

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

SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(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	17-52
REQUIRED SUPPLEMENTARY INFORMATION (OTHER THAN MD&A):	
Budgetary Comparison Schedules	53-55
Note to Budgetary Comparison Schedules	56
Pension Schedules	57-59
Schedule of Pension Contributions	60
Schedule of Changes in Net OPEB Liability and Related Ratios	61
Schedule of Employer Contributions	62
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>	63-64
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	65-66
Schedule of Findings and Recommendations	67



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, 2022, 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, 2022, 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, 2022, 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.

Emphasis of a Matter—Change in Accounting Principle

As described in Note 7 to the financial statements, effective July 1, 2021, the School adopted GASB Statement No. 87, *Leases*. 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; this includes 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.

Auditor's 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, 53-56, 57-60 and 61-62 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 January 30, 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.



Miami, Florida
January 30, 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, 2022. 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 (\$8,438,727) (*net position*) which increased by \$2,074,114 from prior year.
- As of the close of the current fiscal year, the Schools' governmental funds' financial statements reported combined ending fund balances of \$3,625,765 or 6.70% of total expenditures. This represents an increase of \$812,177 from prior year. The entire fund balance is assigned for rent payments.

Overview of the Special Purpose Financial Statements

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

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

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

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

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

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

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

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

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

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

Supplementary Auditors' Reports. This section includes the following:

- Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, which can be found on pages 63-64.
- Management Letter in Accordance with the Rules of the Auditor General of the State of Florida, which can be found on pages 65-66.

Government-wide financial analysis. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2022, the Schools' total net position increased by \$2,074,114 when compared to prior year primarily because of liabilities exceeding the assets during the year.

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Increase/ (Decrease)
	2022	2021	
Current assets	\$ 6,221,429	\$ 5,763,829	\$ 457,600
Capital assets, net of depreciation/amortization	43,188,312	2,685,819	40,502,493
Total assets	49,409,741	8,449,648	40,960,093
 Total deferred outflows of resources	 6,841,712	 7,234,090	 (392,378)
Current liabilities	2,984,710	2,950,241	34,469
Noncurrent liabilities	50,921,777	22,191,171	28,730,606
Total liabilities	53,906,487	25,141,412	28,765,075
 Total deferred inflows of resources	 10,783,693	 1,055,167	 9,728,526
Net position:			
Net investment in capital assets	2,843,958	2,685,819	158,139
Unrestricted	(11,282,685)	(13,198,660)	1,915,975
Total net position	\$ (8,438,727)	\$ (10,512,841)	\$ 2,074,114

Total assets increased by \$40,960,093 (484.8 %) due to a \$457,600 increase in current assets and a \$40,502,493 increase in capital assets, net of depreciation/amortization. The \$457,600 (7.9 %) increase in current assets was due to the additional \$3,401,106 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 \$2,851,182 decrease in pooled cash and cash equivalents attributable to the advance funding of the ESSER expenditures in prior year. The increase in capital assets, net of depreciation/amortization is due to the Schools' implementation of Governmental Accounting Standards Board Statement No. 87 ("Statement 87") – Leases, which also affects the increase in the corresponding long-term liabilities (Note 7 of the Basic Financials). Statement 87 requires the Schools as the lessee to recognize a lease liability and an intangible right-to-use lease assets (a capital asset herein after referred to as the lease asset).

Total liabilities increased by \$28,765,075 (114.4 %) as a result of a \$34,469 increase in accrued liabilities due to the timing of payments and an increase of \$28,730,606 in noncurrent liabilities mainly attributed to the implementation of Statement 87 offset by the decline in net pension and OPEB liabilities due to significant investment losses in the OPEB plan assets during the year.

Net investment in capital assets increased by \$158,139 (5.9 %), and unrestricted net position increased by \$1,915,975 (14.5 %) from the prior year.

As of June 30, 2022, net investment in capital assets (e.g., improvements other than buildings and equipment) amounted to \$2,843,958. The Schools do not have any related debt outstanding that was used to acquire these assets except for the lease assets and related liability as required by Statement 87. These assets are not available for future spending.

Governmental activities. The Schools' total net position at the end of the year amounted to (\$8,438,727), an increase of \$2,074,114 (-19.7 %) from the previous fiscal year. The total cost of all governmental activities this year was \$52,894,152. Key elements of these changes in net position are as follows:

CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities		Increase/ (Decrease)
	<u>2022</u>	<u>2021</u>	
Revenues:			
Program revenues:			
Charges for services	\$ 3,859,187	\$ 2,986,416	\$ 872,771
Operating grants and contributions	9,293,029	3,761,770	5,531,259
Capital grants and contributions	167,831	283,328	(115,497)
General revenues:			
FTE non-specific revenues	40,606,298	40,186,988	419,310
Unrestricted investment earnings	7,690	9,869	(2,179)
Rental income	1,005,502	935,538	69,964
E-rate program	7,222	17,554	(10,332)
Other revenue	<u>21,507</u>	<u>266,444</u>	<u>(244,937)</u>
Total revenues	<u>54,968,266</u>	<u>48,447,907</u>	<u>6,520,359</u>
Expenses:			
Instructional services	27,987,806	28,001,905	(14,099)
Instructional support services	2,540,734	1,998,270	542,464
Food services	3,152,262	1,890,423	1,261,839
Student transportation services	2,179,309	1,429,247	750,062
Operation and maintenance of school	11,887,507	11,135,432	752,075
School administration	4,074,730	4,515,228	(440,498)
Interest	389,046	-	389,046
Other	<u>682,758</u>	<u>588,445</u>	<u>94,313</u>
Total expenses	<u>52,894,152</u>	<u>49,558,950</u>	<u>3,335,202</u>
Change in net position	2,074,114	(1,111,043)	3,185,157
Net position, beginning	<u>(10,512,841)</u>	<u>(9,401,798)</u>	<u>(1,111,043)</u>
Net position - ending	<u>\$ (8,438,727)</u>	<u>\$ (10,512,841)</u>	<u>\$ 2,074,114</u>

The Schools' total revenues increased by \$6,520,359 (13.5 %) during the year. This increase is mainly due to a \$5,531,259 (147.0 %) increase in operating grants and contributions, an \$872,771 (29.2%) increase in charges for services, and a \$419,310 (1.0%) increase in FTE non-specific revenues, offset by a decrease of \$244,937 (-1,982.3%) in other revenues, and \$115,497 (-40.8 %) in capital grants and contributions.

The \$872,771 increase in charges for services is attributable to the \$568,310 increase in before and after school education, \$183,863 increase in food services revenues, and \$82,362 increase in student transportation revenue due to students being back to school after its closure in the prior year due to COVID-19 pandemic.

The \$5,531,259 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 and increase in the unit rate for school breakfast/lunch subsidies.

The \$115,497 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 the early part of fiscal year 2022.

The \$419,310 increase in FTE non-specific revenues resulted from a \$792,050 increase in Florida Education Finance Program (FEFP) funding and \$102,605 additional teacher salary allocation funding to cover the increase in minimum wages of the teachers. These increases were offset by the \$241,488 decrease in the funding allocation for class size reduction and \$376,432 of funding for student transportation.

Total expenses increased by \$3,335,202 (6.7 %) from the prior year. This increase was mainly due to an increase in operating expenses of \$5,038,628 (27.1%), offset by a decrease in personnel cost of \$1,703,426 (5.5%).

The increase in operating expenses was mainly due to the rise in dining and transportation payments since the schools were back on campuses as opposed to virtual learning in the prior year. The \$1,703,426 decrease in personnel costs, including benefits, was mainly attributable to the decreased 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, 2022, the Schools had final estimated revenues and appropriations of \$55,235,010 and \$56,069,569, 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 \$397,382. This was mainly due to an increase of \$362,369 in revenues for the federally funded school breakfast and lunch programs and \$35,013 in the state program for Student Support and Academic Enrichments (SSAE) grants.

Amendments were also made to increase the expenditure budget by approximately \$586,000. These adjustments include increasing the operating costs such as professional and technical services to support the school breakfast and lunch programs and purchasing software related to textbooks' digital versions. These increases were offset by an approximately \$480,000 decrease in annual true-up adjustments for health, life, and workers' compensation insurance.

After appropriations were amended, as described above, actual revenues were over the budgeted revenues by \$15,386, and overall actual expenditures were below final budgeted amounts by \$832,667 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 \$298,914. This was mainly due to an increase of \$249,665 in revenues for the federally funded school breakfast and lunch programs and \$48,018 in the state program for Student Support and Academic Enrichments (SSAE) grants.

Amendments were also made to increase the expenditure budget by approximately \$437,000. These adjustments include increasing the operating costs such as professional and technical services to support the school breakfast and lunch programs and purchasing software related to textbooks' digital versions. These increases were offset by an approximately \$322,000 decrease in annual true-up adjustments for health, life, and workers' compensation insurance.

