

CITY OF PEMBROKE PINES, FLORIDA
CHARTER SCHOOLS

SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(With Independent Auditors' Reports Thereon)

CITY OF PEMBROKE PINES, FLORIDA
CHARTER SCHOOLS

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION)	4-11
SPECIAL PURPOSE FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Notes to Special Purpose Financial Statements	17-54
REQUIRED SUPPLEMENTARY INFORMATION (OTHER THAN MD&A):	
Budgetary Comparison Schedules	55-57
Note to Budgetary Comparison Schedules	58
Pension Schedules	59-61
Schedule of Pension Contributions	62
Schedule of Changes in Net OPEB Liability and Related Ratios	63
Schedule of Employer Contributions	64
SUPPLEMENTARY AUDITORS' REPORTS:	
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 <i>Government Auditing Standards</i>	65-66
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	67-68
Summary Schedule of Prior Audit Findings	69



INDEPENDENT AUDITORS' REPORT

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

Opinions

We have audited the accompanying special purpose financial statements of the governmental activities and each major fund of the City of Pembroke Pines, Florida Charter Schools (the "Schools") operating under the charter sponsored by the Broward County School Board (special revenue funds of the City of Pembroke Pines, Florida), as of and for the year ended June 30, 2023, and the related notes to the special purpose financial statements, which collectively comprise the Schools' special purpose financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City of Pembroke Pines, Florida Charter Schools as of June, 30, 2023, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Schools, 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 a Matter—Presentation

As discussed in note 1.a, the special purpose financial statements of the City of Pembroke Pines, Florida Charter Schools, are intended to present the financial position, and the changes in financial position of only that portion of the governmental activities and fund information of the City of Pembroke Pines, Florida that is attributable to the transactions of the Schools. They do not purport to, and do not, present fairly the financial position of the City of Pembroke Pines, Florida, as of June 30, 2023, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of the America. 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 these special purpose 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 special purpose financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose 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 generally accepted 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the special purpose 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 special purpose 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 Schools' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the special purpose financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Schools' ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension schedules and OPEB Schedules on pages 4-11, 55-57, 59-62 and 63-64 be presented to supplement the basic special purpose financial statements. Such information is the responsibility of management and, although not a part of the basic special purpose 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 special purpose financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic special purpose financial statements, and other knowledge we obtained during our audit of the basic special purpose 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 21 2023, on our consideration of the Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Schools' internal control over financial reporting and compliance.

GLSC & Company, PLLC

Miami, Florida
December 21, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Pembroke Pines, Florida Charter Schools (the "Schools") operating under the charter sponsored by the Broward County School Board, we offer readers of the Schools' special purpose financial statements this narrative overview and analysis of the financial activities of the Schools for the twelve-month period ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the Schools' special purpose financial statements, which follow this section.

Financial Highlights

- The liabilities and deferred inflows of resources of the Schools as reported in the government-wide financial statements exceeded their assets and deferred outflows of resources at the close of the current fiscal year by (\$7,950,396) (*net position*) which increased by \$488,331 from prior year.
- As of the close of the current fiscal year, the Schools' governmental funds' financial statements reported combined ending fund balances of \$5,122,787 or 8.50% of total expenditures. This represents an increase of \$1,497,022 from prior year. The entire fund balance is assigned for rent payments.

Overview of the Special Purpose Financial Statements

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

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

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

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

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

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Schools, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds used by the Schools are considered governmental fund types, and are special revenues funds of the City of Pembroke Pines, Florida.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities* in the government-wide financial statements. The Schools maintain three funds (governmental funds). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances. The Schools adopt an annual appropriated budget. Budgetary comparison schedules and note have been provided to demonstrate compliance with these budgets. The governmental funds financial statements can be found on pages 14-16 of this report.

Notes to special purpose financial statements. The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the special purpose financial statements can be found on pages 17-54 of this report.

Required Supplementary Information. The information in this section is required by the Governmental Accounting Standards Board (GASB). It consists of the Management's Discussion and Analysis (MD&A) comprising pages 4 through 11, the budgetary comparison schedules, the note to budgetary comparison schedules, pension schedules, schedule of pension contributions, schedule of changes in net OPEB liability and related ratios and schedule of employer contributions which can be found on pages 55 through 64 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 65-66.
- Management Letter in Accordance with the Rules of the Auditor General of the State of Florida, which can be found on pages 67-68.

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, 2023, the Schools' total net position increased by \$488,331 when compared to prior year primarily because of liabilities exceeding the assets during the year.

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Increase/ (Decrease)
	<u>2023</u>	<u>2022</u>	
Current assets	\$ 9,493,276	\$ 6,221,429	\$ 3,271,847
Capital assets, net of depreciation/amortization	<u>36,953,308</u>	<u>43,188,312</u>	<u>(6,235,004)</u>
Total assets	<u>46,446,584</u>	<u>49,409,741</u>	<u>(2,963,157)</u>
 Total deferred outflows of resources	 <u>7,976,686</u>	 <u>6,841,712</u>	 <u>1,134,974</u>
 Current liabilities	 4,721,340	 2,984,710	 1,736,630
Noncurrent liabilities	<u>56,247,312</u>	<u>50,921,777</u>	<u>5,325,535</u>
Total liabilities	<u>60,968,652</u>	<u>53,906,487</u>	<u>7,062,165</u>
 Total deferred inflows of resources	 <u>1,405,014</u>	 <u>10,783,693</u>	 <u>(9,378,679)</u>
Net position:			
Net investment in capital assets	2,305,733	2,843,958	(538,225)
Unrestricted	<u>(10,256,129)</u>	<u>(11,282,685)</u>	<u>1,026,556</u>
Total net position	<u>\$ (7,950,396)</u>	<u>\$ (8,438,727)</u>	<u>\$ 488,331</u>

Total assets decreased by \$(2,963,157) (-6.0 %) due to a \$3,271,847 increase in current assets and a \$(6,235,004) decrease in capital assets, net of depreciation/amortization. The \$3,271,847 (52.6 %) increase in current assets was due to the additional \$5,778,781 in receivables representing the outstanding reimbursements from Broward County for grant expenditures related to the Elementary and Secondary Emergency Relief (ESSER) funds as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The increase in receivables was offset by the \$2,697,529 decrease in pooled cash and cash equivalents attributable to the advance funding of the ESSER expenditures. The decrease in capital assets, net of depreciation/amortization is mainly due to the depreciation and amortization of the capital assets during the year.

Total liabilities increased by \$7,062,165 (13.1 %) as a result mainly of a \$1,996,614 increase in Due to City of Pembroke Pines for advances provided by the City to partially finance the ESSER grant program and an increase of \$10,946,514 in net pension liability due to significant investment losses in the pension plan assets. These increases were offset by the repayment of lease liability during the year.

Net investment in capital assets decreased by \$538,225 (-18.9 %), and unrestricted net position increased by \$1,026,556 (-9.1 %) from the prior year.

As of June 30, 2023, net investment in capital assets (e.g., improvements other than buildings and equipment) amounted to \$2,305,733. The Schools do not have any related debt outstanding that was used to acquire these assets except for the lease and subscription-based information technology arrangements (SBITA) related liability as required by Statement 87 and Statement 96, respectively. These assets are not available for future spending.

Governmental activities. The Schools' total net position at the end of the year amounted to (\$7,696,626), an increase of \$488,331 (-6.3 %) from the previous fiscal year. The total cost of all governmental activities this year was \$60,872,865. Key elements of these changes in net position are as follows:

CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities		Increase/ (Decrease)
	<u>2023</u>	<u>2022</u>	
Revenues:			
Program revenues:			
Charges for services	\$ 5,422,040	\$ 3,859,187	\$ 1,562,853
Operating grants and contributions	11,163,803	9,293,029	1,870,774
Capital grants and contributions	38,573	167,831	(129,258)
General revenues:			
FTE non-specific revenues	44,071,740	40,606,298	3,465,442
Unrestricted investment earnings (losses)	(56,205)	7,690	(63,895)
Rental income	685,268	1,005,502	(320,234)
E-rate program	26,530	7,222	19,308
Other revenue	9,447	21,507	(12,060)
Total revenues	<u>61,361,196</u>	<u>54,968,266</u>	<u>6,392,930</u>
Expenses:			
Instructional services	32,952,881	27,987,806	4,965,075
Instructional support services	3,136,681	2,540,734	595,947
Food services	2,835,721	3,152,262	(316,541)
Student transportation services	2,516,148	2,179,309	336,839
Operation and maintenance of school	13,219,837	11,887,507	1,332,330
School administration	4,895,831	4,074,730	821,101
Interest	381,303	389,046	(7,743)
Other	934,463	682,758	251,705
Total expenses	<u>60,872,865</u>	<u>52,894,152</u>	<u>7,978,713</u>
Change in net position	488,331	2,074,114	(1,585,783)
Net position, beginning	<u>(8,438,727)</u>	<u>(10,512,841)</u>	<u>2,074,114</u>
Net position - ending	<u>\$ (7,950,396)</u>	<u>\$ (8,438,727)</u>	<u>\$ 488,331</u>

The Schools' total revenues increased by \$6,392,930 (11.6 %) during the year. This increase is mainly due to a \$1,870,774 (20.1 %) increase in operating grants and contributions, an \$1,562,853 (40.5%) increase in charges for services, and a \$3,465,442 (8.5%) increase in FTE non-specific revenues, offset by a decrease of \$320,234 (-31.8%) in rental income, and \$129,258 (-77.0 %) in capital grants and contributions.

The \$1,562,853 increase in charges for services is attributable to the \$1,184,325 increase in food services revenues and the \$141,024 increase in student transportation revenue.

The \$1,870,774 increase in operating grants and contributions was due to additional funding received from the federal government related to the Elementary and Secondary Emergency Relief (ESSER) funds as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act of \$3,995,973 offset by the decrease of \$2,252,710 in the school breakfast/lunch subsidies due to reinstatement of the eligibility requirements temporarily lifted during the pandemic that resulted to all students receiving the food subsidy.

The \$129,258 decrease in capital grants and contributions relates to the funding received in prior year to enhance the school buildings' safety and security. The project was completed in fiscal year 2022.

The \$3,465,442 increase in FTE non-specific revenues was mainly attributable to an increase of \$1,004,567 in Florida Education Finance Program (FEFP) funding, a \$988,972 increase in Governor's A+ funds, a \$422,847 additional teacher salary allocation to cover the increase in teachers' salaries, and an increase of \$508,011 of funding for student transportation.

Total expenses increased by \$7,978,714 (15.1 %) from the prior year. This increase was mainly due to an increase in operating expenses of \$3,076,237 (13.0%) and an increase in personnel costs of \$4,902,477 (16.8%).

The increase in operating expenses was mainly due to the rise in dining and transportation payments relative to the increase in revenues due to the number of students availing the bus and food services. The \$4,902,477 increase in personnel costs, including benefits, was mainly attributable to the increase in teachers' salaries and the increase in pension expenses due to the differences between the actual results and assumptions used to calculate net pension liability.

