



Florida Prepaid College Board

FINANCIAL STATEMENTS

June 30, 2025



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REPORT





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INDEPENDENT AUDITOR'S REPORT

Florida Prepaid College Board Members
Tallahassee, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and each major fund of the Florida Prepaid College Board, a component unit of the State of Florida, administratively housed under the State Board of Administration, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Florida Prepaid College Board's basic 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 business-type activities and each major fund, of the Florida Prepaid College Board as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Florida Prepaid College Board 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Florida Prepaid College Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Florida Prepaid College Board's ability to continue as a going concern for a reasonable period of time.

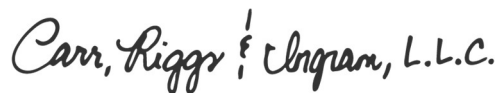
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 11 and the Schedules of Board's Proportionate Share of Net Pension Liability and Related Ratios as of the Measurement Date, Board's Contributions, and Board's Proportionate Share of the Total Other Postemployment Benefits Liability on pages 76 to 81 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2025, on our consideration of the Florida Prepaid College Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Florida Prepaid College Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Florida Prepaid College Board's internal control over financial reporting and compliance.



CARR, RIGGS & INGRAM, L.L.C.

Tallahassee, Florida
December 10, 2025



MANAGEMENT'S DISCUSSION AND ANALYSIS



Florida Prepaid College Board Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis of financial performance for the Florida Prepaid College Board ("the Board"), provides an overview of the Board's financial activities for the fiscal year ended June 30, 2025. Please read this information in conjunction with the Board's financial statements, which begin on page 12.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Board presents the following basic financial statements: a Statement of Net Position – Enterprise Fund, a Statement of Revenues, Expenses and Changes in Net Position – Enterprise Fund, a Statement of Cash Flows – Enterprise Fund, a Statement of Fiduciary Net Position, and a Statement of Changes in Fiduciary Net Position.

The enterprise fund statements offer financial information about The Stanley G. Tate Florida Prepaid College Program, which the Board operates like a business. Fiduciary fund statements provide information about the financial relationships – like the Florida 529 Savings Plan, The Stanley G. Tate Florida Prepaid College Foundation, Inc. and Florida ABLE, Inc. – in which the Board acts as a trustee for the benefit of others, to whom the resources in question belong.

The Board's financial position is measured in terms of resources (assets) owned and obligations (liabilities) owed on a given date. This information is reported on the Statement of Net Position – Enterprise Fund, which reflects the Board's resources in relation to its obligations. The excess of assets over liabilities are equal to net position. The Board's financial position, or net position, is one way to measure the Board's financial health.

Information regarding the results of operations during the current year is reported in the Statement of Revenues, Expenses and Changes in Net Position – Enterprise Fund. This statement shows the increase or decrease in net position during the year as a result of operations.

The Board is the trustee, or fiduciary, for the Florida 529 Savings Plan, The Stanley G. Tate Florida Prepaid College Foundation, Inc. and Florida ABLE, Inc. The funds in these programs can only be used for the trust beneficiaries. The Board is responsible for ensuring that assets reported in these funds are used for their intended purposes. All of the Board's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position.

FINANCIAL SUMMARY – The Stanley G. Tate Florida Prepaid College Program (the "Prepaid Plan")

Financial Position

A summary comparison of the Prepaid Plan's Statements of Net Position at June 30, 2025 and June 30, 2024 is on the following page.

**Florida Prepaid College Board
Management's Discussion and Analysis**

**FINANCIAL SUMMARY – The Stanley G. Tate Florida Prepaid College Program (the “Prepaid Plan”)
(Continued)**

**Statements of Net Position - Enterprise Fund
(\$ in thousands)**

| <i>June 30,</i> | 2025 | 2024 | Change |
|--------------------------------|----------------------|----------------------|---------------|
| Assets | | | |
| Restricted assets | \$ 16,093,839 | \$ 15,257,329 | 5.48% |
| Total assets | 16,093,839 | 15,257,329 | 5.48% |
| Deferred outflows of resources | 1,499 | 1,464 | 2.39% |
| Liabilities | | | |
| Current liabilities | 2,089,629 | 2,030,636 | 2.91% |
| Long-term liabilities | 8,619,699 | 8,283,337 | 4.06% |
| Total liabilities | 10,709,328 | 10,313,973 | 3.83% |
| Deferred inflows of resources | 779 | 499 | 56.11% |
| Net position | | | |
| Invested in capital assets | 30,373 | 23,475 | 29.38% |
| Restricted | 5,354,858 | 4,920,846 | 8.82% |
| Total net position | \$ 5,385,231 | \$ 4,944,321 | 8.92% |

Florida Prepaid College Board Management's Discussion and Analysis

FINANCIAL SUMMARY – The Stanley G. Tate Florida Prepaid College Program (the “Prepaid Plan”) (Continued)

Changes in Net Position

A summary comparison of the Prepaid Plan's Statements of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2025 and June 30, 2024 is presented below.

Statements of Revenues, Expenses and Changes in Net Position (\$ in thousands)

| <i>For the years ended June 30,</i> | 2025 | 2024 | Change |
|--|--------------|--------------|-----------|
| Operating revenues - non-actuarial | \$ 286,880 | \$ (2,474) | 11695.80% |
| Operating expenses - non-actuarial | (402,252) | (398,864) | 0.85% |
| Increase (decrease) in actuarial receivables | 139,390 | (484,300) | 128.78% |
| Decrease (increase) in actuarial liabilities | (360,735) | 406,294 | 188.79% |
| Net operating revenues (losses) | (336,717) | (479,344) | -29.75% |
| Non-operating revenues (losses) | 853,402 | 609,117 | 40.10% |
| Non-operating expenses | (53,836) | (56,190) | -4.19% |
| Net non-operating revenues | 799,566 | 552,927 | 44.61% |
| Transfers to other funds | (21,163) | (39,160) | -45.96% |
| Change in net position | 441,686 | 34,423 | 1183.11% |
| Change in accounting principle - GASB 101 | (776) | - | 0.00% |
| Net position, beginning | 4,944,321 | 4,909,898 | 0.70% |
| Net position, ending | \$ 5,385,231 | \$ 4,944,321 | 8.92% |

Financial Highlights

- The increase in net operating revenues from 2023-2024 to 2024-2025 was primarily driven by the rollback approved by the Board for 2023-2024.
- The increase in net non-operating revenues from 2023-2024 to 2024-2025 was driven by investment gains due to an overall rise in the financial markets.
- Beginning with the 2010-2011 enrollment period, the Board began offering combined fee plans. Combined fee plans include tuition, local fee, and if necessary, tuition differential fee plan benefits. Enrollment counts reflect each component of combined fee plans enrolled.

Florida Prepaid College Board Management's Discussion and Analysis

FINANCIAL SUMMARY – The Stanley G. Tate Florida Prepaid College Program (the “Prepaid Plan”) (Continued)

- Total number of Florida Prepaid College Plans purchased during the 2024-2025 enrollment period as of June 30, 2025 was 40,624 (30,351 Tuition, 33 Tuition Differential Fee, 31 Local Fee, and 10,209 Dormitory), as compared to 51,659 purchased during the 2023-2024 enrollment period.
- Projected value of assets exceeds the projected value of liabilities by \$5.359 billion, per the June 30, 2025 actuarial adequacy report prepared by Milliman, Inc., as compared to \$4.921 billion, per the June 30, 2024 report. The actuarial reserve was determined by deducting future contract benefits and expenses from the sum of investments, future contract payments receivable, and fees. The increase in the actuarial reserve is primarily due to investment gains on non-liability hedging reserve assets.
- Tuition, fees, and dormitory housing benefits payable decreased from \$8.8 billion at June 30, 2024 to \$9.2 billion at June 30, 2025, primarily due to the decrease in the discount rate during the period from 4.91% to 4.90%.
- The total 2024-2025 investment portfolio (exclusive of the securities lending portfolio) return of 6.6% was due to realized and unrealized gains in the market value of the portfolio during the year ended June 30, 2025. For comparison purposes, the investment portfolio return for 2023-2024 was 4.7%. The liability segment of the portfolio, which is comprised of fixed income securities, returned 3.6% and constituted 63% of the total portfolio as of June 30, 2025. The reserve segment of the portfolio, which is comprised of fixed income and equity securities, returned 12.1% and constituted 36.1% of the total portfolio. The remaining <1% of the portfolio was cash.
- Total administrative expenditures for the Prepaid Plan were \$32.3 million for administration and \$7.3 million for investment fees, totaling \$39.6 million during fiscal year 2024-2025, as compared to \$35.5 million for administration and \$9.6 million for investment fees, totaling \$45.1 million during 2023-2024.

Florida Prepaid College Board Management's Discussion and Analysis

FINANCIAL SUMMARY – Florida 529 Savings Plan (the “Savings Plan”)

Financial Position

A summary comparison of the Savings Plan's Statements of Fiduciary Net Position at June 30, 2025 and June 30, 2024 is presented below.

Statements of Fiduciary Net Position (\$ in thousands)

| <i>June 30,</i> | 2025 | 2024 | Change |
|----------------------------|---------------------|---------------------|----------------|
| <hr/> | | | |
| Assets | | | |
| Restricted assets | \$ 1,723,901 | \$ 1,430,861 | 20.48% |
| Total assets | 1,723,901 | 1,430,861 | 20.48% |
| <hr/> | | | |
| Liabilities | | | |
| Current liabilities | 6,588 | 3,040 | 116.71% |
| Total liabilities | 6,588 | 3,040 | 116.71% |
| <hr/> | | | |
| Net position | | | |
| Restricted for individuals | 1,717,313 | 1,427,821 | 20.28% |
| Total net position | \$ 1,717,313 | \$ 1,427,821 | 20.28% |
| <hr/> | | | |

Florida Prepaid College Board Management's Discussion and Analysis

FINANCIAL SUMMARY – Florida 529 Savings Plan (the “Savings Plan”) (Continued)

Changes in Net Position

A summary comparison of the Savings Plan's Statements of Changes in Fiduciary Net Position for the years ended June 30, 2025 and June 30, 2024 is presented below.

Statements of Changes in Fiduciary Net Position (\$ in thousands)

| <i>For the years ended June 30,</i> | 2025 | 2024 | Change |
|-------------------------------------|---------------------|--------------|--------|
| Additions | \$ 419,634 | \$ 383,750 | 9.35% |
| Deductions | (130,142) | (108,769) | 19.65% |
| Increase (decrease) in net position | 289,492 | 274,981 | 5.28% |
| Net position, beginning | 1,427,821 | 1,152,840 | 23.85% |
| Net position, ending | \$ 1,717,313 | \$ 1,427,821 | 20.28% |

A summary of the Savings Plan portfolio individual investment options for the year ended June 30, 2025 is presented on the following page.

Florida Prepaid College Board Management's Discussion and Analysis

Savings Plan Summary (Net of Investment Manager Fees) Year ended June 30, 2025

| | Market Value | % of Total Portfolio | 1 Year Option Performance | Participants by Investment |
|---|---------------------------|----------------------|---------------------------|----------------------------|
| <i>Age Based Options</i> | \$ 797,015,711 | 46.50% | | 114,271 |
| EMROLLMENT YEAR 2043 | 3,266,731 | 0.19% | n/a | |
| EMROLLMENT YEAR 2042 | 11,993,200 | 0.70% | 15.47% | |
| EMROLLMENT YEAR 2041 | 19,022,372 | 1.11% | 15.47% | |
| EMROLLMENT YEAR 2040 | 26,566,124 | 1.55% | 15.47% | |
| EMROLLMENT YEAR 2039 | 29,085,495 | 1.70% | 15.34% | |
| EMROLLMENT YEAR 2038 | 35,378,015 | 2.06% | 14.40% | |
| EMROLLMENT YEAR 2037 | 34,210,994 | 2.00% | 13.75% | |
| EMROLLMENT YEAR 2036 | 35,251,498 | 2.06% | 13.11% | |
| EMROLLMENT YEAR 2035 | 38,579,607 | 2.25% | 12.56% | |
| EMROLLMENT YEAR 2034 | 38,657,248 | 2.26% | 11.93% | |
| EMROLLMENT YEAR 2033 | 43,503,911 | 2.54% | 11.31% | |
| EMROLLMENT YEAR 2032 | 42,514,457 | 2.48% | 10.64% | |
| EMROLLMENT YEAR 2031 | 43,013,996 | 2.51% | 9.97% | |
| EMROLLMENT YEAR 2030 | 40,986,886 | 2.39% | 9.29% | |
| EMROLLMENT YEAR 2029 | 43,946,570 | 2.56% | 8.60% | |
| EMROLLMENT YEAR 2028 | 47,842,737 | 2.79% | 7.97% | |
| EMROLLMENT YEAR 2027 | 47,438,484 | 2.77% | 7.38% | |
| EMROLLMENT YEAR 2026 | 45,528,374 | 2.66% | 7.23% | |
| ENROLLED | 170,229,012 | 9.93% | 7.18% | |
| <i>Individual Fund Options</i> | \$ 581,644,944 | 33.94% | | |
| Core Plus Fixed Income Fund | 38,017,123 | 2.22% | 5.71% | 28,707 |
| Money Market Fund | 111,149,904 | 6.48% | 4.94% | 31,325 |
| U.S. Large Cap Equity | 194,573,769 | 11.35% | 15.10% | 27,481 |
| U.S. Broad All Cap | 127,162,803 | 7.42% | 15.00% | 19,936 |
| SMID Cap Fund | 54,212,686 | 3.16% | 15.49% | 18,428 |
| Developed International Fund | 19,098,073 | 1.11% | 20.55% | 12,113 |
| Real Estate Index | 3,191,764 | 0.19% | 10.31% | 2,891 |
| Total International | 8,394,896 | 0.49% | 18.31% | 3,492 |
| High Yield | 3,928,563 | 0.23% | 9.36% | 2,415 |
| Global Equity | 3,913,851 | 0.23% | 14.33% | 1,914 |
| TIPS | 6,303,913 | 0.37% | 6.53% | 1,867 |
| Emerging Markets Index | 1,949,220 | 0.11% | 9.67% | 1,588 |
| Social Index | 2,726,131 | 0.16% | 15.20% | 1,279 |
| Core Fixed Income | 6,145,223 | 0.36% | 6.06% | 1,521 |
| Bank Loans | 877,025 | 0.05% | 6.23% | 645 |
| <i>Static Portfolios</i> | \$ 335,293,855 | 19.56% | | |
| Multi Manager Growth | 204,588,145 | 11.94% | 14.61% | 26,297 |
| Multi Manager Blended | 97,510,294 | 5.69% | 11.90% | 20,851 |
| Multi Manager Income | 3,221,838 | 0.19% | 6.84% | 1,742 |
| Passive Growth | 18,887,483 | 1.10% | 16.08% | 4,069 |
| Passive Blended | 7,013,026 | 0.41% | 12.51% | 2,170 |
| Passive Income | 4,073,069 | 0.24% | 6.81% | 1,795 |
| <i>Total Portfolio</i> | \$ 1,713,954,510 | | | |

Florida Prepaid College Board Management's Discussion and Analysis

FINANCIAL SUMMARY – Florida 529 Savings Plan (the “Savings Plan”) (Continued)

Financial Highlights

- Total market value of investments, including pending trades and income receivable, at June 30, 2025 was \$1.72 billion as compared to \$1.43 billion at June 30, 2024. The change represents a 20.3% increase from year to year.
- Additions to the Savings Plan, which includes gains or losses from investment income, increased from \$384 million at June 30, 2024 to \$420 million at June 30, 2025, or 9.35%. The increase is primarily related to an increase in contributions of \$34 million and an increase in net investment gains of \$19.9 million due to the overall rise in the financial markets offset by an \$18 million decrease in transfers from the Florida Prepaid College Plan.
- Deductions from the Savings Plan increased from \$109 million at June 30, 2024 to \$130 million at June 30, 2025, or 19.65%. The increase is primarily related to more withdrawals by participants during the period.
- Total active accounts at June 30, 2025 were 176,230 as compared to 158,100 at June 30, 2024, which is a 11% increase.
- Participants may invest in one or more investment options. As a result, there were 326,797 participants by investment option as of June 30, 2025, up from 296,852 as of June 20, 2024, an increase of 10%.



FINANCIAL STATEMENTS



Florida Prepaid College Board

Statement of Net Position – Enterprise Fund

| June 30, 2025 | Florida Prepaid College Plan (Primary Government) |
|---|--|
| Assets | |
| Restricted assets | |
| Current | |
| Cash and cash equivalents | \$ 115,216,325 |
| Investments | 1,676,170,374 |
| Future contract premiums receivable | 209,209,812 |
| Delinquent fees and contracts receivable | 12,841,498 |
| Investment trades receivable | 24,909,402 |
| Due from other funds | 33,952 |
| Accrued interest and dividends receivable | 62,190,127 |
| Other receivables | 767,095 |
| Prepaid expenses | 1,647,590 |
| Total current restricted assets | 2,102,986,175 |
| Non-current | |
| Investments | 12,394,192,251 |
| Future contract premiums and other receivables | 1,556,930,673 |
| Equipment, net of depreciation | 30,527,467 |
| Right to use subscriptions, net of amortization | 9,202,893 |
| Total non-current restricted assets | 13,990,853,284 |
| Total assets | 16,093,839,459 |
| Deferred outflows of resources | |
| Deferred outflows related to pension obligations and OPEB | 1,499,307 |
| Total deferred outflows of resources | 1,499,307 |
| Liabilities | |
| Current liabilities | |
| Accounts payable and accrued expenses | 251,818,641 |
| Obligations under securities lending agreements | 975,819,843 |
| Investment trades payable | 228,430,958 |
| Future contract benefits and expenses payable | 544,946,398 |
| Due to other funds | 87,140,276 |
| Subscriptions liability | 1,251,823 |
| Compensated absences | 220,880 |
| Total current liabilities | 2,089,628,819 |
| Long-term liabilities | |
| Future contract benefits and expenses payable | 8,606,031,977 |
| Net pension liability | 3,141,900 |
| Other post-employment benefits payable | 605,484 |
| Subscriptions liability | 8,105,351 |
| Compensated absences | 1,814,694 |
| Total long-term liabilities | 8,619,699,406 |
| Total liabilities | 10,709,328,225 |
| Deferred inflows of resources | |
| Deferred inflows related to pension obligations and OPEB | 779,238 |
| Total deferred inflows of resources | 779,238 |
| Net position | |
| Invested in capital assets | 30,373,185 |
| Restricted | 5,354,858,118 |
| Total net position | \$ 5,385,231,303 |

The accompanying notes are an integral part of these financial statements.