After appropriations were amended, as described above, actual revenues were over the budgeted revenues by \$141,581, and actual expenditures were below final budgeted amounts by \$565,251 before transfers.

The Charter High School made the following amendments to budget:

Several amendments were made to increase budgeted revenues totaling \$348,820. This was mainly due to an increase of \$247,596 in revenues for the federally funded school breakfast and lunch programs and \$78,428 in the state program for Student Support and Academic Enrichments (SSAE) grants.

Amendments were also made to increase the expenditure budget by approximately \$476,000. These adjustments include increasing the operating costs such as professional and technical services to support the school breakfast and lunch programs and purchasing software related to textbooks' digital versions. These increases were offset by an approximately \$478,000 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 \$423,708, and actual expenditures were below final budgeted amounts by \$515,559 before transfers.

Capital Assets

The Schools' investment in capital assets for its governmental activities as of June 30, 2022 amounted to \$43,188,312, net of accumulated depreciation/amortization. This investment in capital assets includes improvements other than buildings, equipment, lease assets – building, and construction in progress.

CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities		Increase/ (Decrease)
	<u>2022</u>	<u>2021</u>	
Improvements other than buildings	\$ 1,509,351	\$ 1,576,695	\$ (67,344)
Equipment	1,177,003	729,756	447,247
Lease assets - building	40,012,591	-	40,012,591
Construction in progress	<u>489,367</u>	<u>379,368</u>	<u>109,999</u>
Total capital assets	<u>\$ 43,188,312</u>	<u>\$ 2,685,819</u>	<u>\$ 40,502,493</u>

In fiscal year 2022, total capital purchases amounted to approximately \$744,000. Of this amount, approximately \$634,000 was spent on purchasing equipment to support the schools and approximately \$110,000 on an ongoing building safety and security improvement project. The \$40 million increase in lease assets – building was due to implementation of Statement 87 effective beginning of the fiscal year 2022. The effect of the adoption was to capitalize a right of use asset (building) with a corresponding liability, which is being amortized over the life of the underlying lease agreements. The overall impact on the financial statements was to record interest and amortization expense related to the underlying asset and liability which results in total higher expense (compared to pre-adoption) during the early years of the lease agreement.

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

Economic Factors and Next Year's Budgets and Rates

- Capital outlay funding from the State is expected to increase by 4.0% for FY 2022-2023. The State is funding this revenue at an estimated 56% of the total maximum allocation.
- For fiscal year 2022-2023, the Base Student Allocation (BSA) used to calculate the Florida Education Finance Program (FEFP) revenues increased by approximately \$214.49 to \$4,587.40 in fiscal year 2022-2023 as per Florida State Legislature HB 5001 FEFP Conference Report dated March 10, 2022.
- The State determined annual employer contribution to the Florida Retirement System will increase to 11.91% for fiscal year 2022-2023 from 10.82% for fiscal year 2021-22.
- The Schools' student attendance rate remains stable at 94.63%.

- The Schools' enrollment is at 100% capacity.
- Broward County residents voted to approve the Secure the Next Generation voter referendum on August 20, 2018. Revenues from this will help fund the salaries of our School Resource Officers assigned to our Broward County Sponsored Charter Schools through June 2023.
- The Schools have estimated revenues and appropriations in the fiscal year 2022-2023 budgets of \$62,330,460.

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, 2022

	Governmental Activities
<u>ASSETS</u>	
Pooled cash and cash equivalents	\$ 2,699,404
Due from Broward County	3,409,536
Due from Federal and State Government	90,979
Other miscellaneous receivables	21,510
Capital assets being depreciated, net	<u>43,188,312</u>
Total assets	<u>49,409,741</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflows related to pension	6,664,491
Deferred outflows related to OPEB	177,221
Total deferred outflows of resources	<u>6,841,712</u>
<u>LIABILITIES</u>	
Accrued liabilities	1,604,939
Accrued interest payable	389,046
Unearned revenue	213,315
Deposits	777,410
Noncurrent liabilities:	
Due within one year	7,247,380
Due in more than one year	<u>43,674,397</u>
Total liabilities	<u>53,906,487</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflows related to pension	10,631,230
Deferred inflows related to OPEB	152,463
Total deferred inflows of resources	<u>10,783,693</u>
<u>NET POSITION</u>	
Net investment in capital assets	2,843,958
Unrestricted	<u>(11,282,685)</u>
Total net position	<u>\$ (8,438,727)</u>

See notes to special purpose financial statements.

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants</u>	<u>Net (Expense) Revenue and Changes in Net Position Total Governmental Activities</u>
Governmental activities:					
Instructional services	\$ 27,987,806	\$ -	\$ 180,620	\$ -	\$ (27,807,186)
Instructional support services	2,540,734	-	-	-	(2,540,734)
Food services	3,152,262	183,071	4,026,497	-	1,057,306
Student transportation services	2,179,309	119,976	-	-	(2,059,333)
Operation and maintenance of school	11,887,507	2,822,468	494,571	167,831	(8,402,637)
School administration	4,074,730	430	4,591,341	-	517,041
Interest	389,046	-	-	-	(389,046)
Other	682,758	733,242	-	-	50,484
Total Charter Schools	<u>\$ 52,894,152</u>	<u>\$ 3,859,187</u>	<u>\$ 9,293,029</u>	<u>\$ 167,831</u>	<u>(39,574,105)</u>
General revenues:					
					40,606,298
					7,690
					1,005,502
					7,222
					21,507
					<u>41,648,219</u>
					2,074,114
					(10,512,841)
					<u>\$ (8,438,727)</u>

See notes to special purpose financial statements.

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2022

	<u>Charter Elementary Schools</u>	<u>Charter Middle Schools</u>	<u>Charter High School</u>	<u>Total</u>
<u>ASSETS</u>				
Pooled cash and cash equivalents	\$ 1,956,610	\$ 84,158	\$ 658,636	\$ 2,699,404
Due from Broward County	1,344,718	861,262	1,203,556	3,409,536
Due from Federal and State Government	46,546	32,013	12,420	90,979
Other miscellaneous receivables	<u>6,506</u>	<u>6,506</u>	<u>8,498</u>	<u>21,510</u>
Total assets	<u>\$ 3,354,380</u>	<u>\$ 983,939</u>	<u>\$ 1,883,110</u>	<u>\$ 6,221,429</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accrued liabilities	\$ 599,498	\$ 470,462	\$ 534,979	\$ 1,604,939
Unearned revenue	94,541	44,835	73,939	213,315
Deposits	<u>208,317</u>	<u>114,257</u>	<u>454,836</u>	<u>777,410</u>
Total liabilities	<u>902,356</u>	<u>629,554</u>	<u>1,063,754</u>	<u>2,595,664</u>
Fund balances:				
Assigned for rent payments	<u>2,452,024</u>	<u>354,385</u>	<u>819,356</u>	<u>3,625,765</u>
Total fund balances	<u>2,452,024</u>	<u>354,385</u>	<u>819,356</u>	<u>3,625,765</u>
Total liabilities and fund balances	<u>\$ 3,354,380</u>	<u>\$ 983,939</u>	<u>\$ 1,883,110</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. 43,188,312

Compensated absences, shown as noncurrent liabilities, are not due and payable in the current period and, therefore, are not reported in the funds. (1,064,629)

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

Deferred outflows of resources 6,841,712
Deferred inflows of resources (10,783,693)

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. (50,246,194)

Net position of governmental activities (page 12) \$ (8,438,727)