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

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

Budgetary Highlights

For the fiscal year ended June 30, 2023, the Schools had final estimated revenues and appropriations of \$62,295,737 and \$61,691,510, respectively, excluding other financing sources and uses.

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

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

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

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

Several amendments were made to increase budgeted revenues totaling \$356,508. This was mainly due to an increase of \$350,672 in revenues for the Governor's A+ funding program and \$5,836 in contributions.

Amendments were also made to increase the expenditure budget by approximately \$36,660. These adjustments include increasing the personnel costs to reflect the supplemental payouts to teachers for the Governor's A+ program, an increase in operating costs such as professional and other support services, and purchasing software related to the digital versions of textbooks. These increases were offset by an approximately \$627,000 decrease in annual true-up adjustments for health, life, and workers' compensation insurance.

After appropriations were amended, as described above, actual revenues were below the budgeted revenues by \$183,450, and overall actual expenditures were below final budgeted amounts by \$98,894 before transfers.

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

Several amendments were made to increase budgeted revenues totaling \$247,169. This was mainly due to an increase of \$247,169 in revenues for the Governor's A+ funding program.

Amendments were also made to increase the expenditure budget by approximately \$91,549. These adjustments include increasing the personnel costs to reflect the supplemental payouts to teachers for the Governor's A+ program, an increase in operating costs such as professional and other support services, and purchasing software related to the digital versions of textbooks. These increases were offset by an approximately \$464,000 decrease in annual true-up adjustments for health, life, and workers' compensation insurance.

After appropriations were amended, as described above, actual revenues were below the budgeted revenues by \$264,674, and actual expenditures were below final budgeted amounts by \$549,649 before transfers.

The Charter High School made the following amendments to budget:

Several amendments were made to increase budgeted revenues totaling \$391,131. This was mainly due to an increase of \$391,131 in revenues for the Governor's A+ funding program.

Amendments were also made to decrease the expenditure budget by approximately \$209,234. These adjustments include increasing the personnel costs to reflect the supplemental payouts to teachers for the Governor's A+ program, an increase in operating costs such as professional and other support services, and purchasing software related to the digital versions of textbooks. These increases were offset by an approximately \$666,000 decrease in annual true-up adjustments for health, life, and workers' compensation insurance.

After appropriations were amended, as described above, actual revenues were under the budgeted revenues by \$486,417, and actual expenditures were below final budgeted amounts by \$774,903 before transfers.

Capital Assets

The Schools' investment in capital assets for its governmental activities as of June 30, 2023 amounted to \$36,953,308, net of accumulated depreciation/amortization. This investment in capital assets includes improvements other than buildings, equipment, lease assets – building, and construction in progress.

CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities		Increase/ Increase/
	<u>2023</u>	As Restated <u>2022</u>	(Decrease)
Improvements other than buildings	\$ 1,439,232	\$ 1,509,351	\$ (70,119)
Equipment	347,472	1,177,003	(829,531)
Right-to-use - Lease assets - building	33,593,008	39,191,872	(5,598,834)
Right-to-use – SBITA	713,353	921,187	(207,834)
Construction in progress	<u>860,243</u>	<u>489,367</u>	<u>370,876</u>
Total capital assets	<u>\$ 36,953,308</u>	<u>\$ 43,288,750</u>	<u>\$ (6,305,442)</u>

In fiscal year 2023, total capital purchases amounted to approximately \$405,000. Roughly \$34,000 was spent on purchasing equipment to support the schools and about \$371,000 on an ongoing kitchen renovation. The net decrease in the current year, without considering the effect of the restatement to capitalize and amortize right-of-use assets – SBITA was due to the depreciation and amortization of approximately \$6.3 million. The \$207,834 net decrease in right-to-use SBITA was due to the implementation of Statement 96, effective at the beginning of the fiscal year 2023. The effect of the adoption was to capitalize a right-of-use asset - SBITA, with a corresponding liability, which is amortized over the remaining terms of the underlying SBITA.

Additional information on the Schools' capital assets can be found in Note 4 of the notes to the special purpose financial statements (page 33).

Economic Factors and Next Year's Budgets and Rates

- Capital outlay funding from the State is expected to increase by 4.0% for FY 2023-2024. The State is funding this revenue at an estimated 50% of the total maximum allocation.
- HB 1259 was passed during the 2023 Florida Legislative Session, and under this bill, school districts are mandated to share local capital outlay revenue collected through discretionary 1.5-mill local levies with charter schools. HB 1259 provides that school districts must allocate this revenue in proportion to the enrollment in the school district and the charter schools. For fiscal year 2023-24, the charter schools will receive 20% of their allocation, and subsequently receive 100% of their allocation by fiscal year 2027-28.

- For fiscal year 2023-2024, the Base Student Allocation (BSA) used to calculate the Florida Education Finance Program (FEFP) revenues increased by approximately \$552.33 to \$5,139.73 in fiscal year 2023-2024 as per Florida State Legislature HB 5001 FEFP Conference Report dated May 2, 2023.
- The State determined annual employer contribution to the Florida Retirement System will increase to 13.57% for fiscal year 2023-2024 from 11.91% for fiscal year 2022-23.
- The Schools' student attendance rate remains stable at 94.38%.
- The Schools' enrollment is at 100% capacity.
- On August 23, 2022, Broward County voters approved an extension of the 2018 Secure the Next Generation voter initiative for an additional four years. For fiscal years 2024 through 2027, the principal uses of this revenue stream will fund teacher compensation, school resource officers and safety measures, and other activities necessary to preserve essential programs.
- The Schools have estimated revenues and appropriations in the fiscal year 2023-2024 budgets of \$64,864,466.

Requests for Information

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

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

STATEMENT OF NET POSITION

JUNE 30, 2023

	Governmental Activities
<u>ASSETS</u>	
Pooled cash and cash equivalents	\$ 1,876
Due from Broward County	9,186,781
Due from Federal and State Government	30,961
Other miscellaneous receivables	273,658
Capital assets being depreciated, net	36,953,308
Total assets	46,446,584
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflows related to pension	7,720,610
Deferred outflows related to OPEB	256,076
Total deferred outflows of resources	7,976,686
<u>LIABILITIES</u>	
Accrued liabilities	1,433,950
Accrued interest payable	350,851
Due to City of Pembroke Pines	1,996,614
Unearned revenue	59,030
Deposits	880,895
Noncurrent liabilities:	
Due within one year	6,904,278
Due in more than one year	49,343,034
Total liabilities	60,968,652
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflows related to pension	1,256,541
Deferred inflows related to OPEB	148,473
Total deferred inflows of resources	1,405,014
<u>NET POSITION</u>	
Net investment in capital assets	2,305,733
Unrestricted	(10,256,129)
Total net position	\$ (7,950,396)

See notes to special purpose financial statements.

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants</u>	Net (Expense) Revenue and Changes in <u>Net Position</u> Total Governmental <u>Activities</u>
Governmental activities:					
Instructional services	\$ 32,952,881	\$ -	\$ 61,245	\$ -	\$ (32,891,636)
Instructional support services	3,136,681	-	-	-	(3,136,681)
Food services	2,835,721	1,367,396	2,007,468	-	539,143
Student transportation services	2,516,148	261,000	-	-	(2,255,148)
Operation and maintenance of school	13,219,837	2,886,979	478,498	38,573	(9,815,787)
School administration	4,895,831	-	8,616,592	-	3,720,761
Interest	381,303	-	-	-	(381,303)
Other	934,463	906,665	-	-	(27,798)
Total Charter Schools	<u>\$ 60,872,865</u>	<u>\$ 5,422,040</u>	<u>\$ 11,163,803</u>	<u>\$ 38,573</u>	<u>(44,248,449)</u>
General revenues:					
FTE non-specific revenues					44,071,740
Unrestricted investment earnings (losses)					(56,205)
Rental income					685,268
E-rate program					26,530
Other revenues					<u>9,447</u>
Total general revenues					<u>44,736,780</u>
Change in net position					488,331
Net position, beginning					<u>(8,438,727)</u>
Net position, ending					<u>\$ (7,950,396)</u>

See notes to special purpose financial statements.

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2023

	Charter Elementary Schools	Charter Middle Schools	Charter High School	Total
<u>ASSETS</u>				
Pooled cash and cash equivalents	\$ 838	\$ 538	\$ 500	\$ 1,876
Due from Broward County	3,514,094	2,277,372	3,395,315	9,186,781
Due from Federal and State Government	16,885	10,092	3,984	30,961
Other miscellaneous receivables	94,618	66,482	112,558	273,658
Total assets	<u>\$ 3,626,435</u>	<u>\$ 2,354,484</u>	<u>\$ 3,512,357</u>	<u>\$ 9,493,276</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accrued liabilities	\$ 565,467	\$ 362,392	\$ 506,091	\$ 1,433,950
Due to City of Pembroke Pines	249,789	1,616,956	129,869	1,996,614
Unearned revenue	19,492	11,230	28,308	59,030
Deposits	229,919	135,716	515,260	880,895
Total liabilities	<u>1,064,667</u>	<u>2,126,294</u>	<u>1,179,528</u>	<u>4,370,489</u>
Fund balances:				
Assigned for rent payments	<u>2,561,768</u>	<u>228,190</u>	<u>2,332,829</u>	<u>5,122,787</u>
Total fund balances	<u>2,561,768</u>	<u>228,190</u>	<u>2,332,829</u>	<u>5,122,787</u>
Total liabilities and fund balances	<u>\$ 3,626,435</u>	<u>\$ 2,354,484</u>	<u>\$ 3,512,357</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 funds.				36,953,308
Compensated absences, shown as noncurrent liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.				(1,097,079)
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to applicable to future periods and, therefore, are not reported in the funds:				
Deferred outflows of resources				7,976,686
Deferred inflows of resources				(1,405,014)
Long-term liabilities, such as accrued interest payable, net pension liability, and net OPEB liability, are not due and payable in the current period and, therefore, are not reported as a liability in the funds.				(55,501,084)
Net position of governmental activities (page 12)				<u>\$ (7,950,396)</u>

See notes to special purpose financial statements.