Florida Prepaid College Board

Statement of Revenues, Expenses and Changes in Net Position – Enterprise Fund

| <i>For the year ended June 30, 2025</i> | Florida Prepaid College Plan (Primary Government) |
|---|--|
| Operating revenues | |
| Contract premiums | \$ 439,843,117 |
| Increase in actuarial value of future contract premiums | 139,389,833 |
| Less refunds | (153,747,458) |
| Contract premiums, net | 425,485,492 |
| Application and other fees | 784,113 |
| Total operating revenues | 426,269,605 |
| Operating expenses | |
| Contract benefits | 369,937,901 |
| Increase in actuarial value of future contract benefits | 360,734,791 |
| Administration | 32,314,511 |
| Total operating expenses | 762,987,203 |
| Operating income (loss) | (336,717,598) |
| Non-operating revenues (expenses) | |
| Investment income | 802,394,891 |
| Investment expense | (7,341,248) |
| Securities lending income | 50,574,636 |
| Securities lending expense | (46,033,357) |
| Interest and fiscal charges | (461,309) |
| Other revenue | 432,993 |
| Total non-operating revenues (expenses) | 799,566,606 |
| Change in net position before transfers | 462,849,008 |
| Transfers to other funds | (21,162,772) |
| Change in net position | 441,686,236 |
| Net position, beginning of year | 4,944,321,205 |
| Change in accounting principle - GASB 101 | (776,138) |
| Net position, beginning of year as restated | 4,943,545,067 |
| Net position, end of year | \$ 5,385,231,303 |

The accompanying notes are an integral part of these financial statements.

Florida Prepaid College Board

Statement of Cash Flows – Enterprise Fund

| | Florida Prepaid College Plan (Primary Government) |
|---|---|
| <i>For the year ended June 30, 2025</i> | |
| Cash flows from operating activities: | |
| Receipts from contract purchasers | \$ 444,569,749 |
| Payments to schools and others for contract obligations | (583,408,989) |
| Payments to employees, vendors and other consultants | (28,659,003) |
| Net cash provided by (used in) operating activities | (167,498,243) |
| Cash flows from noncapital and related financing activities: | |
| Operating subsidies and transfers to other funds | (21,162,772) |
| Net cash provided by (used in) noncapital and related financing activities: | (21,162,772) |
| Cash flows from capital and related financing activities: | |
| Payment of principal on installment purchases | (1,379,534) |
| Purchase of fixed assets | (6,158,558) |
| Net cash provided by (used in) capital and related financing activities: | (7,538,092) |
| Cash flows from investing activities: | |
| Purchases of investments | (17,458,455,273) |
| Net investment income | 273,666,812 |
| Net Security lending activity | 4,364,268 |
| Proceeds from sales and maturities of investments | 17,405,790,161 |
| Net cash provided by (used in) investing activities | 225,365,968 |
| Change in cash and cash equivalents | 29,166,861 |
| Cash and cash equivalents, beginning of year | 86,049,464 |
| Cash and cash equivalents, end of year | \$ 115,216,325 |

The accompanying notes are an integral part of these financial statements.

Florida Prepaid College Board
Statement of Cash Flows – Enterprise Fund
(Continued)

Florida Prepaid
College Plan
(Primary Government)

For the year ended June 30, 2025

**Reconciliation of operating income to net cash provided by
(used in) operating activities:**

| | | |
|--|----|---------------|
| Operating income | \$ | (336,717,598) |
| Adjustments to reconcile operating income to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | | 1,547,069 |
| (Increase) decrease in: | | |
| Future contract premiums and other receivables | | (137,661,956) |
| Delinquent fees and contracts receivable | | (1,708,217) |
| Due from other funds | | 84,598 |
| Prepaid expenses | | 870,124 |
| Increase (decrease) in: | | |
| Accounts payable and accrued expenses | | (64,675,102) |
| Due to other funds | | 9,806,092 |
| Future contract benefits and expenses payable | | 360,734,791 |
| Compensated absences payable | | 173,363 |
| Net pension and OPEB liability | | 48,593 |
| Net cash provided by (used in) operating activities | \$ | (167,498,243) |

Non-cash investing, capital, and financing activities:

| | | |
|---|----|---------------|
| Change in the fair value of investments | \$ | (295,913,992) |
|---|----|---------------|

The accompanying notes are an integral part of these financial statements.

Florida Prepaid College Board Statement of Fiduciary Net Position

| | Private-Purpose Trust Funds | | | |
|--|--|--|---|---------------------------------------|
| | Florida 529 Savings Plan (Primary Government) | Florida ABLE, Inc. (Component Unit) | Stanley G. Tate Florida Prepaid College Foundation, Inc. (Component Unit) | Private - Purpose Trust Fund Total |
| <i>June 30, 2025</i> | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ - | \$ 20 | \$ 183,182 | \$ 183,202 |
| Investments | - | 3,758,679 | 4,706,348 | 8,465,027 |
| Due from other funds | - | - | 87,140,276 | 87,140,276 |
| Restricted assets | | | | |
| Cash and cash equivalents | 1,380,230 | 30,955,400 | - | 32,335,630 |
| Investments | 1,718,588,586 | 99,420,114 | - | 1,818,008,700 |
| Accounts receivable | 66,405 | 627,812 | - | 694,217 |
| Investment trades receivable | 66,939 | 754,205 | - | 821,144 |
| Accrued interest and dividends receivable | 3,798,435 | 221,673 | - | 4,020,108 |
| Equipment, net of depreciation | - | - | - | - |
| Total assets | 1,723,900,595 | 135,737,903 | 92,029,806 | 1,951,668,304 |
| Liabilities | | | | |
| Current liabilities | | | | |
| Accounts payable and accrued expenses | 162,990 | 472,910 | 7,601 | 643,501 |
| Due to other funds | - | 144 | 33,808 | 33,952 |
| Due to beneficiaries | - | - | 76,544,935 | 76,544,935 |
| Investment trades payable | 6,424,969 | 779,291 | - | 7,204,260 |
| Total current liabilities | 6,587,959 | 1,252,345 | 76,586,344 | 84,426,648 |
| Total liabilities | 6,587,959 | 1,252,345 | 76,586,344 | 84,426,648 |
| Net position | | | | |
| Restricted for individuals and program administration | 1,717,312,636 | 134,485,558 | - | 1,851,798,194 |
| Restricted for scholarships and other | - | - | 15,443,462 | 15,443,462 |
| Total net position | \$ 1,717,312,636 | \$ 134,485,558 | \$ 15,443,462 | \$ 1,867,241,656 |

The accompanying notes are an integral part of these financial statements.

Florida Prepaid College Board Statement of Changes in Fiduciary Net Position

| | Private-Purpose Trust Funds | | | |
|---|--|--|---|---------------------------------------|
| | Florida 529 Savings Plan (Primary Government) | Florida ABLE, Inc. (Component Unit) | Stanley G. Tate Florida Prepaid College Foundation, Inc. (Component Unit) | Private - Purpose Trust Fund Total |
| <i>For the year ended June 30, 2025</i> | | | | |
| Additions | | | | |
| Contributions | \$ 227,242,812 | \$ 35,920,279 | \$ - | \$ 263,163,091 |
| Governmental support | - | 1,770,000 | - | 1,770,000 |
| Investment income | 171,047,168 | 11,504,813 | 4,497,869 | 187,049,850 |
| Transfers from other funds | 21,162,772 | - | - | 21,162,772 |
| Application and other fees | 181,044 | 196,787 | 43,769 | 421,600 |
| Total additions | 419,633,796 | 49,391,879 | 4,541,638 | 473,567,313 |
| Deductions | | | | |
| Payments in accordance with trust agreements | 117,558,816 | 17,644,801 | - | 135,203,617 |
| Scholarships | - | - | 72,240 | 72,240 |
| Administration expense | 12,583,178 | 2,480,164 | 412,671 | 15,476,013 |
| Total deductions | 130,141,994 | 20,124,965 | 484,911 | 150,751,870 |
| Change in net position | 289,491,802 | 29,266,914 | 4,056,727 | 322,815,443 |
| Net position, beginning of year | 1,427,820,834 | 105,218,644 | 11,386,735 | 1,544,426,213 |
| Net position, end of year | \$ 1,717,312,636 | \$ 134,485,558 | \$ 15,443,462 | \$ 1,867,241,656 |

The accompanying notes are an integral part of these financial statements.

Note 1: ORGANIZATION AND PURPOSE

Description of the Reporting Entity

The Florida Prepaid College Board (the “Board”) is a corporate body considered a component unit of the State of Florida, administratively housed under the State Board of Administration (the “SBA”). The Board was created pursuant to Chapter 1009.971(1) of the Florida Statutes to administer the Stanley G. Tate Florida Prepaid College Program (the “Prepaid Plan”) and the Florida 529 Savings Plan (the “Savings Plan”).

The legislation which created the Prepaid Plan was passed in 1987 and the Prepaid Plan was implemented in fall 1988. The Prepaid Plan was created to provide a medium through which the cost of a state postsecondary education may be paid in advance of enrollment at a rate lower than the projected corresponding cost at the time of actual enrollment. The Prepaid Plan is authorized by Chapter 1009.98 of the Florida Statutes and governed by Board Rules. The State of Florida (the “State”) guarantees to meet the obligations of the Prepaid Plan for qualified beneficiaries if funds in the Prepaid Plan are insufficient. If the State determines the Prepaid Plan to be financially infeasible, the State may discontinue the provisions of the Prepaid Plan. If discontinued, any qualified beneficiary who has been accepted by, and is enrolled in, or is within five years of enrollment at, a state college, university or postsecondary institution, (or other institution as specified in the contract), would be able to exercise the complete benefits of the Prepaid Plan. All other contract holders would receive a refund with an additional amount for interest at prevailing rates.

The legislation which created the Savings Plan was passed in 2000 and the Savings Plan was implemented in fall 2002, to provide a vehicle whereby participants can save for qualified educational expenses. The Savings Plan is authorized by Chapter 1009.981 of the Florida Statutes and is also governed by Board Rules. Participant contributions are collected and invested in accordance with Savings Plan provisions and participant direction. Savings Plan provisions clearly state that the participant contributions are solely the debt of the Savings Plan and not the debt of the State. Participants retain ownership of all amounts on deposit with the Savings Plan, up to the dates of distribution on behalf of designated beneficiaries. Participant contributions and the earnings derived therefrom are held in trust for the participants.

The Savings Plan will continue in existence until it is terminated by law. Upon termination of the Savings Plan, all deposits would be returned to the participants and any unclaimed assets in the Savings Plan would revert to the Stanley G. Tate Florida Prepaid College Foundation in accordance with general laws regarding unclaimed property of the Florida Prepaid College Board.

In evaluating the Board as a reporting entity, management has considered all potential component units (traditionally separate reporting entities) for which the Board may or may not be financially accountable and, if accountable, be included in the Board’s financial statements.

Florida Prepaid College Board Notes to Financial Statements

Note 1: ORGANIZATION AND PURPOSE (Continued)

Description of the Reporting Entity (continued)

The accompanying financial statements present the financial position and changes in financial position of the Board's discretely presented component units, the Stanley G. Tate Florida Prepaid College Foundation, Inc. (the Foundation) and Florida ABLE, Inc. (ABLE). The Board is a legally separate organization from the Foundation and ABLE. However, the Board is financially accountable for the Foundation and ABLE. In accordance with governmental accounting standards, the Board (the primary government) is financially accountable if it appoints a majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit or to impose specific financial burden on the Board. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Board's analysis disclosed no other component units that should be included in the Board's financial statements.

| Component Unit | Justification for Inclusion in the Reporting Entity | Separate Financial Statements |
|-----------------------|---|---|
| Foundation | The Board's chair and executive director jointly appoint a majority of the Foundation's board and is able to impose its will, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, on the Foundation. | Available at www.floridaprepaid-foundation.com |
| ABLE | ABLE is closely related to the Board and warrants inclusion in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14. | Available at www.ableunited.com |

The Foundation is a direct-support organization of the Board and is authorized by section 1009.984 of the Florida Statutes. The Foundation was incorporated under the provisions of chapter 617 and approved by the Secretary of State. The legislation was passed in 1989 and the Foundation was implemented in 1990. The Foundation administers the Stanley Tate Project STARS Scholarship Program (formerly the Florida Prepaid Tuition Scholarship Program) and other scholarship programs, on behalf of the Board. The Stanley Tate Project STARS Scholarship Program provides prepaid scholarships to economically disadvantaged, at-risk students.

During 2015, the Florida legislature passed the Florida Achieving a Better Life Experience Act. The state law established ABLE to administer the Florida ABLE Program. ABLE was established to offer savings and investment options to individuals with a disability and their families with disability related expenditures.

Note 1: ORGANIZATION AND PURPOSE (Continued)

Description of the Reporting Entity (continued)

The accompanying financial statements do not include the funds and accounts of the State of Florida, and therefore, are not intended to present the financial position and the results of operations of the State of Florida in conformity with generally accepted accounting principles.

Note 2: BASIS OF PRESENTATION

Prepaid Plan

Proprietary funds report activities generally financed and operated like private businesses and include enterprise funds and internal service funds.

Enterprise funds are used to report activities for which a fee is charged to external users for goods or services. The Prepaid Plan charges an actuarially determined price to contract purchasers. The contract price and investment earnings thereon are intended to be sufficient to provide for the future costs of the services provided. As such, the Prepaid Plan is accounted for as an enterprise fund.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. Operating revenues and expenses for the Prepaid Plan include the contract revenue and expenses associated with covered college tuition and fees, and dormitory housing fees. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Savings Plan, Foundation and ABLE

Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to report resources held and administered by the reporting government when it is acting in a fiduciary capacity for individuals, private organizations, or other governments.

Private-purpose trust funds are used to report all trust arrangements, excluding those recognized in pension, investment trust or custodial funds, under which principal and income benefit individuals, private organizations, or other governments. In determining the basis of presentation, management considered the definitions of each of the four fiduciary fund types as presented in GASB No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and amended by GASB No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* and GASB No. 84 *Fiduciary Activities*, and determined the private-purpose trust fund category to be most definitive of the funds representing the Savings Plan, Foundation and ABLE.

Note 2: BASIS OF PRESENTATION (Continued)

Basis of Accounting

These financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

Enterprise funds and fiduciary type funds use the economic resources measurement focus and thus, the accrual basis of accounting. Revenues are recognized as earned when prepaid plans are purchased and expenses are recognized when services or benefits are received.

The Foundation receives donations from donor organizations with instructions to purchase contracts from the Prepaid Plan for specified third-party beneficiaries. The Foundation has no discretion in determining the parties to be benefited and it must deliver the contracts to the specified beneficiaries. Receipt of those donations is not a contribution to the Foundation, nor is the delivery of the contracts considered an expense of the Foundation. The unexpended funds from the donors are classified as restricted assets, and amounts due to beneficiaries in the statement of fiduciary net position totaled \$76,544,935 at June 30, 2025.

Note 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid instruments with original maturities of three months or less when purchased. Cash equivalents held at Northern Trust and Bank of New York Mellon are classified as investments in accordance with GASB 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

Investments

Investments are recorded at fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Quoted market prices are used to determine fair value. When no quoted market price is available, market prices are provided by the custodial bank's external pricing vendors, or alternative pricing source, such as investment managers, if information is not available from the primary vendors.

Note 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equipment

Equipment is reported at historical cost and depreciated using the straight-line method over the estimated useful lives of the related assets, which range from three to seven years. Repairs are expensed as incurred.

Subscription-Based Information Technology Arrangements (SBITAs)

The Board has entered into subscription-based information technology arrangements (SBITAs) for software and related services in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. A SBITA is defined as a contract that conveys control of the right to use another party's IT software, alone or in combination with tangible capital assets, for a period of time in an exchange or exchange-like transaction. At the commencement of the subscription term, the government recognizes a subscription asset and a corresponding subscription liability. The subscription liability is initially measured at the present value of subscription payments expected to be made during the subscription term, discounted using the Board's incremental borrowing rate at the commencement date (unless an implicit rate is readily determinable). The subscription asset is initially measured as the sum of the subscription liability, plus any payments made to the vendor before commencement, and certain capitalizable implementation costs, less any incentives received from the vendor. The subscription asset is amortized over the shorter of the subscription term or the useful life of the underlying IT asset. The subscription liability is reduced as payments are made, and interest expense is recognized based on the effective interest method. Activities such as preliminary project stage costs and post-implementation training and maintenance costs are expensed as incurred. Implementation costs that are directly associated with the Board's access to the IT software during the subscription term are capitalized and amortized over the same period as the related subscription asset.

Revenue Recognition

Prepaid tuition, fees and dormitory housing contracts are set up to be paid under either a lump-sum plan, a five-year monthly payment plan or a monthly payment plan. The lump-sum plan is a one-time payment when the child is enrolled in the Prepaid Plan. The five-year monthly payment plan provides for 55 equal monthly payments. The monthly payment plan provides for equal payments each month until the child enters college. Revenues are recognized as earned when plans are purchased. Additionally, contract premiums revenue includes the annual change in the actuarially determined net present value of existing contract payments to be received in the future.

Delinquent Fees and Contracts Receivable

Delinquent fees and contracts receivable are the total due as of June 30, 2025 on contract payments that are past due. Management considers these amounts fully collectible as any contracts that remain delinquent past six months are cancelled and all fees are deducted from contract payments already received prior to cancellation.

Note 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future Contract Premiums and Other Receivables

Future contract premiums receivable represents the actuarially determined present value of future receipts on contracts existing as of June 30, 2025. Future other receivables represent the actuarially determined present value of future revenue receivable from late payments, non-sufficient funds fees, and cancellation fees due as of June 30, 2025.

Future Contract Benefits and Expenses Payable

Future contract benefits payable represents the actuarially determined present value of future contract benefit obligations of the Prepaid Plan. Future contract benefits payable includes return of payments, which is the actuarially determined present value of future cancellation refund payments to participants. Future expenses payable represents the actuarially determined present value of future administrative expenses of the Prepaid Plan.

Deferred Outflows of Resources

In addition to assets, the Statement of Net Position – Enterprise Fund reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources* represents a consumption of net assets by the Board that is applicable to a future reporting period. Employee contributions after the measurement date related to the employer's net pension liability are reported as *deferred outflows of resources* until the next measurement date.

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position – Enterprise Fund reports a separate section for *deferred inflows of resources*. This separate financial statement element, *deferred inflows of resources* represents an acquisition of net assets by the Board that is applicable to a future reporting period. Net differences between projected and actual earnings on pension plan investments identified during the measurement period are deferred and amortized as a component of pension expense in future periods.

Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Note 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions

During normal operations, the Board engages in transactions between funds. These transactions are reflected as operating transfers or as interfund receivables and payables. Management's intent to reimburse a fund determines whether or not the interfund transaction is recorded as a transfer or a receivable.

Income Taxes

The Foundation is a non-profit organization, exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. ABLE is a non-profit organization, exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is shown in the accompanying financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through the date of the independent auditor's report which is December 10, 2025, and the date the financial statements were available to be issued. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Implementation of Current Accounting Pronouncements

During the year ended June 30, 2025, multiple new GASB statements became effective. The Board evaluated the effects that these statements would have on its financial statements and determined none would significantly impact the accounting, disclosure or overall presentation of the Board's financial statements.

