reduced 0.31% each year for nine years, and 0.10% thereafter until reaching an ultimate rate of 4.0% and 4.0% for administrative fees |
| Healthcare cost trend rate (3) | |
| Post-retirement benefits increase | Not Applicable |

(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 7.65% determined based on the long-term rate of return on plan investments using building block approach plus inflation, and at approximately 85-percentile.

(3) The healthcare cost trend rate grades down every year by 0.31% 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 the major fund of the Florida State University Elementary Charter School (the Charter School) of the City of Pembroke Pines, Florida, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated December 17, 2025. Our report included an emphasis of matter paragraph for the adoption of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*, effective July 1, 2024. Our report is not modified with respect to this matter.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

RSM US LLP

Fort Lauderdale, Florida
December 17, 2025

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 Florida State University Charter Elementary School (the Charter School) of the City of Pembroke Pines, Florida as of and for the fiscal year ended June 30, 2025, and have issued our report thereon dated December 17, 2025. Our report included an emphasis of matter paragraph for the adoption of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*, effective July 1, 2024. Our report is not modified with respect to this matter.

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 are dated December 17, 2025, 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 reported 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 Florida State University Charter Elementary School of the City of Pembroke Pines, Florida, and the corresponding school code is 0351.

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 has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Charter School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the Charter School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the Charter School 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, Members of the City Commission, applicable management, and the Florida State University 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 17, 2025