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

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

FISCAL YEAR ENDED JUNE 30, 2023

	Charter Elementary <u>Schools</u>	Charter Middle <u>Schools</u>	Charter High <u>School</u>	<u>Total</u>
Revenues:				
Local	\$ 18,081,758	\$ 11,934,415	\$ 20,621,144	\$ 50,637,317
Federal and State grants	<u>4,139,800</u>	<u>2,755,977</u>	<u>3,828,102</u>	<u>10,723,879</u>
Total revenues	<u>22,221,558</u>	<u>14,690,392</u>	<u>24,449,246</u>	<u>61,361,196</u>
Expenditures:				
Current:				
K-3 Basic	7,144,948	-	-	7,144,948
4-8 Basic	3,596,962	7,716,839	1,566,479	12,880,280
9-12 Basic	-	-	8,740,200	8,740,200
Intensive English/ESOL	-	315	-	315
Exceptional student program	896,069	815,714	590,727	2,302,510
Vocational 6-12	-	-	255,797	255,797
Substitute teachers	105,221	70,545	159,248	335,014
School/other	25,633	58,060	38,400	122,093
Guidance services	303,414	275,739	760,961	1,340,114
Health services	386,438	211,168	236,541	834,147
Instructional media services	290,641	245,169	219,212	755,022
Instructional and Curriculum Development services	-	-	107,679	107,679
Office of Innovative Learning	87,647	87,147	89,242	264,036
Instructional staff training service	23,607	22,142	13,369	59,118
Board	14,940	9,960	4,980	29,880
General administration	13,808	9,686	15,315	38,809
School administration	1,866,342	1,252,393	1,556,970	4,675,705
Food services	1,044,300	900,490	884,021	2,828,811
Student transportation services	865,523	612,757	1,030,729	2,509,009
Operation of school	2,186,584	1,550,855	3,110,362	6,847,801
Child care supervision	525,583	-	6,405	531,988
Athletics	-	32,897	358,004	390,901
Debt service:				
Principal	1,976,027	1,113,501	2,994,327	6,083,855
Interest	137,244	65,283	178,777	381,304
Capital outlay	<u>300,403</u>	<u>365,570</u>	<u>142,755</u>	<u>808,728</u>
Total expenditures	<u>21,791,334</u>	<u>15,416,230</u>	<u>23,060,500</u>	<u>60,268,064</u>
Excess (Deficit) of revenues over (under) expenditures	<u>430,224</u>	<u>(725,838)</u>	<u>1,388,746</u>	<u>1,093,132</u>
Other financing sources (uses):				
Transfers in	-	444,500	-	444,500
Transfers out	(444,500)	-	-	(444,500)
Other financing sources - Subscription agreements	<u>124,020</u>	<u>155,143</u>	<u>124,727</u>	<u>403,890</u>
Total other financing sources (uses)	<u>(320,480)</u>	<u>599,643</u>	<u>124,727</u>	<u>403,890</u>
Net change in fund balances	109,744	(126,195)	1,513,473	1,497,022
Fund balances, beginning	<u>2,452,024</u>	<u>354,385</u>	<u>819,356</u>	<u>3,625,765</u>
Fund balances, ending	<u>\$ 2,561,768</u>	<u>\$ 228,190</u>	<u>\$ 2,332,829</u>	<u>\$ 5,122,787</u>

See notes to special purpose financial statements.

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

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

FISCAL YEAR ENDED JUNE 30, 2023

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

Net change in fund balances - total governmental funds (Page 15)	\$ 1,497,022
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

The detail of the difference is as follows:

Capital outlay	808,728	
Depreciation and amortization expenses	<u>(6,326,352)</u>	
Net adjustment		(5,517,624)

The net effect of various miscellaneous transactions involving leased and capital assets	(700,568)
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The issuance of long-term debt (e.g. lease agreements, SBITA agreements, etc.) are shown as other resources in the governmental funds but are shown as increases in long-term debt in the statement of net position.	(403,890)
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Repayment of long-term debt principal on bond, leases, and SBITAs are expenditures in the governmental funds, but these activities reduce long-term liabilities in the statement of net position.	6,083,855
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

The details of the difference are as follows:

Compensated absences	(32,450)
Interest expense	38,196
Pension expense, net of contributions	(515,706)
OPEB benefit, net of contributions	<u>39,496</u>

Change in net position of governmental activities (page 13)	<u>\$ 488,331</u>
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CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

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

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

The Schools are accounted for as special revenue funds of the City of Pembroke Pines, Florida (the "City"). The special purpose financial statements contained herein present only the operations of the Schools, and do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2023, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

On February 1, 2003, the City entered into a Charter Agreement with Florida State University (FSU) to create a seventh Charter School – the City of Pembroke Pines/Florida State University Charter Elementary School. This Charter School opened for the 2003-2004 School year, and has a current enrollment of 698 students for the 2022-23 school year. Its financial information is not included herein, as it is separately chartered with Florida State University and issues its own special purpose financial statements.

b. Government-Wide and Fund Financial Statements

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

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

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

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

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

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The Schools report the following major funds:

Charter Elementary Schools – The Elementary Schools consist of an East, West and Central campus, serving 1,897 student stations for the 2022-23 school year.

Charter Middle Schools – The Middle Schools consist of a West and Central campus, serving 1,331 student stations for the 2022-23 school year.

Charter High School – The Charter High School, located at the Academic Village site, serving 2,106 student stations for the 2022-23 school year.

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

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

1. Deposits and Investments

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

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. Receivables

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

3. Inventories

Inventories consist of expendable food commodities and are valued on the first-in, first-out basis. United States Department of Agriculture surplus commodities are stated at their fair value as determined at the time of donation to the Schools' food service program by the Florida Department of Agriculture and Consumer Services, Bureau of Food Distribution. This inventory is accounted for under the consumption method, and as such, is recorded as an expenditure when used rather than purchased. The Schools have no inventories at June 30, 2023.

4. Capital Assets

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

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

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

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Capital Assets (Continued)

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

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

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

5. Compensated Absences

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

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. *Compensated Absences* (Continued)

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

6. *Long-Term Obligations*

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

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

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

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. Long-Term Obligations (Continued)

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

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

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

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

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. Net Position/Fund Balance

Government-wide Financial Statements

Net position is classified in three components:

- a. Net investment in capital assets – Consists of capital assets, net of accumulated depreciation reduced by the outstanding balances of any borrowing that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation. The Schools have no restricted assets as of June 30, 2023.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

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

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

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. Net Position/Fund Balance

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

8. Revenue Sources

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

9. Use of Estimates

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

10. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement Systems (FRS) and additions to/deductions from FRS' fiduciary net position have been determined on the same basis as they are reported by FRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

12. Deferred Outflows/(Inflows) of Resources

In addition to assets, the statement of net position will periodically report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Schools' deferred outflows of resources relate to the FRS pension and OPEB, as discussed in Note 12 and Note 13, respectively.

In addition to liabilities, the statement of net position will periodically report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Schools' deferred inflows of resources relate to the FRS pension and OPEB, as discussed in Note 12 and Note 13, respectively.

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

13. New Accounting Pronouncement - Adopted

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)* (GASB 86) to provide guidance on the accounting and financial reporting of SBITAs for governments. The Statement is based on the principles that SBITAs are financing of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). It establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. Additionally, the Statement provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The new SBITA standard also requires enhanced disclosures which include a general description of a SBITA arrangement, the total amount of subscription assets and the related accumulated amortization, the amount of outflow of resources recognized from SBITA contracts that are not included in the measurement of the liability, and the disclosure of the long-term effect of SBITA arrangement on a government's resources.

The Schools have implemented Statement No. 96 in the fiscal year ended June 30, 2023. The adoption of GASB 96 resulted in recognition of subscription assets and liability amounting to \$921,187 as of July 1, 2022.

NOTE 2. DEPOSITS AND INVESTMENTS

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

As of June 30, 2023, the Schools' pooled cash and cash equivalents are summarized as follows:

<u>Description</u>	<u>Carrying Amount</u>
Cash on hand	<u>\$ 1,876</u>
Total pooled cash and cash equivalents	<u>\$ 1,876</u>

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

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

Authorized Investments per the Investment Policy are as follows:

List of Authorized Investments:

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

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

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

(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, Federal Home Loan Mortgage Corporation, and Student Loan Marketing Association.

(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 CHARTER SCHOOLS

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.

(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 complies 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.

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

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

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

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

The Schools' operating fund in the State Board of Administration and the sensitivity of the fair values of the Schools' investments to market interest rate fluctuations as of June 30, 2023 are provided below.

	<u>Fair Value</u>	<u>Weighted Average Life</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating S&P</u>
SBA (the Florida PRIME)	\$ -	81 days	37 days	AAAm

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

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

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

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

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

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

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

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

As of June 30, 2023, the Schools had no funds invested in the Florida PRIME. The investments in the Florida PRIME are not restricted as to deposits or withdrawals. Florida PRIME currently meets all the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost. Therefore, Florida PRIME investment is exempt from the GASB 72 fair value hierarchy disclosures, and the account balance should also be considered the fair value of the investment.

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 3. REVENUE SOURCES

	Elementary <u>Schools</u>	Middle <u>Schools</u>	High <u>School</u>	<u>Total</u>
Broward County School Board:				
Florida Education Finance Program	\$ 9,647,472	\$ 6,252,180	\$ 11,552,687	\$ 27,452,339
Class size reduction	1,985,211	1,243,970	1,967,587	5,196,768
Public education capital outlay (PECO)	1,027,176	720,565	1,139,238	2,886,979
District school taxes	1,410,277	933,096	1,678,070	4,021,443
Governor's A+ funds	350,672	247,169	391,131	988,972
Supplemental academic instruction	412,379	289,280	457,350	1,159,009
Transportation revenue	203,123	299,446	550,603	1,053,172
ESE guaranteed allocation	326,687	419,671	664,777	1,411,135
Teacher salary allocation	510,894	332,804	615,540	1,459,238
Instructional materials	131,286	92,098	156,974	380,358
Safe schools program	132,191	92,731	146,607	371,529
Mental health allocation	85,478	59,962	94,800	240,240
Summer reading program	104,600	67,783	125,263	297,646
Library media materials	8,084	5,671	8,965	22,720
School lunch supplement	2,712	1,905	2,997	7,614
Science lab materials	2,210	1,550	2,451	6,211
School breakfast supplement	<u>1,191</u>	<u>837</u>	<u>1,316</u>	<u>3,344</u>
Total Broward County School Board	<u>16,341,643</u>	<u>11,060,718</u>	<u>19,556,356</u>	<u>46,958,717</u>
Other:				
Rental revenue	146,542	259,224	279,503	685,269
Food sales	453,847	424,620	488,928	1,367,395
Contributions	174,168	118,280	186,049	478,497
Before and after school education program	899,080	-	7,534	906,614
In-house transportation	92,954	65,321	102,725	261,000
Interest income (losses)	(36,335)	6	(19,872)	(56,201)
ICMA forfeiture revenue	-	-	9,447	9,447
E-rate program	9,859	6,246	10,424	26,529
Other miscellaneous revenue	<u>-</u>	<u>-</u>	<u>50</u>	<u>50</u>
Total other	<u>1,740,115</u>	<u>873,697</u>	<u>1,064,788</u>	<u>3,678,600</u>
Total local	<u>18,081,758</u>	<u>11,934,415</u>	<u>20,621,144</u>	<u>50,637,317</u>
Federal and State grants:				
National school lunch program	630,421	456,984	413,783	1,501,188
NSLP non-cash assistance (commodities)	107,670	75,653	119,004	302,327
School breakfast program	96,183	59,864	41,820	197,867
Elementary and secondary school emergency relief fund	3,283,962	2,144,745	3,220,886	8,649,593
Safety and security school building	13,677	9,640	15,255	38,572
Individuals with disabilities education act (IDEA)	6,951	8,083	11,267	26,301
Carl Perkins Grant	-	-	6,087	6,087
Governor's Emergency Education Relief Fund	<u>936</u>	<u>1,008</u>	<u>-</u>	<u>1,944</u>
Total Federal and State grants	<u>4,139,800</u>	<u>2,755,977</u>	<u>3,828,102</u>	<u>10,723,879</u>
Total Revenue Sources	<u>\$ 22,221,558</u>	<u>\$ 14,690,392</u>	<u>\$ 24,449,246</u>	<u>\$ 61,361,196</u>