Note 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Pronouncements

GASB Statement No. 101

In June 2022, the GASB issued GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The Board implemented GASB Statement No. 101 during the year ended June 30, 2025 which resulted in a decrease in net position of \$776,138 as of July 1, 2024.

GASB Statement No. 102

In December 2023, the GASB issued GASB Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Implementation resulted in only insignificant changes to the disclosures.

Future Accounting Pronouncements

GASB Statement No. 103

In April 2024, the GASB issued GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. Areas affected include management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, major

Florida Prepaid College Board Notes to Financial Statements

Note 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future Accounting Pronouncements (continued)

GASB Statement No. 103 (continued)

component unit information, and budgetary comparison information. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The Board is currently evaluating the impact of this guidance on its financial statements.

GASB Statement No. 104

In September 2024, the GASB issued GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. This statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by GASB Statement No. 34. The requirements of this statement are effective for years beginning after June 15, 2025, and all reporting periods thereafter. The Board is currently evaluating the impact of this guidance on its financial statements.

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Board's deposits may not be returned to them. Cash deposits consisted of interest bearing and non-interest bearing demand accounts at two financial institutions which are entirely insured by the Federal Depository Insurance Corporation or by collateral pursuant to The Florida Security for Public Deposits Act (the Act). The Act establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the Board's cash deposits in qualified public depositories are totally insured. Deposits are presented in the basic financial statements at cost which is also the market or fair value. In addition to cash deposits in operating accounts, cash was received as collateral for securities lent under the Security Lending Agreement. At June 30, 2025, the Prepaid Plan had \$99,221,865 invested in short-term cash and cash equivalents that is not insured or collateralized under the Act. The Board believes the credit risk related to these balances is minimal.

Deposits held in foreign currency total the following at June 30, 2025:

| (\$ in thousands) | | Savings Plan |
|---|----|--------------|
| Australian dollar | \$ | 3 |
| Canadian dollar | | 1 |
| Euro | | 5 |
| Total deposits held in foreign currency (U.S. \$) | \$ | 9 |

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

Investments

Investments managed by the Board are reported at fair value in accordance with the Custody and Investment Management Pricing Guidelines established by the Board's custodian bank, Northern Trust. Northern Trust uses a variety of independent pricing sources and collects various price types from their pricing providers. Price types include official close, last traded, bid/offer and mid. In the event an asset does not receive its preferred price type, they consider the next highest price type received that exists in the price type hierarchy.

Provider hierarchy is the preferred order of providers Northern Trust uses to price major asset types by region of the world. Generally, the provider and price type hierarchies will remain unchanged as long as the providers' prices remain in line with market consensus and pre-assigned tolerance levels. However, during events of extreme market volatility or the availability of prices from alternative sources, it is possible that a winning price can be sourced from a provider lower in the hierarchy. It is for these reasons that Northern Trust reserves the right to change its provider or price type hierarchies on any given day.

Northern Trust will make reasonable attempts to obtain a price from an independent source. If no independent price source is available, an alternative price source may be used. Northern Trust will not actively solicit these sources and will use them only as the result of a price challenge. Investment Managers may submit a price challenge and where appropriate provide a price, source, pricing methodology or other relevant supporting information which can facilitate the independent pricing of the asset by recognized market vendors. The Board does not provide direction regarding the substitution of prices in instances where securities are in the portfolio of an investment manager appointed by the Board.

Investments managed by ABLE are either commingled funds or mutual funds and are reported at fair value as calculated by ABLE's custodian bank, BNY Mellon.

For commingled funds and mutual funds, BNY Mellon works with its pricing vendors, the applicable investment manager, or directly with the applicable investment fund to obtain prices for each Valuation Date. Where the price for the fund is being provided by the investment manager or the investment fund BNY Mellon obtains from its investment manager or other authorized person, a price, total Fund holdings, and transactions each business day, to ensure BNY Mellon's ability to accurately and timely calculate and deliver the NAV for one or more Fund(s).

If prices are not available daily, BNY Mellon utilizes, as a proxy price, a price calculated by multiplying (i) the percentage change between the current Valuation Date and the prior Valuation Date in benchmark pricing source listed in the NAV Reasonability Benchmark chart by (ii) the price of the security in question as of the prior Valuation Date.

Florida Prepaid College Board
Notes to Financial Statements

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the Board will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. At June 30, 2025, the following securities were uninsured and unregistered, with securities held by the counterparty, or by its trust department:

| Prepaid Plan (\$ in thousands) | | Fair Value |
|---|----|----------------------|
| Asset Category | | June 30, 2025 |
| Certificates of deposit | \$ | 231,572 |
| Commercial paper | | 334,036 |
| Repurchase agreements | | 312,000 |
| Total invested security lending collateral | \$ | 877,608 |

Concentration of Credit Risk

At June 30, 2025, the Prepaid Plan and the Savings Plan held no individual securities representing 5% or more of the total investment portfolio.

Florida Prepaid College Board Notes to Financial Statements

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

Investments of the Prepaid Plan were as follows:

(\$ in thousands)

| Asset Category | Fair Value June 30, 2025 |
|--|-----------------------------|
| Commercial paper | \$ 114,937 |
| Money market funds | 280,250 |
| U.S. guaranteed obligations: | |
| U.S. Treasury bills | 35,140 |
| U.S. Treasury bonds & notes | 1,267,390 |
| U.S. Treasury strips | 4,228,111 |
| Index linked government bonds | 25,284 |
| U.S. government guaranteed asset-backed | 17,515 |
| Ginnie Mae (GNMA) mortgage-backed pass-throughs | 57,287 |
| GNMA commitments to purchase (TBAs) | 5,387 |
| GNMA collateralized mortgage obligations (CMOs) | 10,695 |
| Federal agencies: | |
| Unsecured bonds & notes | 23,193 |
| Agency strips | 219,995 |
| Mortgage-backed pass-throughs (FNMA, FHLMC) | 229,926 |
| Mortgage-backed commitments to purchase (TBAs) | 156,728 |
| CMOs & commercial mortgage-backed securities (CMBSs) | 21,914 |
| Domestic bonds & notes: | |
| Corporate | 2,113,929 |
| Asset-backed & mortgage-backed securities | 296,461 |
| Municipal/provincial | 28,762 |
| Non-government CMOs & CMBSs | 286,139 |
| Commingled funds | 132,982 |
| International bonds & notes (\$ denom): | |
| Government & agency | 29,131 |
| Corporate | 217,603 |
| Asset-backed & mortgage-backed securities | 36,562 |
| Domestic equities: | |
| Commingled funds | 2,308,009 |
| International equities: | |
| Commingled funds | 1,049,031 |
| Investment derivative contracts: | |
| Fixed income futures | 394 |
| Total investments excluding lending collateral | 13,192,755 |
| Invested security lending collateral: | |
| Certificates of deposit | 231,572 |
| Commercial paper | 334,036 |
| Repurchase agreements | 312,000 |
| Total invested security lending collateral | 877,608 |
| Total investments - Prepaid Plan | \$ 14,070,363 |

Florida Prepaid College Board
Notes to Financial Statements

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

Investments of the Savings Plan were as follows:

| (\$ in thousands) | | Fair Value |
|--|----|---------------|
| Asset Category | | June 30, 2025 |
| Money market funds | \$ | 151,853 |
| U.S. guaranteed obligations: | | |
| U.S. Treasury bonds & notes | | 6,331 |
| Indexed linked government bonds | | 1,416 |
| Ginnie Mae (GNMA) mortgage-backed pass-throughs | | 1,999 |
| Federal agencies: | | |
| Mortgage-backed pass-throughs (FNMA, FHLMC) | | 3,744 |
| Mortgage-backed commitments to purchase (TBAs) | | 6,270 |
| CMOs & commercial mortgage-backed securities (CMBSs) | | 452 |
| Domestic bonds & notes: | | |
| Corporate | | 8,362 |
| Asset-backed & mortgage-backed | | 1,700 |
| Municipal/provincial | | 155 |
| Non-government CMOs & CMBSs | | 4,498 |
| Commingled funds | | 542,408 |
| International bonds & notes (\$ denom): | | |
| Government & agency | | 972 |
| Corporate | | 827 |
| Asset-backed & mortgage-backed | | 634 |
| Commingled funds | | 33,158 |
| Domestic equity commingled funds | | 623,063 |
| International equity commingled funds | | 327,481 |
| Real estate equity commingled funds | | 3,191 |
| Investment derivative contracts: | | |
| Forwards | | (7) |
| Futures | | 22 |
| Swaps | | 60 |
| Total investments - Savings Plan | \$ | 1,718,589 |

Florida Prepaid College Board
Notes to Financial Statements

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

Investments of Florida ABLE, Inc. were as follows:

| (\$ in thousands) | | Fair Value |
|---|----|----------------------|
| <u>Asset Category</u> | | <u>June 30, 2025</u> |
| Money market funds | \$ | 17,702 |
| Commingled fixed income mutual fund | | 25,067 |
| Commingled domestic equity mutual fund | | 46,872 |
| Commingled international equity mutual fund | | 13,538 |
| Total investments - Florida ABLE, Inc. | \$ | 103,179 |

The Foundation held \$4,706,348 in money market funds at June 30, 2025.

Pledged Collateral

Certain investments were pledged as collateral with the Board's futures counterparties to meet initial margin requirements. Investments pledged as collateral as of June 30, 2025, are presented below:

| Prepaid Plan (\$ in thousands) | | Fair Value |
|-----------------------------------|----|------------|
| <u>Investment Type</u> | | <u></u> |
| U.S. guaranteed obligations | \$ | 1,050 |

| Savings Plan (\$ in thousands) | | Fair Value |
|-----------------------------------|----|------------|
| <u>Investment Type</u> | | <u></u> |
| U.S. guaranteed obligations | \$ | 198 |

In addition, the Prepaid Plan and the Savings Plan may receive from or send cash to the Board's futures and swap counterparties for variation margin. Such margin amounts are reflected as "accounts receivable" or "accounts payable" on the statement of net position or statement of fiduciary net position. Pursuant to these types of contracts, and also commitments to purchase (TBAs), the Board agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in the value of the contract. All variation margin amounts receivable from or payable to the broker as of June 30, 2025, are presented below:

Florida Prepaid College Board
Notes to Financial Statements

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

| | Prepaid Plan (\$ in thousands) | Fair Value |
|--------------------------------------|---|-------------------|
| Margin Collateral | | |
| Margin receivable from counterparty: | | |
| Futures contracts | | \$ 741 |
| Commitments to purchase (TBAs) | | 26 |
| Total | | <u>\$ 767</u> |
| Margin payable to counterparty: | | |
| Futures contracts | | \$ 435 |
| Commitments to purchase (TBAs) | | 1,170 |
| Total | | <u>\$ 1,605</u> |

| | Savings Plan (\$ in thousands) | Fair Value |
|--------------------------------------|---|-------------------|
| Margin Collateral | | |
| Margin receivable from counterparty: | | |
| Futures contracts | | <u>\$ 65</u> |
| Margin payable to counterparty: | | |
| Futures contracts | | \$ 76 |
| Swap contracts | | 68 |
| Total | | <u>\$ 144</u> |

Credit Risk

The Board's policy is that investments in debt obligations and preferred stock may not be rated less than Baa3/BBB– as established by Moody's, Standard & Poor's or Fitch. Any exceptions to the policy will be noted and a statement provided indicating the steps to be taken to bring the portfolio back into compliance with the policy. Securities rated below Baa are being actively managed with the intention of selling when value is deemed to be maximized. All investments are included in this schedule, including security lending collateral investments.

All futures and swaps contracts held by the Savings Plan at June 30, 2025, were exchange-traded, therefore minimizing counterparty credit risk through the use of futures and swaps clearing merchants and clearing houses.

Florida Prepaid College Board Notes to Financial Statements

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

Credit Risk (continued)

The credit quality ratings of the Prepaid Plan investments as of June 30, 2025 are presented below:

| (\$ in thousands) | | | | | | | | Credit Rating | |
|---|-------------------|--------------------|-----------------------|-------------------|-------------------------------------|--|----------------------|------------------|--------------------|
| Certificates of deposit | Commercial paper | Money market funds | Repurchase agreements | Federal agencies | Domestic bonds & notes ² | International bonds & notes (\$ denom) | Total | S&P ¹ | Moody ¹ |
| \$ - | \$ 442,995 | \$ 280,250 | \$ - | \$ - | \$ - | \$ - | \$ 723,245 | A-1/AAAm | |
| - | 5,978 | - | - | - | - | - | 5,978 | A-2 | |
| - | - | - | - | - | 206,662 | 15,866 | 222,528 | AAA | |
| - | - | - | - | 41,100 | 148,782 | 17,355 | 207,237 | AA | |
| - | - | - | 87,412 | - | 669,761 | 82,510 | 839,683 | A | |
| - | - | - | 7,942 | - | 1,126,735 | 126,929 | 1,261,606 | BBB | |
| - | - | - | - | - | 25,518 | - | 25,518 | BB | |
| - | - | - | - | - | 268,446 | 15,960 | 284,406 | | Aaa |
| - | - | - | - | - | 7,234 | 3,720 | 10,954 | | Aa |
| - | - | - | 1,114 | - | 31,382 | 302 | 32,798 | | A |
| - | - | - | - | - | 48,209 | 16,199 | 64,408 | | Baa |
| - | - | - | - | - | 68,821 | - | 68,821 | | Ba |
| 231,572 | - | - | 65,532 | 610,656 | 256,723 | 4,455 | 1,168,938 | None | None |
| <u>\$ 231,572</u> | <u>\$ 448,973</u> | <u>\$ 280,250</u> | <u>\$ 162,000</u> | <u>\$ 651,756</u> | <u>\$ 2,858,273</u> | <u>\$ 283,296</u> | <u>4,916,120</u> | | |
| Repurchase agreements (collateralized by domestic and international stocks) | | | | | | | 150,000 | | |
| U.S. guaranteed obligations ³ | | | | | | | 5,646,809 | | |
| Commingled domestic equity funds | | | | | | | 2,308,009 | | |
| Commingled international equity funds (\$ denom) | | | | | | | 1,049,031 | | |
| Fixed income futures contracts | | | | | | | 394 | | |
| Total investments | | | | | | | <u>\$ 14,070,363</u> | | |

¹ S&P or Moody's ratings indicative of the greatest amount of credit risk are presented.

If both ratings are the same, S&P ratings are reported. If only one of the two rating agencies provided a rating, that rating is reported. "None" is reported if neither rating agency provided a rating. Long-term ratings are presented except for commercial paper and money market funds.

² Commingled mutual funds are included in these columns and do not carry credit ratings.

³ U.S. obligations and collateral for repurchase agreements which are explicitly guaranteed by the U.S. government do not require disclosure of credit quality.

Florida Prepaid College Board
Notes to Financial Statements

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

Credit Risk (continued)

The credit quality ratings of the Savings Plan investments as of June 30, 2025 are presented below:

| (\$ in thousands) | | | | | | Credit Rating | |
|-----------------------|---------------------|--|--|---------------------|--|------------------|----------------------|
| Money market funds | Federal agencies | Domestic bonds & notes ² | International bonds & notes (\$ denom) ² | Total | | S&P ¹ | Moody's ¹ |
| \$ 151,853 | \$ - | \$ - | \$ - | \$ 151,853 | | AAAm | |
| - | - | 1,807 | 371 | 2,178 | | AAA | |
| - | - | 226 | - | 226 | | AA | |
| - | - | 2,793 | 217 | 3,010 | | A | |
| - | - | 3,653 | 1,015 | 4,668 | | BBB | |
| - | - | 1,872 | 303 | 2,175 | | BB | |
| - | - | 140 | - | 140 | | B | |
| - | - | 843 | - | 843 | | | Aaa |
| - | - | 447 | - | 447 | | | Aa |
| - | - | 56 | - | 56 | | | A |
| - | - | 224 | 228 | 452 | | | Baa |
| - | - | 463 | 36 | 499 | | | Ba |
| - | - | 179 | - | 179 | | | B |
| - | 10,466 | 544,420 | 33,421 | 588,307 | | None | None |
| <u>\$ 151,853</u> | <u>\$ 10,466</u> | <u>\$ 557,123</u> | <u>\$ 35,591</u> | <u>755,033</u> | | | |
| | | U.S. guaranteed obligations ³ | | 9,746 | | | |
| | | Domestic equity commingled funds | | 623,063 | | | |
| | | International equity commingled funds | | 327,481 | | | |
| | | Real estate equity commingled fund | | 3,191 | | | |
| | | Futures, swaps and forward currency exchange contracts | | 75 | | | |
| | | Total investments | | <u>\$ 1,718,589</u> | | | |

¹ S&P or Moody's ratings indicative of the greatest amount of credit risk are presented. If both ratings are the same, S&P ratings are reported. If only one of the two rating agencies provided a rating, that rating is reported. "None" is reported if neither rating agency provided a rating. Long-term ratings are presented, except for "AAAm."

² Commingled mutual funds are included in these columns and do not carry credit ratings.

³ U.S. obligations which are explicitly guaranteed by the U.S. government do not require disclosure of credit quality.

Florida Prepaid College Board
Notes to Financial Statements

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

Credit Risk (continued)

The counterparty credit ratings for the Saving Plan's pending forward currency exchange contracts as of June 30, 2025 are presented below.

| Savings Plan | | | | | |
|--------------------------|-----------------------|-------------------------------|--|---------|--|
| (\$ in thousands) | | | | | |
| Receivable Fair Value | Payable Fair Value | Net Unrealized Gain/(Loss) | Credit Ratings (Long/Short) ¹ | | |
| | | | S&P | Moody's | |
| \$ 266 | \$ (273) | \$ (7) | A/A-1 | A/P-1 | |
| \$ 266 | \$ (273) | \$ (7) | | | |

¹ S&P ratings were primarily used. If S&P did not provide a rating or did not provide the rating with the greatest degree of credit risk, then Moody's ratings were used.

The credit quality ratings of Florida ABLE, Inc.'s investments as of June 30, 2025 are presented below:

| (\$ in thousands) | | | | | |
|---|---|------------|------------------|----------------------|--|
| Money market funds | Fixed income commingled mutual fund | Total | Credit Rating | | |
| | | | S&P ¹ | Moody's ¹ | |
| \$ 17,702 | \$ - | \$ 17,702 | AAAm | | |
| - | 25,067 | 25,067 | None | None | |
| \$ 17,702 | \$ 25,067 | 42,769 | | | |
| Domestic equity commingled mutual fund | | 46,872 | | | |
| International equity commingled mutual fund | | 13,538 | | | |
| Total investments | | \$ 103,179 | | | |

¹ S&P or Moody's ratings indicative of the greatest amount of credit risk are presented. If both ratings are the same, S&P ratings are reported. If only one of the two rating Agencies provided a rating, that rating is reported. "None" is reported if neither rating agency provided a rating.