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

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

FISCAL YEAR ENDED JUNE 30, 2022

	Charter Elementary <u>Schools</u>	Charter Middle <u>Schools</u>	Charter High <u>School</u>	<u>Total</u>
Revenues:				
Local	\$ 16,358,416	\$ 10,805,954	\$ 18,837,610	\$ 46,001,980
Federal and State grants	<u>3,527,352</u>	<u>2,332,140</u>	<u>3,106,797</u>	<u>8,966,289</u>
Total revenues	<u>19,885,768</u>	<u>13,138,094</u>	<u>21,944,407</u>	<u>54,968,269</u>
Expenditures:				
Current:				
K-3 Basic	6,378,063	-	-	6,378,063
4-8 Basic	3,229,005	7,191,166	1,443,580	11,863,751
9-12 Basic	-	-	8,051,487	8,051,487
Intensive English/ESOL	-	804	-	804
Exceptional student program	764,982	687,822	493,260	1,946,064
Vocational 6-12	-	-	240,490	240,490
Substitute teachers	108,997	102,499	142,312	353,808
School/other	16,703	37,623	17,462	71,788
Guidance services	258,600	242,125	715,535	1,216,260
Health services	326,763	135,242	156,957	618,962
Instructional media services	260,470	207,455	152,429	620,354
Office of Innovative Learning	83,862	82,371	85,189	251,422
ESE specialist	-	-	100,270	100,270
Instructional staff training service	31,803	23,416	17,304	72,523
Board	13,626	9,084	4,543	27,253
General administration	13,097	9,231	14,608	36,936
School administration	1,616,327	1,137,099	1,462,037	4,215,463
Food services	1,243,238	859,307	1,049,717	3,152,262
Student transportation services	756,513	533,887	888,908	2,179,308
Operation of school	3,171,876	2,517,557	5,613,946	11,303,379
Child care supervision	347,851	-	7,951	355,802
Athletics	-	29,507	326,557	356,064
Capital outlay	<u>231,113</u>	<u>183,478</u>	<u>328,988</u>	<u>743,579</u>
Total expenditures	<u>18,852,889</u>	<u>13,989,673</u>	<u>21,313,530</u>	<u>54,156,092</u>
Excess (Deficit) of revenues over (under) expenditures	<u>1,032,879</u>	<u>(851,579)</u>	<u>630,877</u>	<u>812,177</u>
Other financing sources (uses):				
Transfers in	-	1,205,000	-	1,205,000
Transfers out	<u>(550,000)</u>	<u>-</u>	<u>(655,000)</u>	<u>(1,205,000)</u>
Total other financing sources (uses)	<u>(550,000)</u>	<u>1,205,000</u>	<u>(655,000)</u>	<u>-</u>
Net change in fund balances	482,879	353,421	(24,123)	812,177
Fund balances, beginning	<u>1,969,145</u>	<u>964</u>	<u>843,479</u>	<u>2,813,588</u>
Fund balances, ending	<u>\$ 2,452,024</u>	<u>\$ 354,385</u>	<u>\$ 819,356</u>	<u>\$ 3,625,765</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, 2022

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

Net change in fund balances - total governmental funds (Page 15)	\$ 812,177
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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	743,579	
Depreciation expense	<u>(585,440)</u>	
Net adjustment		158,139

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	92,683	
Interest expense	(389,046)	
Pension expense, net of contributions	1,383,193	
OPEB benefit, net of contributions	<u>16,968</u>	

Change in net position of governmental activities (page 13)	<u>\$ 2,074,114</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 04, 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, 2022, 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 2021-22 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.

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. Expenditures are recorded when a liability is incurred, as under accrual accounting.

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)

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 1,891 student stations for the 2021-22 school year.

Charter Middle Schools – The Middle Schools consist of a West and Central campus, serving 1,333 student stations for the 2021-22 school year.

Charter High School – The Charter High School, located at the Academic Village site, serving 2,109 student stations for the 2021-22 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.

2. Receivables

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

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)

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, 2022.

4. Capital Assets

Capital assets, which include improvements other than buildings, lease assets – building, and equipment, 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 \$1,000 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 right to use assets (building) are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments prior to the lease term, less lease incentives, and any ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

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 of use asset (building)	8
Improvements other than buildings	5-50
Equipment	3-10

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.

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

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.

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.

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)

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. 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.

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)

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).

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, 2022.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

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 (Continued)

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.

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.

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)

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 11 and Note 12, 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 11 and Note 12, respectively.

13. New Accounting Pronouncement - Adopted

The GASB issued Statement No. 87, *Leases* (GASB 87). The objective of GASB 87 is to establish a uniform approach for lease accounting based on the principle that leases are financings of the right to use an underlying asset. In accordance with the statement, parties to a lease agreement, the lessee and lessor, are required to recognize a lease liability and an intangible right-to-use lease asset, and a lease receivable and deferred inflow of resources, respectively. The new lease standard also required enhanced disclosures which include a general description of the leasing arrangement, the aggregated amount of resource inflows and outflows recognized from lease contract, including those not included in the measurement of the lease liability and receivable, and the disclosure of the long-term effect of lease arrangement on a government's resources.

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 (Continued)

The Charter Schools adopted GASB 87 in the fiscal year ended June 30, 2022. The adoption of GASB 87 in recognition of lease assets and lease liability amounting to \$45,728,676 as of July 1, 2021.

NOTE 2. DEPOSITS AND INVESTMENTS

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

As of June 30, 2022, the Schools' pooled cash and cash equivalents are summarized as follows:

<u>Description</u>	<u>Carrying Amount</u>
State Board of Administration	\$ 2,697,529
Cash on hand	<u>1,875</u>
Total pooled cash and cash equivalents	<u>\$ 2,699,404</u>

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

Authorized Investments per the Investment Policy are as follows:

List of Authorized Investments:

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

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

(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.

(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.

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

(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.

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, 2022 are provided below.

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

	<u>Fair Value</u>	<u>Weighted Average Life</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating S&P</u>
SBA (the Florida PRIME)	\$2,697,529	71 days	28 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.

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, 2022, the Schools had \$2,697,529 invested in the Florida PRIME. The investments in the Florida PRIME are not restricted as to deposits or withdrawals. Florida PRIME currently meets all the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost. Therefore, Florida PRIME investment is exempt from the GASB 72 fair value hierarchy disclosures, and the account balance should also be considered the fair value of the investment.

The Schools have the following recurring fair value measurements as of June 30, 2022:

Investments Measured at the Net Asset Value (NAV)

State Board of Administration – Florida PRIME	\$2,697,529
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CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 3. REVENUE SOURCES

	<u>Elementary</u> <u>Schools</u>	<u>Middle</u> <u>Schools</u>	<u>High</u> <u>School</u>	<u>Total</u>
Broward County School Board:				
Florida Education Finance Program	\$ 9,259,944	\$ 6,033,262	\$ 11,154,565	\$ 26,447,771
Class size reduction	2,027,091	1,275,074	2,038,726	5,340,891
Public education capital outlay (PECO)	1,000,796	705,407	1,116,265	2,822,468
District school taxes	1,256,681	837,699	1,502,890	3,597,270
Supplemental academic instruction	411,082	289,746	458,554	1,159,382
Digital classroom allocation	1,182	833	1,319	3,334
Transportation revenue	118,503	167,475	259,182	545,160
ESE guaranteed allocation	352,211	419,731	546,603	1,318,545
Teacher salary allocation	362,139	236,809	437,442	1,036,390
Instructional materials	123,020	86,707	156,470	369,197
Safe schools program	112,325	79,170	125,293	316,788
Mental health allocation	73,783	52,004	82,301	208,088
Summer reading program	79,955	52,087	96,327	228,369
Library media materials	7,563	5,331	8,436	21,330
School lunch supplement	2,711	1,904	2,995	7,610
Science lab materials	2,067	1,457	2,306	5,830
School breakfast supplement	<u>1,190</u>	<u>836</u>	<u>1,316</u>	<u>3,342</u>
Total Broward County School Board	<u>15,192,243</u>	<u>10,245,532</u>	<u>17,990,990</u>	<u>43,428,765</u>
Other:				
Rental revenue	174,838	333,267	497,397	1,005,502
Food sales	41,914	71,000	70,158	183,072
Contributions	169,458	117,640	207,473	494,571
Before and after school education program	723,624	-	9,618	733,242
In-house transportation	42,729	30,027	47,220	119,976
Interest	4,512	186	2,991	7,689
ICMA forfeiture revenue	6,506	6,506	8,498	21,510
E-rate program	2,592	1,796	2,835	7,223
Other miscellaneous revenue	<u>-</u>	<u>-</u>	<u>430</u>	<u>430</u>
Total other	<u>1,166,173</u>	<u>560,422</u>	<u>846,620</u>	<u>2,573,215</u>
Total local	<u>16,358,416</u>	<u>10,805,954</u>	<u>18,837,610</u>	<u>46,001,980</u>
Federal and State grants:				
National school lunch program	1,225,212	846,407	1,086,880	3,158,499
NSLP non-cash assistance (commodities)	72,804	51,154	80,467	204,425
School breakfast program	339,995	164,026	147,378	651,399
Elementary and secondary school emergency relief fund	1,788,664	1,175,340	1,627,337	4,591,341
Safety and security school building	58,877	41,489	67,465	167,831
Individuals with disabilities education act (IDEA)	6,788	4,706	6,668	18,162
Carl Perkins Grant	-	-	12,174	12,174
Student Support and Academic Enrichment	<u>35,012</u>	<u>49,018</u>	<u>78,428</u>	<u>162,458</u>
Total Federal and State grants	<u>3,527,352</u>	<u>2,332,140</u>	<u>3,106,797</u>	<u>8,966,289</u>
Total Revenue Sources	<u>\$ 19,885,768</u>	<u>\$ 13,138,094</u>	<u>\$ 21,944,407</u>	<u>\$ 54,968,269</u>