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

	As restated Balance <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2023</u>
Capital assets, not being depreciated:				
Construction-in-progress	\$ 489,367	\$ 370,876	\$ -	\$ 860,243
Total capital assets being depreciated	<u>489,367</u>	<u>370,876</u>	<u>-</u>	<u>860,243</u>
Capital assets, being depreciated:				
Improvements other than buildings	2,812,948	-	(10,884)	2,802,064
Equipment	3,961,745	33,961	(1,641,389)	2,354,317
Right-to-use lease assets - Buildings	44,790,676	-	-	44,790,676
Right-to-use SBITA	<u>921,187</u>	<u>403,891</u>	<u>-</u>	<u>1,325,078</u>
Total capital assets being depreciated	<u>52,486,556</u>	<u>437,852</u>	<u>(1,652,273)</u>	<u>51,272,135</u>
Less accumulated depreciation for:				
Improvements other than buildings	(1,303,597)	(65,479)	6,244	(1,362,832)
Equipment	(2,784,742)	(50,314)	828,211	(2,006,845)
Right-to-use lease assets - Buildings	(5,598,834)	(5,598,834)	-	(11,197,668)
Right-to-use SBITA	<u>-</u>	<u>(611,725)</u>	<u>-</u>	<u>(611,725)</u>
Total accumulated depreciation	<u>(9,687,173)</u>	<u>(6,326,352)</u>	<u>834,455</u>	<u>(15,179,070)</u>
Total capital assets being depreciated, net	<u>42,799,383</u>	<u>(5,888,500)</u>	<u>(817,818)</u>	<u>36,093,065</u>
	<u>\$ 43,288,750</u>	<u>\$ (5,517,624)</u>	<u>\$ (817,818)</u>	<u>\$ 36,953,308</u>

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

Governmental activities:	
Operation and maintenance of school	\$ 5,723,239
Instructional services	505,961
Instruction support services	6,206
School administration	77,157
Food services	6,769
Student transportation services	<u>7,020</u>
	<u>\$ 6,326,352</u>

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES

<u>Receivables</u>	<u>Charter Elementary Schools</u>	<u>Charter Middle Schools</u>	<u>Charter High School</u>	<u>Total</u>
Due from Federal and state government	\$ 16,885	\$ 10,092	\$ 3,984	\$ 30,961
Due from Broward County	3,514,094	2,277,372	3,395,315	9,186,781
Others	<u>94,618</u>	<u>66,482</u>	<u>112,558</u>	<u>273,658</u>
Total receivables	<u>\$ 3,625,597</u>	<u>\$ 2,353,946</u>	<u>\$ 3,511,857</u>	<u>\$ 9,491,400</u>

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

NOTE 6. INTERFUND TRANSFERS

<u>Transfers in:</u>	<u>Transfer out</u> <u>Charter Elementary Schools</u>	<u>Total</u>	<u>Purpose</u>
Charter Middle Schools	\$ 444,500	\$ 444,500	Supplement current year operations

NOTE 7. LEASES

A lease is defined as a contractual agreement that conveys control of the right to use another entity's nonfinancial assets, for a minimum contractual period of greater than one year, in an exchange or exchange-like transactions. The Schools lease a significant amount of nonfinancial assets – buildings from the City of Pembroke Pines for its operations. The related obligations are presented in an amount equal to the present value of lease payments, payable during the remaining lease term. As a lessee, a lease liability and the associated lease asset is recognized on the government-wide *Statement of Net Position*.

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

On July 1, 2021, the School entered a 96-month lease as Lessee for the use of the Elementary School - West, East, and Central Campuses. An initial lease liability was recorded for \$15,468,262. As of June 30, 2023, the value of the lease liability is \$12,461,826. The School is required to make annual payments ranging from approximately \$1,900,000 to \$2,300,000 per year. The lease has an interest rate of 0.9670%. The value of the right to use asset as of June 30, 2023 of \$15,468,262 with accumulated amortization of \$3,867,064 is included with the Right-to-Use Lease Assets – Building activities on Note 4 – Capital Assets.

On July 1, 2021, the School entered a 96-month lease as Lessee for the use of the Middle School - West and Central Campuses. An initial lease liability was recorded for \$7,929,496. As of June 30, 2023, the value of the lease liability is \$5,822,482. The School is required to make annual payments ranging from approximately \$855,000 to \$1,160,000 per year. The lease has an interest rate of 0.9670%. The value of the right to use asset as of June 30, 2023 of \$7,929,496 with accumulated amortization of \$1,982,374 is included with the Right-to-Use Lease Assets – Building activities on Note 4 – Capital Assets.

On July 1, 2021, the School entered a 96-month lease as Lessee for the use of the High School Campus. An initial lease liability was recorded for \$21,392,918. As of June 30, 2023, the value of the lease liability is \$15,684,508. The School is required to make annual payments ranging from \$2,200,000 to \$3,000,000 per year. The lease has an interest rate of 0.9670%. The value of the right to use asset as of June 30, 2023 of \$21,392,918 with accumulated amortization of \$5,348,230 is included with the Right-to-Use Lease Assets – Building activities on Note 4 – Capital Assets.

As of June 30, 2023, the Schools had minimum principal and interest payment requirements for its leasing activities, with a remaining term in excess of one year, as follows:

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 5,381,584	\$ 328,478	\$ 5,710,062
2025	5,366,142	276,439	5,642,581
2026	5,419,692	224,548	5,644,240
2027	6,762,508	172,140	6,934,648
2028	5,496,166	160,344	5,656,510
2029	5,542,724	53,598	5,596,322
	<u>\$ 33,968,816</u>	<u>\$ 1,215,547</u>	<u>\$ 35,184,363</u>

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

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

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 1.7103% to 3.2070%. The assets acquired and capitalized under the right to use SBITAs is as follows:

Right to Use SBITA Asset Cost	\$ 1,325,078
Less: Accumulated Depreciation	<u>(611,725)</u>
Net Book Value	<u>\$ 713,353</u>

The annual requirement to amortize SBITA agreements outstanding as of June 30, 2023, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2024	\$ 614,207	\$ 15,042	\$ 629,249
2025	58,776	1,850	60,626
2026	<u>5,776</u>	<u>131</u>	<u>5,907</u>
	<u>\$ 678,759</u>	<u>\$ 17,023</u>	<u>\$ 695,782</u>

For the year ended June 30, 2023, the total principal reduction and interest incurred related to SBITA agreements was \$646,318 and \$243, respectively.

NOTE 9. CHANGES IN NONCURRENT LIABILITIES

	<u>As restated Balance July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
Lease liability	\$ 39,406,353	\$ -	\$ (5,437,537)	\$ 33,968,816	\$ 5,381,584
SBITA liability	921,187	403,890	(646,318)	678,759	614,207
Net pension liability	9,501,163	10,946,514	-	20,447,677	-
Net OPEB liability	11,632	43,351	-	54,983	-
Compensated absences	<u>1,064,629</u>	<u>1,095,916</u>	<u>(1,063,466)</u>	<u>1,097,079</u>	<u>908,487</u>
Total	<u>\$ 50,904,964</u>	<u>\$ 12,489,671</u>	<u>\$ (7,147,321)</u>	<u>\$ 56,247,314</u>	<u>\$ 6,904,278</u>

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 10. RISK MANAGEMENT

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

NOTE 11. CONTINGENCY

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

NOTE 12. PENSION PLANS

Defined Benefit Plan

Florida Retirement System

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

Plan Description

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

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 12. PENSION PLANS (Continued)

Defined Benefit Plan (Continued)

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

Average Final Compensation (AFC)

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

Vesting

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

Service Retirement

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

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 12. PENSION PLANS (Continued)

Defined Benefit Plan (Continued)

- *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.

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

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

Funding Policy

The Schools' required contribution rate is established and may be amended, by State Statute. For the fiscal year ended June 30, 2023, the contribution was 11.91% for Regular Class Members and 18.60% for DROP Members. The Schools are required to contribute both for full-time and part-time members of the Plan, which amounted to \$2,620,578 for FRS and HIS for the year ended June 30, 2023. As of June 30, 2023, there were 444 members in this Plan. The contribution rate includes the post-employment health insurance supplement of 1.66% and the administrative/educational fee of 0.06%.

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 12. PENSION PLANS (Continued)

Defined Benefit Plan (Continued)

<u>Fiscal Year</u>	<u>Annual Required Contributions</u>	<u>Total Employer Contributions</u>	<u>Percentage Contributed</u>	<u>Contribution Rates</u>	
				<u>Regular Class</u>	<u>DROP</u>
2023	\$ 2,620,578	\$ 2,620,578	100.0%	11.91%	18.60%
2022	2,241,335	2,241,335	100.0%	10.82%	18.34%
2021	1,934,235	1,934,235	100.0%	10.00%	16.98%
2020	1,574,740	1,574,740	100.0%	8.47%	14.60%
2019	1,476,624	1,476,624	100.0%	8.26%	14.03%
2018	1,413,716	1,413,716	100.0%	7.52%	12.99%
2017	1,311,513	1,311,513	100.0%	7.52%	12.99%
2016	1,191,296	1,191,296	100.0%	7.26%	12.88%
2015	1,202,083	1,202,083	100.0%	7.37%	12.28%
2014	1,157,206	1,157,206	100.0%	6.95%	12.84%

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 \$640,181 for fiscal year 2023.

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, 2022, are shown below:

	<u>FRS</u>	<u>HIS</u>
Total Pension Liability	\$ 217,434,441,000	\$ 11,126,965,688
Plan Fiduciary Net Position	(180,226,404,807)	(535,368,479)
Net Pension Liability	<u>\$ 37,208,036,193</u>	<u>\$ 10,591,597,209</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.89%	4.81%

The total pension liability for each plan was determined by the plans' actuary and reported in the plans' valuations as of June 30, 2022. 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.