The Foundation held \$4,706,348 in money market funds at June 30, 2025 with an S&P rating of AAAm.

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

Interest Rate Risk

Through the Board's Comprehensive Investment Plan (CIP), the Board controls exposure to fair value losses arising from increasing interest rates by using an enhanced immunization style of management. This style of investment management means the liabilities of the Prepaid Plan will be immunized by structuring the assets in such a way that the value of the Prepaid Plan's assets increase (decrease) in conjunction with increases (decreases) in the value of its liabilities due to changes in interest rates. Certain investment types are managed using different techniques, such as effective duration method and the weighted average maturity method.

Certain investments are more sensitive to interest rate changes than others. These investments include collateralized mortgage obligations (CMOs) and commercial mortgage-backed securities (CMBSs).

Examples of CMO securities that qualify as "highly interest rate sensitive" include interest-only (IO), principal-only (PO), and inverse floating (INV) CMOs. IO and PO securities are transactions that involve the separation of the interest and principal components of a security. They are highly sensitive to prepayments by mortgagors, which increase the value of a PO, while decreasing the value of an IO. INV securities have an inverse relationship to a benchmark rate, and the coupon payment is adjusted as the interest rate changes. If the benchmark interest rate decreases, the coupon rate increases and vice versa, which allows the bondholder to benefit from declining interest rates. Like an IO, an interest-only inverse floater's value increases as interest rates rise.

The Prepaid Plan's investments in IOs, POs and interest-only inverse floating CMOs totaled \$9.6 million at June 30, 2025. The Savings Plan's investments in IOs totaled approximately \$298,000 at June 30, 2025. These are included in the interest rate risk tables below in the various types of CMOs & CMBSs. Investment types related to debt portfolios are presented using the effective duration method. Investment types related to security lending transactions and money market funds are presented using the weighted average maturity.

The total duration of the Prepaid Plan Liability-Driven Investment Fixed Income portfolio should not differ from the total duration of the benchmark by more than .5 year. The total duration of the Prepaid Plan liability-driven Investment fixed Income portfolio was 12.9 years at June 30, 2025. The customized benchmark's duration for the Prepaid Plan was 12.4 years at June 30, 2025.

Florida Prepaid College Board Notes to Financial Statements

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

Interest Rate Risk (continued)

As of June 30, 2025, the Prepaid Plan had the following debt securities subject to interest rate risk:

(\$ in thousands)

| Asset Category | Fair value | Effective weighted duration (in years) | Fair value (weighted average maturity) | Weighted average maturity (in days) |
|---|--------------|--|--|-------------------------------------|
| Certificates of deposit | \$ - | Not applicable | \$ 231,572 | 12 |
| Commercial paper | 114,937 | 0.17 | 334,036 | 37 |
| Money market funds | - | Not applicable | 280,250 | 1 |
| Repurchase agreements | - | Not applicable | 312,000 | 1 |
| U.S. government guaranteed: | | | | |
| U.S. Treasury bills | 35,140 | 0.26 | - | Not applicable |
| U.S. Treasury bonds & notes | 1,267,390 | 9.93 | - | Not applicable |
| U.S. Treasury strips | 4,228,111 | 14.58 | - | Not applicable |
| Index linked government bonds | 25,284 | 9.74 | - | Not applicable |
| U.S. government guaranteed asset-backed | 17,515 | 6.68 | - | Not applicable |
| Ginnie Mae (GNMA) mortgage-backed pass-throughs | 57,287 | 7.48 | - | Not applicable |
| GNMA commitments to purchase (TBAs) | 5,387 | 6.78 | - | Not applicable |
| GNMA collateralized mortgage obligations (CMOs) ¹ | 10,695 | 7.45 | - | Not applicable |
| Federal agencies: | | | | |
| Unsecured bonds & notes | 23,193 | 11.32 | - | Not applicable |
| Agency strips | 219,995 | 5.39 | - | Not applicable |
| Mortgage-backed pass-throughs (FNMA, FHLMC) | 229,926 | 7.20 | - | Not applicable |
| Mortgage-backed commitments to purchase (TBAs) | 156,729 | 5.99 | - | Not applicable |
| CMOs & commercial mortgage-backed securities (CMBSs) ¹ | 21,914 | 5.60 | - | Not applicable |
| Domestic bonds & notes: | | | | |
| Corporate | 2,113,929 | 10.97 | - | Not applicable |
| Asset-backed & mortgage-backed securities | 296,461 | 2.16 | - | Not applicable |
| Municipal/provincial | 28,761 | 5.49 | - | Not applicable |
| Non-government CMOs & CMBSs ¹ | 286,139 | 2.91 | - | Not applicable |
| Commingled mutual funds | 132,982 | 5.85 | - | Not applicable |
| International bonds & notes (\$ denom): | | | | |
| Government & agency | 29,131 | 7.80 | - | Not applicable |
| Corporate | 217,603 | 9.20 | - | Not applicable |
| Asset-backed & mortgage-backed securities | 36,562 | 0.16 | - | Not applicable |
| Futures-long ² | 2,642 | 5.83 | - | Not applicable |
| Futures-short ² | (2,248) | 8.58 | - | Not applicable |
| Total debt investments - Prepaid Plan | \$ 9,555,465 | | \$ 1,157,858 | |

¹ Includes investments in IOs, POs, and interest-only inverse floating CMOs totaling \$9.6 million at June 30, 2025.

² The futures contracts' effective weighted durations were calculated using notional values (in U.S. dollars) rather than fair values.

Florida Prepaid College Board Notes to Financial Statements

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

As of June 30, 2025, the Savings Plan had the following debt securities subject to interest rate risk:

(\$ in thousands)

| Asset Category | Fair value | Effective weighted duration (in years) | Fair value (weighted average maturity) | Weighted average maturity (in days) |
|---|------------|--|--|-------------------------------------|
| Money market funds | \$ - | Not applicable | \$ 151,853 | 1 |
| U.S. guaranteed obligations: | | | | |
| U.S. Treasury bonds & notes | 6,331 | 10.62 | - | Not applicable |
| Index linked government bonds | 1,416 | 9.26 | - | Not applicable |
| Ginnie Mae (GNMA) mortgage-backed pass-throughs | 1,999 | 7.59 | - | Not applicable |
| Federal agencies: | | | | |
| Mortgage-backed pass-throughs (FNMA, FHLMC) | 3,744 | 8.19 | - | Not applicable |
| Mortgage-backed commitments to purchase (TBAs) | 6,270 | 5.90 | - | Not applicable |
| CMOs & commercial mortgage-backed securities (CMBSs) ¹ | 452 | 5.35 | - | Not applicable |
| Domestic bonds & notes: | | | | |
| Corporate | 8,362 | 5.31 | - | Not applicable |
| Municipal/provincial | 155 | 5.65 | - | Not applicable |
| Asset-backed & mortgage-backed securities | 1,700 | 3.74 | - | Not applicable |
| CMOs & CMBSs ¹ | 4,498 | 2.58 | - | Not applicable |
| Commingled mutual funds | 542,408 | 4.89 | - | Not applicable |
| International bonds & notes (\$ denom): | | | | |
| Government | 972 | 9.06 | - | Not applicable |
| Corporate | 827 | 5.53 | - | Not applicable |
| Asset-backed & mortgage-backed | 634 | 0.07 | - | Not applicable |
| Commingled mutual funds | 33,158 | 6.90 | - | Not applicable |
| Futures - long ² | 93 | 5.93 | - | Not applicable |
| Futures - short ² | (71) | 7.55 | - | Not applicable |
| Interest rate swaps ² | 60 | (15.37) | - | Not applicable |
| Total debt investments - Savings Plan | \$ 613,008 | | \$ 151,853 | |

¹ Includes investments in IOs totaling \$297,541.

² The futures contracts' and interest rate swaps effective weighted durations were calculated using notional values (in U.S. dollars) rather than fair values.

As of June 30, 2025, Florida ABLE, Inc. had the following debt securities subject to interest rate risk:

(\$ in thousands)

| Asset Category | Fair value | Effective weighted duration (in years) | Fair value (weighted average maturity) | Weighted average maturity (in days) |
|---|------------|--|--|-------------------------------------|
| Money market funds | \$ - | Not applicable | \$ 17,702 | 1 |
| Fixed income commingled mutual fund | 25,067 | 5.85 | - | Not applicable |
| Total debt investments - Florida ABLE, Inc. | \$ 25,067 | | \$ 17,702 | |

The Foundation held \$4,706,348 in money market funds at June 30, 2025 with daily liquidity.

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of a deposit or investment. Through the CIP, the Board hopes to reduce total portfolio volatility while enhancing total return through international diversification of the equity class. The Florida Prepaid Program's comprehensive investment plan limits investment in foreign equities to 30% of total equities, with the target for total equities to be up to 70% of the actuarial reserve. The Board seeks companies that are domiciled outside of the US equity market for inclusion in the international equity portfolio. The international equity portfolio will be measured against the MSCI EAFE (Europe, Australia, Far East) Index which is designed to measure the equity market performance of developed markets excluding US and Canada.

Commingled international equity funds are collective investments where the Board owns a portion of the total units in commingled funds with other investors.

As of June 30, 2025, the Prepaid Plan held the following international equity investments that were exposed to foreign currency risk:

| Prepaid Plan (\$ in thousands) | | Fair Value (in US \$) |
|---|----|------------------------------|
| Foreign currency | | June 30, 2025 |
| Other investments with potential exposure to foreign currency risk: | | |
| International equity commingled mutual funds | \$ | 1,049,031 |
| Total investments exposed to foreign currency risk | \$ | 1,049,031 |

Florida Prepaid College Board
Notes to Financial Statements

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

The Savings Plan also holds investments, including futures and forward foreign currency contracts, that are subject to foreign currency risk. As of June 30, 2025, the Savings Plan held the following investments exposed to foreign currency risk:

| | | Savings Plan (\$ in thousands) | | | |
|---|----|--|-----------|--------------------|------------|
| | | Fair Value (in U.S. \$) at June 30, 2025 | | | |
| Currency | | Equity | Fixed | | Total |
| | | | Income | Other ¹ | |
| Australian dollar | \$ | - | \$ - | \$ 9 | \$ 9 |
| Canadian dollar | | - | - | 10 | 10 |
| Euro | | - | 273 | (43) | 230 |
| Total investments held in foreign currencies (U.S. \$) | | - | 273 | (24) | 249 |
| Other investments with potential exposure to foreign currency risk: | | | | | |
| International bonds and notes commingled mutual funds | | - | 33,158 | - | 33,158 |
| International equity commingled mutual funds | | 327,481 | - | - | 327,481 |
| Total | \$ | 327,481 | \$ 33,431 | \$ (24) | \$ 360,888 |

¹ Derivatives include futures and forward foreign currency exchange contracts with fair values presented on a net basis.

The table below provides additional details on the Savings Plan's futures contracts as of June 30, 2025 that were subject to foreign currency risk.

| | | | (\$ in thousands) | | | |
|--|-------------------|-----------|-------------------|-----------------|----------------------|----------------------|
| | | | In Local Currency | | | In U.S. \$ |
| | | Number of | Notional | Notional | | |
| Futures Contract Type | Currency | Contracts | Traded Exposure | Market Exposure | Unrealized Gain/Loss | Unrealized Gain/Loss |
| Bond futures: | | | | | | |
| Australia 10 year | Australian dollar | 9 | \$ 1,023 | \$ 1,031 | \$ 8 | \$ 9 |
| Canada 10 year | Canadian dollar | 8 | 970 | 976 | 6 | 10 |
| Euro OAT | Euro | (5) | (624) | (619) | 5 | (16) |
| Euro Buxl 30 year | Euro | (2) | (242) | (237) | 5 | (3) |
| Euro BTP | Euro | (4) | (483) | (484) | (1) | (17) |
| Total futures subject to foreign currency risk | | | | | | \$ (17) |

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

Forward and Spot Foreign Currency Contracts

Foreign currency contracts are agreements to exchange one currency for another currency at an agreed-upon price and settlement date. Currently, there are two types of foreign currency contracts being utilized by the Board, although only forward contracts were held as of June 30, 2025. Spot currency contracts are valued at spot (traded) currency rates and are used primarily for trade settlement and currency repatriation. Forward currency contracts are valued at interpolated forward rates and may be used to mitigate currency risk for changes in value associated with foreign holdings, payables and/or receivables. Forward currency contracts are recorded as investment assets (net of liabilities) on the statement of fiduciary net position and spot currency contracts are recorded as receivables and payables on the statement of net position.

The Savings Plan's forward currency contract positions as of June 30, 2025, that were exposed to foreign currency risk are presented below, by currency:

| Savings Plan (\$ in thousands) | | | | | |
|---|------------------------|---------------------|---------------|---------------------------|--|
| Forward Currency Contracts (in U.S. \$) at June 30, 2025 | | | | | |
| Currency | Receivable Notional | Payable Notional | Fair Value | Unrealized Gain/(Loss) | |
| Euro | \$ - | \$ (266) | \$ (273) | \$ (7) | |
| U.S. dollar | 266 | - | 266 | - | |
| Total | \$ 266 | \$ (266) | \$ (7) | \$ (7) | |

The Florida ABLE, Inc. program held \$13,537,990 in an international equity commingled mutual fund that holds underlying securities with exposure to foreign currency risk.

Securities Lending

Under the provisions of the Securities Lending Authorization Agreement, the Board lends securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The types of securities lent include U.S. government agency bonds, U.S. government bonds, U.S. common stock, international common stock and U.S. corporate bonds. The Board's investment trustee manages the securities lending program and receives cash, certain governmental securities or irrevocable bank letters of credit as collateral from the borrower. The non-cash collateral cannot be pledged or sold by the Board unless the borrower defaults, so the non-cash collateral is not reported on the statement of net position.

U.S. securities are loaned versus collateral valued at 102% of the market value of the securities plus any accrued interest. Non-U.S. securities are loaned versus collateral valued at 105% of the market value plus any accrued interest.

All securities loans can be terminated on demand by either the lender or the borrower, although the average term of the Florida Prepaid College Board's loans was approximately 446 days as of June 30, 2025. Cash collateral is invested in a short-term investment pool, the Florida Prepaid Custom Fund, which had an interest rate sensitivity of 38 days as of June 30, 2025.

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

Securities Lending (continued)

For the Prepaid Plan, securities lent to others under security lending agreements with cash collateral had a fair value of \$962,353,864 and with securities collateral had a fair value of \$1,665,614,581 as of June 30, 2025. The Prepaid Plan held \$975,819,843 in cash and \$1,773,510,255 in securities as collateral for the loans outstanding at June 30, 2025.

The Florida Prepaid College Board received cash as collateral for the securities lent to other borrowers. The cash collateral is invested in but not limited to asset backed securities, corporate bonds, certificates of deposit and repurchase agreements.

Derivatives

The Florida Prepaid College Board trades domestic stock futures to efficiently manage large cash flows and equitize residual cash flow resulting from corporate actions, dividends and interest, and changes made to the underlying index. No stock futures were traded during the fiscal year ended June 30, 2025.

A futures contract is an agreement between a buyer and a seller to exchange a particular good for a particular price at a particular date in the future, all of which are specified in a contract common to all members in a market on an organized futures exchange. Upon entering a futures contract, collateral (cash and/or securities) is deposited with the counterparty, in the Board's name, in accordance with the initial margin requirements of the counterparty. Futures contracts are marked to market daily by the board of trade or exchange on which they are traded. The resulting gain/loss is received/paid the following day until the contract expires. The frequency of cash flows depends on specified collateral and margin limits mutually agreed upon by the Board and third-party counterparty. Future contracts involve, to varying degrees, risk of loss in excess of the variation margin disclosed in the Statement of Fiduciary Net Position. Losses may arise from future changes in the value of the underlying instrument.

Foreign currency contracts are agreements to exchange one currency for another currency at an agreed-upon price and settlement date. Forward currency contracts are valued at interpolated forward rates and may be used to mitigate currency risk for changes in value associated with foreign holdings, payables and/or receivables. Forward currency contracts are recorded as investment assets on the Statement of Net Position.

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

Derivatives (continued)

A swap is a contractual agreement to exchange a stream of periodic payments utilizing a central clearing house whereby, each party in the transaction enters a contract with the central counterparty. These agreements may be over-the-counter or exchange-traded. All of the Savings Plan's swap contracts were exchange-traded. The Savings Plan entered into interest rate swaps and credit default swaps during the fiscal year. An interest rate swap is an agreement between two parties, whereby one stream of future interest payments is exchanged for another based on a specified principal amount. Interest rate swaps often exchange a fixed payment for a floating payment that is linked to an interest rate. A credit default swap is an agreement that allows one party to "buy" protection from another party for losses that might be incurred as a result of default by a specified reference entity (or entities). The "buyer" of protection pays a premium for the protection, and the "seller" of protection agrees to make a payment to compensate the buyer for losses incurred if a defined credit event occurs.

A summary of investment derivative contracts traded in the Prepaid Plan during the fiscal year ended June 30, 2025 is presented below.

| (\$ in thousands) | | | | | |
|-----------------------------------|--------------------------|-----------------------------------|------------------------|-----------------------------|------------------------|
| | Notional (in U.S. \$) | Increase/(Decrease) in Fair Value | | Fair Value at June 30, 2025 | |
| | | Classification | Amount (in U.S. \$) | Classification | Amount (in U.S. \$) |
| Fixed income futures ¹ | \$ 41,006 | Investment income | \$ (768) | Investment | \$ 394 |

¹ The total notional values of long and short fixed income futures positions were \$140.8 million and \$99.8 million.

A summary of investment derivative contracts traded in the Savings Plan during the fiscal year ended June 30, 2025 is presented below.

| (\$ in thousands) | | | | | |
|-----------------------------------|--------------------------|-----------------------------------|------------------------|-----------------------------|------------------------|
| | Notional (in U.S. \$) | Increase/(Decrease) in Fair Value | | Fair Value at June 30, 2025 | |
| | | Classification | Amount (in U.S. \$) | Classification | Amount (in U.S. \$) |
| Fixed income futures ¹ | \$ 3,256 | Investment income | \$ (209) | Investment | \$ 22 |
| Foreign currency forwards | \$ 266 | Investment income | \$ (16) | Investment | \$ (7) |
| Interest rate swaps | \$ 1,310 | Investment income | \$ 8 | Investment | \$ 60 |
| Credit default swaps | \$ - | Investment income | \$ (4) | Investment | \$ - |

¹ The total notional values of long and short fixed income futures positions were \$7.38 million and \$4.13 million.