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

	<u>Balance</u> <u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2022</u>
Capital assets, not being depreciated:				
Construction-in-progress	\$ 379,368	\$ 109,999	\$ -	\$ 489,367
Total capital assets being depreciated	<u>379,368</u>	<u>109,999</u>	<u>-</u>	<u>489,367</u>
Capital assets, being depreciated:				
Improvements other than buildings	2,812,948	-	-	2,812,948
Equipment	3,345,464	633,580	(17,299)	3,961,745
Lease assets - Buildings	<u>45,728,676</u>	<u>-</u>	<u>-</u>	<u>45,728,676</u>
Total capital assets being depreciated	<u>51,887,088</u>	<u>633,580</u>	<u>(17,299)</u>	<u>52,503,369</u>
Less accumulated depreciation for:				
Improvements other than buildings	(1,236,253)	(67,344)	-	(1,303,597)
Equipment	(2,615,708)	(186,333)	17,299	(2,784,742)
Lease assets - Buildings	<u>-</u>	<u>(5,716,085)</u>	<u>-</u>	<u>(5,716,085)</u>
Total accumulated depreciation	<u>(3,851,961)</u>	<u>(5,969,762)</u>	<u>17,299</u>	<u>(9,804,424)</u>
Total capital assets being depreciated, net	<u>48,035,127</u>	<u>(5,336,182)</u>	<u>-</u>	<u>42,698,945</u>
	<u>\$ 48,414,495</u>	<u>\$ (5,226,183)</u>	<u>\$ -</u>	<u>\$ 43,188,312</u>

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

Governmental activities:	
Operation and maintenance of school	\$ 5,969,762

NOTE 5. RECEIVABLES

	<u>Charter</u> <u>Elementary</u> <u>Schools</u>	<u>Charter</u> <u>Middle</u> <u>Schools</u>	<u>Charter</u> <u>High</u> <u>School</u>	<u>Total</u>
<u>Receivables</u>				
Due from Federal and state government	\$ 46,546	\$ 32,013	\$ 12,420	\$ 90,979
Due from Broward County	1,344,718	861,262	1,203,556	3,409,536
Others	<u>6,506</u>	<u>6,506</u>	<u>8,498</u>	<u>21,510</u>
Total receivables	<u>\$ 1,397,770</u>	<u>\$ 899,781</u>	<u>\$ 1,224,474</u>	<u>\$ 3,522,025</u>

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 6. INTERFUND TRANSFERS

	Transfer Out		<u>Total</u>	<u>Purpose</u>
	Charter Elementary Schools	Charter High School		
<u>Transfers in:</u>				
Charter Middle Schools	\$ 550,000	\$ 655,000	\$1,205,000	Supplement current year operations

NOTE 7. LEASES

For the year ended June 30, 2022, the financial statements include the adoption of GASB 87. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The operating lease right of use assets and liabilities are recognized at adoption date based on the present value of lease payments over the lease term. The discount rate used to calculate the present value is the School's incremental borrowing rate of 0.9670% which is determined primarily based on the lease terms and other economic factors within the region.

On July 1, 2021, the effective date of the adoption of GASB 87 for the Schools, the Schools entered into a 96-month lease as Lessee for the use of Elementary School - West, East, and Central Campuses. An initial lease liability was recorded in the amount of \$15,510,710. As of June 30, 2022, the value of the lease liability is \$14,231,364. The School is required to make annual fixed payments of \$1,279,346. The value of the right to use asset as of June 30, 2022 of \$15,510,710 with accumulated amortization of \$1,938,839 is included with Leased Assets – Buildings on Note 4 – Capital Assets.

On July 1, 2021, the effective date of the adoption of GASB 87 for the Schools, Schools entered into a 96-month lease as Lessee for the use of Middle School - West and Central Campuses. An initial lease liability was recorded in the amount of \$8,457,285. As of June 30, 2022, the value of the lease liability is \$7,267,989. The School is required to make annual fixed payments of \$1,189,296. The value of the right to use asset as of June 30, 2022 of \$8,457,285 with accumulated amortization of \$1,057,161 is included with Leased Assets - Buildings on Note 4 – Capital Assets.

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 7. LEASES (Continued)

On July 1, 2021, the effective date of the adoption of GASB 87 for the Schools, the Schools entered into a 96-month lease as Lessee for the use of High School Campus. An initial lease liability was recorded in the amount of \$21,760,681. As of June 30, 2022, the value of the lease liability is \$18,845,000. The School is required to make annual fixed payments of \$2,915,680. The value of the right to use asset as of June 30, 2022 of \$21,760,681 with accumulated amortization of \$2,720,085 is included with Leased Assets - Buildings on Note 4 – Capital Assets.

As of June 30, 2022, 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
2023	\$ 6,375,537	\$ 390,130	\$ 6,765,667
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
2028-2029	11,038,890	160,344	11,199,234
	\$ 40,344,353	\$ 1,552,079	\$ 41,896,432

NOTE 8. CHANGES IN NONCURRENT LIABILITIES

	Balance <u>July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2022</u>	Due Within <u>One Year</u>
Lease liability	\$ 45,728,676	\$ -	\$ (5,384,323)	\$ 40,344,353	\$ 6,375,537
Net pension liability	21,000,330	-	(11,499,167)	9,501,163	-
Net OPEB liability	33,529	-	(21,897)	11,632	-
Compensated absences	<u>1,157,312</u>	<u>957,346</u>	<u>(1,050,029)</u>	<u>1,064,629</u>	<u>871,843</u>
Total	<u>\$ 67,919,847</u>	<u>\$ 957,346</u>	<u>\$ (17,955,416)</u>	<u>\$ 50,921,777</u>	<u>\$ 7,247,380</u>

NOTE 9. RISK MANAGEMENT

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

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 10. 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 11. PENSION PLANS

Defined Benefit Plan

Florida Retirement System

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

Plan Description

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

Type of Benefit

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

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 11. PENSION PLANS (Continued)

Defined Benefit Plan (Continued)

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2022, 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 service. Members initially enrolled on or after July 1, 2011, vest after eight years of creditable service.

Service Retirement

Members become 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 remaining from a member's retirement age to normal retirement age.

<p>Description: Normal Retirement Requirements for Regular Class members initially enrolled before July 1, 2011.</p>	<p>Service retirement: Vested with six years of service and age 62; or the age after 62 that the member becomes vested; or 30 years of service, regardless of age.</p>
<p>Normal Retirement Requirements for Regular Class members initially enrolled on or after July 1, 2011.</p>	<p>Vested with eight years of service and age 65; or the age after 65 that the member becomes vested; or 33 years of service, regardless of age.</p>

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 11. PENSION PLANS (Continued)

Defined Benefit Plan (Continued)

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

Department of Management Services
 Division of Retirement
 Research and Education Section
 P.O. Box 9000
 Tallahassee, FL 32315-9000
 850-907-6500 or toll free at 844-377-1888

Funding Policy

The Schools' required contribution rate is established, and may be amended, by State Statute. For the fiscal year ended June 30, 2022, the contribution was 10.82% for Regular Class Members and 18.34% for DROP Members. The Schools are required to contribute both for full-time and part-time members of the Plan, which amounted to \$2,241,335 for FRS and HIS for the year ended June 30, 2022. As of June 30, 2022, there were 489 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%.

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 \$601,657 for fiscal year 2022.

<u>Fiscal Year</u>	<u>Annual Required Contributions</u>		<u>Percentage Contributed</u>	<u>Contribution Rates</u>	
	<u>Total</u>	<u>Employer</u>		<u>Regular Class</u>	<u>DROP</u>
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%
2013	884,548	884,548	100.0%	5.18%	5.44%

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 11. PENSION PLANS (Continued)

Defined Benefit Plan (Continued)

Net Pension Liabilities

The components of the collective net pension liability of the participating employers for each defined benefit plan for the measurement date of June 30, 2021, are shown below (in thousands):

	FRS	HIS
Total Pension Liability	\$ 209,636,046	\$ 12,719,121
Plan Fiduciary Net Position	(202,082,183)	(452,618)
Net Pension Liability	\$ 7,553,863	\$ 12,266,503

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.40%	3.56%
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The total pension liability for each plan was determined by the plans' actuary and reported in the plans' valuations as of June 30, 2021. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. Each plan's fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

The Schools reported a liability of \$9,501,163 for their proportionate share of the net pension liability. The details of the proportionate share are as follow:

FRS Pension Plan							
						Employer Proportionate Share of Net Pension Liability/(Asset) at Prior Measurement Date	Employer Proportionate Share of Net Pension Liability/(Asset) at Measurement Date
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	Measurement Date	Measurement Date
16310	CITY OF PEMBROKE PINES CHARTER ELEMENTARY SCHOOL	\$ 439,313	0.013222129%	\$ 555,724	0.014587594%	\$ 5,730,666	\$ 1,101,927
16311	CITY OF PEMBROKE PINES CHARTER MIDDLE SCHOOL	288,151	0.008672572%	379,022	0.009949211%	3,758,820	751,550
16312	CITY OF PEMBROKE PINES CHARTER HIGH SCHOOL	383,903	0.011554431%	509,085	0.013363337%	5,007,861	1,009,448