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 12. PENSION PLANS (Continued)

Defined Benefit Plan (Continued)

The Schools reported a liability of \$20,447,677 for their proportionate share of the net pension liability. The details of the proportionate share are as follow:

FRS Pension Plan							
Employer/ Agency Number	Employer / Agency Name	Employer Contribution for Pension Plan Funding for Prior Period	Proportion at Prior Measurement Date	Employer Contribution for Pension Plan Funding for Current Period	Proportion at Current Measurement Date	Employer Proportionate Share of Net Pension Liability/(Asset) at Prior Measurement Date	Employer Proportionate Share of Net Pension Liability/(Asset) at Measurement Date
16310	CITY OF PEMBROKE PINES CHARTER ELEMENTARY SCHOOL	\$ 555,724	0.014587594%	\$ 651,016	0.015256345%	\$ 1,101,927	\$ 5,676,586
16311	CITY OF PEMBROKE PINES CHARTER MIDDLE SCHOOL	379,022	0.009949211%	416,305	0.009755973%	751,550	3,630,006
16312	CITY OF PEMBROKE PINES CHARTER HIGH SCHOOL	509,085	0.013363337%	597,155	0.013994127%	1,009,448	5,206,940

FRS Retiree Health Insurance Subsidy (HIS) Program							
Employer/ Agency Number	Employer / Agency Name	Employer Contribution for Pension Plan Funding for Prior Period	Proportion at Prior Measurement Date	Employer Contribution for Pension Plan Funding for Current Period	Proportion at Current Measurement Date	Employer Proportionate Share of Net Pension Liability/(Asset) at Prior Measurement Date	Employer Proportionate Share of Net Pension Liability/(Asset) at Measurement Date
16310	CITY OF PEMBROKE PINES CHARTER ELEMENTARY SCHOOL	\$ 119,757	0.020373695%	\$ 131,277	0.021695585%	\$ 2,499,140	\$ 2,297,909
16311	CITY OF PEMBROKE PINES CHARTER MIDDLE SCHOOL	85,064	0.014471648%	85,664	0.014157382%	1,775,165	1,499,493
16312	CITY OF PEMBROKE PINES CHARTER HIGH SCHOOL	113,278	0.019271451%	122,069	0.020173943%	2,363,933	2,136,743

Basis for Allocation

The employer's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions related to the reporting periods included in the system's fiscal years ended June 30, 2013 through June 30, 2022, for employers that were members of the FRS and HIS during those fiscal years. For fiscal years ended June 30, 2015 through June 30, 2022, in addition to contributions from employers, the required accrued contributions for the division (paid on behalf of the division's employees who administer the plans) were allocated to each employer on a proportional basis. The division administers the plans, and therefore, cannot allocate a portion of the liability to itself. Although GASB 68 encourages the use of the employers' projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is acceptable. The aggregate employer contribution amounts for each fiscal year agree to the employer contribution amounts reported in the system's annual comprehensive financial report for that fiscal year.

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

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

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 12. 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 valuations is performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for this program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.70%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.54% was used to determine the total pension liability for the program. Mortality assumptions for both the FRS Pension Plan and the HIS Program were based on the PUB-2010 base tables.

The following changes in actuarial assumptions occurred in 2022:

1. FRS: The long-term expected rate of return was decreased from 6.80% to 6.70%.
2. HIS: The demographic assumptions for the Special Risk class were updated to reflect plan changes due to HB5007, HB689, and SB838
3. HIS: The election assumption for vested terminated members was updated from 20% to 50% to reflect recent experience.
4. HIS: The municipal bond rate used to determine total pension liability was increased from 2.16% to 3.54%.

Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The discount rate used in the 2022 valuation was updated from 2.16% to 3.54%, reflecting the change in the Bond Buyer General Obligation 20-Bond Municipal Bond Index as of June 30, 2022.

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 12. 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%, which is consistent with the 4.38% real return from the capital market outlook model developed by the FRS consulting actuary, Milliman; and 2) a long-term average annual inflation assumption of 2.40% as adopted in October 2022 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 2022 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 CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 12. PENSION PLANS (Continued)

Defined Benefit Plan (Continued)

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.6%	2.6%	1.1%
Fixed income	19.8%	4.4%	4.4%	3.2%
Global equity	54.0%	8.8%	7.3%	17.8%
Real estate	10.3%	7.4%	6.3%	15.7%
Private equity	11.1%	12.0%	8.9%	26.3%
Strategic investments	3.8%	6.2%	5.9%	7.8%
Assumed Inflation - Mean			2.4%	1.3%

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, 2022.

FRS Net Pension Liability			
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	5.70%	6.70%	7.70%
Elementary	\$ 9,817,266	\$ 5,676,586	\$ 2,214,486
Middle	6,277,846	3,630,006	1,416,097
High	9,005,044	5,206,940	2,031,272

HIS Net Pension Liability			
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	2.54%	3.54%	4.54%
Elementary	\$ 2,628,996	\$ 2,297,909	\$ 2,023,941
Middle	1,715,543	1,499,493	1,320,716
High	2,444,609	2,136,743	1,881,990

Pension Expense and Deferred Outflows/ (Inflows) of Resources

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

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 12. PENSION PLANS (Continued)

Defined Benefit Plan (Continued)

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, 2022, was 5.5 years for FRS and 6.4 years for HIS. The components of collective pension expense reported in the pension allocation schedules for the fiscal year ended June 30, 2022, are presented below:

	Collective Pension Expense		
	FRS	HIS	Total
Charter Elementary	\$ 892,936	\$125,434	\$1,018,370
Charter Middle	559,913	78,293	638,206
Charter High	855,817	146,495	1,002,312
Total	\$2,308,666	\$350,222	\$2,658,888

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 12. PENSION PLANS (Continued)

Defined Benefit Plan (Continued)

The components of deferred outflows and inflows of resources schedules reported as of June 30, 2023, are presented below for each plan.

	FRS Pension Plan					
	Elementary		Middle		High	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Changes in:						
Contributions, subsequent to measurement date	\$ 716,914	\$ -	\$ 437,308	\$ -	\$ 629,953	\$ -
Assumptions/inputs	699,095	-	447,050	-	641,256	-
Projected/actual earnings	374,824	-	239,689	-	343,814	-
Experience expected/actual	269,605	-	172,404	-	247,300	-
Change in Proportion, NPL	437,309	(47,499)	299,452	(102,535)	529,281	(26,972)
	<u>\$ 2,497,747</u>	<u>\$ (47,499)</u>	<u>\$ 1,595,903</u>	<u>\$ (102,535)</u>	<u>\$ 2,391,604</u>	<u>\$ (26,972)</u>

	HIS Program					
	Elementary		Middle		High	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Changes in:						
Contributions, subsequent to measurement date	\$ 145,289	\$ -	\$ 89,324	\$ -	\$ 124,393	\$ -
Assumptions/inputs	131,718	(355,485)	85,952	(231,971)	122,479	(330,553)
Projected/actual earnings	3,327	-	2,171	-	3,094	-
Experience expected/actual	69,747	(10,111)	45,513	(6,598)	64,855	(9,402)
Change in Proportion, NPL	135,284	(68,097)	57,922	(53,288)	154,288	(14,030)
	<u>\$ 485,365</u>	<u>\$ (433,693)</u>	<u>\$ 280,882</u>	<u>\$ (291,857)</u>	<u>\$ 469,109</u>	<u>\$ (353,985)</u>

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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 12. PENSION PLANS (Continued)

Defined Benefit Plan (Continued)

Year Ending June 30,	Elementary		Middle		High	
	FRS Expense	HIS Expense	FRS Expense	HIS Expense	FRS Expense	HIS Expense
2024	\$ 423,489	\$ (28,119)	\$ 260,527	\$ (18,762)	\$ 422,723	\$ (1,097)
2025	214,412	(11,694)	126,452	(12,444)	239,509	5,754
2026	(12,767)	(3,018)	(8,595)	(8,058)	33,274	16,948
2027	1,040,465	(9,641)	649,852	(10,397)	976,607	7,939
2028	67,735	(28,323)	27,824	(33,895)	62,566	(24,563)
Thereafter	-	(12,822)	-	(16,743)	-	(14,250)
Total	\$ 1,733,334	\$ (93,617)	\$ 1,056,060	\$ (100,299)	\$ 1,734,679	\$ (9,269)

Defined Contribution Plan

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

In fiscal Year 2007 employees were given the option to enter the FRS or to remain in the Defined Contribution Plan with the ICMA-RC. At June 30, 2023, there were 19 Plan members. Effective January 1, 2002, the Schools' Plan members may make voluntary after-tax contributions of up to twenty-five percent (25%) of compensation during the fiscal year. The Schools' required contribution is 11.91% of the Plan member's gross salary to agree with the contribution to the FRS. For the year ended June 30, 2023, the Schools contributed \$106,140 and the employees contributed \$13,624 to the Plan. Provisions of the Schools' Plan may be amended by the City Commission. The Schools' Plan is held in a trust for the exclusive benefit of the participants and their beneficiaries. Therefore, the net position of the Schools' Plan is not included in the Schools' special purpose financial statements.

Beginning in the fiscal year 2009, the Schools recorded revenue and a receivable for ICMA forfeitures. These forfeitures represent the amount of non-vested accrued employer benefits. The Schools will utilize these forfeitures to offset future employer contributions to the Plan. For fiscal year ended June 30, 2022, the ICMA forfeitures aggregated to \$9,447.

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

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

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

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

Summary of Significant Accounting Policies

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

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

Plan Description

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

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

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 CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

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

Benefits Provided

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

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

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

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

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

Inactive employees or beneficiaries currently receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>300</u>
	<u>300</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, 2023, the average contribution rate was 10.25 percent of covered-employee payroll.

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

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

Net OPEB Liability

The City's net OPEB liability was measured as of September 30, 2022. The Schools' proportionate share of the City's net OPEB liability was calculated based on the Schools' OPEB contributions for the reporting period ended June 30, 2023. The components of the Schools' proportionate share of the City's net OPEB liability are as follows:

	Broward Charter
Total OPEB liability	\$ 656,442
Plan fiduciary net position	(601,459)
Net OPEB liability	<u><u>\$ 54,983</u></u>
Plan fiduciary net position as a percentage of total OPEB liability	91.62%
Net OPEB liability as a percentage of covered employee payroll	8.36%

Actuarial Assumptions

The total OPEB liability as of June 30, 2023 reporting date was based on an actuarial valuation with measurement date of September 30, 2022. The actuarial valuation used the following actuarial assumptions:

Inflation	2.6% per annum
Salary Increases	3.0% per annum
Investment Rate of Return	8.24% per annum Discount rate is based on expected long-term rate of return on plan investments using building block approach plus inflation (2.6%)
Healthcare Cost Trend Rates	6.75% initial for Pre-Medicare Medical and Prescription and stop loss fees, 5.75% initial for Medicare benefits, decreasing 0.25% per year until an ultimate rate of 4.0% is reached 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 CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

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

Actuarial Assumptions (Continued)

Amortization Method	<i>Experience/Assumption</i> gains and losses are amortized over a closed period of 5.4 years, equal to the average remaining service of active and inactive plan members (those without future service remaining count as 0 years in the averaging) <i>Investment gain and losses</i> are amortized over a closed period of 5 years
Mortality Rates	PUB 2010 mortality table and scaled using MP-21 and applied on a gender-specific and job class basis.

