

STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

EASTERN FLORIDA STATE COLLEGE

For the Fiscal Year Ended
June 30, 2023



Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the 2022-23 fiscal year, Dr. James H. Richey served as President of Eastern Florida State College and the following individuals served as Members of the Board of Trustees:

Ronald S. Howse, Chair from 8-8-22^a,
Vice Chair through 8-7-22
Dr. Edgar Figueroa, Vice Chair from 8-8-22
Bruce Deardoff
Laura Moody
Winston Scott

^a Chair position vacant 7-1-22, through 8-7-22.

The Auditor General conducts audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

The team leader was Taha Tareen, and the audit was supervised by Jeff Brizendine, CPA.

Please address inquiries regarding this report to Jaime N. Hoelscher, CPA, Audit Manager, by e-mail at jaimehoelscher@aud.state.fl.us or by telephone at (850) 412-2868.

This report and other reports prepared by the Auditor General are available at:

FLAuditor.gov

Printed copies of our reports may be requested by contacting us at:

State of Florida Auditor General

Claude Pepper Building, Suite G74 · 111 West Madison Street · Tallahassee, FL 32399-1450 · (850) 412-2722

EASTERN FLORIDA STATE COLLEGE
TABLE OF CONTENTS

	<u>Page No.</u>
SUMMARY	i
INDEPENDENT AUDITOR'S REPORT	1
Report on the Audit of the Financial Statements.....	1
Other Reporting Required by <i>Government Auditing Standards</i>	3
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	16
Statement of Revenues, Expenses, and Changes in Net Position	19
Statement of Cash Flows	20
Notes to Financial Statements	22
OTHER REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Changes in the College's Total Other Postemployment Benefits Liability and Related Ratios	45
Schedule of the College's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan	46
Schedule of College Contributions – Florida Retirement System Pension Plan	46
Schedule of the College's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan.....	48
Schedule of College Contributions – Health Insurance Subsidy Pension Plan.....	48
Notes to Required Supplementary Information	50
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	
Report on Internal Control Over Financial Reporting	51
Report on Compliance and Other Matters	52
Purpose of this Report	52

SUMMARY

SUMMARY OF REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our audit disclosed that the basic financial statements of Eastern Florida State College (a component unit of the State of Florida) were presented fairly, in all material respects, in accordance with prescribed financial reporting standards.

SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

Our audit did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, issued by the Comptroller General of the United States.

AUDIT OBJECTIVES AND SCOPE

Our audit objectives were to obtain reasonable assurance about whether the financial statements as a whole were free from material misstatements, whether due to fraud or error, and to issue an auditor's report that included our opinion. In doing so we:

- Exercised professional judgment and maintained professional skepticism throughout the audit.
- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, and designed and performed audit procedures responsive to those risks.
- Obtained 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 College's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluated the overall presentation of the financial statements.
- Concluded whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.
- Examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

An examination of Federal awards administered by the College is included within the scope of our Statewide audit of Federal awards administered by the State of Florida.

AUDIT METHODOLOGY

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450



Phone: (850) 412-2722
Fax: (850) 488-6975

The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of Eastern Florida State College, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of Eastern Florida State College and of its aggregate discretely presented component units as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units columns as of June 30, 2023. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 College 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 College's ability to continue as a going concern for 12 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College'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 College'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 **MANAGEMENT'S DISCUSSION AND ANALYSIS**, the **Schedule of Changes in the College's Total Other Postemployment Benefits Liability and Related Ratios**, **Schedule of the College's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan**, **Schedule of College Contributions – Florida Retirement System Pension Plan**, **Schedule of the College's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan**, **Schedule of College Contributions – Health Insurance Subsidy Pension Plan**, and **Notes to Required Supplementary Information**, 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 October 24, 2023, on our consideration of the Eastern Florida State College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. 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

internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
October 24, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the College for the fiscal year ended June 30, 2023, and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto, are the responsibility of College management. The MD&A contains financial activity of the College for the fiscal years ended June 30, 2023, and June 30, 2022.