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

Risks and Uncertainties

The Board's Comprehensive Investment Plan allows a maximum allocation of 35% to securitized debt obligations, including, but not limited to, mortgage pass-throughs and asset-backed securities within the Prepaid Plan's Liability-Driven Fixed Income portfolio and 85% for the Reserve Fixed Income portfolio. As of June 30, 2025, the fixed income segment of the Prepaid Plan portfolio had an allocation of 11.37% for mortgage/asset backed securities. The value, liquidity and related income of these securities are sensitive to changes in economic conditions, including real estate, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

Note 5: FAIR VALUE MEASUREMENTS

GASB 72, *Fair Value Measurement and Application*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under GASB 72 are described as follows:

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

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for an asset or liability.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using quoted prices at June 30 (or the most recent market close date if the markets are closed on June 30) in active markets from the custodian bank's primary external pricing vendors.

Note 5: FAIR VALUE MEASUREMENTS (Continued)

Debt securities classified as Level 2 are evaluated prices from the custodian bank's external pricing vendors. The pricing methodology involves the use of evaluation models such as matrix pricing, which is based on the securities' relationship to benchmark quoted prices. Other evaluation models use actual trade data, collateral attributes, broker bids, new issue pricings and other observable market information.

Equity securities classified as Level 2 are evaluated prices provided by the custodial bank's external pricing vendors, or alternative pricing source, such as investment managers, if information is not available from the primary vendors.

Debt and equity securities classified as Level 3 are prices from the custodial bank's external pricing vendors or an alternative pricing source, utilizing inputs such as stale prices, cash flow models, broker bids, or cost. Cost or book value may be used as an estimate of fair value when there is a lack of an independent pricing source.

Certain investments, such as money market funds and repurchase agreements are not included in the tables below because they are carried at cost or amortized cost and not priced at fair value.

Florida Prepaid College Board Notes to Financial Statements

Note 5: FAIR VALUE MEASUREMENTS (Continued)

Fair values of investments are as follows:

| June 30, 2025 | Prepaid Plan (\$ in thousands) | | Fair Value Measurements Using | | |
|---|-----------------------------------|---------------------|-------------------------------|------------------|---------|
| | Fair Value | | Level 1 | Level 2 | Level 3 |
| Debt securities | | | | | |
| Commercial paper | \$ 114,937 | \$ - | \$ 114,937 | \$ - | |
| U.S. government guaranteed: | | | | | |
| U.S. Treasury bills | 35,140 | - | 35,140 | - | |
| U.S. Treasury bonds & notes | 1,267,390 | - | 1,267,390 | - | |
| U.S. Treasury strips | 4,228,111 | - | 4,228,111 | - | |
| Index linked government bonds | 25,284 | - | 25,284 | - | |
| U.S. government guaranteed asset-backed | 17,515 | - | 17,515 | - | |
| Ginnie Mae (GNMA) mortgage-backed pass-throughs | 57,287 | - | 57,287 | - | |
| GNMA commitments to purchase (TBAs) | 5,387 | - | 5,387 | - | |
| GNMA collateralized mortgage obligations (CMOs) | 10,695 | - | 10,695 | - | |
| Federal agencies: | | | | | |
| Unsecured bonds & notes | 23,193 | - | 23,193 | - | |
| Agency strips | 219,995 | - | 219,995 | - | |
| Mortgage-backed pass throughs (FNMA, FHLMC) | 229,926 | - | 229,926 | - | |
| Mortgage-backed commit to purchase (TBAs) | 156,728 | - | 156,728 | - | |
| CMOs & commercial mortgage-backed securities (CMBSs) | 21,914 | - | 21,914 | - | |
| Domestic bonds & notes: | | | | | |
| Corporate | 2,113,929 | - | 2,111,866 | | 2,063 |
| Municipal/provincial | 28,762 | - | 28,762 | - | |
| Asset-backed & mortgage-backed | 296,461 | - | 296,461 | - | |
| Non-government CMOs & CMBSs | 286,139 | - | 286,139 | - | |
| Commingled funds | 132,982 | 132,982 | - | - | |
| International bonds & notes: | | | | | |
| Government & agency | 29,131 | - | 29,131 | - | |
| Corporate | 217,603 | - | 217,603 | - | |
| Asset-backed & mortgage-backed securities | 36,562 | - | 36,562 | - | |
| Total debt securities | 9,555,071 | 132,982 | 9,420,026 | | 2,063 |
| Equity securities | | | | | |
| Domestic stocks & commingled funds | 2,308,009 | 2,308,009 | - | - | |
| International stocks & commingled funds | 1,049,031 | 1,049,031 | - | - | |
| Total equity securities | 3,357,040 | 3,357,040 | - | - | |
| Investment derivative contracts | | | | | |
| Fixed income futures | 394 | 394 | - | - | |
| Total investment derivative contracts | 394 | 394 | - | - | |
| Securities lending collateral investments | | | | | |
| Certificates of deposit | 231,572 | - | 169,036 | | 62,536 |
| Commercial paper | 334,036 | - | 334,036 | - | |
| Total securities lending collateral investments | 565,608 | - | 503,072 | | 62,536 |
| Total investments measured by fair value level | \$ 13,478,113 | \$ 3,490,416 | \$ 9,923,098 | \$ 64,599 | |

Florida Prepaid College Board Notes to Financial Statements

Note 5: FAIR VALUE MEASUREMENTS (Continued)

Fair values of investments are as follows:

| | Savings Plan (\$ in thousands) | | | |
|--|-----------------------------------|-------------------------------|-----------|---------|
| | | Fair Value Measurements Using | | |
| June 30, 2025 | Fair Value | Level 1 | Level 2 | Level 3 |
| Debt Securities | | | | |
| U.S. government guaranteed: | | | | |
| U.S. Treasury bonds & notes | \$ 6,331 | \$ - | \$ 6,331 | \$ - |
| Indexed linked government bonds | 1,416 | - | 1,416 | - |
| Ginnie Mae (GNMA) mortgage backed pass throughs | 1,999 | - | 1,999 | - |
| Federal agencies: | | | | |
| Mortgage-backed pass-throughs (FNMA, FHLMC) | 3,744 | - | 3,744 | - |
| Mortgage-backed commitments to purchase (TBAs) | 6,270 | - | 6,270 | - |
| CMOs & commercial mortgage-backed securities (CMBSS) | 452 | - | 452 | - |
| Domestic bonds & notes: | | | | |
| Corporate | 8,362 | - | 8,362 | - |
| Municipal/provincial | 155 | - | 155 | - |
| Asset-backed & mortgage-backed | 1,700 | - | 1,700 | - |
| Non-government CMOs & CMBSS | 4,498 | - | 4,498 | - |
| Commingled funds | 542,408 | 542,408 | - | - |
| International bonds & notes: | | | | |
| Government and agency | 972 | - | 972 | - |
| Corporate | 827 | - | 827 | - |
| Asset-backed & mortgage-backed | 634 | - | 634 | - |
| Commingled funds | 33,158 | 33,158 | - | - |
| Total debt securities | 612,926 | 575,566 | 37,360 | - |
| Equity securities | | | | |
| Domestic commingled funds | 623,063 | 623,063 | - | - |
| International commingled funds | 327,481 | 327,481 | - | - |
| Real estate equity commingled funds | 3,191 | 3,191 | - | - |
| Total equity securities | 953,735 | 953,735 | - | - |
| Other: | | | | |
| Forward currency contracts | (7) | - | (7) | - |
| Future contracts | 22 | 22 | - | - |
| Swaps | 60 | - | 60 | - |
| Total investment derivative instruments | 75 | 22 | 53 | - |
| Total investments measured by fair value level | \$ 1,566,736 | \$ 1,529,323 | \$ 37,413 | \$ - |

Fair values of investments are as follows:

| | | Florida ABLE, Inc. (\$ in thousands) | | | |
|--------------------------------------|------------------|---|-------------|-------------|--|
| June 30, 2025 | Fair Value | Fair Value Measurements Using | | | |
| | | Level 1 | Level 2 | Level 3 | |
| Commingled fixed income fund | \$ 25,067 | \$ 25,067 | \$ - | \$ - | |
| Commingled domestic equity fund | 46,872 | 46,872 | - | - | |
| Commingled international equity fund | 13,538 | 13,538 | - | - | |
| Total | \$ 85,477 | \$ 85,477 | \$ - | \$ - | |

Florida Prepaid College Board
Notes to Financial Statements

Note 6: FUTURE CONTRACT BENEFITS AND EXPENSES PAYABLE

The Prepaid Plan's future contract benefits and expenses payable represent the actuarially determined present value (APV) of future Prepaid Plan obligations. The following is a summary of the net assets and future contract benefits payable at June 30, 2025:

| | |
|--|-------------------|
| APV of future contract benefits and expenses payable | \$ 9,151,000,000 |
| Near-term payables (outstanding refund payments and other payables) | 333,000,000 |
| APV of future contract benefits, expenses payable, and near-term payables | \$ 9,484,000,000 |
| Net assets available | \$ 14,843,000,000 |
| Net assets as a percentage of future contract benefits, expenses payable, and near-term payables | 156.5% |

The standard measurement is the APV of the future contract benefits and expenses obligation. The valuation method reflects the present value of estimated contract benefits and expenses that will be paid in future years and is adjusted for the effects of projected tuition and fees and dormitory housing fees increases and termination of contracts.

The net assets available represent assets in trust at market value and the future discounted contract payments adjusted for estimated cancellations. The following is a summary of changes in future contract benefits and expenses payable:

| | |
|---|------------------|
| Net present value of future contract benefits and expenses payable at June 30, 2024 | \$ 8,790,243,584 |
| Payments for contract benefits including refunds | (523,685,359) |
| Increase in future contract benefits and expenses payable | 884,420,150 |
| Net present value of future contract benefits and expenses payable at June 30, 2025 | 9,150,978,375 |
| Current portion | 544,946,398 |
| Long-term future contract benefits and expenses payable | \$ 8,606,031,977 |

Note 6: FUTURE CONTRACT BENEFITS AND EXPENSES PAYABLE (Continued)

House Bill 851 (HB 851) was passed during the 2014 Legislative Session and became law on July 1, 2014. The law reduces future costs at Florida Universities, allowing the Board to better predict Florida University tuition and fee costs covered by the Prepaid Plan. The law reduces the maximum annual increase of Tuition Differential Fees (TDF). The law also extends the applicability period of Section 1009.98(10), F.S., and limits the amount payable by the Board under the statute.

During the year ended June 30, 2015, the Board implemented a catch-up provision to supplement current inflation assumptions. The catch-up provision recognizes that recent lower-than-expected higher education costs may be partially or fully offset by future higher-than-expected higher education costs. The Board believes the use of a catch-up provision provides the following three benefits. First, a catch-up provision may reduce fluctuation in the actuarial adequacy as future estimates of higher education costs will be more stable. Second, the use of a catch-up provision separates the analyses of long-term inflation assumptions from shorter-term inflation policy. Third, a catch-up provision permits more frequent adjustments in response to changes in the shorter-term inflation policy.

The following assumptions were used in the actuarial evaluations:

- **Weighted average rate of return:** All funds accepted by the Program are assumed to be invested for an appropriate duration based on their expected payment timing. The investment rate reflects the expected rate of return on investments, including an estimated incremental return generated by fixed income funds management. The weighted average yield rate is calculated as 4.90% based on the June 30, 2025 U.S. Treasury Spot Rate Curve plus an Option-Adjusted Spread provided by the Board's Investment Consultant, Aon Hewitt Investment Consulting.

In computing investment earnings, all plan payments are assumed to occur at the end of the month and tuition and dormitory benefit payments are assumed to occur when due. Day-to-day Board expense payments are assumed to occur on a monthly basis.

- **Tuition rates:** For Florida University tuition plans and Florida University combined fee plans, the future projected cost of university tuition is equal to: 1) the sum of three components: matriculation, financial aid and Capital Improvement Trust Fund fees provided by the Board of Governors; and 2) a catch-up provision. For 2025/2026, the tuition rate is \$116.70 (comprised of matriculation at \$105.07 financial aid at \$5.23 and Capital Improvement Trust Fund at \$6.40) and the catch-up provision is 22.00%. Projections include an annual inflation assumption of 6.00%.

For Florida College tuition plans and Florida College combined fee plans, the future projected cost of tuition is equal to: 1) the sum of three components: tuition, financial aid and capital improvement fees; and 2) a catch-up provision. With respect to upper division (baccalaureate program) coursework at Florida Colleges, the current year's tuition fee is \$109.30 and is scheduled to increase at an annual rate of 6.75% limited to 95% of university tuition. With respect to lower division coursework at Florida Colleges, the current year's tuition fee is \$94.75 and is assumed to increase at an annual rate of 6.75% limited to 85% of university tuition. The tuition rates used for academic year 2025/2026 are based on actual tuition rates provided to the Board by the Department of Education plus the catch-up provision (21.25%).

Florida Prepaid College Board Notes to Financial Statements

Note 6: FUTURE CONTRACT BENEFITS AND EXPENSES PAYABLE (Continued)

- **Dormitory rates:** The 2025/2026 dormitory fees are \$3,865.80 per semester and are assumed to increase at an annual rate of 6.00% throughout the projection. The dormitory rates used for academic year 2025/2026 are based on a weighted average of actual Florida University dormitory rates as provided to the Board by each Florida University plus the catch-up provision (12.00%).
- **Local fee rates:** For Florida University local fee plans, the projected rates are determined by assuming an annual inflation rate of 6.00% throughout the whole projection. The local fee rates used for the academic year are based on a weighted average of actual Florida University local fee rates as provided to the Board by the Board of Governors plus the catch-up provision (22.00%). For Florida College local fee plans, the annual local fee rates are set by each Florida College. The projected rates are based on an inflation rate of 6.75%. The local fee rates are based on a weighted average of actual local fee rates as provided to the Board by the Department of Education plus the catch-up provision (21.25%).
- **Tuition Differential Fees:** For Florida University TDF plans, the Board assumes that the inflation rate for preeminent Florida Universities will be 3.00% and the inflation rate for all other Florida Universities will be 0.00%. The annual rate of increase for TDF plans is calculated based on a pro-rata headcount methodology assuming three pre-eminent State Universities (FSU, UF, and USF).

The sum of Florida University tuition, TDF and local fees will be capped on an absolute dollar basis at the national average as determined by the Education Estimating Conference.

The current exemption from any TDF, which exists for beneficiaries having prepaid tuition plans pursuant to 1009.98(2)(b), F.S., that were in effect on July 1, 2007 and remain in effect, is unchanged.

The TDF rate used for academic year 2025/2026 is based on a weighted average of actual TDF rates as provided to the Board by the Board of Governors.

Note 7: CHANGES IN LONG-TERM LIABILITIES

The following table provides the long-term liability activity for the year ended June 30, 2025:

(\$ in thousands)

| | Beginning balance* | Additions | Reductions | Ending balance* | Amount due within 1 year |
|---|-----------------------|---------------------|-----------------------|---------------------|-----------------------------|
| Future contracts benefits | \$ 8,790,244 | \$ 1,429,366 | \$ (1,068,632) | \$ 9,150,978 | \$ 544,946 |
| Subscription liabilities | - | 11,989 | (2,632) | 9,357 | 1,252 |
| Compensated absences | 1,086 | 950 | - | 2,036 | 221 |
| Net pension liability | 3,525 | 1,492 | (1,871) | 3,146 | 4 |
| Other post-employment benefits payable | 440 | 210 | (27) | 623 | 17 |
| Total | \$ 8,795,295 | \$ 1,444,007 | \$ (1,073,162) | \$ 9,166,140 | \$ 546,440 |

*Long-term liabilities include any related current liability balance. Amounts due within one year are classified as current liabilities on the Statement of Net Position.

Florida Prepaid College Board Notes to Financial Statements

Note 8: DUE TO BENEFICIARIES

The Foundation receives donations from donors and purchases contracts for the donors' designated beneficiaries. The unexpended funds from these donors are classified as due to beneficiaries. The receipts and disbursements of the funds received are as follows:

| | |
|------------------------------|----------------------|
| Balance, June 30, 2024 | \$ 66,813,563 |
| Donations | 36,979,023 |
| Payments on behalf of donors | (27,247,651) |
| Balance, June 30, 2025 | <u>\$ 76,544,935</u> |

Note 9: CAPITAL ASSETS

A summary of the changes in capital assets and related accumulated depreciation and amortization for the year ended June 30, 2025 is as follows:

| | Equipment | Accumulated depreciation | Work in Progress | Intangible Right to Use Subscriptions | Accumulated Amortization Subscriptions | Net |
|------------------------------------|-------------------|--------------------------|----------------------|---------------------------------------|--|----------------------|
| Balance as of June 30, 2024 | \$ 132,809 | \$ (116,375) | \$ 23,458,417 | \$ - | \$ - | \$ 23,474,851 |
| Disposals | - | - | - | - | - | - |
| Purchases and depreciation expense | 53,914 | (13,253) | 7,011,955 | 10,736,709 | (1,533,816) | 16,255,509 |
| Balance as of June 30, 2025 | <u>\$ 186,723</u> | <u>\$ (129,628)</u> | <u>\$ 30,470,372</u> | <u>\$ 10,736,709</u> | <u>\$ (1,533,816)</u> | <u>\$ 39,730,360</u> |

Work in progress includes costs incurred for the development of the Board's Customer Relationship Manager (CRM) solution. The amount to be capitalized includes the costs necessary to install, configure, and prepare the system for implementation. Work in progress is not subject to depreciation until placed in service.

Depreciation and amortization expense for the Prepaid Plan totaled \$13,253 and \$1,533,816, respectively for the year ended June 30, 2025 and is included in administration expenses on the Statement of Revenues, Expenses and Changes in Net Position.

Note 10: SUBSCRIPTION OBLIGATIONS

Subscription Assets

Subscription assets are amortized on a straight-line basis over the life of the subscription. Amortization expense for the Prepaid Plan was approximately \$1.53 million for the year ended June 30, 2025.

Note 10: SUBSCRIPTION OBLIGATIONS (continued)

Subscription Assets (continued)

Amortization for the remaining subscription terms as of June 30, 2025 is as follows:

| <i>Years ending June 30,</i> | Amortization |
|------------------------------|--------------|
| 2026 | \$ 1,533,816 |
| 2027 | 1,533,816 |
| 2028 | 1,533,816 |
| 2029 | 1,533,816 |
| 2030 | 1,533,816 |
| 2031 | 1,533,816 |
| Total amortization | \$ 9,202,896 |

Principal and Interest Requirements for Subscription Liability

As of June 30, 2025, the Prepaid Plan's subscription liabilities totaled approximately \$9.4 million.

The principal and interest payments due for subscription liabilities as of June 30, 2025 are as follows:

| <i>Years ending June 30,</i> | Principal | Interest | Total |
|--------------------------------|--------------|--------------|---------------|
| 2026 | \$ 1,251,823 | \$ 461,309 | \$ 1,713,132 |
| 2027 | 1,364,932 | 399,594 | 1,764,526 |
| 2028 | 1,485,159 | 332,303 | 1,817,462 |
| 2029 | 1,613,953 | 259,084 | 1,873,037 |
| 2030 | 1,748,628 | 179,516 | 1,928,144 |
| 2031 | 1,892,680 | 93,309 | 1,985,989 |
| Total subscription liabilities | \$ 9,357,175 | \$ 1,725,115 | \$ 11,082,290 |

Note 11: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

Pension Plans

All permanent Board employees are eligible to participate in the following cost-sharing multiple-employer defined benefit pension plans (Plans):

- Florida Retirement System Pension Plan
- Retiree Health Insurance Subsidy Program Pension Plan

Note 11: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

Pension Plans (continued)

As an alternative to the Florida Retirement System Pension Plan, employees may elect to participate in the Florida Retirement System Investment Plan (a defined contribution plan).