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

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

Asset Type	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap	37%	10.7%
Mid Cap	7%	11.9%
Small Cap	8%	10.8%
International Equity	8%	8.3%
Real Estate	10%	3.2%
Fixed income	30%	2.9%
Total Real Return	100%	8.24%

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

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

Discount Rate

The discount rate used to measure the OPEB liability was updated from 7.2% in the prior valuation to 8.24%. The projection of cash flows used to determine the discount rate assumed that the City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Total OPEB Liability (October 1, 2021)	\$ 726,062	\$ 714,430	\$ 11,632
Changes for the year:			
Service cost	6,638	-	6,638
Interest cost	73,124	-	73,124
Differences between expected and actual experience	36,600	-	36,600
Changes in assumptions	(110,361)	-	(110,361)
Contributions	-	66,234	(66,234)
Net Investment Income	-	(102,503)	102,503
Benefit payments	(75,621)	(75,621)	-
Administration expenses	-	(1,081)	1,081
Net change	(69,620)	(112,971)	43,351
Total OPEB Liability (September 30, 2022)	\$ 656,442	\$ 601,459	\$ 54,983

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

Net OPEB Liability (based on Trend Rate)		
1% Decrease	Current Trend	1% Increase
\$ 36,390	\$ 54,983	\$ 77,000
Net OPEB Liability (based on Discount Rate)		
+1% Discount Sensitivity 9.24%	Current Rate 8.24%	-1% Discount Sensitivity 7.24%
\$ 37,460	\$ 54,983	\$ 75,886

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

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

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

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

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

The OPEB benefit for the fiscal year ended June 30, 2023 is as follows:

	Collective OPEB Benefit
Charter Elementary	\$ (12,572)
Charter Middle	(8,663)
Charter High	(11,248)
Total	<u><u>\$ (32,483)</u></u>

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

Per GASB 75, paragraph 68, employer contributions to the OPEB plan made subsequent to the measurement date of the collective net OPEB liability, September 30, 2022, and before the end of the employer's reporting period, June 30, 2023, should be reported as deferred outflows of resources related to OPEB. At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Charter Elementary

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Contributions, subsequent to measurement date	\$ 24,096	\$ -	\$ 24,096
Experience expected/actual	13,679	(9,942)	3,737
Assumptions/inputs	23,386	(43,140)	(19,754)
Projected/Actual earnings	30,390	-	30,390
	<u><u>\$ 91,551</u></u>	<u><u>\$ (53,082)</u></u>	<u><u>\$ 38,469</u></u>

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

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

Charter Middle

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Contributions, subsequent to measurement date	\$ 17,967	\$ -	\$ 17,967
Experience expected/actual	10,200	(7,413)	2,787
Assumptions/inputs	17,438	(32,167)	(14,729)
Projected/Actual earnings	22,660	-	22,660
	<u>\$ 68,265</u>	<u>\$ (39,580)</u>	<u>\$ 28,685</u>

Charter High

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Contributions, subsequent to measurement date	\$ 25,335	\$ -	\$ 25,335
Experience expected/actual	14,383	(10,453)	3,930
Assumptions/inputs	24,589	(45,358)	(20,769)
Projected/Actual earnings	31,953	-	31,953
	<u>\$ 96,260</u>	<u>\$ (55,811)</u>	<u>\$ 40,449</u>

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

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

Reporting Period Ending June 30:	
2024	\$ (31)
2025	9,404
2026	17,371
2027	19,005
2028	(5,544)
Total	<u>\$ 40,205</u>

Required Supplementary Information

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE CHARTER ELEMENTARY SCHOOLS

FISCAL YEAR ENDED JUNE 30, 2023

	<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	\$ 17,704,754	\$ 18,061,262	\$ 18,081,758	\$ 20,496
Federal and State grants	4,343,746	4,343,746	4,139,800	(203,946)
Total revenues	<u>22,048,500</u>	<u>22,405,008</u>	<u>22,221,558</u>	<u>(183,450)</u>
Expenditures:				
Current:				
K-3 Basic	6,939,323	6,893,350	7,144,948	(251,598)
4-8 Basic	3,652,147	3,587,453	3,596,962	(9,509)
Exceptional student program	848,874	841,885	896,069	(54,184)
Substitute teachers	151,432	146,932	105,221	41,711
School/Others	39,456	39,456	25,633	13,823
Guidance services	309,059	297,933	303,414	(5,481)
Health services	530,891	527,678	386,438	141,240
Instructional media services	314,076	308,967	290,641	18,326
Office of Innovative Learning	91,153	87,507	87,647	(140)
Instructional staff training service	65,253	56,881	23,607	33,274
Board	15,075	15,075	14,940	135
General Administration	13,995	13,995	13,808	187
School administration	2,287,447	2,430,495	1,866,342	564,153
Food services	1,064,418	1,075,534	1,044,300	31,234
Student transportation services	823,884	833,239	865,523	(32,284)
Operation of school	3,905,105	3,804,654	2,186,584	1,618,070
Child care supervision	551,695	547,926	525,583	22,343
Debt service:				
Principal	-	-	1,976,027	(1,976,027)
Interest	-	-	137,244	(137,244)
Capital outlay	250,285	381,268	300,403	80,865
Total expenditures	<u>21,853,568</u>	<u>21,890,228</u>	<u>21,791,334</u>	<u>98,894</u>
Excess (Deficit) of revenues over (under) expenditures	194,932	514,780	430,224	(84,556)
Other financing sources (uses):				
Other financing sources - Subscription agreements	-	-	124,020	124,020
Transfers out	(557,925)	(557,925)	(444,500)	113,425
Total other financing sources (uses)	<u>(557,925)</u>	<u>(557,925)</u>	<u>(320,480)</u>	<u>237,445</u>
Net change in fund balances	(362,993)	(43,145)	109,744	152,889
Fund balances, beginning	<u>2,452,024</u>	<u>2,452,024</u>	<u>2,452,024</u>	<u>-</u>
Fund balances, ending	<u>\$ 2,089,031</u>	<u>\$ 2,408,879</u>	<u>\$ 2,561,768</u>	<u>\$ 152,889</u>

See note to Budgetary Comparison Schedule.

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE CHARTER MIDDLE SCHOOLS

FISCAL YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final Budget</u>
Revenues:				
Local	\$ 11,660,542	\$ 11,907,711	\$ 11,934,415	\$ 26,704
Federal and State grants	3,047,355	3,047,355	2,755,977	(291,378)
Total revenues	<u>14,707,897</u>	<u>14,955,066</u>	<u>14,690,392</u>	<u>(264,674)</u>
Expenditures:				
Current:				
4-8 Basic	7,913,200	7,779,430	7,716,839	62,591
Intensive English/ESOL	2,850	1,850	315	1,535
Exceptional student program	747,994	743,852	815,714	(71,862)
Substitute teachers	120,715	102,715	70,545	32,170
School/other	56,195	56,195	58,060	(1,865)
Guidance services	269,448	261,839	275,739	(13,900)
Health services	304,234	270,108	211,168	58,940
Instructional media services	260,532	262,819	245,169	17,650
Office of Innovative Learning	89,011	84,688	87,147	(2,459)
Instructional staff training service	69,797	45,016	22,142	22,874
Board	10,050	10,050	9,960	90
General Administration	9,830	9,830	9,686	144
School administration	1,590,555	1,680,224	1,252,393	427,831
Food services	809,324	818,361	900,490	(82,129)
Student transportation services	582,042	591,889	612,757	(20,868)
Operation of school	2,823,823	2,797,416	1,550,855	1,246,561
Athletics	40,604	40,604	32,897	7,707
Debt service:				
Principal	-	-	1,113,501	(1,113,501)
Interest	-	-	65,283	(65,283)
Capital outlay	<u>174,126</u>	<u>408,993</u>	<u>365,570</u>	<u>43,423</u>
Total expenditures	<u>15,874,330</u>	<u>15,965,879</u>	<u>15,416,230</u>	<u>549,649</u>
Excess (Deficit) of revenues over (under) expenditures	(1,166,433)	(1,010,813)	(725,838)	284,975
Other financing sources:				
Other financing sources - Subscription agreements	-	-	155,143	155,143
Transfers in	<u>911,383</u>	<u>911,383</u>	<u>444,500</u>	<u>(466,883)</u>
Total other financing sources (uses)	<u>911,383</u>	<u>911,383</u>	<u>599,643</u>	<u>(311,740)</u>
Net change in fund balances	(255,050)	(99,430)	(126,195)	(26,765)
Fund balances, beginning	<u>354,385</u>	<u>354,385</u>	<u>354,385</u>	<u>-</u>
Fund balances, ending	<u>\$ 99,335</u>	<u>\$ 254,955</u>	<u>\$ 228,190</u>	<u>\$ (26,765)</u>

See note to Budgetary Comparison Schedule.

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE CHARTER HIGH SCHOOL

FISCAL YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final Budget</u>
Revenues:				
Local	\$ 19,910,419	\$ 20,301,550	\$ 20,621,144	\$ 319,594
Federal and State grants	<u>4,634,113</u>	<u>4,634,113</u>	<u>3,828,102</u>	<u>(806,011)</u>
Total revenues	<u>24,544,532</u>	<u>24,935,663</u>	<u>24,449,246</u>	<u>(486,417)</u>
Expenditures:				
Current:				
4-8 Basic	1,566,364	1,542,351	1,566,479	(24,128)
9-12 Basic	9,051,267	8,812,207	8,740,200	72,007
Exceptional student program	507,208	537,612	590,727	(53,115)
Vocational 6-12	305,438	298,910	255,797	43,113
Substitute teachers	129,474	129,474	159,248	(29,774)
School/other	29,891	29,891	38,400	(8,509)
Guidance services	753,971	731,653	760,961	(29,308)
Health services	268,895	270,600	236,541	34,059
Instructional media services	165,447	211,670	219,212	(7,542)
Office of Innovative Learning	86,121	83,829	89,242	(5,413)
Instructional and Curriculum Development services	101,187	98,352	107,679	(9,327)
Instructional staff training service	34,711	34,488	13,369	21,119
Board	5,025	5,025	4,980	45
General Administration	15,460	15,460	15,315	145
School administration	2,118,199	2,140,195	1,556,970	583,225
Food services	1,111,097	1,125,140	884,021	241,119
Student transportation services	976,405	994,666	1,030,729	(36,063)
Operation of school	6,283,804	6,262,293	3,110,362	3,151,931
Child care supervision	6,750	6,750	6,405	345
Athletics	362,097	359,516	358,004	1,512
Debt service:				
Principal	-	-	2,994,327	(2,994,327)
Interest	-	-	178,777	(178,777)
Capital outlay	<u>165,826</u>	<u>145,321</u>	<u>142,755</u>	<u>2,566</u>
Total expenditures	<u>24,044,637</u>	<u>23,835,403</u>	<u>23,060,500</u>	<u>774,903</u>
Excess of revenues over expenditures	<u>499,895</u>	<u>1,100,260</u>	<u>1,388,746</u>	<u>288,486</u>
Other financing sources:				
Other financing sources - Subscription agreements	<u>-</u>	<u>-</u>	<u>124,727</u>	<u>124,727</u>
Net change in fund balances	499,895	1,100,260	1,513,473	413,213
Fund balances, beginning	<u>819,356</u>	<u>819,356</u>	<u>819,356</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,319,251</u>	<u>\$ 1,919,616</u>	<u>\$ 2,332,829</u>	<u>\$ 413,213</u>

See note to Budgetary Comparison Schedule.