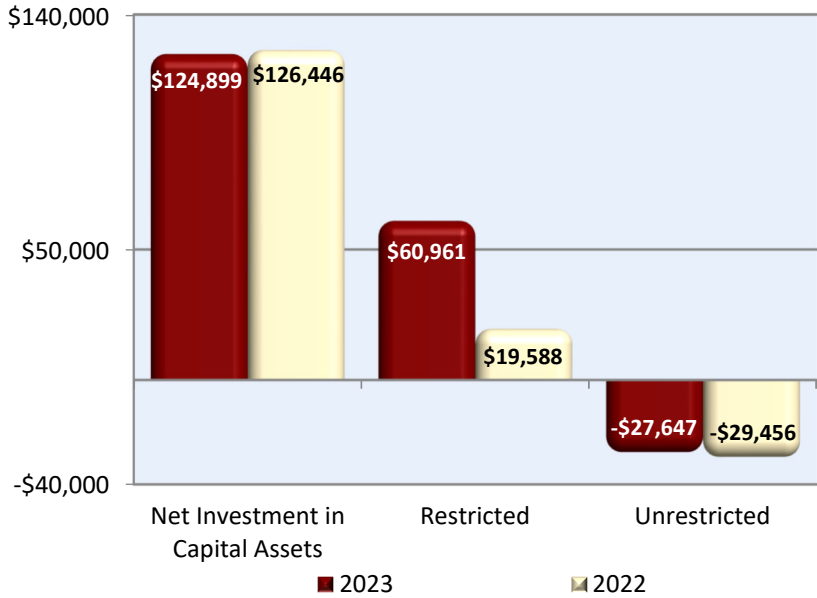
FINANCIAL HIGHLIGHTS

The College's assets and deferred outflows of resources totaled \$254.2 million at June 30, 2023. This balance reflects a \$43 million, or 20.4 percent, increase as compared to the 2021-22 fiscal year, resulting from an increase in due from governmental agencies related to State appropriations allocated for capital projects. While assets and deferred outflows of resources grew, liabilities and deferred inflows of resources increased by \$1.4 million, or 1.5 percent, totaling \$96 million at June 30, 2023, resulting from an increase in net pension liability totaling \$24.1 million, offset by a decrease in deferred inflows of resources related to pensions totaling \$22.9 million. As a result, the College's net position increased by \$41.6 million, resulting in a year-end balance of \$158.2 million.

The College's operating revenues totaled \$26.1 million for the 2022-23 fiscal year, representing a 19.2 percent increase compared to the 2021-22 fiscal year due mainly to an increase in Federal grants and contracts. Operating expenses totaled \$119.3 million for the 2022-23 fiscal year, representing a decrease of 1.6 percent as compared to the 2021-22 fiscal year due mainly to a decrease in scholarships and waivers.

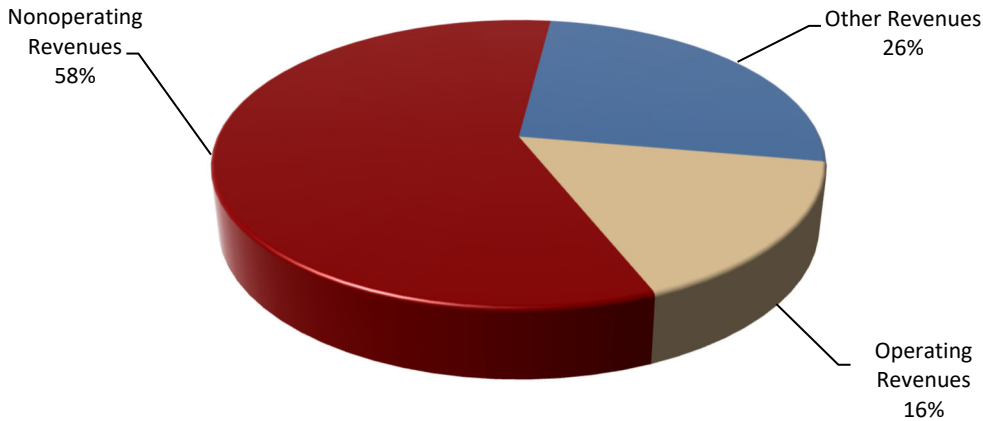
Net position represents the residual interest in the College's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The College's comparative total net position by category for the fiscal years ended June 30, 2023, and June 30, 2022, is shown in the following graph:

**Net Position
(In Thousands)**



The following chart provides a graphical presentation of College revenues by category for the 2022-23 fiscal year:

**Total Revenues
2022-23 Fiscal Year**



OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to the Governmental Accounting Standards Board (GASB) Statement No. 35, the College’s financial report consists of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The financial statements, and notes thereto, encompass the College and its component units. These component units include: Eastern Florida State College Foundation, Inc. (Foundation) and Eastern Florida State College Student Housing Corporation, Inc. (Housing Corporation). Based on the application of the criteria for

determining component units, the Foundation and Housing Corporation are included within the College reporting entity as discretely presented component units.

Information regarding these component units, including summaries of the discretely presented component units' separately issued financial statements, is presented in the notes to financial statements. This MD&A focuses on the College, excluding the discretely presented component units. For those component units reporting under GASB standards, MD&A information is included in their separately issued audit reports.

The Statement of Net Position

The statement of net position reflects the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the College, using the accrual basis of accounting, and presents the financial position of the College at a specified time. Assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, equals net position, which is one indicator of the College's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the College's financial condition.

The following summarizes the College's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30:

Condensed Statement of Net Position at June 30

(In Thousands)

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets	\$ 68,247	\$ 28,189
Capital Assets, Net	140,952	141,848
Other Noncurrent Assets	31,005	28,927
Total Assets	<u>240,204</u>	<u>198,964</u>
Deferred Outflows of Resources	<u>14,005</u>	<u>12,230</u>
Liabilities		
Current Liabilities	12,494	10,395
Noncurrent Liabilities	71,812	48,604
Total Liabilities	<u>84,306</u>	<u>58,999</u>
Deferred Inflows of Resources	<u>11,690</u>	<u>35,617</u>
Net Position		
Net Investment in Capital Assets	124,899	126,446
Restricted	60,961	19,588
Unrestricted	<u>(27,647)</u>	<u>(29,456)</u>
Total Net Position	<u>\$ 158,213</u>	<u>\$ 116,578</u>

The College's overall net position increased by \$41.6 million, or 35.7 percent, due primarily to an increase in restricted assets for capital projects and changes in the valuation of the pension liability and associated deferred inflows of resources from the prior fiscal year.

The Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position presents the College's revenue and expense activity, categorized as operating and nonoperating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

The following summarizes the College's activity for the 2022-23 and 2021-22 fiscal years:

Condensed Statement of Revenues, Expenses, and Changes in Net Position For the Fiscal Years

	2022-23	2021-22
Operating Revenues	\$ 26,098	\$ 21,941
Less, Operating Expenses	119,327	121,173
Operating Loss	(93,229)	(99,232)
Net Nonoperating Revenues	93,231	96,805
Income (Loss) Before Other Revenues	2	(2,427)
Other Revenues	41,633	3,994
Net Increase In Net Position	41,635	1,567
Net Position, Beginning of Year	116,578	115,011
Net Position, End of Year	\$ 158,213	\$ 116,578

Operating Revenues

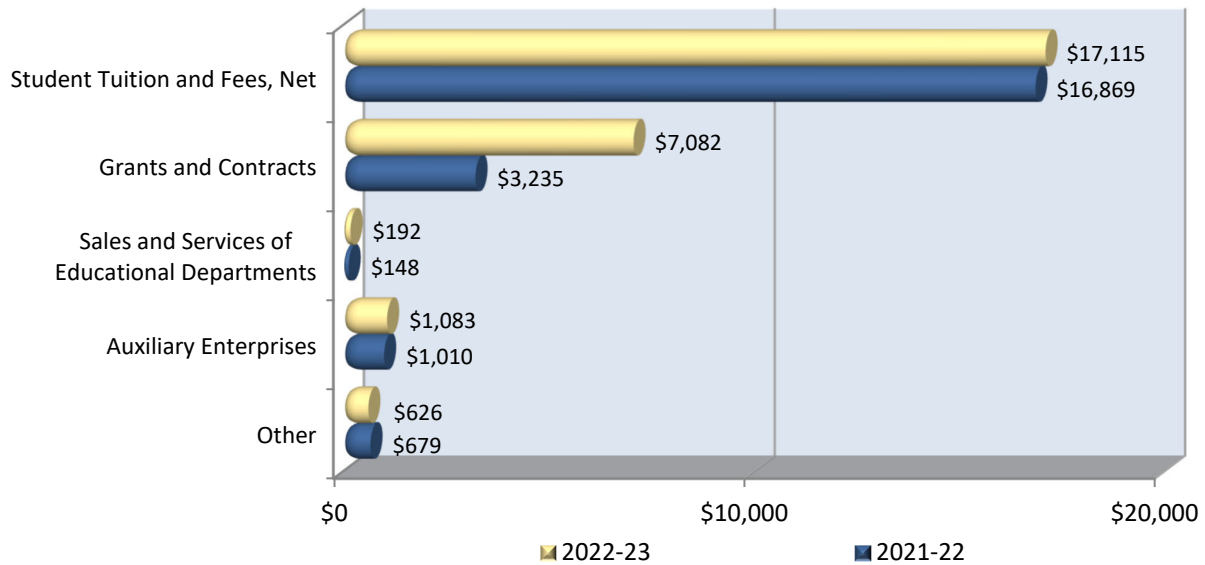
GASB Statement No. 35 categorizes revenues as either operating or nonoperating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either gives or receives something of equal or similar value.

The following summarizes the operating revenues by source that were used to fund operating activities for the 2022-23 and 2021-22 fiscal years:

	2022-23	2021-22
Student Tuition and Fees, Net	\$ 17,115	\$ 16,869
Grants and Contracts	7,082	3,235
Sales and Services of Educational Departments	192	148
Auxiliary Enterprises	1,083	1,010
Other	626	679
Total Operating Revenues	\$ 26,098	\$ 21,941

The following chart presents the College's operating revenues for the 2022-23 and 2021-22 fiscal years:

Operating Revenues
(In Thousands)



College operating revenue changes were primarily the result of an increase in grants and contracts of \$3.8 million due to receipt of the Florida Job Growth Grant.