The Florida Department of Management Services (Department) is part of the primary government of the State of Florida and is responsible for administering the Florida Retirement System (FRS) Pension Plan and Other State-Administered Systems. For the fiscal year ended June 30, 2024, the Department issued a publicly available, audited annual comprehensive financial report (ACFR) that includes financial statements, notes and required supplementary information for each of the pension plans which it administers. Detailed information about the plans is provided in the ACFR which is available online or by contacting the Department.

Copies of this report, as well as the plans' actuarial valuations, can be obtained from the Department of Management Services, Division of Retirement (Division), Bureau of Outreach and Audit, P.O. Box 9000, Tallahassee, Florida 32315-9000; by telephone toll free at 877-377-1737 or 850-488-5706; by email at rep@dms.fl.gov; or at the Division's website (www.frs.myflorida.com).

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

Defined Benefit Plans

The Florida Retirement System Pension Plan

The Florida Retirement System (FRS) is a cost-sharing, multiple-employer public-employee retirement system with two primary plans – the FRS Defined Benefit Pension Plan (Pension Plan) and the FRS Investment Plan. The FRS Pension Plan was created in Chapter 121, Florida Statutes (F.S.), effective December 1, 1970, by consolidating and closing these existing plans to new members: the Teachers' Retirement System (Chapter 238, F.S.), the State and County Officers and Employees' Retirement System (Chapter 122, F.S.), and the Highway Patrol Pension Trust Fund (Chapter 321, F.S.). In 1972, the Judicial Retirement System (Chapter 123, F.S.) was closed and consolidated into the FRS. The FRS was created to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide the Investment Plan as a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. The FRS Investment Plan is an integrated defined contribution plan administered by the State Board of Administration (SBA). Effective July 1, 2007, the Institute of Food and Agricultural Sciences (IFAS) Supplemental Retirement Program, established under Section 121.40, F.S., was consolidated under the FRS Pension Plan as a closed retirement plan. Participation in the IFAS Supplemental Retirement Program does not constitute membership in the FRS.

Note 11: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Defined Benefit Plans (continued)

The Florida Retirement System Pension Plan (continued)

Chapter 121, F.S., also provides for nonintegrated, optional retirement programs in lieu of the FRS to certain members of the Senior Management Service Class (SMSC) employed by the state, state elected officials who chose SMSC membership in lieu of Elected Officers' Class membership (EOC), and faculty and specified employees in the State University System and Florida College System institutions. Provisions relating to the FRS are also contained in Chapter 112, F.S.

Membership

FRS membership is compulsory for eligible employees filling a regularly established position in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, F.S., or allowed to participate in a non-integrated defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools, and metropolitan planning organizations, although optional, is generally irrevocable after election to participate is made. Members hired into certain positions may be eligible to withdraw from the FRS altogether or elect to participate in the non-integrated optional retirement programs in lieu of the FRS except faculty of a medical college in a state university who must participate in the State University Optional Retirement Program (SUSORP). Retirees initially reemployed in regularly established positions on or after July 1, 2010, may not participate in the FRS except for defined contribution plan retirees employed in a regularly established position on or after July 1, 2017. FRS Pension Plan retirees remain ineligible for renewed membership.

Retirees of the FRS Investment Plan, the SUSORP, the State Community College System Option Retirement Program (SCCSORP), and the Senior Management Service Optional Annuity Program who are initially reemployed on or after July 1, 2010, and who are employed in a regularly established position on or after July 1, 2017, will be enrolled in the FRS Investment Plan, SUSORP, or SCCSORP based upon the position held as renewed members on or after July 1, 2017.

There are five general classes of membership, as follows. The Board's employees are all included in one of the first two classes:

- *Regular Class* - Members of the FRS who do not qualify for membership in the other classes.
- *SMSC* - Members in senior management level positions in state and local governments who fill compulsory and designated positions. Members of the Elected Officers Class (EOC) may elect to participate in the SMSC in lieu of the EOC.

Note 11: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Membership (continued)

- *Special Risk Class* - Members who are employed as law enforcement officers, firefighters, firefighter trainers, fire prevention officers, state fixed-wing pilots for aerial firefighting surveillance, correctional officers, emergency medical technicians, paramedics, community-based correctional probation officers, youth custody officers (from July 1, 2001 through June 30, 2014), certain health-care related positions within state forensic or correctional facilities, or specified forensic employees of a medical examiner's office or a law enforcement agency, and meet the criteria to qualify for this class.
- *Special Risk Administrative Support Class* - Former Special Risk Class members who are transferred or reassigned to nonspecial risk law enforcement, firefighting, emergency medical care, or correctional administrative support positions within an FRS special risk-employing agency.
- *EOC* - Members who are elected state and county officers and the elected officers of cities and special districts that choose to place their elected officials in this class.

Vesting

Beginning July 1, 2001, through June 30, 2011, the FRS Pension Plan provided for vesting of benefits after six years of creditable service for members working on or after July 1, 2001, and initially enrolled before July 1, 2011. Members not actively working in a position covered by the FRS Pension Plan on July 1, 2001, must return to covered employment for up to one work year to be eligible to vest with less service than was required under the law in effect before July 1, 2001. Members initially enrolled on or after July 1, 2011, vest after eight years of creditable service. Members are eligible for normal retirement when they have met the requirements listed below. Early retirement may be taken any time after vesting within 20 years of normal retirement age; however, there is a 5% benefit reduction for each year prior to the normal retirement age.

Retirement Eligibility for Regular Class, SMSC and EOC Members:

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

Note 11: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Vesting (continued)

Retirement Eligibility for Special Risk Class and Special Risk Administrative Support Class Members:

- For members initially enrolled in the FRS Pension Plan before July 1, 2011, six or more years of Special Risk Class service and age 55, or the age after completing six years of Special Risk Class service if after age 55. Twenty-five years of special risk service regardless of age before age 55. A total of 25 years of service including special risk service and up to four years of active-duty wartime service and age 52. Without six years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class.
- For members initially enrolled in the FRS Pension Plan on or after July 1, 2011, eight or more years of Special Risk Class service and age 55, or the age after completing eight years of Special Risk Class service if after age 55. Twenty-five years of special risk service regardless of age before age 55. Without eight years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class.

Benefits

The Florida Legislature establishes and amends the benefit terms of the FRS Pension Plan. Benefits under the FRS Pension Plan are computed based on age, average final compensation, creditable years of service, and accrual value per year by membership class. Members are also provided in-line-of-duty or regular disability and survivors' benefits. Members must terminate employment and apply for retirement benefits. Pension benefits of eligible retirees and annuitants are increased each July 1 by a cost-of-living adjustment (COLA) using the amount of a retiree June benefit, excluding health insurance subsidy payment. If the member is initially enrolled in the FRS Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual COLA is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated COLA. This individually calculated annual COLA is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Pension Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

The DROP became effective July 1, 1998, subject to provisions of Section 121.091(13), F.S. The DROP allows FRS Pension Plan members in a regularly established position who reach eligibility for normal retirement to retire while continuing employment with an FRS employer while deferring receipt of monthly benefit payments for a maximum of 96 calendar months.

Note 11: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Benefits (continued)

During DROP participation, monthly retirement benefits remain in the FRS Trust Fund and accrue interest until the member terminates FRS employment to finalize retirement. As of June 30, 2024, the FRS Trust Fund held in trust \$3,274,890,005 in accumulated benefits for 31,213 DROP participants.

Administration

The Division administers the FRS Pension Plan. The SBA invests the assets of the Pension Plan held in the FRS Trust Fund. Costs of administering the FRS Pension Plan are funded from earnings on investments of the FRS Trust Fund. Reporting of the FRS Pension Plan is on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the obligation is incurred.

Contributions

All participating employers must comply with statutory contribution requirements. Section 121.031(3), F.S., requires an annual actuarial valuation of the FRS Pension Plan, which is provided to the Legislature as guidance for funding decisions. Employer and employee contribution rates are established in Section 121.71, F.S. Employer contribution rates under the uniform rate structure (a blending of both the FRS Pension Plan and Investment Plan rates) are recommended by the actuary but set by the Legislature. Statutes require that any unfunded actuarial liability (UAL) be amortized within 30 plan years; however, all UAL bases are being amortized within 20 years. Pursuant to Section 121.031(3) (f), F.S., any surplus amounts available to offset total retirement system costs are to be amortized over a 10-year rolling period on a level-dollar basis.

The balance of legally required reserves for the FRS Pension Plan at June 30, 2024 was \$198,685,586,034. These funds were reserved to provide for total current and future benefits, refunds, and administration of the FRS Pension Plan.

Florida Prepaid College Board
Notes to Financial Statements

Note 11: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Contributions (continued)

The table below presents FRS employer contribution rates. Rates indicated are uniform rates for all FRS members and include UAL contribution rates. These rates do not include a 2.00% contribution rate for the Retiree Health Insurance Subsidy (HIS) Program and a 0.06% assessment for the administration of the FRS Investment Plan and the educational program available to all FRS members. In addition, the July 1, 2024, statutory employer rates do not include the 3.00% mandatory employee contribution for all membership classes except for members in the DROP.

| Membership Class | Uniform Employer Rates Recommended by Actuarial Valuation for | | July 1, 2024 |
|--|--|-------------|--|
| | Fiscal Year 2024- | 2025 | Statutory Rates (Ch. 121, F.S.) |
| Regular | | 11.51% | 11.57% |
| Senior Management Service | | 31.16% | 32.46% |
| Special Risk | | 30.39% | 30.73% |
| Special Risk Administrative Support | | 36.82% | 37.76% |
| Elected Officers - Judges | | 42.89% | 43.39% |
| Elected Officers - Legislators/Attorneys/Cabinet | | 60.49% | 60.91% |
| Elected Officers - County | | 55.66% | 56.62% |
| Deferred Retirement Option Program - applicable to members from all of the above classes or plans | | 18.97% | 19.13% |

Employee eligibility, benefits, and contributions by class are as previously described. Employees not filling regular established positions and working under the other personal services or temporary status are not covered by the FRS.

The Board contributed \$357,866, \$335,846 and \$314,561 to the FRS Pension Plan (excluding administrative fees) during the years ended June 30, 2025, 2024, and 2023, respectively. Administrative fees incurred by the Board on behalf of the FRS Pension Plan defined benefit members totaled \$683, \$638 and \$653 for each fiscal year, respectively.

Note 11: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Retiree Health Insurance Subsidy (HIS) Program

The HIS Program is a non-qualified cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, F.S. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS program. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance premium costs and is administered by the Division. For the fiscal year ended June 30, 2025, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$7.50. The payments are at least \$45, but not more than \$225 per month, pursuant to Section 112.363, F.S. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

The HIS Program is funded by required contributions from FRS participating employers as set by the Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2025, the contribution rate was 2.00% of payroll pursuant to Section 112.363, F.S. The Board contributed \$52,534, 48,081 and \$38,111 to the Plan during the years ended June 30, 2025, 2024 and 2023, respectively. HIS contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, the legislature may reduce or cancel HIS payments.

Pension Amounts for Defined Benefit Pension Plans

Net Pension Liability

At June 30, 2025, the Board reported a total liability of \$3,146,286 for its proportionate share of the net pension liabilities of the defined benefit, multiple employer cost sharing pension plans.

The table below presents the fiduciary net position for each plan as well as the Board's proportion and proportionate share as of the Plan's measurement date of June 30, 2024:

| | FRS Pension Plan | HIS | Total |
|----------------------------------|--------------------|-------------------|--------------|
| Plan total pension liability (A) | \$ 237,370,289,000 | \$ 15,757,751,902 | |
| Plan fiduciary net position (B) | 198,685,586,034 | 756,775,056 | |
| Plan net pension liability (A-B) | \$ 38,684,702,966 | \$ 15,000,976,846 | |
| Board's proportion | 0.005930912% | 0.005679162% | |
| Board's proportionate share | \$ 2,294,356 | \$ 851,930 | \$ 3,146,286 |

At June 30, 2025, the amount of the Board's proportionate share due within one year is \$-0- for the FRS Pension and \$4,386 for the HIS Pension.

Note 11: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Pension Amounts for Defined Benefit Pension Plans (continued)

Net Pension Liability (continued)

The Board's proportion of the net pension liability was based on contributions paid to the plans by the Board relative to the contributions paid by all participating employers. The table below shows the change in proportion since the prior measurement date:

| | FRS Pension Plan | HIS |
|---|-------------------------|---------------|
| Board's proportion at prior measurement date, June 30, 2023 | 0.006538859% | 0.005793486% |
| Board's proportion at measurement date, June 30, 2024 | 0.005930912% | 0.005679162% |
| Increase/(decrease) in proportion | -0.000607947% | -0.000114324% |

Based on the Board's projected proportion as of a June 30, 2025, measurement date, the Board's estimated decrease in the collective net pension liability would be approximately \$33,000 or 1% lower than is reported as of the measurement date of June 30, 2024. There are no other known changes between the measurement date of the collective net pension liability and the Board's reporting date that are expected to have a significant effect on the Board's proportionate share of the collective net pension liability of either defined benefit pension plan.

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 FRS Pension Plan's GASB Statement No. 67 valuation is performed annually. The HIS program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2024 for the period July 1, 2018 through June 30, 2023. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that 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 of the FRS Pension Plan.

The total pension liability for the FRS Pension was determined by an actuarial valuation as of the measurement date, of July 1, 2024 using the Individual Entry Age Normal actuarial cost method. Full valuations of the HIS Program are conducted biennially. The most recently completed full actuarial report for HIS used an actuarial date of July 1, 2024. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.50%.

Note 11: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions (continued)

Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.70%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating employers will be made at the statutorily required rates. Based on these assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefits 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 and was applied to all periods of projected benefit payments to determine the total pension liability. The 6.70% rate of return assumption was determined by the consulting actuary, Milliman, to be reasonable and appropriate per Actuarial Standard of Practice Number 27 (ASOP 27). The 6.70% reported investment return assumption is the same as the investment return assumption chosen by the 2024 FRS Actuarial Assumption Conference for funding policy purposes.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.93% for the measurement date of June 30, 2024 was used to determine the total pension liability for the program. The source of the municipal bond rate is the Bond Buyer General Obligation 20-Bond Municipal Bond Index. Mortality assumptions for both pension plans were based on the PUB-2010 base table, projected generationally with Scale MP-2021.

There were no changes in benefit terms for both the FRS Pension Plan or HIS that affected the total pension liability since the prior measurement date.

The following changes in actuarial assumptions occurred in the year ended June 30, 2024:

- FRS Pension Plan: The long-term expected rate of return remained at 6.70%.
- HIS: The municipal rate used to determine total pension liability increased from 3.65% to 3.93%. All demographic assumptions and methods were reviewed as part of the 2024 Experience Study. The coverage election assumptions were updated to reflect recent and anticipated future experience of HIS program participants. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its October 2024 meetings.

Florida Prepaid College Board
Notes to Financial Statements

Note 11: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions (continued)

The long-term expected rate of return on FRS Pension Plan investments was determined using a forward-looking capital market economic model, which includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|------------------------|--------------------------|---|
| Cash | 1.0% | 3.3% |
| Fixed income | 29.0% | 5.7% |
| Global equity | 45.0% | 8.6% |
| Real estate (property) | 12.0% | 8.1% |
| Private equity | 11.0% | 12.4% |
| Strategic investments | 2.0% | 6.6% |
| | <u>100.0%</u> | |

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 Board's proportionate share of each plan's net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate on the measurement date of June 30, 2024.

| FRS Pension Plan | | | Health Insurance Subsidy | | |
|-------------------------|------------------------------|--------------------|---------------------------------|------------------------------|--------------------|
| 1% Decrease | Current Discount Rate | 1% Increase | 1% Decrease | Current Discount Rate | 1% Increase |
| 5.70% | 6.70% | 7.70% | 2.93% | 3.93% | 4.93% |
| \$ 4,035,692 | \$ 2,294,356 | \$ 835,618 | \$ 969,813 | \$ 851,930 | \$ 754,068 |

Note 11: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Pension Expense and Deferred Outflows / (Inflows) of Resources

In accordance with GASB Statement No. 68, paragraphs 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:

- 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)
- 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)
- 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 pensions through the pension plan (active and inactive employees)
- Differences between expected and actual earnings on pension plan investments – amortized over five years

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2024, was 5.3 years for the FRS Pension Plan and 6.3 years for HIS.

The Board's proportionate share of the components of collective pension expense and deferred outflows and inflows of resources reported in the pension allocation schedules for the fiscal year ended June 30, 2025, (measurement date of June 30, 2024) are presented on the next page for each plan.

Florida Prepaid College Board
Notes to Financial Statements

Note 11: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

FRS PENSION PLAN

| | Recognized in expense reporting period ended June 30, 2025 | Recognition Period | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--|-----------------------|--------------------------------------|-------------------------------------|
| Service cost | \$ 180,742 | Current | \$ - | \$ - |
| Interest cost | 885,553 | Current | - | - |
| Effect of plan changes | - | Current | - | - |
| Effect of economic/demographic gains or losses (difference between expected and actual experience) | 77,603 | 5.3 years | 231,791 | - |
| Effect of assumptions changes or inputs | 119,563 | 5.3 years | 314,462 | - |
| Member contributions | (47,948) | Current | - | - |
| Projected investment earnings | (727,696) | Current | - | - |
| Changes in proportion and differences between contributions and proportionate share of contributions | 31,945 | 5.3 years | 100,073 | (184,853) |
| Net difference between projected and actual investment earnings | (141,729) | 5 years | - | (152,495) |
| Contributions subsequent to the measurement date | - | 1 year | 357,866 | - |
| Administrative expenses | 1,721 | Current | - | - |
| Total | \$ 379,754 | | \$ 1,004,192 | \$ (337,348) |

HIS PROGRAM

| | Recognized in expense reporting period ended June 30, 2025 | Recognition Period | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--|-----------------------|--------------------------------------|-------------------------------------|
| Service cost | \$ 17,841 | Current | \$ - | \$ - |
| Interest cost | 34,154 | Current | - | - |
| Effect of plan changes | - | Current | - | - |
| Effect of economic/demographic gains or losses (difference between expected and actual experience) | 4,586 | 6.3 years | 8,226 | (1,635) |
| Effect of assumptions changes or inputs | (20,544) | 6.3 years | 15,077 | (100,858) |
| Member contributions | (15) | Current | - | - |
| Projected investment earnings | (1,452) | Current | - | - |
| Changes in proportion and differences between contributions and proportionate share of contributions | 33,445 | 6.3 years | 76,900 | (4,395) |
| Net difference between projected and actual investment earnings | 111 | 5 years | - | - |
| Contributions subsequent to the measurement date | - | 1 year | 48,081 | - |
| Administrative expenses | 11 | Current | - | - |
| Total | \$ 68,137 | | \$ 148,284 | \$ (106,888) |
| Total for all defined benefit pension plans | \$ 447,891 | | \$ 1,152,476 | \$ (444,236) |

Florida Prepaid College Board
Notes to Financial Statements

Note 11: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Deferred outflows of resources related to contributions paid subsequent to the measurement date as shown in the tables above will be recognized as a reduction of the net pension liability in the reporting period ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

| <i>For the years ending June 30,</i> | FRS Pension Plan Expense | HIS Expense |
|---|-------------------------------------|--------------------|
| 2026 | \$ (21,596) | \$ 2,592 |
| 2027 | 359,257 | (5,285) |
| 2028 | (5,879) | (17,199) |
| 2029 | (32,647) | (13,135) |
| 2030 | 9,843 | (10,035) |
| Thereafter | - | (3,372) |
| Total | \$ 308,978 | \$ (46,434) |

Payables to the Pension Plans

The Board reported payables of \$27,910 to the FRS and \$4,131 to the HIS Program as of June 30, 2025, for legally required contributions to the plans. In addition, administrative fees owed for employees in the defined benefit FRS Pension Plan totaled \$54. The payables are included in accrued expenses as a current liability in the Statement of Net Position.