FRS Retiree Health Insurance Subsidy (HIS) Program							
						Employer Proportionate Share of Net Pension Liability/(Asset) at Prior Measurement Date	Employer Proportionate Share of Net Pension Liability/(Asset) at Measurement Date
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	Measurement Date	Measurement Date
16310	CITY OF PEMBROKE PINES CHARTER ELEMENTARY SCHOOL	\$ 118,911	0.020635278%	\$ 119,757	0.020373695%	\$ 2,519,534	\$ 2,499,140
16311	CITY OF PEMBROKE PINES CHARTER MIDDLE SCHOOL	80,948	0.014047239%	85,064	0.014471648%	1,715,145	1,775,165
16312	CITY OF PEMBROKE PINES CHARTER HIGH SCHOOL	107,054	0.018577679%	113,278	0.019271451%	2,268,304	2,363,933

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 11. PENSION PLANS (Continued)

Defined Benefit Plan (Continued)

Basis for Allocation

The employer's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions related to the reporting periods included in the system's fiscal years ended June 30, 2013 through June 30, 2021 for employers that were members of the FRS and HIS during those fiscal years. For fiscal years ended June 30, 2015 through June 30, 2021, in addition to contributions from employers, the required accrued contributions for the division (paid on behalf of the division's employees who administer the plans) were allocated to each employer on a proportional basis. The division administers the plans, and therefore, cannot allocate a portion of the liability to itself. Although GASB 68 encourages the use of the employers' projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is acceptable. The aggregate employer contribution amounts for each fiscal year agree to the employer contribution amounts reported in the system's annual comprehensive financial report for that fiscal year.

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

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

Actuarial Methods and Assumptions

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

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 11. PENSION PLANS (Continued)

Defined Benefit Plan (Continued)

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.80%. 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 2.16% 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 2021:

1. FRS: Decreasing the maximum amortization period to 20 years for all current and future amortization bases.
2. HIS: The municipal bond rate used to determine total pension liability was decreased from 2.21% to 2.16%.

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 2021 valuation was updated from 2.21% to 2.16%, reflecting the change in the Bond Buyer General Obligation 20-Bond Municipal Bond Index as of June 30, 2021.

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 Aug. 1, 2011, is 3 percent per year. The COLA formula for retirees with an effective retirement date or DROP begin date on or after Aug. 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 Aug. 1, 2011, or after will have an individual COLA factor for retirement. FRS Pension Plan members initially enrolled on or after July 1, 2011, will not have a COLA after retirement.

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 11. PENSION PLANS (Continued)

Defined Benefit Plan (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return assumption of 6.80% consists of two building block components: 1) an inferred real (in excess of inflation) return of 4.30%, which is consistent with the 4.17% 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 2021 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary, both components and the overall 6.80% return assumption were determined to be reasonable and appropriate per the Actuarial Standards of Practice. The 6.80% reported investment return assumption is the same as the investment return assumption chosen by the 2021 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.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.1%	2.1%	1.1%
Fixed income	20.0%	3.8%	3.7%	3.3%
Global equity	54.2%	8.2%	6.7%	17.8%
Real estate	10.3%	7.1%	6.2%	13.8%
Private equity	10.8%	11.7%	8.5%	26.4%
Strategic investments	3.7%	5.7%	5.4%	8.4%
Assumed Inflation - Mean			2.40%	1.20%

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 rate.

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 11. PENSION PLANS (Continued)

Defined Benefit Plan (Continued)

FRS Net Pension Liability			
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	5.80%	6.80%	7.80%
Elementary	\$ 4,927,891	\$ 1,101,927	\$ (2,096,150)
Middle	3,360,981	751,550	(1,429,642)
High	4,514,320	1,009,449	(1,920,232)

HIS Net Pension Liability			
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	1.16%	2.16%	3.16%
Elementary	\$ 2,889,248	\$ 2,499,140	\$ 2,179,534
Middle	2,052,263	1,775,165	1,548,146
High	2,732,936	2,363,932	2,061,618

Pension Expense and Deferred Outflows/ (Inflows) of Resources

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

1. Differences between expected and actual experience with regard to economic and demographic factors – 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 – 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 – 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 – 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.

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 11. PENSION PLANS (Continued)

Defined Benefit Plan (Continued)

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2021, was 5.7 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, 2021, are presented below:

	Collective Pension Expense		
	FRS	HIS	Total
Charter Elementary	\$ 39,834	\$ 134,741	\$ 174,575
Charter Middle	43,424	123,512	166,936
Charter High	84,747	194,041	278,788
Total	\$ 168,005	\$ 452,294	\$ 620,299

The components of deferred outflows and inflows of resources schedules reported as of June 30, 2022, 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	\$ 651,016	\$ -	\$ 416,305	\$ -	\$ 597,155	\$ -
Assumptions/inputs	753,994	-	514,249	-	690,716	-
Projected/actual earnings	-	(3,844,347)	-	(2,621,969)	-	(3,521,712)
Experience expected/actual	188,872	-	128,817	-	173,021	-
Change in Proportion, NPL	376,862	(74,787)	393,471	(93,357)	505,738	(51,915)
	\$ 1,970,744	\$ (3,919,134)	\$ 1,452,842	\$ (2,715,326)	\$ 1,966,630	\$ (3,573,627)

	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	\$ 131,277	\$ -	\$ 85,664	\$ -	\$ 122,069	\$ -
Assumptions/inputs	196,376	(102,971)	139,488	(73,141)	185,752	(97,400)
Projected/actual earnings	2,605	-	1,851	-	2,464	-
Experience expected/actual	83,628	(1,047)	59,402	(744)	79,103	(990)
Change in Proportion, NPL	13,577	(90,396)	77,748	(36,601)	93,271	(19,853)
	\$ 427,463	\$ (194,414)	\$ 364,153	\$ (110,486)	\$ 482,659	\$ (118,243)

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 11. PENSION PLANS (Continued)

Defined Contribution Plan

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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

Year Ending June 30,	<u>Elementary</u>		<u>Middle</u>		<u>High</u>	
	FRS Expense	HIS Expense	FRS Expense	HIS Expense	FRS Expense	HIS Expense
2023	\$ (448,597)	\$ 32,220	\$ (288,728)	\$ 41,251	\$ (374,984)	\$ 66,421
2024	(530,692)	2,537	(344,025)	23,092	(452,671)	33,474
2025	(730,900)	17,879	(480,662)	29,666	(627,522)	39,587
2026	(947,896)	25,870	(618,652)	34,216	(824,150)	50,311
2027	58,679	19,949	53,278	31,710	75,175	41,781
Thereafter	-	3,317	-	8068	0	10773
Total	\$ (2,599,406)	\$ 101,772	\$ (1,678,789)	\$ 168,003	\$ (2,204,152)	\$ 242,347

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, 2022, 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 10.82% of the Plan member's gross salary to agree with the contribution to the FRS. For the year ended June 30, 2022, the Schools contributed \$93,832 and the employees contributed \$13,329 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. As of June 30, 2022, ICMA forfeitures amounted to \$21,510 reported as other miscellaneous receivable in the accompanying statement of net position and balance sheet.

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 12. OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB)

The City provides postemployment 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 12. OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB) (Continued)

Benefits Provided

The City provides postemployment 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, 2021, 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>297</u>
	<u>297</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, 2022, the City's average contribution rate was 2.60 percent of covered-employee payroll.

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 12. OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB) (Continued)

Net OPEB Liability

The City's net OPEB liability was measured as of September 30, 2021. 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, 2022. The components of the Schools' proportionate share of the City's net OPEB liability are as follows:

	Broward Charter
Total OPEB liability	\$ 726,062
Plan fiduciary net position	<u>(714,430)</u>
Net OPEB liability	<u>\$ 11,632</u>
Plan fiduciary net position as a percentage of total OPEB liability	98.40%
Net OPEB liability as a percentage of covered employee payroll	2.10%

Actuarial Assumptions

The total OPEB liability as of June 30, 2022 reporting date was based on an actuarial valuation with measurement date of September 30, 2021. The actuarial valuation used the following actuarial assumptions:

Inflation	2.4% per annum based on the 2020 FRS actuarial assumption conference meeting
Salary Increases	3.0% per annum
Investment Rate of Return	7.2% per annum
	Discount rate is based on expected long-term rate of return on plan investments using building block approach plus inflation (2.4%)
Healthcare Cost Trend Rates	7.0% initial for Pre-Medicare Medical and Prescription and stop loss fees, 6.0% initial for Medicare benefits, decreasing 0.25% per year until an ultimate rate of 4.0% is reached and 4.5% 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 12. 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 4.8 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-20 and applied on a gender-specific basis.