Operating Expenses

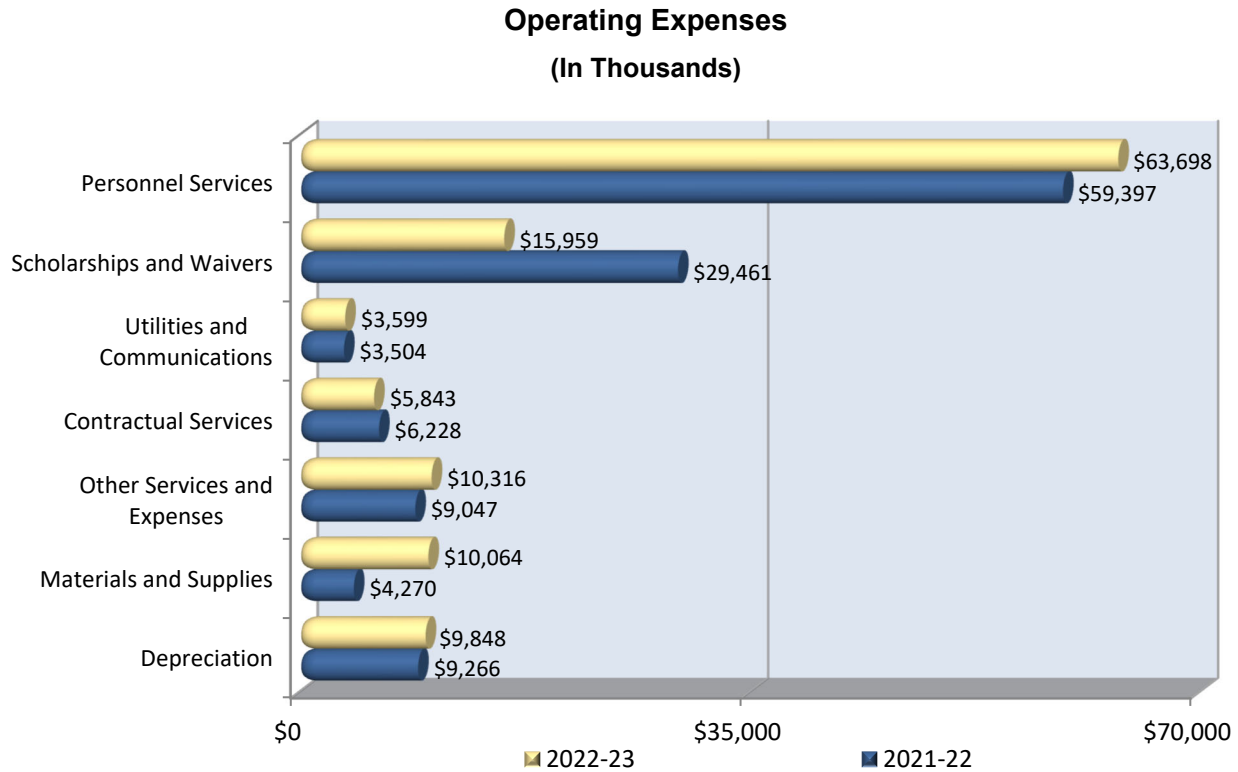
Expenses are categorized as operating or nonoperating. The majority of the College’s expenses are operating expenses as defined by GASB Statement No. 35. GASB gives financial reporting entities the choice of reporting operating expenses in the functional or natural classifications. The College has chosen to report the expenses in their natural classification on the statement of revenues, expenses, and changes in net position and has displayed the functional classification in the notes to financial statements.

The following summarizes operating expenses by natural classification for the 2022-23 and 2021-22 fiscal years:

Operating Expenses
For the Fiscal Years
(In Thousands)

	<u>2022-23</u>	<u>2021-22</u>
Personnel Services	\$ 63,698	\$ 59,397
Scholarships and Waivers	15,959	29,461
Utilities and Communications	3,599	3,504
Contractual Services	5,843	6,228
Other Services and Expenses	10,316	9,047
Materials and Supplies	10,064	4,270
Depreciation	9,848	9,266
Total Operating Expenses	<u>\$ 119,327</u>	<u>\$121,173</u>

The following chart presents the College's operating expenses for the 2022-23 and 2021-22 fiscal years:



College operating expense changes were the result of the following factors:

- Personnel services increased by \$4.3 million due to an increase in pension expense.
- Scholarships and waivers decreased by \$13.5 million due to awarding the majority of the final emergency Higher Education Emergency Relief Fund (HEERF) grant awards to students in the 2021-22 fiscal year.
- Materials and supplies increased by \$5.8 million and other services and expenses increased by \$1.3 million due to expenses related to the HEERF grant-funded collegewide network upgrade project.
- Utilities and communications remained level, contractual services decreased by \$0.4 million, and depreciation increased by \$0.6 million due to normal business operations.

Nonoperating Revenues and Expenses

Certain revenue sources that the College relies on to provide funding for operations, including State noncapital appropriations, Federal and State student financial aid, certain gifts and grants, and investment income, are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets. The following summarizes the College's nonoperating revenues and expenses for the 2022-23 and 2021-22 fiscal years:

**Nonoperating Revenues (Expenses)
For the Fiscal Years
(In Thousands)**

	2022-23	2021-22
State Noncapital Appropriations	\$ 52,767	\$ 47,524
Federal and State Student Financial Aid	22,868	22,219
Gifts and Grants	17,179	27,660
Investment Income	990	510
Gain (Loss) on Disposal of Capital Assets	(69)	39
Interest on Capital Asset-Related Debt	(504)	(1,147)
Net Nonoperating Revenues	\$ 93,231	\$ 96,805

College nonoperating revenues and expenses decreased by \$3.6 million, or 3.7 percent, primarily due to the reduction of \$10.1 million in HEERF grant funds allocated to the College net of a \$5.2 million increase in State noncapital appropriations.

Other Revenues

This category is composed of State capital appropriations and capital grants, contracts, gifts, and fees. The following summarizes the College's other revenues for the 2022-23 and 2021-22 fiscal years:

**Other Revenues
For the Fiscal Years
(In Thousands)**

	2022-23	2021-22
State Capital Appropriations	\$ 267	\$ 379
Capital Grants, Contracts, Gifts, and Fees	41,366	3,615
Total	\$ 41,633	\$ 3,994

Other revenues increased by \$37.6 million mainly due to funds received from the State's allocation of Federal Coronavirus State Fiscal Recovery Fund monies for the new Center for Innovative Technology Education building (\$19.7 million) and for deferred maintenance projects (\$17.6 million).