Defined Contribution Programs

FRS Investment Plan

The State Board of Administration administers the defined contribution plan officially titled the FRS Investment Plan. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the plan. Retirement benefits are based upon the value of the member's account upon retirement. The FRS Investment Plan provides vesting after one year of service regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, the years of service required for vesting under the Pension Plan (including the service credit represented by the transferred funds) is required to be vested for these funds and the earnings on the funds.

Note 11: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Defined Contribution Programs (continued)

FRS Investment Plan (continued)

The employer pays a contribution as a percentage of salary that is deposited into the individual member's account. Effective July 1, 2011, there is a mandatory employee contribution of 3.0%. The FRS Investment Plan member directs the investment from the options offered under the plan. Costs of administering the plan, including the FRS Financial Guidance Program, are funded through an employer assessment of 0.06% of payroll and by forfeited benefits of plan members. After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the FRS Investment Plan, receive a lump-sum distribution, or leave the funds invested for future distribution. Upon receiving a distribution, other than a de minimis distribution or required minimum distribution, the member is a retiree. Disability coverage is provided for total and permanent disability (non-duty or line of duty); the employer pays an employer contribution to fund the disability benefit which is deposited in the FRS Trust Fund. The member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the FRS Investment Plan and rely upon that account balance for retirement income. Survivor benefit coverage is provided to the surviving spouse or dependent children of members who die in line of duty; the employer pays an employer contribution to fund the survivor benefit which is deposited in the FRS Trust Fund. The member's account balance must be transferred to the FRS Pension Plan when approved for survivor benefits to receive guaranteed lifetime monthly benefits under the FRS Pension Plan for the surviving spouse or on behalf of the dependent children until the youngest unmarried dependent child reaches age 18, or up to age 25 if unmarried and enrolled as a fulltime student.

Pension Amounts for the FRS Investment Plan

During the fiscal year ended June 30, 2025, the Board recognized \$115,434 in pension expense related to the FRS Investment Plan, including \$114,636 paid into employee accounts and \$798 paid in administrative fees. Employee contributions totaled \$39,879. As of June 30, 2025, the Board reported a current liability of \$9,047 for the June 2025 employer contributions to be paid to employee accounts in the following month and \$63 in administrative fees, as per statutory contribution requirements. These liabilities are included in accrued expenses as a current liability on the Statement of Net Position.

Note 11: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Pension Amounts for the FRS Investment Plan (continued)

Blended rates paid by the Board for employees participating in the FRS Investment Plan include required contributions paid to the HIS Program Pension Plan, the unfunded actuarial liability (UAL) contributions to the FRS Pension Plan, disability fees (also paid into the FRS Pension Plan), contributions to defined contribution participant accounts, and administrative fees.

Amounts paid into the two defined benefit pension plans are already included in the net pension liability for those plans. Forfeiture amounts for the Board are not available, as forfeitures are used only to offset the overall administrative cost of the defined contribution plan and the amount attributable to reducing the Board's administrative expenses is unknown.

Other Postemployment Benefits (OPEB)

The Board follows GASB Statement No. 75, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, for certain postemployment healthcare benefits administered by the Division of State Group Insurance (DSGI).

General Information about the OPEB Plan

Plan Description. The Board participates in the State Employees' Health Insurance Program, a multiple-employer defined benefit postemployment healthcare plan administered by the State of Florida, Department of Management Services, DSGI, which provides healthcare benefits to retired state and university employees in accordance with Section 110.123, Florida Statutes (F.S.). Pursuant to the provisions of Section 112.0801, F.S., all public employers (including the Board) that offer benefits through a group insurance plan shall allow their retirees and their eligible dependents the option to continue participation in the plan during retirement. As a part of normal retirement, a retiree has 60 days after separation to elect post-retirement health coverage. After 60 days, they are no longer entitled to benefits. A retiree is defined as any officer or employee who retires under a State retirement system or State optional annuity or retirement program or is placed on disability retirement and who begins receiving retirement benefits immediately after retirement from employment. In addition, any officer or employee who retires under the Florida Retirement System (FRS) Investment Plan is considered a "retiree" if he or she meets the age and service requirements to qualify for normal retirement or has attained the age of 59.5 years and has the years of service required for vesting.

The law also requires the claims experience of the retirees under 65 age group to be combined with the claims experience of active employees for premium determination and the premium offered to retired employees to be no more than the premium applicable to active employees. As a result, the Board subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because retiree healthcare costs are generally greater than active employee healthcare costs.

Note 11: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan (continued)

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The OPEB Plan contribution requirements and benefit terms necessary for funding the OPEB Plan each year are on a pay-as-you-go basis as established by the Florida Legislature. The Board's benefit payments are approved in the Board's budget each fiscal year as adopted by Board Trustees.

Benefits Provided

The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All non-OPS employees of the Fund are eligible to receive postemployment health care benefits. Four types of health plans are offered to eligible participants:

- Standard statewide Preferred Provider Organization (PPO) Plan
- High Deductible PPO Plan
- Standard Health Maintenance Organization (HMO) Plan
- High Deductible HMO Plan

HMO coverage is available only to those retirees who live or work in the HMO's service area. The four PPO and HMO options are considered managed-care plans and have specific provider networks.

Employees Covered by Benefit Terms

At valuation date, July 1, 2024, there were 193,123 employees covered by the OPEB Plan, as shown in the following table:

| | |
|-----------------------------------|----------------|
| Active Plan Members | 137,000 |
| No Coverage Active Plan Members | 23,818 |
| Retired and Inactive Plan Members | 32,305 |
| Total eligible members | 193,123 |

There are currently zero inactive plan members entitled to but not yet receiving benefits. In subsequent years, once more data is available, there may be plan members included in this category due to the passage of House Bill 5009.

House Bill 5009 was passed in the 2022 legislative session and establishes the right of any current state employee who terminates employment after July 1, 2022, with at least six years of credited service to participate in the State Group Insurance Plan indefinitely after termination. Participants must elect to participate within two years of termination. There is limited data regarding how many may elect this option. This change in benefits will be accounted for in future valuations of the Plan as experience is accumulated.

Senate Bill 7042 was passed in the 2023 legislative session and lowers retirement eligibility age and service requirements for Special Risk Class participants hired on and after July 1, 2011, to age 55 with 8 years of service or 25 years of service regardless of age (previously, age 60 with 8 years of service or 30 years of service regardless of age). Further, the bill extends the maximum participation period

Note 11: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Employees Covered by Benefit Terms (continued)

of Deferred Retirement Option Program (DROP) from 5 years to 8 years for all employees eligible for DROP. This bill was effective July 1, 2023, and is reflected in the July 1, 2024, valuation of the Plan.

House Bill 5101 was passed in 2024 and allows 28 additional colleges to enroll in the State's group insurance program starting January 1, 2025. This will be reflected in the valuation as of July 1, 2025.

Contributions

Retirees participating in the group insurance plans offered by the State are required to contribute 100% of the premiums. The State implicitly subsidizes the healthcare premium rates paid by the retirees by allowing them to participate in the same health plan offered to active employees. Retirees under age 65 pay the same premium amounts as applicable to active employees. Retirees over age 65 are included in the overall risk pool but pay a lesser premium amount than is applicable to active employees because Medicare is the primary payer. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible.

Note that the projected post-65 employee contributions for the fully-insured HMO plan are assumed to cover the entire cost of the program.

Total OPEB Liability

Actuarial valuations for the OPEB Plan are conducted biennially. The total OPEB liability for the reporting period ended June 30, 2025 was determined by an actuarial valuation as of July 1, 2024.

For purposes of measuring the total 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 State of Florida's OPEB plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

The Board is allocated a share of the State's OPEB liability, deferred outflows, deferred inflows and expense based on the number of full-time equivalent positions funded. As of June 30, 2025, the State reported a total OPEB liability of \$10,202,971,660 of which the Board reported \$622,794 for its proportionate share of the total OPEB liability measured as of June 30, 2024. The table below presents the Fund's proportion and change in proportion since the prior measurement date:

| | Board |
|---|--------------|
| Proportion at prior measurement date, June 30, 2023 | 0.00525808% |
| Proportion at measurement date, June 30, 2024 | 0.00610405% |
| Increase/(Decrease) in Board's proportion | 0.00084597% |

Note 11: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Other Inputs

Actuarial valuations for the OPEB Plan are conducted biennially. The July 1, 2024 OPEB valuation is the most recent actuarial valuation. This valuation is applicable to the reporting period ended June 30, 2025. The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|--|
| Valuation date | July 1, 2024 |
| Measurement date | June 30, 2024 |
| Actuarial cost method | Entry age normal |
| Amortization method | The recognition period for the changes in assumption, experience and proportionate share is 8 years |
| Actuarial value of assets | N/A – no plan assets |
| Inflation | 2.40% |
| Salary increases | Varies by FRS Class |
| Discount rate | 4.21% |
| Healthcare cost trend rates | For fiscal year 2024-2025, both Pre-Medicare and Post-Medicare rates for PPO and HMO plans are 7.86% and 7.68%, respectively. Rates for each plan are projected to decrease slightly to 7.83% and 7.59% in fiscal year 2025-2026 before increasing slightly in fiscal year 2026-2027 reaching 8.01% and 7.73%, respectively. The rates for both plans then decrease gradually to 4.0% in fiscal year 2074-2075 and thereafter. |
| Retirees' share of benefit- related costs | 100% of projected health insurance premiums for retirees |
| Medical aging factors | Claim costs vary with age for both male and female. For male, the Pre-Medicare Age Morbidity Factor increases from 0.4998 to 2.2332 for age groups < 20 through 60-64. The Medicare Age Morbidity Factor increases from 0.9330 to 1.1110 for age groups 65-69 through 80-84, then decreases to 1.0730 for age group 85-89 and this decreasing trend continues through age group 95+ at 0.9310. For female, the Pre-Medicare Age Morbidity Factor increases from 0.5868 to 2.1837 for age groups < 20 through 60-64. The Medicare Age Morbidity Factor remains the same at 1.2003 for age |

Florida Prepaid College Board
Notes to Financial Statements

Note 11: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Other Inputs (continued)

groups 65-69 through 70-74, then increases from 1.2285 to 1.5874 for age groups 75-79 through 85-89. Afterwards the factor remains steady at 1.5874 through the age group of 95+.

| | |
|---------------------------------|--|
| Mortality | Pub-2010 Mortality tables with fully generational improvement using Scale MP-2018 |
| Marital status | 80% assumed married, with male spouses 3 years older than female spouses |
| Health care participation (HMO) | 43% participation assumed (47% of those who have elected active coverage, 3.7% of those who have not), with 25% electing spouse coverage. Members who elected no coverage as actives are assumed to elect coverage in the same proportion as active members with coverage. |
| Health care participation (PPO) | 43% participation assumed (47% of those who have elected active coverage, 3.7% of those who have not), with 35% electing spouse coverage. Members who elected no coverage as actives are assumed to elect coverage in the same proportion as active members with coverage. |

Note 11: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Other Inputs (continued)

The discount rate of 4.21% was based on the Standard & Poor's Municipal Bond 20 year High Grade Rate Index as of the measurement date of June 30, 2024.

All demographic actuarial assumptions used in the July 1, 2024 OPEB valuation are consistent with the assumptions used in the July 1, 2023 Actuarial Valuation of the FRS with adjustments for demographic differences. The demographic assumptions were based on the 2019 Experience Study prepared by Milliman and the subsequent updates made since that valuation. Individual member salary increase assumptions are based on a 2.4% inflation assumption. Mortality rates are based on Pub-2010 Mortality tables that incorporate fully generational mortality improvement using Scale MP-2018.

The medical trend rates are a key assumption used in determining the costs of the plan. The trend rates for the first five years used in the July 1, 2024 OPEB valuation were consistent with the Report on the Financial Outlook for the Fiscal Years Ending June 30, 2024 through June 30, 2029 as presented on August 7, 2024 at the Self-Insurance Estimating Conference. The Getzen Model was used to generate the long-term healthcare trends.

Retirees participating in the group insurance plans offered by the State of Florida (and the Fund) are required to contribute 100% of the premiums.

Changes since the prior valuation:

- Discount Rate – The discount rate was updated to utilize the mandated discount rate based on a 20-year S&P Municipal Bond Rate Index as of the measurement date, as required under GASB 75. The discount rate increased from 4.13% to 4.21%.
- Census Data - The census data reflects changes in status for the twenty-four month period since July 1, 2022.
- DROP Participant Period - In conjunction with the passing of Senate Bill 7024, the maximum DROP participation period was extended from 60 months (5 years) to 96 months (8 years) for all groups.
- DROP Entry Window- The constraints on when a member could enter DROP after becoming retirement eligible were removed. This was also implemented due to Senate Bill 7024.
- Special Risk Eligibility for those hired on and after July 1, 2011 -Also included in Senate Bill 7024. For this group, retirement eligibility was updated from age 60 with 8 years of Credited Service or with 30 years of Credited Service to age 55 with 8 years of Credited Service or 25 years of Credited Service.

Note 11: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Other Inputs (continued)

- Retirement and DROP Participation Rates - In conjunction with the plan changes above associated with Senate Bill 7024, retirement rates and DROP entry rates were updated in alignment with the FRS actuarial valuation conducted by Milliman as of July 1, 2023.
- Claims Costs and Premium Rates - The assumed claims and premiums reflect the actual claims information that was provided as well as the premiums that are actually being charged to participants. The recent claims experience along with changes in the demographics of the population resulted in pharmacy claims costs higher than projected and lower premium rates than expected. The net result was an increase in liabilities due to claims and premiums as of June 30, 2024.
- Health Care Cost Aging Factors -Age-related claims were updated to use aging factors developed in a study completed by Dale Yamamoto for the Society of Actuaries.
- Trend Rate - The medical trend rates were updated to be consistent with the August 2024 Report on Financial Outlook of the plan, along with information from the Getzen Model and the use of actuarial judgment. The impact of the trend rate changes is a small increase in liability, due primarily to higher trend rates in the first several years.

Sensitivity of the Board's Share of Total OPEB Liability to Changes in the Discount Rate

The following table demonstrates the sensitivity of the Board's proportionate share of the total OPEB liability to changes in the discount rate. The sensitivity analysis shows the impact to the Board's proportionate share of the total OPEB liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate:

| | 1% decrease (3.21%) | Current discount rate (4.21%) | 1% increase (5.21%) |
|--|------------------------|----------------------------------|------------------------|
| Board's proportionate share of the total OPEB liability | \$ 716,352 | \$ 622,794 | \$ 545,855 |

Note 11: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Sensitivity of the Board's Share of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table presents the sensitivity of the Board's proportionate share of the total OPEB liability to changes in the healthcare cost trend rates. The sensitivity analysis shows the impact to the Board's proportionate share of the total OPEB liability if the healthcare cost trend rates were 1.00% higher or 1.00% lower than the current healthcare cost trend rates:

| | Healthcare Cost Trend Rates* | | |
|--|---------------------------------|------------|-------------|
| | 1% decrease | | 1% increase |
| Board's proportionate share of the total OPEB liability | \$ 536,330 | \$ 622,794 | \$ 729,794 |

*Please refer to the Healthcare Cost Trend Rates information presented above in the *Actuarial Assumptions and Other Inputs*.

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

For the fiscal year ended June 30, 2025, the Board recognized OPEB expense of \$41,797 and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Change of assumptions or other inputs | \$ 91,816 | \$ (174,168) |
| Difference between expected and actual experience | - | (45,987) |
| Changes in proportionate share of the total OPEB liability and difference between the actual benefit payments and estimated benefit payments | 257,705 | (99,912) |
| Transactions subsequent to the measurement date | 17,310 | - |
| Total | \$ 366,831 | \$ (320,067) |

Florida Prepaid College Board
Notes to Financial Statements

Note 11: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Amounts reported as deferred outflows of resources related to OPEB resulting from transactions subsequent to the measurement date as shown in the table above will be recognized as a reduction of the total OPEB liability in the reporting period ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <i>Fiscal years ending June 30,</i> | Amount |
|--|------------------|
| 2026 | \$ (21,423) |
| 2027 | (10,769) |
| 2028 | 13,217 |
| 2029 | 13,217 |
| 2030 | 8,001 |
| Thereafter | 27,211 |
| Total | \$ 29,454 |

Note 12: RELATED-PARTY TRANSACTIONS

The Foundation purchases Florida Prepaid College Plans from the Prepaid Plan on behalf of selected scholarship recipients. Florida Prepaid College Plans at a cost of \$24,815,946 were purchased during the year ended June 30, 2025. Amounts due to the Foundation total \$87,140,276 at June 30, 2025. Amounts due from the Foundation total \$33,808 at June 30, 2025.

The Board provides certain administrative expenses to the Foundation under a contractual agreement expiring December 2026. For the year ended June 30, 2025, contributed space, services and goods were valued at \$843,000.

In accordance with 1009.986, Florida Statutes, the chair of the Florida Prepaid College Board serves on the Board of Directors of ABLE along with another appointee made by the Florida Prepaid College Board.

For the year ended June 30, 2025, the Florida Prepaid College Board provided certain administrative expenses to ABLE under a contractual agreement with no date of expiration or termination. Under this agreement, ABLE paid administration fees totaling \$225,000 to the Board for the year ended June 30, 2025.