The actuarial assumptions used in the September 30, 2021 valuation were based on the results of an actuarial experience study for the period of September 2016 through September 2020.

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%	5.5%
Mid Cap	7%	7.2%
Small Cap	8%	5.8%
International Equity	8%	4.1%
Real Estate	10%	6.2%
Fixed income	30%	2.9%
Total Real Return	100%	4.8%

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 12. 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 8.0%. 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, 2020)	\$ 639,585	\$ 606,056	\$ 33,529
Changes for the year:			
Service cost	7,638	-	7,638
Interest cost	66,377	-	66,377
Differences between expected and actual experience	(30,684)	-	(30,684)
Changes in assumptions	101,335	-	101,335
Contributions	-	68,167	(68,167)
Net Investment Income	-	99,101	(99,101)
Benefit payments	(58,189)	(58,189)	-
Administration expenses	-	(705)	705
Net change	86,477	108,374	(21,897)
Total OPEB Liability (September 30, 2021)	\$ 726,062	\$ 714,430	\$ 11,632

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
\$ 6,804	\$ 11,632	\$ 17,413

Net OPEB Liability (based on Discount Rate)		
1% Decrease 6.2%	Current Rate 7.2%	1% Increase 8.2%
\$ 17,204	\$ 11,632	\$ 7,017

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 12. 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 expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in OPEB expense in the current measurement period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

1. 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, 2022 is as follows:

	Collective OPEB Benefit
Charter Elementary	\$ (6,212)
Charter Middle	(4,420)
Charter High	(6,640)
Total	<u><u>\$ (17,272)</u></u>

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 12. OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB) (Continued)

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, 2021, and before the end of the employer's reporting period, June 30, 2022, should be reported as deferred outflows of resources related to OPEB. At June 30, 2022, 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	\$ 22,094	\$ -	\$ 22,094
Experience expected/actual	12,437	(14,922)	(2,485)
Assumptions/inputs	30,698	(20,627)	10,071
Projected/Actual earnings	-	(20,740)	(20,740)
	\$ 65,229	\$ (56,289)	\$ 8,940

Charter Middle

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Contributions, subsequent to measurement date	\$ 16,090	\$ -	\$ 16,090
Experience expected/actual	8,971	(10,763)	(1,792)
Assumptions/inputs	22,143	(14,878)	7,265
Projected/Actual earnings	-	(14,960)	(14,960)
	\$ 47,204	\$ (40,601)	\$ 6,603

Charter High

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Contributions, subsequent to measurement date	\$ 22,201	\$ -	\$ 22,201
Experience expected/actual	12,279	(14,732)	(2,453)
Assumptions/inputs	30,308	(20,365)	9,943
Projected/Actual earnings	-	(20,476)	(20,476)
	\$ 64,788	\$ (55,573)	\$ 9,215

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 12. OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB) (Continued)

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:	
2023	\$ (8,632)
2024	(17,036)
2025	(8,559)
2026	<u>(1,400)</u>
Total	<u>\$ (35,627)</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local	\$ 16,596,929	\$ 16,596,929	\$ 16,358,416	\$ (238,513)
Federal and State grants	<u>2,876,071</u>	<u>3,273,453</u>	<u>3,527,352</u>	<u>253,899</u>
Total revenues	<u>19,473,000</u>	<u>19,870,382</u>	<u>19,885,768</u>	<u>15,386</u>
Expenditures:				
Current:				
K-3 Basic	6,909,246	6,550,891	6,378,063	172,828
4-8 Basic	3,496,757	3,363,807	3,229,005	134,802
Exceptional student program	819,562	770,103	764,982	5,121
Substitute teachers	137,241	135,181	108,997	26,184
School/Others	36,678	36,507	16,703	19,804
Guidance services	322,291	297,684	258,600	39,084
Health services	276,976	313,190	326,763	(13,573)
Instructional media services	303,200	294,608	260,470	34,138
Office of Innovative Learning	85,868	86,283	83,862	2,421
Instructional staff training service	35,846	42,496	31,803	10,693
Board	13,476	13,626	13,626	-
General Administration	13,392	13,392	13,097	295
School administration	1,607,280	1,635,001	1,616,327	18,674
Food services	880,977	1,275,473	1,243,238	32,235
Student transportation services	669,678	734,311	756,513	(22,202)
Operation of school	3,192,959	3,224,914	3,171,876	53,038
Child care supervision	508,819	476,009	347,851	128,158
Capital outlay	<u>273,149</u>	<u>422,080</u>	<u>231,113</u>	<u>190,967</u>
Total expenditures	<u>19,583,395</u>	<u>19,685,556</u>	<u>18,852,889</u>	<u>832,667</u>
Excess of revenues over expenditures	(110,395)	184,826	1,032,879	848,053
Other financing uses:				
Transfers out	<u>(557,925)</u>	<u>(557,925)</u>	<u>(550,000)</u>	<u>7,925</u>
Net change in fund balances	(668,320)	(373,099)	482,879	855,978
Fund balances, beginning	<u>1,969,145</u>	<u>1,969,145</u>	<u>1,969,145</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,300,825</u>	<u>\$ 1,596,046</u>	<u>\$ 2,452,024</u>	<u>\$ 855,978</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
	Revenues:			
Local	\$ 10,677,674	\$ 10,677,905	\$ 10,805,954	\$ 128,049
Federal and State grants	2,019,925	2,318,608	2,332,140	13,532
Total revenues	<u>12,697,599</u>	<u>12,996,513</u>	<u>13,138,094</u>	<u>141,581</u>
Expenditures:				
Current:				
4-8 Basic	7,704,796	7,374,486	7,191,166	183,320
Intensive English/ESOL	2,608	2,608	804	1,804
Exceptional student program	763,320	714,764	687,822	26,942
Substitute teachers	76,770	76,770	102,499	(25,729)
School/other	47,324	47,324	37,623	9,701
Guidance services	275,173	256,492	242,125	14,367
Health services	122,802	146,833	135,242	11,591
Instructional media services	249,342	244,761	207,455	37,306
Office of Innovative Learning	84,741	84,755	82,371	2,384
Instructional staff training service	30,705	30,371	23,416	6,955
Board	8,984	9,084	9,084	-
General Administration	9,410	9,410	9,231	179
School administration	1,120,376	1,154,703	1,137,099	17,604
Food services	620,976	893,137	859,307	33,830
Student transportation services	472,425	517,772	533,887	(16,115)
Operation of school	2,518,369	2,558,286	2,517,557	40,729
Athletics	35,126	35,126	29,507	5,619
Capital outlay	296,747	398,242	183,478	214,764
Total expenditures	<u>14,439,994</u>	<u>14,554,924</u>	<u>13,989,673</u>	<u>565,251</u>
Excess (Deficit) of revenues over (under) expenditures	(1,742,395)	(1,558,411)	(851,579)	706,832
Other financing sources:				
Transfers in	<u>1,295,296</u>	<u>1,295,296</u>	<u>1,205,000</u>	<u>(90,296)</u>
Net change in fund balances	(447,099)	(263,115)	353,421	616,536
Fund balances, beginning	<u>964</u>	<u>964</u>	<u>964</u>	<u>-</u>
Fund balances, ending	<u>\$ (446,135)</u>	<u>\$ (262,151)</u>	<u>\$ 354,385</u>	<u>\$ 616,536</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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
	Revenues:			
Local	\$ 18,841,636	\$ 18,864,432	\$ 18,837,610	\$ (26,822)
Federal and State grants	3,177,659	3,503,683	3,106,797	(396,886)
Total revenues	22,019,295	22,368,115	21,944,407	(423,708)
Expenditures:				
Current:				
4-8 Basic	1,498,390	1,447,385	1,443,580	3,805
9-12 Basic	8,703,237	8,286,435	8,051,487	234,948
Exceptional student program	554,941	534,467	493,260	41,207
Vocational 6-12	251,747	243,573	240,490	3,083
Substitute teachers	76,902	76,902	142,312	(65,410)
School/other	29,578	28,443	17,462	10,981
Guidance services	753,443	699,843	715,535	(15,692)
Health services	177,858	177,544	156,957	20,587
Instructional media services	148,965	152,986	152,429	557
Office of Innovative Learning	86,267	88,178	85,189	2,989
ESE specialist	102,259	98,148	100,270	(2,122)
Instructional staff training service	19,329	18,494	17,304	1,190
Board	4,492	4,542	4,543	(1)
General Administration	14,979	14,979	14,608	371
School administration	1,466,627	1,467,422	1,462,037	5,385
Food services	958,475	1,233,076	1,049,717	183,359
Student transportation services	777,912	848,886	888,908	(40,022)
Operation of school	5,685,343	5,678,327	5,613,946	64,381
Child care supervision	7,987	7,987	7,951	36
Athletics	379,441	366,787	326,557	40,230
Capital outlay	132,855	354,685	328,988	25,697
Total expenditures	21,831,027	21,829,089	21,313,530	515,559
Excess (Deficit) of revenues over (under) expenditures	188,268	539,026	630,877	91,851
Other financing sources:				
Transfers in	(737,371)	(737,371)	(655,000)	82,371
Net change in fund balances	(549,103)	(198,345)	(24,123)	174,222
Fund balances, beginning	843,479	843,479	843,479	-
Fund balances, ending	\$ 294,376	\$ 645,134	\$ 819,356	\$ 174,222

See note to Budgetary Comparison Schedule.