The Statement of Cash Flows

The statement of cash flows provides information about the College's financial results by reporting the major sources and uses of cash and cash equivalents. This statement will assist in evaluating the College's ability to generate net cash flows, its ability to meet its financial obligations as they come due, and its need for external financing. Cash flows from operating activities show the net cash used by the operating activities of the College. Cash flows from capital financing activities include all plant funds and related long-term debt activities. Cash flows from investing activities show the net source and use of cash related to purchasing or selling investments, and earning income on those investments. Cash flows from noncapital financing activities include those activities not covered in other sections.

The following summarizes the College's cash flows for the 2022-23 and 2021-22 fiscal years:

**Condensed Statement of Cash Flows
For the Fiscal Years
(In Thousands)**

	<u>2022-23</u>	<u>2021-22</u>
Cash Provided (Used) by:		
Operating Activities	\$(83,810)	\$(96,527)
Noncapital Financing Activities	91,128	99,746
Capital and Related Financing Activities	(5,071)	(10,930)
Investing Activities	938	510
Net Increase (Decrease) in Cash and Cash Equivalents	3,185	(7,201)
Cash and Cash Equivalents, Beginning of Year	44,479	51,680
Cash and Cash Equivalents, End of Year	<u>\$ 47,664</u>	<u>\$ 44,479</u>

Major sources of funds came from State noncapital appropriations (\$52.8 million), Federal and State student financial aid (\$23.4 million), net student tuition and fees (\$17.1 million), noncapital gifts and grants (\$16.4 million), and Federal Direct Loan program receipts (\$14.8 million). Major uses of funds were for payments to employees and for employee benefits (\$63.2 million), to suppliers (\$24.6 million), for scholarships (\$16 million), and disbursements to students for the Federal Direct Loan program (\$14.8 million).

Changes in cash and cash equivalents were the result of the following factors:

- Use of cash for operating activities decreased \$12.7 million primarily due to the decrease in cash payments for scholarships related to HEERF grants for students.
- Cash provided for noncapital financing activities decreased \$8.6 million from the decline in gifts and grants revenue primarily associated with HEERF grants.
- Cash used for capital financing activities decreased \$5.9 million primarily due to a decline in purchases of capital assets.

**CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS,
AND DEBT ADMINISTRATION**

Capital Assets

At June 30, 2023, the College had \$324.6 million in capital assets, less accumulated depreciation of \$183.6 million, for net capital assets of \$141 million. Depreciation charges for the current fiscal year totaled \$9.8 million. The following table summarizes the College's capital assets, net of accumulated depreciation, at June 30:

Capital Assets, Net at June 30

(In Thousands)

	<u>2023</u>	<u>2022</u>
Land	\$ 6,856	\$ 6,856
Construction in Progress	11,610	7,153
Buildings	102,596	106,407
Other Structures and Improvements	14,521	16,930
Furniture, Machinery, and Equipment	4,666	3,321
Assets Under Leases	703	1,181
Capital Assets, Net	<u>\$140,952</u>	<u>\$141,848</u>

Additional information about the College's capital assets is presented in the notes to financial statements.

Capital Expenses and Commitments

Capital expenses through June 30, 2023, were primarily incurred on the Melbourne Site Work Building B (\$1 million) and various energy savings projects (\$9 million). None of the College's capital projects had balance commitments in excess of \$1 million at fiscal year-end. The College's construction commitments at June 30, 2023, are as follows:

	<u>Amount</u> <u>(In Thousands)</u>
Total Committed	\$ 11,887
Completed to Date	<u>10,578</u>
Balance Committed	<u>\$ 1,309</u>

Debt Administration

As of June 30, 2023, the College had \$17.5 million in outstanding notes and leases payable, representing a decrease of \$1.7 million, or 8.8 percent, from the prior fiscal year. The following table summarizes the outstanding long-term debt by type for the fiscal years ended June 30:

Long-Term Debt at June 30

(In Thousands)

	<u>2023</u>	<u>2022</u>
Note Payable	\$ 16,459	\$ 17,606
Leases Payable	<u>1,027</u>	<u>1,557</u>
Total	<u>\$ 17,486</u>	<u>\$ 19,163</u>

Debt repayments during the 2022-23 fiscal year totaled \$1.7 million. Additional information about the College's long-term debt is presented in the notes to financial statements.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The College's economic condition is closely tied to that of the State of Florida. While the State of Florida and Brevard County have experienced positive financial growth in the last year, the College faces some financial challenges in the near term.

Eastern Florida State College's State noncapital appropriations increased by \$4.7 million for the 2023-24 fiscal year. Capital appropriations were funded this year with \$3.6 million for Phase 1 of the Advanced Technology Center on the Cocoa campus. The renovation includes estimates to transform the first floor of the Clark Maxwell Jr. Lifelong Learning Center into a smaller but more efficient and better utilized campus library which will house the collection and encompassing research areas in addition to providing collaborative workspaces and study areas.

The College Board of Trustees elected again to continue the 2011-12 fiscal year tuition rates into the 2023-24 fiscal year. Enrollment since the start of the pandemic, however, has declined 13 percent from 2019.

The College's current financial and capital plans indicate that the resources from cost savings and increased efficiencies will enable it to maintain consistent services over the coming fiscal year.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Vice President for Operations/Chief Financial Officer, Eastern Florida State College, 1519 Clearlake Road, Cocoa, FL 32922.