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTE TO BUDGETARY COMPARISON SCHEDULES

FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING

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

For budgetary purposes, significant encumbrances outstanding at year end are reappropriated in the subsequent year's budget. Unencumbered appropriations lapse at year-end. For the fiscal year ended June 30, 2023, there were no encumbrances.

2. The Charter Schools' budgets are approved via resolution in a public hearing conducted by the City Commission. The adopted budgets are integrated into the accounting software system effective July 1st. The budgets establish the legal authority to incur expenditures up to the appropriated amount for each line item.
3. Section 30.30(F) of the Code of Ordinances requires a majority affirmative vote of the quorum to adopt the budgets, which prior to July 1st, are legally enacted through passage of a resolution. Section 6.06 of the City Charter provides that no officer, department or agency may legally expend or contract to expend the amounts in excess of the amounts appropriated for any department, within an individual fund.
4. The legal level of budgetary control is at the fund level. The adopted budgets may be amended as follows:
 - a. The Principals approve line item adjustments within a school site or school function.
 - b. The City Manager or his designee approves budget adjustments that transfer monies from fund to fund or interdepartmentally.
 - c. The City Commission may approve supplemental appropriations of revenues and expenditures. If this is done, the adoption of an amended budget resolution is required.
5. The final budgets include the supplemental appropriations before transfers, which have the effect of adjusting the original adopted budgets. There were supplemental expenditure appropriations before transfers of \$36,660 more than the original budget in the elementary schools, \$91,549 more than the original budget in the middle schools and \$209,234 less than the original budget in the high school during the fiscal year ended June 30, 2023. There were revenues before transfer of \$356,508 more than the original budget in the elementary schools, \$247,169 more than the original budget in the middle schools, and \$391,131 more than the original budget in the high schools.

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

Charter Elementary School Required Supplementary Information Pension Schedule

Reporting period as of: Measurement date as of:	6/30/2023 6/30/2022		6/30/2022 6/30/2021		6/30/2021 6/30/2020		6/30/2020 6/30/2019		6/30/2019 6/30/2018	
Florida Retirement System Plan (in thousands):	FRS	HIS	FRS	HIS	FRS	HIS	FRS	HIS	FRS	HIS
Total pension liability	\$ 217,434,441	\$ 11,126,966	\$ 209,636,046	\$ 12,719,121	\$ 204,909,739	\$ 12,588,098	\$ 198,012,334	\$ 11,491,044	\$ 191,317,399	\$ 10,816,576
Plan fiduciary net position	(180,226,405)	(535,368)	(202,082,183)	(452,618)	(161,568,265)	(378,261)	(163,573,726)	(302,045)	(161,196,881)	(232,463)
Net pension liability	<u>\$ 37,208,036</u>	<u>\$ 10,591,597</u>	<u>\$ 7,553,863</u>	<u>\$ 12,266,503</u>	<u>\$ 43,341,474</u>	<u>\$ 12,209,837</u>	<u>\$ 34,438,608</u>	<u>\$ 11,188,999</u>	<u>\$ 30,120,518</u>	<u>\$ 10,584,113</u>
Plan fiduciary net position as a percentage of the total pension liability	82.89%	4.81%	96.40%	3.56%	78.85%	3.00%	82.61%	2.63%	84.26%	2.15%
Charter Elementary Schools:										
Share of net pension liability as a percentage	0.015256345%	0.021695585%	0.014587594%	0.020373695%	0.013222129%	0.020635278%	0.013409509%	0.021056019%	0.013727637%	0.021531224%
Share of net pension liability as an amount	\$ 5,676,586	\$ 2,297,909	\$ 1,101,927	\$ 2,499,140	\$ 5,730,666	\$ 2,519,534	\$ 4,618,048	\$ 2,355,958	\$ 4,134,835	\$ 2,278,889
Covered-employee payroll	\$ 8,828,804	\$ 8,828,804	\$ 8,028,361	\$ 8,028,361	\$ 7,212,741	\$ 7,212,741	\$ 7,042,033	\$ 7,042,033	\$ 7,957,227	\$ 7,957,227
Net pension liability as a percentage of covered-employee payroll	64.30%	26.03%	13.73%	31.13%	79.45%	34.93%	65.58%	33.46%	51.96%	28.64%
Reporting period as of: Measurement date as of:	6/30/2018 6/30/2017		6/30/2017 6/30/2016		6/30/2016 6/30/2015		6/30/2015 6/30/2014			
Florida Retirement System Plan (in thousands):	FRS	HIS	FRS	HIS	FRS	HIS	FRS	HIS		
Total pension liability	\$ 183,632,592	\$ 10,870,772	\$ 167,030,999	\$ 11,768,445	\$ 161,370,735	\$ 10,249,201	\$ 156,115,763	\$ 9,443,629		
Plan fiduciary net position	(154,053,263)	(178,311)	(141,780,921)	(113,859)	(148,454,394)	(50,774)	(150,014,292)	(93,385)		
Net pension liability	<u>\$ 29,579,329</u>	<u>\$ 10,692,461</u>	<u>\$ 25,250,078</u>	<u>\$ 11,654,586</u>	<u>\$ 12,916,341</u>	<u>\$ 10,198,427</u>	<u>\$ 6,101,471</u>	<u>\$ 9,350,244</u>		
Plan fiduciary net position as a percentage of the total pension liability	83.89%	1.64%	84.88%	0.97%	92.00%	0.50%	96.09%	0.99%		
Charter Elementary Schools:										
Share of net pension liability as a percentage	0.013577866%	0.021325349%	0.013137343%	0.021223884%	0.014180334%	0.021143721%	0.015319533%	0.023009714%		
Share of net pension liability as an amount	\$ 4,016,242	\$ 2,280,205	\$ 3,317,189	\$ 2,473,556	\$ 1,831,580	\$ 2,156,327	\$ 934,718	\$ 2,151,464		
Covered-employee payroll	\$ 7,745,300	\$ 7,745,300	\$ 7,520,707	\$ 7,520,707	\$ 7,546,090	\$ 7,546,090	\$ 7,816,059	\$ 7,816,059		
Net pension liability as a percentage of covered-employee payroll	51.85%	29.44%	44.11%	32.89%	24.27%	28.58%	11.96%	27.53%		

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, 2022, using the individual entry age actuarial cost method.
2. Inflation increases for both plans is assumed at 2.40%.
3. Payroll growth, including inflation, for both plans is assumed at 3.25%.
4. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.70%.
5. Mortality assumptions for both the FRS Pension Plan and the HIS Program were based on the PUB-2010 base table, projected generationally with Scale MP-2018.
6. The municipal bond rate (the Bond Buyer General Obligation 20-Bond Municipal Bond Index) used to determine total pension liability for HIS was 3.54%.

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. For the fiscal year ended June 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at the retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes.

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

Charter Middle School Required Supplementary Information Pension Schedule

Reporting period as of: Measurement date as of:	6/30/2023 6/30/2022		6/30/2022 6/30/2021		6/30/2021 6/30/2020		6/30/2020 6/30/2019		6/30/2019 6/30/2018	
Florida Retirement System Plan (in thousands):	FRS	HIS	FRS	HIS	FRS	HIS	FRS	HIS	FRS	HIS
Total pension liability	\$ 217,434,441	\$ 11,126,966	\$ 209,636,046	\$ 12,719,121	\$ 204,909,739	\$ 12,588,098	\$ 198,012,334	\$ 11,491,044	\$ 191,317,399	\$ 10,816,576
Plan fiduciary net position	(180,226,405)	(535,368)	(202,082,183)	(452,618)	(161,568,265)	(378,261)	(163,573,726)	(302,045)	(161,196,881)	(232,463)
Net pension liability	<u>\$ 37,208,036</u>	<u>\$ 10,591,597</u>	<u>\$ 7,553,863</u>	<u>\$ 12,266,503</u>	<u>\$ 43,341,474</u>	<u>\$ 12,209,837</u>	<u>\$ 34,438,608</u>	<u>\$ 11,188,999</u>	<u>\$ 30,120,518</u>	<u>\$ 10,584,113</u>
Plan fiduciary net position as a percentage of the total pension liability	82.89%	4.81%	96.40%	3.56%	78.85%	3.00%	82.61%	2.63%	84.26%	2.15%
Charter Middle Schools:										
Share of net pension liability as a percentage	0.009755973%	0.014157382%	0.009949211%	0.014471648%	0.008672572%	0.014047239%	0.008387837%	0.013849723%	0.009170693%	0.014329829%
Share of net pension liability as an amount	\$ 3,630,006	\$ 1,499,493	\$ 751,550	\$ 1,775,165	\$ 3,758,820	\$ 1,715,145	\$ 2,888,654	\$ 1,549,645	\$ 2,762,260	\$ 1,516,685
Covered-employee payroll	\$ 5,459,960	\$ 5,459,960	\$ 5,182,179	\$ 5,182,179	\$ 5,125,177	\$ 5,125,177	\$ 4,632,343	\$ 4,632,343	\$ 5,606,419	\$ 5,606,419
Net pension liability as a percentage of covered-employee payroll	66.48%	27.46%	14.50%	34.26%	73.34%	33.47%	62.36%	33.45%	49.27%	27.05%
Reporting period as of: Measurement date as of:	6/30/2018 6/30/2017		6/30/2017 6/30/2016		6/30/2016 6/30/2015		6/30/2015 6/30/2014			
Florida Retirement System Plan (in thousands):	FRS	HIS	FRS	HIS	FRS	HIS	FRS	HIS		
Total pension liability	\$ 183,632,592	\$ 10,870,772	\$ 167,030,999	\$ 11,768,445	\$ 161,370,735	\$ 10,249,201	\$ 156,115,763	\$ 9,443,629		
Plan fiduciary net position	(154,053,263)	(178,311)	(141,780,921)	(113,859)	(148,454,394)	(50,774)	(150,014,292)	(93,385)		
Net pension liability	<u>\$ 29,579,329</u>	<u>\$ 10,692,461</u>	<u>\$ 25,250,078</u>	<u>\$ 11,654,586</u>	<u>\$ 12,916,341</u>	<u>\$ 10,198,427</u>	<u>\$ 6,101,471</u>	<u>\$ 9,350,244</u>		
Plan fiduciary net position as a percentage of the total pension liability	83.89%	1.64%	84.88%	0.97%	92.00%	0.50%	96.09%	0.99%		
Charter Middle Schools:										
Share of net pension liability as a percentage	0.009167388%	0.014203866%	0.008687191%	0.013636514%	0.009774085%	0.013999520%	0.010014704%	0.014743185%		
Share of net pension liability as an amount	\$ 2,711,652	\$ 1,518,743	\$ 2,193,523	\$ 1,589,279	\$ 1,262,454	\$ 1,427,731	\$ 611,044	\$ 1,378,524		
Covered-employee payroll	\$ 5,398,562	\$ 5,398,562	\$ 5,357,386	\$ 5,357,386	\$ 5,273,513	\$ 5,273,513	\$ 5,373,301	\$ 5,373,301		
Net pension liability as a percentage of covered-employee payroll	50.23%	28.13%	40.94%	29.67%	23.94%	27.07%	11.37%	25.66%		

Note to Schedule:

Assumptions:

1. The total pension liability for each cost-sharing defined benefit plan was determined by an actuarial valuation as of July 1, 2022, using the individual entry age actuarial cost method.
2. Inflation increases for both plans is assumed at 2.40%.
3. Payroll growth, including inflation, for both plans is assumed at 3.25%.
4. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.70%.
5. Mortality assumptions for both the FRS Pension Plan and the HIS Program were based on the PUB-2010 base table, projected generationally with Scale MP-2018.
6. The municipal bond rate (the Bond Buyer General Obligation 20-Bond Municipal Bond Index) used to determine total pension liability for HIS was 3.54%.