Note 13: RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Board participates in the State Risk Management Trust Fund which provides property insurance coverage, casualty coverage for the risks of loss related to Federal civil rights and employment actions, workers' compensation, court-awarded attorney fees, automobile liability, and general liability insurance coverage.



REQUIRED SUPPLEMENTARY INFORMATION



**Florida Prepaid College Board
Cost-Sharing Multiple Employer Defined Benefit Pension Plans -
Schedule of Board's Proportionate Share of Net Pension
Liability and Related Ratios
Last 10 Fiscal Years**

Florida Retirement System Pension Plan¹

**Schedule of Board's Proportionate Share of Net Pension Liability and Related Ratios
Florida Retirement System¹ Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
For the Last 10 Fiscal Years**

| Fiscal year ended ² | Pension Plan Measurement Date | Proportion of the net pension liability | Proportionate share of the net pension liability | Covered payroll | Proportionate share of the net pension liability as a percentage of covered payroll | Plan fiduciary net position as a percentage of the total pension liability |
|--------------------------------|-------------------------------|---|--|-----------------|---|--|
| 6/30/2025 | 6/30/2024 | 0.005930912% | \$ 2,294,356 | \$ 2,403,488 | 95.46% | 83.70% |
| 6/30/2024 | 6/30/2023 | 0.006538859% | 2,605,528 | 2,298,475 | 113.36% | 82.38% |
| 6/30/2023 | 6/30/2022 | 0.006378690% | 2,373,385 | 1,988,651 | 119.35% | 82.89% |
| 6/30/2022 | 6/30/2021 | 0.006601438% | 498,664 | 1,930,088 | 25.84% | 96.40% |
| 6/30/2021 | 6/30/2020 | 0.006095871% | 2,642,040 | 1,735,482 | 152.24% | 78.85% |
| 6/30/2020 | 6/30/2019 | 0.005658126% | 1,948,580 | 1,703,295 | 114.40% | 82.61% |
| 6/30/2019 | 6/30/2018 | 0.005053923% | 1,522,268 | 1,545,491 | 98.50% | 84.26% |
| 6/30/2018 | 6/30/2017 | 0.004573000% | 1,352,663 | 1,429,562 | 94.62% | 83.89% |
| 6/30/2017 | 6/30/2016 | 0.004080519% | 1,030,334 | 1,141,348 | 90.27% | 84.88% |
| 6/30/2016 | 6/30/2015 | 0.003496462% | 451,615 | 960,352 | 47.03% | 92.00% |

¹ Changes in actuarial assumptions:

For the fiscal year ended June 30, 2025, the inflation rate assumption remained at 2.40%, after being reduced from 2.60% to 2.40% in the fiscal year ended June 30, 2021. For all fiscal years prior to 2021 the inflation rate assumption was 2.60%. The overall payroll growth assumption increased to 3.50%, effective for fiscal years ended June 30, 2025, after remaining steady at 3.25%, for all prior fiscal years presented. The long-term expected rate of return assumption, effective for each fiscal year ended June 30, was as follows:

| | | | | | |
|-----------|-------|-----------|-------|-----------|-------|
| 6/30/2025 | 6.70% | 6/30/2021 | 6.80% | 6/30/2018 | 7.10% |
| 6/30/2024 | 6.70% | 6/30/2020 | 6.90% | 6/30/2017 | 7.60% |
| 6/30/2023 | 6.70% | 6/30/2019 | 7.00% | 6/30/2016 | 7.65% |
| 6/30/2022 | 6.80% | | | | |

For the fiscal year ended June 30, 2025, the mortality assumptions were updated to the PUB-2010 base table, projected generationally with Scale MP-2021. For the fiscal year ended June 30, 2020, the mortality assumptions changed from the Generational RP-2000 with Projection Scale BB tables to the PUB-2010 base table, projected generationally with Scale MP-2018.

² The Florida Retirement System pension plan information and net pension liability are reported on a one year lag. For example, pension plan information reported for the fiscal year ended June 30, 2025, is as of measurement date June 30, 2024. Covered payroll used to calculate the proportionate share of the net pension liability as a percentage of covered payroll for each fiscal year presented above is actually the covered payroll as of the prior fiscal year.

See Independent Auditor's Report.

**Florida Prepaid College Board
Cost-Sharing Multiple Employer Defined Benefit Pension Plans -
Schedule of Board's Proportionate Share of Net Pension
Liability and Related Ratios
Last 10 Fiscal Years**

Health Insurance Subsidy Pension Plan¹

**Schedule of Board's Proportionate Share of Net Pension Liability and Related Ratios
Retiree Health Insurance Subsidy¹ Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
For the Last 10 Fiscal Years**

| Fiscal year ended ² | Pension Plan Measurement Date | Proportion of the net pension liability | Proportionate share of the net pension liability | Covered payroll | Proportionate share of the net pension liability as a percentage of covered payroll | Plan fiduciary net position as a percentage of the total pension liability |
|--------------------------------|-------------------------------|---|--|-----------------|---|--|
| 6/30/2025 | 6/30/2024 | 0.005679162% | \$ 851,930 | \$ 2,403,488 | 35.45% | 4.80% |
| 6/30/2024 | 6/30/2023 | 0.005793486% | 920,083 | 2,298,475 | 40.03% | 4.12% |
| 6/30/2023 | 6/30/2022 | 0.005456908% | 577,974 | 1,988,651 | 29.06% | 4.81% |
| 6/30/2022 | 6/30/2021 | 0.005451887% | 668,756 | 1,930,088 | 34.65% | 3.56% |
| 6/30/2021 | 6/30/2020 | 0.005000366% | 610,537 | 1,735,482 | 35.18% | 3.00% |
| 6/30/2020 | 6/30/2019 | 0.005092966% | 569,852 | 1,703,295 | 33.46% | 2.63% |
| 6/30/2019 | 6/30/2018 | 0.004731790% | 500,818 | 1,545,491 | 32.41% | 2.15% |
| 6/30/2018 | 6/30/2017 | 0.004484873% | 479,543 | 1,429,562 | 33.54% | 1.64% |
| 6/30/2017 | 6/30/2016 | 0.003697148% | 430,887 | 1,141,348 | 37.75% | 0.97% |
| 6/30/2016 | 6/30/2015 | 0.003165491% | 322,830 | 960,352 | 33.62% | 0.50% |

¹ Changes in actuarial assumptions:

For the fiscal year ended June 30, 2025, the inflation rate assumption remained at 2.40%, after being reduced from 2.60% to 2.40% in the fiscal year ended June 30, 2021. For all fiscal years presented prior to 2021 the inflation rate assumption was 2.60%. The overall payroll growth assumption increased to 3.50%, effective for the fiscal year ending June 30, 2025, after remaining steady at 3.25%, for all prior fiscal years presented. The municipal rate used to determine total pension liability, effective for each fiscal year ended June 30, was as follows:

| | | | | | |
|-----------|-------|-----------|-------|-----------|-------|
| 6/30/2025 | 3.93% | 6/30/2021 | 2.21% | 6/30/2018 | 3.58% |
| 6/30/2024 | 3.65% | 6/30/2020 | 3.50% | 6/30/2017 | 2.85% |
| 6/30/2023 | 3.54% | 6/30/2019 | 3.87% | 6/30/2016 | 3.80% |
| 6/30/2022 | 2.16% | | | | |

For the fiscal year ended June 30, 2025, the mortality assumptions were updated to the PUB-2010 base table, projected generationally with Scale MP-2021. For the fiscal year ended June 30, 2020, the mortality assumptions changed from the Generational RP-2000 with Projection Scale BB tables to the PUB-2010 base table, projected generationally with Scale MP-2018.

² The Retiree Health Insurance Subsidy pension plan information and net pension liability are reported on a one year lag. For example, pension plan information reported for the fiscal year ended June 30, 2025, is as of measurement date June 30, 2024. Covered payroll used to calculate the proportionate share of the net pension liability as a percentage of covered payroll for each fiscal year presented above is actually the covered payroll as of the prior fiscal year.

See Independent Auditor's Report.

**Florida Prepaid College Board
Cost-Sharing Multiple Employer Defined Benefit Pension Plans
Schedule of Board's Contributions
Last 10 Fiscal Years**

The tables below present the Board's contribution requirements as of the Plan's last 10 fiscal years:

Florida Retirement System Pension Plan

Schedule of Board Contributions

**Florida Retirement System Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
For the Last 10 Fiscal Years**

| Fiscal year ended | Statutorily required contributions (a) | Contributions in relation to the statutorily required contributions (b) | Contribution deficiency (excess) (a-b) | Covered payroll (c) | Contributions as a percentage of covered payroll (b/c) |
|-------------------|---|--|---|------------------------|---|
| 6/30/2025 | \$ 357,866 | \$ 357,866 | \$ - | \$ 2,626,057 | 13.63% |
| 6/30/2024 | 335,846 | 335,846 | - | 2,403,488 | 13.97% |
| 6/30/2023 | 314,561 | 314,561 | - | 2,298,475 | 13.69% |
| 6/30/2022 | 272,190 | 272,190 | - | 1,988,651 | 13.69% |
| 6/30/2021 | 251,486 | 251,486 | - | 1,930,088 | 13.03% |
| 6/30/2020 | 202,539 | 202,539 | - | 1,735,482 | 11.67% |
| 6/30/2019 | 175,443 | 175,443 | - | 1,703,295 | 10.30% |
| 6/30/2018 | 144,033 | 144,033 | - | 1,545,491 | 9.32% |
| 6/30/2017 | 119,046 | 119,046 | - | 1,429,562 | 8.33% |
| 6/30/2016 | 99,511 | 99,511 | - | 1,141,348 | 8.72% |

See Independent Auditor's Report.

**Florida Prepaid College Board
Cost-Sharing Multiple Employer Defined Benefit Pension Plans
Schedule of Board's Contributions
Last 10 Fiscal Years**

Health Insurance Subsidy Pension Plan

**Schedule of Board Contributions
Retiree Health Insurance Subsidy Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
For the Last 10 Fiscal Years**

| Fiscal year ended | Statutorily required contributions (a) | Contributions in relation to the statutorily required contributions (b) | Contribution deficiency (excess) (a-b) | Covered payroll (c) | Contributions as a percentage of covered payroll (b/c) |
|-------------------|--|---|--|---------------------|--|
| 6/30/2025 | \$ 52,354 | \$ 52,534 | \$ - | \$ 2,626,057 | 2.00% |
| 6/30/2024 | 48,081 | 48,081 | - | 2,403,488 | 2.00% |
| 6/30/2023 | 38,111 | 38,111 | - | 2,298,475 | 1.66% |
| 6/30/2022 | 33,019 | 33,019 | - | 1,988,651 | 1.66% |
| 6/30/2021 | 32,046 | 32,046 | - | 1,930,088 | 1.66% |
| 6/30/2020 | 28,815 | 28,815 | - | 1,735,482 | 1.66% |
| 6/30/2019 | 28,281 | 28,281 | - | 1,703,295 | 1.66% |
| 6/30/2018 | 25,661 | 25,661 | - | 1,545,491 | 1.66% |
| 6/30/2017 | 23,735 | 23,735 | - | 1,429,562 | 1.66% |
| 6/30/2016 | 18,949 | 18,949 | - | 1,141,348 | 1.66% |

See Independent Auditor's Report.

Florida Prepaid College Board

Schedule of Board's Proportionate Share of the Total Other Postemployment Benefits Liability

Last 10 Fiscal Years

Schedule of Board's Proportionate Share of the Total Other Postemployment Benefits Liability - Last 10 Fiscal Years*

| Fiscal year ended ¹ | OPEB Plan Measurement Date | Board's proportion of the total OPEB liability | Board's proportionate share of the total OPEB liability ² | Board's covered employee payroll | Board's proportionate share of the total OPEB liability as a percentage of covered employee payroll |
|--------------------------------|----------------------------|--|--|----------------------------------|---|
| 6/30/2025 | 6/30/2024 | 0.00610405% | \$ 622,794 | \$ 2,403,488 | 25.91% |
| 6/30/2024 | 6/30/2023 | 0.00525808% | 440,061 | 2,298,475 | 19.15% |
| 6/30/2023 | 6/30/2022 | 0.00602644% | 472,669 | 1,989,609 | 23.76% |
| 6/30/2022 | 6/30/2021 | 0.00449585% | 473,891 | 1,930,088 | 24.55% |
| 6/30/2021 | 6/30/2020 | 0.00400330% | 411,941 | 1,735,482 | 23.74% |
| 6/30/2020 | 6/30/2019 | 0.00461875% | 584,653 | 1,703,295 | 34.32% |
| 6/30/2019 | 6/30/2018 | 0.00448713% | 473,462 | 1,561,101 | 30.33% |
| 6/30/2018 | 6/30/2017 | 0.00455666% | 492,624 | 1,431,041 | 34.42% |

*This schedule is intended to show information for 10 fiscal years. However, until a full 10-year trend is compiled, the Board is presenting information for those years in which information is available.

Notes to Schedule of Board's Proportionate Share of the Total Other Postemployment Benefits Liability

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

¹ The total OPEB information is reported on a one year lag. For example, OPEB information reported for the fiscal year ended June 30, 2025, is as of measurement date June 30, 2024.

² Changes in actuarial assumptions :

Generally, a decrease in the 20-year tax-exempt general obligation municipal bond rate used to determine the total OPEB liability increases the Board's proportionate share of the total OPEB liability, and an increase in the bond rate decreases the Board's proportionate share of the total OPEB liability. The municipal bond rates used to determine the total OPEB liability were as follows in each fiscal year:

| | | | | | |
|-----------|-------|-----------|-------|-----------|-------|
| 6/30/2025 | 4.21% | 6/30/2022 | 2.18% | 6/30/2019 | 3.87% |
| 6/30/2024 | 4.13% | 6/30/2021 | 2.66% | 6/30/2018 | 3.58% |
| 6/30/2023 | 4.09% | 6/30/2020 | 2.79% | | |

Other changes in actuarial assumptions were as follows:

- 6/30/2025 For the fiscal year ended June 30, 2025, the health care costs and premiums were updated based on Plan Experience. The recent claims experience along with changes in the demographics of the population resulted in pharmacy claims costs higher than projected and lower premium rates than expected. The net result of this change was an increase in liabilities. Age-related claims were updated to use aging factors, in which claims costs vary with age, developed in a study completed by Dale Yamamoto for the Society of Actuaries. The DROP participation period assumption was updated to 48 months for those who have elected DROP. The medical trend rates were updated to be consistent with the August 2024 Report on Financial Outlook of the plan along with information from the Getzen Model and actuarial judgment. The impact of the trend rate changes is a small increase in the liability, due primarily to higher trend rates in the first several years.
- 6/30/2024 Disability rates for those in the Special Risk Class; and for Law Enforcement Officers, the percentage of members assumed to elect to participate in the Deferred Retirement Option Program (DROP), were updated to align with those used in the actuarial valuation of the Florida Retirement System (FRS) conducted by Milliman as of July 1, 2022. Law Enforcement Officers' maximum DROP participation was extended from 60 months to 96 months. Inflation was lowered from 2.6% to 2.4%. The impact of these changes is a slight increase in the total OPEB liability.

See Independent Auditor's Report.

Florida Prepaid College Board
Schedule of Board's Proportionate Share of the Total Other
Postemployment Benefits Liability
Last 10 Fiscal Years
(Continued)

- 6/30/2023 Claims costs and premium rates were updated with information provided to the actuary by the Division of State Group Insurance as well as the premiums that are actually charged to participants. The net result was a slight increase in the liability. The medical trend assumption was based on the Getzen Model, along with information from the August 2022 Report on Financial Outlook of the Plan. The impact of the trend rate changes is a small increase in the liability, due primarily to higher trend rates in the first several years.
- 6/30/2022 Retirement rates were updated to those used in the actuarial valuation of the FRS conducted by Milliman as of July 1, 2019, from the previously used rates from July 1, 2015. This decreased the total OPEB liability by about 7%. Active medical plan election participation rate assumptions changed from 50% to 43%, resulting in a decrease in total OPEB liability of about 8%.
- 6/30/2021 The excise tax that was to go into effect in 2022 was repealed. The impact of this change was a decrease in liabilities of about 13%.
- 6/30/2020 The OPEB valuation conducted as of July 1, 2019, reflected the full impact of the Excise Tax that was to go into effect in 2022. The impact of this change was an increase in liabilities of about 12%. Mortality rates were changed to use Pub-2010 mortality tables with fully generational improvement using Scale MP-2018. Mortality rates were previously based on FP-2000 mortality tables with fully generational improvement using Scale BB. This change decreased liabilities by about 5%.

See Independent Auditor's Report.



OTHER REPORTS





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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Florida Prepaid College Board Members
Tallahassee, Florida

We have audited, accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities, the fiduciary fund type and the discretely presented component units of the Florida Prepaid College Board (the Board) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated December 10, 2025. The financial statements of the Stanley G. Tate Florida Prepaid College Foundation, Inc. were not audited in accordance with the *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Board.

Report on Internal Control over Financial Reporting

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

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

Our consideration of the internal control over financial reporting 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 may exist that were not identified.

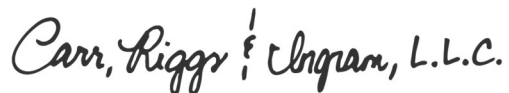
Report on Compliance and Other Matters

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

We have noted other matters pursuant to the Rules of the Auditor General, Chapter 10.550 that we have reported to the management of the Board in a separate letter dated December 10, 2025.

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.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive, slightly stylized font.

CARR, RIGGS & INGRAM, L.L.C.

Tallahassee, Florida
December 10, 2025



CARR, RIGGS & INGRAM, L.L.C.

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**MANAGEMENT LETTER PURSUANT TO CHAPTER 10.550,
RULES OF THE AUDITOR GENERAL FOR LOCAL
GOVERNMENTAL ENTITY AUDITS**

Florida Prepaid College Board Members
Tallahassee, Florida

Report on the Financial Statements

We have audited the financial statements of the Florida Prepaid College Board, as of and for the fiscal year ended June 30, 2025, and have issued our report thereon dated December 10, 2025.

Auditor's Responsibility

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 and Chapter 10.550, Rules of the Auditor General.

Other Report Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Chapter 10.550, Rules of the Auditor General. Disclosures in the report, which is dated December 10, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)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 financial audit report. No findings and recommendations were made in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is included in Note 1 of the Notes to the Financial Statements.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Florida Prepaid College Board met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identify the specific condition(s) met. In connection with our audit, we determined that the Florida Prepaid College Board did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Florida Prepaid College Board. It is management's responsibility to monitor the Florida Prepaid College Board's 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.

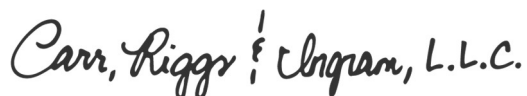
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that has occurred, or is likely to have occurred, that has an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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



CARR, RIGGS & INGRAM, L.L.C.

Tallahassee, Florida
December 10, 2025