THIS PAGE INTENTIONALLY LEFT BLANK

BASIC FINANCIAL STATEMENTS

EASTERN FLORIDA STATE COLLEGE A Component Unit of the State of Florida Statement of Net Position

June 30, 2023

	<u>College</u>	<u>Component Units</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 17,492,494	\$ 1,298,026
Restricted Cash and Cash Equivalents	5,140,748	-
Investments	63,432	-
Accounts Receivable, Net	1,196,439	17,673
Leases Receivable	623,673	-
Due from Other Governmental Agencies	43,457,909	-
Inventories	43,322	-
Prepaid Expenses	227,661	150
Deposits	905	-
Other Assets	-	42,237
Total Current Assets	<u>68,246,583</u>	<u>1,358,086</u>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	25,030,290	-
Investments	-	25,537,719
Leases Receivable	5,974,954	-
Depreciable Capital Assets, Net	122,485,366	5,154,188
Nondepreciable Capital Assets	18,466,782	5,068,320
Other Assets	-	163,649
Total Noncurrent Assets	<u>171,957,392</u>	<u>35,923,876</u>
TOTAL ASSETS	<u>240,203,975</u>	<u>37,281,962</u>
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	38,395	-
Pensions	13,966,787	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>14,005,182</u>	<u>-</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	3,554,395	927,283
Salary and Payroll Taxes Payable	2,751,174	-
Retainage Payable	87,458	290,427
Unearned Revenue	1,801,175	-
Deposits Held for Others	2,443,189	-
Long-Term Liabilities - Current Portion:		
Note Payable	1,187,474	384,182
Leases Payable	468,843	-
Compensated Absences Payable	162,092	-
Other Postemployment Benefits Payable	38,395	-
Total Current Liabilities	<u>12,494,195</u>	<u>1,601,892</u>

	<u>College</u>	<u>Component Units</u>
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Note Payable	15,271,435	8,708,473
Leases Payable	558,340	-
Compensated Absences Payable	10,029,531	21,658
Other Postemployment Benefits Payable	436,849	-
Net Pension Liability	45,515,223	-
Total Noncurrent Liabilities	<u>71,811,378</u>	<u>8,730,131</u>
TOTAL LIABILITIES	<u>84,305,573</u>	<u>10,332,023</u>
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	261,266	-
Pensions	4,830,537	-
Lease Agreements	6,598,627	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>11,690,430</u>	<u>-</u>
NET POSITION		
Net Investment in Capital Assets	124,899,341	79,170
Restricted:		
Nonexpendable:		
Endowment	-	12,971,514
Expendable:		
Grants and Loans	440,885	1,801,733
Scholarships	11,653	7,979,930
Capital Projects	60,111,805	-
Debt Service	396,808	-
Other	-	59,495
Unrestricted	<u>(27,647,338)</u>	<u>4,058,097</u>
TOTAL NET POSITION	<u>\$ 158,213,154</u>	<u>\$ 26,949,939</u>

The accompanying notes to financial statements are an integral part of this statement.

THIS PAGE INTENTIONALLY LEFT BLANK

EASTERN FLORIDA STATE COLLEGE
A Component Unit of the State of Florida
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2023

	<u>College</u>	<u>Component Units</u>
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of \$9,077,580	\$ 17,115,188	\$ -
Federal Grants and Contracts	5,688,280	-
State and Local Grants and Contracts	916,294	-
Nongovernmental Grants and Contracts	477,204	-
Sales and Services of Educational Departments	191,816	-
Auxiliary Enterprises	1,083,407	-
Other Operating Revenues	625,876	996,315
Total Operating Revenues	26,098,065	996,315
EXPENSES		
Operating Expenses:		
Personnel Services	63,698,355	330,219
Scholarships and Waivers	15,958,240	1,044,559
Utilities and Communications	3,599,045	103,480
Contractual Services	5,842,607	383,763
Other Services and Expenses	10,315,846	371,532
Materials and Supplies	10,064,358	150,302
Depreciation	9,848,499	138,282
Total Operating Expenses	119,326,950	2,522,137
Operating Loss	(93,228,885)	(1,525,822)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	52,766,833	-
Federal and State Student Financial Aid	22,867,979	-
Gifts and Grants	17,179,705	552,929
Investment Income	990,354	2,393,380
Loss on Disposal of Capital Assets	(69,364)	-
Interest on Capital Asset-Related Debt	(504,244)	(212,226)
Net Nonoperating Revenues	93,231,263	2,734,083
Income Before Other Revenues	2,378	1,208,261
State Capital Appropriations	266,400	-
Capital Grants, Contracts, Gifts, and Fees	41,366,199	235,012
Total Other Revenues	41,632,599	235,012
Increase in Net Position	41,634,977	1,443,273
Net Position, Beginning of Year	116,578,177	25,506,666
Net Position, End of Year	\$ 158,213,154	\$ 26,949,939

The accompanying notes to financial statements are an integral part of this statement.