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. For the fiscal year ended June 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at the retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes.

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

Charter High School Required Supplementary Information Pension Schedule

Reporting period as of: Measurement date as of:	6/30/2023 6/30/2022		6/30/2022 6/30/2021		6/30/2021 6/30/2020		6/30/2020 6/30/2019		6/30/2019 6/30/2018	
Florida Retirement System Plan (in thousands):	FRS	HIS	FRS	HIS	FRS	HIS	FRS	HIS	FRS	HIS
Total pension liability	\$ 217,434,441	\$ 11,126,966	\$ 209,636,046	\$ 12,719,121	\$ 204,909,739	\$ 12,588,098	\$ 198,012,334	\$ 11,491,044	\$ 191,317,399	\$ 10,816,576
Plan fiduciary net position	(180,226,405)	(535,368)	(202,082,183)	(452,618)	(161,568,265)	(378,261)	(163,573,726)	(302,045)	(161,196,881)	(232,463)
Net pension liability	<u>\$ 37,208,036</u>	<u>\$ 10,591,597</u>	<u>\$ 7,553,863</u>	<u>\$ 12,266,503</u>	<u>\$ 43,341,474</u>	<u>\$ 12,209,837</u>	<u>\$ 34,438,608</u>	<u>\$ 11,188,999</u>	<u>\$ 30,120,518</u>	<u>\$ 10,584,113</u>
Plan fiduciary net position as a percentage of the total pension liability	82.89%	4.81%	96.40%	3.56%	78.85%	3.00%	82.61%	2.63%	84.26%	2.15%
Charter High School:										
Share of net pension liability as a percentage	0.013994127%	0.020173943%	0.013363337%	0.019271451%	0.011554431%	0.018577679%	0.011433330%	0.018604000%	0.011548723%	0.018683750%
Share of net pension liability as an amount	\$ 5,206,940	\$ 2,136,743	\$ 1,009,448	\$ 2,363,933	\$ 5,007,861	\$ 2,268,304	\$ 3,937,480	\$ 2,081,601	\$ 3,478,535	\$ 1,977,509
Covered-employee payroll	\$ 7,627,315	\$ 7,627,315	\$ 7,368,647	\$ 7,368,647	\$ 6,822,503	\$ 6,822,503	\$ 6,221,975	\$ 6,221,975	\$ 7,140,664	\$ 7,140,664
Net pension liability as a percentage of covered-employee payroll	68.27%	28.01%	13.70%	32.08%	73.40%	33.25%	63.28%	33.46%	48.71%	27.69%
Reporting period as of: Measurement date as of:	6/30/2018 6/30/2017		6/30/2017 6/30/2016		6/30/2016 6/30/2015		6/30/2015 6/30/2014			
Florida Retirement System Plan (in thousands):	FRS	HIS	FRS	HIS	FRS	HIS	FRS	HIS		
Total pension liability	\$ 183,632,592	\$ 10,870,772	\$ 167,030,999	\$ 11,768,445	\$ 161,370,735	\$ 10,249,201	\$ 156,115,763	\$ 9,443,629		
Plan fiduciary net position	(154,053,263)	(178,311)	(141,780,921)	(113,859)	(148,454,394)	(50,774)	(150,014,292)	(93,385)		
Net pension liability	<u>\$ 29,579,329</u>	<u>\$ 10,692,461</u>	<u>\$ 25,250,078</u>	<u>\$ 11,654,586</u>	<u>\$ 12,916,341</u>	<u>\$ 10,198,427</u>	<u>\$ 6,101,471</u>	<u>\$ 9,350,244</u>		
Plan fiduciary net position as a percentage of the total pension liability	83.89%	1.64%	84.88%	0.97%	92.00%	0.50%	96.09%	0.99%		
Charter High School:										
Share of net pension liability as a percentage	0.012016723%	0.018962929%	0.011451996%	0.018074525%	0.012391542%	0.018101749%	0.011808963%	0.017492768%		
Share of net pension liability as an amount	\$ 3,554,466	\$ 2,027,604	\$ 2,891,638	\$ 2,106,511	\$ 1,600,534	\$ 1,846,094	\$ 720,520	\$ 1,635,616		
Covered-employee payroll	\$ 6,894,012	\$ 6,894,012	\$ 6,648,338	\$ 6,648,338	\$ 6,249,677	\$ 6,249,677	\$ 5,987,830	\$ 5,987,830		
Net pension liability as a percentage of covered-employee payroll	51.56%	29.41%	43.49%	31.68%	25.61%	29.54%	12.03%	27.32%		

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, 2022, using the individual entry age actuarial cost method.
2. Inflation increases for both plans is assumed at 2.40%.
3. Payroll growth, including inflation, for both plans is assumed at 3.25%.
4. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.70%.
5. Mortality assumptions for both the FRS Pension Plan and the HIS Program were based on the PUB-2010 base table, projected generationally with Scale MP-2018.
6. The municipal bond rate (the Bond Buyer General Obligation 20-Bond Municipal Bond Index) used to determine total pension liability for HIS was 3.54%.

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. For the fiscal year ended June 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at the retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes.

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

Fiscal year ended June 30:	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 2,620,578	\$ 2,241,335	\$ 1,934,235	\$ 1,574,740	\$ 1,476,624	\$ 1,413,716	\$ 1,311,513	\$ 1,191,296	\$ 1,202,083	\$ 1,157,206
Contributions in relation to the contractually required contribution	(2,620,578)	(2,241,335)	(1,934,235)	(1,574,740)	(1,476,624)	(1,413,716)	(1,311,513)	(1,191,296)	(1,202,083)	(1,157,206)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 21,916,079	\$ 20,579,187	\$ 19,160,421	\$ 18,485,891	\$ 17,896,351	\$ 17,896,351	\$ 20,037,874	\$ 19,526,431	\$ 19,069,280	\$ 19,177,190
Contributions as a percentage of covered-employee payroll	11.96%	10.89%	10.09%	8.52%	8.25%	7.90%	6.55%	6.10%	6.30%	6.03%

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

Required Supplementary Information Other Post-Employment Benefit Plan (OPEB) Schedule of Changes in Net OPEB Liability and Related Ratios Last Ten Fiscal Years (1)

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

Note to Schedule:

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

(2) Includes all active members with no adjustments.

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution (1)	\$ 33,692	\$ 37,071	\$ 48,111	\$ 156,237	\$ 157,303	\$ 41,981	\$ 26,989	\$ 35,375	\$ 35,577	\$ 41,061
Contributions in relation to the actuarially determined contribution	67,398	60,158	60,472	181,487	54,751	62,377	66,706	43,954	41,061	41,079
Contributions deficiency (excess)	<u>\$ (33,706)</u>	<u>\$ (23,086)</u>	<u>\$ (12,361)</u>	<u>\$ (25,250)</u>	<u>\$ 102,551</u>	<u>\$ (20,396)</u>	<u>\$ (39,717)</u>	<u>\$ (8,579)</u>	<u>\$ (5,484)</u>	<u>\$ (18)</u>
Covered-employee payroll	\$ 677,543	\$ 591,044	\$ 544,416	\$ 1,561,416	\$ 663,566	\$ 260,156	\$ 315,444	\$ 306,256	\$ 297,336	\$ 288,676
Contributions as a percentage of covered-employee payroll	9.95%	10.18%	11.11%	11.62%	8.25%	23.98%	21.15%	14.35%	13.81%	14.23%

Note to Schedule:

Valuation date:	10/1/2022
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 4.8 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 starting on September 30, 2019.
Remaining amortization period	30 years
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.
Mortality rates	PIB 2010 mortality table and scaled using MP-20 and applied on a gender specific basis
Actuarial assumptions:	
Inflation rate	2.6%
Investment rate of return (2)	7.2%
Projected salary increase rate	3.0%
Healthcare cost trend rate (3)	6.8% initial
	4.0% ultimate
Post-retirement benefits increase	N/A

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

(2) Valuation results are developed assuming a discount rate of 7.2% determined based on the long-term yield on the investments used to finance the payment of benefits.

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



INDEPENDENT AUDITORS' REPORT

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*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the special purpose financial statements of the governmental activities and each major fund of the City of Pembroke Pines, Florida Charter Schools (the "Schools") operating under the charter sponsored by the Broward County School Board, as of and for the year ended June 30, 2023, and the related notes to the special purpose financial statements and have issued our report thereon dated December 21, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Schools' special purpose 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 special purpose 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 is required to be reported under *Government Auditing Standards*.

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

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.

GLSC & Company, PLLC

Miami, Florida
December 21, 2023



**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES
OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

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

Report on the Special Purpose Financial Statements

We have audited the special purpose financial statements of the City of Pembroke Pines, Florida Charter Schools (the "Schools") (special revenue funds of the City of Pembroke Pines, Florida), as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated December 21, 2023.

Auditors' 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 Reports and Schedules

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Special Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated December 21, 2023, 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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and 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 of the entity is City of Pembroke Pines, Florida Charter Schools, special revenue funds of the City of Pembroke Pines, Florida and the corresponding school codes are 5051, 5081 and 5121.

Financial Condition and Management

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the Schools. It is management's responsibility to monitor the Schools' financial condition, and our financial condition assessment was based in part on representations made by management and the 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 Schools maintain on their Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the Schools maintained on their Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have 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 of the Schools, Broward County District School Board, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank the Schools and the personnel associated with them, for the opportunity to be of service to them in this endeavor as well as future engagements and the courtesies extended to us.



Miami, Florida
December 21, 2023

City of Pembroke Pines, Florida Charter Schools

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2022-001 Noncompliance with Charter School Agreement

Condition: The City of Pembroke Pines, Florida Charter Schools (the “Schools”) failed to submit their annual audited financial statements (AFR) to the School Board of Broward County, Florida (SBBC) promptly. The charter agreement with SBBC requires the submission of the AFR on or before December 31st of each year.

Status: The AFR for the fiscal year ending June 30, 2022, was submitted to SBBC on January 31, 2023. This submission complies with the 20-day curing period from the Notice of Default dated January 17, 2023.

The Schools will submit the AFR for June 30, 2023, on or before December 31, 2023.