CITY OF PEMBROKE PINES, FLORIDA CHARTER SCHOOLS

NOTE TO BUDGETARY COMPARISON SCHEDULES

FISCAL YEAR ENDED JUNE 30, 2022

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, 2022, 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 \$102,161 more than the original budget in the elementary schools, \$114,930 more than the original budget in the middle schools and \$1,938 less than the original budget in the high school during the fiscal year ended June 30, 2022. There were revenues before transfer of \$397,382 more than the original budget in the elementary schools, \$298,914 more than the original budget in the middle schools, and \$348,820 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:	6/30/2022		6/30/2021		6/30/2020		6/30/2019		6/30/2018		6/30/2017		6/30/2016		6/30/2015	
Measurement date as of:	6/30/2021		6/30/2020		6/30/2019		6/30/2018		6/30/2017		6/30/2016		6/30/2015		6/30/2014	
Florida Retirement System Plan (in thousands):																
Total pension liability	\$ 209,636,046	\$ 12,719,121	\$ 204,909,739	\$ 12,588,098	\$ 198,012,334	\$ 11,491,044	\$ 191,317,399	\$ 10,816,576	\$ 183,632,592	\$ 10,870,772	\$ 167,030,999	\$ 11,768,445	\$ 161,370,735	\$ 10,249,201	\$ 156,115,763	\$ 9,443,629
Plan fiduciary net position	(202,082,183)	(452,618)	(161,568,265)	(378,261)	(163,573,726)	(302,045)	(161,196,881)	(232,463)	(154,053,263)	(178,311)	(141,780,921)	(113,859)	(148,454,394)	(50,774)	(150,014,292)	(93,385)
Net pension liability	\$ 7,553,863	\$ 12,266,503	\$ 43,341,474	\$ 12,209,837	\$ 34,438,608	\$ 11,188,999	\$ 30,120,518	\$ 10,584,113	\$ 29,579,329	\$ 10,692,461	\$ 25,250,078	\$ 11,654,586	\$ 12,916,341	\$ 10,198,427	\$ 6,101,471	\$ 9,350,244
Plan fiduciary net position as a percentage of the total pension liability	96.40%	3.56%	78.85%	3.00%	82.61%	2.63%	84.26%	2.15%	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	0.014587594%	0.020373695%	0.013222129%	0.020635278%	0.013409509%	0.021056019%	0.013727637%	0.021531224%	0.013577866%	0.021325349%	0.013137343%	0.021223884%	0.014180334%	0.021143721%	0.015319533%	0.023009714%
Share of net pension liability as an amount	\$ 1,101,927	\$ 2,499,140	\$ 5,730,666	\$ 2,519,534	\$ 4,618,048	\$ 2,355,958	\$ 4,134,835	\$ 2,278,889	\$ 4,016,242	\$ 2,280,205	\$ 3,317,189	\$ 2,473,556	\$ 1,831,580	\$ 2,156,327	\$ 934,718	\$ 2,151,464
Covered-employee payroll	\$ 8,028,361	\$ 8,028,361	\$ 7,212,741	\$ 7,212,741	\$ 7,042,033	\$ 7,042,033	\$ 7,957,227	\$ 7,957,227	\$ 7,745,300	\$ 7,745,300	\$ 7,520,707	\$ 7,520,707	\$ 7,546,090	\$ 7,546,090	\$ 7,816,059	\$ 7,816,059
Net pension liability as a percentage of covered-employee payroll	13.73%	31.13%	79.45%	34.93%	65.58%	33.46%	51.96%	28.64%	51.85%	29.44%	44.11%	32.89%	24.27%	28.58%	11.96%	27.53%

Note to Schedule:

Assumptions:

- The total pension liability for each cost-sharing defined benefit plan was determined by an actuarial valuation as of July 1, 2021, using the individual entry age actuarial cost method.
- Inflation increases for both plans is assumed at 2.40%.
- Payroll growth 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 6.80%.
- Mortality assumptions for both the FRS Pension Plan and the HIS Program were based on the PUB-2010 base table, projected generationally with Scale MP-2018.
- The municipal bond rate (the Bond Buyer General Obligation 20-Bond Municipal Bond Index) used to determine total pension liability for HIS was 2.16%.

Benefit Types:

- FRS pension plan's retirees receive a lifetime pension benefit with joint and survivor payment options.
- HIS program is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2021, 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.

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:

	6/30/2022		6/30/2021		6/30/2020		6/30/2019		6/30/2018		6/30/2017		6/30/2016		6/30/2015	
	6/30/2021		6/30/2020		6/30/2019		6/30/2018		6/30/2017		6/30/2016		6/30/2015		6/30/2014	
Florida Retirement System Plan (in thousands):																
Total pension liability	\$ 209,636,046	\$ 12,719,121	\$ 204,909,739	\$ 12,588,098	\$ 198,012,334	\$ 11,491,044	\$ 191,317,399	\$ 10,816,576	\$ 183,632,592	\$ 10,870,772	\$ 167,030,999	\$ 11,788,445	\$ 161,370,735	\$ 10,249,201	\$ 156,115,763	\$ 9,443,629
Plan fiduciary net position	(202,082,183)	(452,618)	(161,568,265)	(378,261)	(163,573,726)	(302,045)	(161,196,881)	(232,463)	(154,053,263)	(178,311)	(141,780,921)	(113,859)	(148,454,394)	(50,774)	(150,014,292)	(83,385)
Net pension liability	<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>	<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	96.40%	3.56%	78.85%	3.00%	82.61%	2.63%	84.26%	2.15%	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	0.009949211%	0.014471648%	0.008672572%	0.014047239%	0.008387837%	0.013849723%	0.009170693%	0.014329829%	0.009167388%	0.014203866%	0.008687191%	0.013636514%	0.009774085%	0.013999520%	0.010014704%	0.014743185%
Share of net pension liability as an amount	\$ 751,550	\$ 1,775,165	\$ 3,758,820	\$ 1,715,145	\$ 2,888,654	\$ 1,549,645	\$ 2,762,260	\$ 1,516,685	\$ 2,711,652	\$ 1,518,743	\$ 2,193,523	\$ 1,589,279	\$ 1,262,454	\$ 1,427,731	\$ 611,044	\$ 1,378,524
Covered-employee payroll	\$ 5,182,179	\$ 5,182,179	\$ 5,125,177	\$ 5,125,177	\$ 4,632,343	\$ 4,632,343	\$ 5,606,419	\$ 5,606,419	\$ 5,398,562	\$ 5,398,562	\$ 5,357,386	\$ 5,357,386	\$ 5,273,513	\$ 5,273,513	\$ 5,373,301	\$ 5,373,301
Net pension liability as a percentage of covered-employee payroll	14.50%	34.26%	73.34%	33.47%	62.36%	33.45%	49.27%	27.05%	50.23%	28.13%	40.94%	29.67%	23.94%	27.07%	11.37%	25.66%

Note to Schedule:

Assumptions:

- The total pension liability for each cost-sharing defined benefit plan was determined by an actuarial valuation as of July 1, 2021, using the individual entry age actuarial cost method.
- Inflation increases for both plans is assumed at 2.40%.
- Payroll growth 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 6.80%.
- Mortality assumptions for both the FRS Pension Plan and the HIS Program were based on the PUB-2010 base table, projected generationally with Scale MP-2018.
- The municipal bond rate (the Bond Buyer General Obligation 20-Bond Municipal Bond Index) used to determine total pension liability for HIS was 2.16%.

Benefit Types:

- FRS pension plan's retirees receive a lifetime pension benefit with joint and survivor payment options.
- HIS program is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2021, 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.