EASTERN FLORIDA STATE COLLEGE
A Component Unit of the State of Florida
Statement of Cash Flows

For the Fiscal Year Ended June 30, 2023

	College
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	\$ 17,110,011
Grants and Contracts	4,541,119
Payments to Suppliers	(24,598,121)
Payments for Utilities and Communications	(3,636,277)
Payments to Employees	(46,183,661)
Payments for Employee Benefits	(16,994,661)
Payments for Scholarships	(15,954,988)
Auxiliary Enterprises	1,089,431
Sales and Services of Educational Departments	191,816
Other Receipts	625,126
	(83,810,205)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	52,766,833
Federal and State Student Financial Aid	23,415,205
Federal Direct Loan Program Receipts	14,820,761
Federal Direct Loan Program Disbursements	(14,830,434)
Gifts and Grants Received for Other Than Capital or Endowment Purposes	16,366,526
Other Nonoperating Disbursements	(1,410,767)
	91,128,124
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	687,211
Capital Grants and Gifts	4,862,674
Proceeds from Sale of Capital Assets	11,752
Purchases of Capital Assets	(8,451,987)
Principal Paid on Capital Debt and Leases	(1,676,639)
Interest Paid on Capital Debt and Leases	(504,244)
	(5,071,233)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Investments	(52,709)
Investment Income	990,354
	937,645
Net Increase in Cash and Cash Equivalents	3,184,331
Cash and Cash Equivalents, Beginning of Year	44,479,201
Cash and Cash Equivalents, End of Year	\$ 47,663,532

	<u>College</u>
RECONCILIATION OF OPERATING LOSS	
TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$(93,228,885)
Adjustments to Reconcile Operating Loss	
to Net Cash Used by Operating Activities:	
Depreciation Expense	9,848,499
Changes in Assets, Liabilities, Deferred Outflows of Resources,	
and Deferred Inflows of Resources:	
Receivables, Net	(24,263)
Due From Other Governmental Agencies	(3,635,225)
Inventories	34,075
Prepaid Expenses	(187,696)
Accounts Payable	1,744,331
Salaries and Payroll Taxes Payable	233,895
Unearned Revenue	1,118,927
Compensated Absences Payable	868,870
Other Postemployment Benefits Payable	(68,771)
Net Pension Liability	24,116,182
Deferred Outflows of Resources Related to Other Postemployment Benefits	653
Deferred Inflows of Resources Related to Other Postemployment Benefits	39,211
Deferred Outflows of Resources Related to Pensions	(1,775,448)
Deferred Inflows of Resources Related to Pensions	(22,894,560)
	<u>\$ (83,810,205)</u>
NET CASH USED BY OPERATING ACTIVITIES	
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL	
FINANCING ACTIVITIES	
Losses from the disposal of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	\$ (69,364)

The accompanying notes to financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Reporting Entity. The governing body of Eastern Florida State College, a component unit of the State of Florida, is the College Board of Trustees. The Board of Trustees constitutes a corporation and is composed of five members appointed by the Governor and confirmed by the Senate. The Board of Trustees is under the general direction and control of the Florida Department of Education, Division of Florida Colleges, and is governed by State law and State Board of Education (SBE) rules. However, the Board of Trustees is directly responsible for the day-to-day operations and control of the College within the framework of applicable State laws and SBE rules. The College serves Brevard County.

Criteria for defining the reporting entity are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. These criteria were used to evaluate potential component units for which the Board of Trustees is financially accountable and other organizations for which the nature and significance of their relationship with the Board of Trustees are such that exclusion would cause the College's financial statements to be misleading. Based on the application of these criteria, the College is a component unit of the State of Florida, and its financial balances and activities are reported in the State's Annual Comprehensive Financial Report by discrete presentation.

Discretely Presented Component Units. Based on the application of the criteria for determining component units, the following component units are included within the College's reporting entity:

- Eastern Florida State College Foundation, Inc. (Foundation): This legally separate organization provides funding and services to support and foster the pursuit of higher education at the College and is governed by a separate board.
- Eastern Florida State College Student Housing Corporation, Inc. (Housing Corporation): This legally separate organization provides a means for the development, financing, acquisition and construction of the College's student housing facilities and is governed by a separate board.

Both the Foundation and Housing Corporation are direct-support organizations, as defined in Section 1004.70, Florida Statutes, and although legally separate from the College, are financially accountable to the College. The Foundation and Housing Corporation are managed independently, outside the College's budgeting process, and their powers are vested in a governing board pursuant to various State statutes. The Foundation receives, holds, invests, and administers property, and makes expenditures to or for the benefit of the College. The District Board of Trustees of Eastern Florida State College established the Housing Corporation on December 11, 2017, to promote and support the development of student housing facilities and related improvements and infrastructure on College property. The Housing Corporation is authorized to develop, finance, acquire, construct and operate such housing facilities. The Housing Corporation Student Housing Facility, located on the Melbourne Campus, housed students starting for the Fall term in August 2020.

The Foundation and Housing Corporation are each audited by other auditors pursuant to Section 1004.70(6), Florida Statutes. The audited financial statements for the Foundation and Housing Corporation available to the public and can be obtained from the Vice President for Operations/Chief

Financial Officer, Eastern Florida State College, 1519 Clearlake Road, Cocoa, Florida 32922. The financial data reported on the accompanying financial statements was derived from the audited financial statements for the Foundation and Housing Corporation for the fiscal year ended June 30, 2023. Additional condensed financial statements for the College's component units are included in a subsequent note.