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:

	6/30/2022		6/30/2021		6/30/2020		6/30/2019		6/30/2018		6/30/2017		6/30/2016		6/30/2015	
	6/30/2021		6/30/2020		6/30/2019		6/30/2018		6/30/2017		6/30/2016		6/30/2015		6/30/2014	
Florida Retirement System Plan (in thousands):	FRS	HIS	FRS	HIS	FRS	HIS	FRS	HIS	FRS	HIS	FRS	HIS	FRS	HIS	FRS	HIS
Total pension liability	\$ 209,636,046	\$ 12,719,121	\$ 204,909,739	\$ 12,588,098	\$ 198,012,334	\$ 11,491,044	\$ 191,317,399	\$ 10,816,576	\$ 183,632,592	\$ 10,870,772	\$ 167,030,999	\$ 11,788,445	\$ 161,370,735	\$ 10,249,201	\$ 156,115,763	\$ 9,443,629
Plan fiduciary net position	(202,082,183)	(452,618)	(161,568,265)	(378,261)	(163,573,726)	(302,045)	(161,196,881)	(232,463)	(154,053,263)	(178,311)	(141,780,921)	(113,859)	(148,454,394)	(50,774)	(150,014,292)	(83,385)
Net pension liability	<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>	<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	96.40%	3.56%	78.85%	3.00%	82.61%	2.63%	84.26%	2.15%	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	0.013363337%	0.019271451%	0.011554431%	0.018577679%	0.011433300%	0.018604000%	0.011548723%	0.018683750%	0.012016723%	0.018962929%	0.011451996%	0.018074525%	0.012391542%	0.018101749%	0.011809963%	0.017492768%
Share of net pension liability as an amount	\$ 1,009,448	\$ 2,363,933	\$ 5,007,861	\$ 2,268,304	\$ 3,937,480	\$ 2,081,601	\$ 3,478,535	\$ 1,977,509	\$ 3,554,466	\$ 2,027,604	\$ 2,891,638	\$ 2,106,511	\$ 1,600,534	\$ 1,846,094	\$ 720,520	\$ 1,635,616
Covered-employee payroll	\$ 7,368,647	\$ 7,368,647	\$ 6,822,503	\$ 6,822,503	\$ 6,221,975	\$ 6,221,975	\$ 7,140,664	\$ 7,140,664	\$ 6,894,012	\$ 6,894,012	\$ 6,648,338	\$ 6,648,338	\$ 6,249,677	\$ 6,249,677	\$ 5,987,830	\$ 5,987,830
Net pension liability as a percentage of covered-employee payroll	13.70%	32.08%	73.40%	33.25%	63.28%	33.46%	48.71%	27.69%	51.56%	29.41%	43.49%	31.68%	25.61%	29.54%	12.03%	27.32%

Note to Schedule:

Assumptions:

- The total pension liability for each cost-sharing defined benefit plan was determined by an actuarial valuation as of July 1, 2021, using the individual entry age actuarial cost method.
- Inflation increases for both plans is assumed at 2.40%.
- Payroll growth 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 6.80%.
- Mortality assumptions for both the FRS Pension Plan and the HIS Program were based on the PUB-2010 base table, projected generationally with Scale MP-2018.
- The municipal bond rate (the Bond Buyer General Obligation 20-Bond Municipal Bond Index) used to determine total pension liability for HIS was 2.16%.

Benefit Types:

- FRS pension plan's retirees receive a lifetime pension benefit with joint and survivor payment options.
- HIS program is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2021, 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.

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:	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 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	\$ 884,548
Contributions in relation to the contractually required contribution	(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)	(884,548)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 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	\$ 19,842,569
Contributions as a percentage of covered-employee payroll	10.89%	10.09%	8.52%	8.25%	7.90%	6.55%	6.10%	6.30%	6.03%	4.46%

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:	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Measurement date as of:	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>
Total OPEB liability:					
Service costs	\$ 7,638	\$ 7,549	\$ 21,860	\$ 9,627	\$ 4,617
Interest	66,377	66,559	192,224	102,097	48,054
Benefit payments	(58,189)	(50,820)	(173,712)	(86,666)	(44,063)
Differences in experience	(30,684)	19,057	(129,348)	136,606	21,639
Changes in assumptions	<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	86,477	(18,929)	(147,264)	80,491	127,144
Total OPEB liability - beginning	<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>\$ 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	\$ 64,325	\$ 65,131	\$ 212,527	\$ 83,182	\$ 62,377
Contributions - member	3,842	3,036	16,077	4,066	2,581
Net investment income	99,101	49,193	69,494	66,989	36,899
Benefit payments	(58,189)	(50,820)	(173,712)	(86,666)	(44,063)
Administrative expense	<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	108,374	65,314	120,754	64,854	56,994
Plan fiduciary net position - beginning	<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>\$ 714,430</u>	<u>\$ 606,056</u>	<u>\$ 540,742</u>	<u>\$ 419,988</u>	<u>\$ 355,134</u>
Net OPEB liability - ending	\$ 11,632	\$ 33,529	\$ 117,772	\$ 385,790	\$ 370,153
Plan fiduciary net position as a percentage of the total OPEB liability	98.40%	94.76%	82.12%	52.12%	48.96%
Covered-employee payroll (2)	\$ 554,464	\$ 544,416	\$ 663,566	\$ 260,156	\$ 315,444
Net OPEB liability as a percentage of covered-employee payroll	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**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution (1)	\$ 37,071	\$ 48,111	\$ 156,237	\$ 157,303	\$ 41,981	\$ 26,989	\$ 35,375	\$ 35,577	\$ 41,061	\$ 40,064
Contributions in relation to the actuarially determined contribution	60,158	60,472	181,487	54,751	62,377	66,706	43,954	41,061	41,079	40,258
Contributions deficiency (excess)	\$ (23,086)	\$ (12,361)	\$ (25,250)	\$ 102,551	\$ (20,396)	\$ (39,717)	\$ (8,579)	\$ (5,484)	\$ (18)	\$ (194)
Covered-employee payroll	\$ 554,464	\$ 544,416	\$ 1,561,416	\$ 663,566	\$ 260,156	\$ 315,444	\$ 306,256	\$ 297,336	\$ 288,676	\$ 297,191
Contributions as a percentage of covered-employee payroll	10.85%	11.11%	11.62%	8.25%	23.98%	21.15%	14.35%	13.81%	14.23%	13.55%

Note to Schedule:

Valuation date:	10/1/2021	
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	2.4%	
Investment rate of return (2)	7.2%	
Projected salary increase rate	3.0%	
Healthcare cost trend rate (3)	7.0%	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, 2022, and the related notes to the special purpose financial statements and have issued our report thereon dated January 30, 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and recommendations as item 2022-001.

-63-

City of Pembroke Pines, Florida Charter Schools' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Schools' response to the findings identified in our audit and described in the accompanying schedule of findings and recommendations. The Schools' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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
January 30, 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, 2022, and have issued our report thereon dated January 30, 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 Reporting Requirement

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 January 30, 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. There were no 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. The Schools received a notice from the School Board of Broward County that the Schools are in material default of its obligations under applicable law and the Charter School Agreement as the Schools did not submit its annual audited financial statements by December 31, 2022. The Schools have 20 days from the date of the notice dated January 17, 2023, to submit the audited financial statements in accordance with the terms of the Charter Agreement. Management expects to comply with this demand.

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.

GLSC & Company, PLLC

Miami, Florida
January 30, 2023

City of Pembroke Pines, Florida Charter Schools

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

2022-001 Noncompliance with Charter School Agreement

Criteria:	The City of Pembroke Pines, Florida Charter Schools (the “Schools”) must submit their annual audited financial statements to the School Board of Broward County, Florida (SBBC) by December 31 of each year.
Condition:	In January 2023, the Schools received a notice from SBBC that they are in material default of their obligations under applicable law and the Charter School Agreement because the Schools did not submit their annual audited financial statements for the fiscal year ended June 30, 2022, by December 31, 2022. The Schools have 20 days from the date of the notice, January 17, 2023, to submit the audited financial statements under the terms of the Charter Agreement.
Cause:	The adoption of GASB Statement No. 87 in the current fiscal year caused delays in the Schools’ financial reporting process due to the incremental effort involved in implementing the new accounting standard. In early December 2022, the Schools’ management requested an extension of the reporting deadline from SBBC through January 31, 2023.
Effect or Potential effect:	Failure to comply with the terms of the Charter School Agreement may result in the non-renewal or termination of the Charter School Agreements.
Recommendations:	Management should submit its annual audited financial statements for the year ended June 30, 2022, to SBBC within 20 days from the date of the Notice of Default as specified in the Charter School Agreement to cure the event of default.
View of Responsible Officials:	<p>The Schools concur with the recommendation, but it is crucial to reiterate that in early December 2022, the Schools formally communicated the request to extend the reporting deadline through January 31, 2023. The Schools received an email acknowledging receipt of the request. However, The Schools did not receive any further communication indicating the denial of the request.</p> <p>The receipt of the Notice of Default dated January 17, 2023, surprised the administrators of the Schools since they have been transparent to SBBC about the challenges of implementing the new GASB standards. The Schools sent their formal response to the Notice on January 24, 2023, reiterating their intent to comply with the submission of the annual audited financial statements on or before January 31, 2023, which is earlier than the 20 days curing period.</p>