Basis of Presentation. The College's accounting policies conform with accounting principles generally accepted in the United States of America applicable to public colleges and universities as prescribed by GASB. The National Association of College and University Business Officers (NACUBO) also provides the College with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (FASB). GASB allows public colleges various reporting options. The College has elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entitywide reporting including the following components:

- Management's Discussion and Analysis
- Basic Financial Statements:
 - Statement of Net Position
 - Statement of Revenues, Expenses, and Changes in Net Position
 - Statement of Cash Flows
 - Notes to Financial Statements
- Other Required Supplementary Information

Measurement Focus and Basis of Accounting. Basis of accounting refers to when revenues, expenses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The College's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from nonexchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met. The College follows GASB standards of accounting and financial reporting.

The College's component units use the economic resources measurement focus and the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred and follows GASB standards of accounting and financial reporting.

Significant interdepartmental sales between auxiliary service departments and other institutional departments have been accounted for as reductions of expenses and not revenues of those departments.

The College's principal operating activity is instruction. Operating revenues and expenses generally include all fiscal transactions directly related to instruction as well as administration, academic support, student services, physical plant operations, and depreciation of capital assets. Nonoperating revenues

include State noncapital appropriations, Federal and State student financial aid, and investment income. Interest on capital asset-related debt is a nonoperating expense. Other revenues generally include revenues for capital construction projects.

The statement of net position is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the College's policy to first apply the restricted resources to such programs followed by the use of the unrestricted resources.

The statement of revenues, expenses, and changes in net position is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the difference between the stated charge for goods and services provided by the College and the amount that is actually paid by the student or the third-party making payment on behalf of the student. The College calculated the reported net tuition scholarship allowances utilizing the principles outlined in the NACUBO Advisory Report 2023-01. Under this framework, the College computes these amounts by allocating the cash payments to students, excluding payments for services, using a ratio of total aid to aid not considered third-party aid, using high-level estimations with aggregated institution-level data.

The statement of cash flows is presented using the direct method in compliance with GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

Cash and Cash Equivalents. The amount reported as cash and cash equivalents consist of cash on hand, cash in demand accounts, cash with escrow agent, and cash with State Treasury Special Purpose Investment Account (SPIA) and the Florida Fixed Income Trust (FL-FIT) Cash pools. For reporting cash flows, the College considers all highly liquid investments with original maturities of 3 months or less, that are not held solely for income or profit, to be cash equivalents. Under this definition, the College considers amounts invested in the State Treasury SPIA investment and the FL-FIT Cash pools to be cash equivalents.

College cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by the Federal Deposit Insurance Corporation, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes. Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets are classified as restricted.

At June 30, 2023, the College reported as cash equivalents at fair value \$29,618,979 in the State Treasury SPIA investment pool representing ownership of a share of the pool, not the underlying securities (Level 3 inputs, as discussed in Note 3.). Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The State Treasury SPIA investment pool carried a credit rating of AA-f by Standard & Poor's, had an effective duration of 3.02 years and fair value factor of 0.9667 at June 30, 2023. Participants contribute to the State Treasury SPIA investment pool on a dollar basis. These funds are commingled and a fair value of the pool is

determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balance. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. The College relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury SPIA investment pool are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

At June 30, 2023, the College reported restricted cash and cash equivalents totaling \$845,704 held in escrow for the acquisition and installation of equipment related to an energy performance-based contract. These funds are held in trust by an escrow agent in a money market fund subject to the maturity, quality, liquidity and diversification requirements of Rule 2a-7 under the Investment Company with a credit rating of AAAM and Aaa-mf by Standard & Poor's and Moody's Investors Service, respectively, and had a weighted-average days to maturity of 27 days.

At June 30, 2023, the College reported as cash equivalents \$15,000,000 in the FL-FIT Cash Pool. The FL-FIT was created under the laws of the State of Florida, to provide eligible units of local governments with an investment vehicle to pool the surplus funds and to reinvest such funds in one or more investment portfolios under the direction and daily supervision of an investment advisor. The FL-FIT Cash Pool is primarily composed of corporate bonds, commercial paper, and certificates of deposit; and the FL-FIT Cash Pool carried a credit rating of AAAs/S1 by Fitch. Although the FL-FIT has no limitations on participant withdrawals and each participant has the ability to withdraw 100 percent of its account balance any business day, the FL-FIT reserves the right to suspend withdrawals during a period of crisis in the United States financial markets. The investments in the FL-FIT Cash Pool are reported at fair value rather than amortized cost.

Capital Assets. College capital assets consist of land, construction in progress, buildings, other structures and improvements, furniture, machinery, and equipment, and assets under leases. These assets are capitalized and recorded at cost at the date of acquisition or at acquisition value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The College has a capitalization threshold of \$5,000 for tangible personal property and \$25,000 for buildings and other structures and improvements.

Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 40 years
- Special Use Industrial Buildings – 20 years
- Other Structures and Improvements – 10 years
- Furniture, Machinery, and Equipment:
 - Computer Equipment – 3 years
 - Vehicles, Office Machines, and Educational Equipment – 5 years
 - Furniture – 7 to 10 years
- Assets Under Leases – 5 to 10 years

Land, buildings, and equipment of the Foundation totaled \$282,292 with accumulated depreciation of \$118,643. As of June 20, 2023, the Housing Corporation assets included one completed student housing building totaling \$5,497,801 with accumulated depreciation of \$343,613 and construction in progress for the second student housing building in the amount of \$5,068,320. Both College component units depreciate buildings and equipment using the straight-line method or double-declining balance over estimated useful lives ranging from 5 to 40 years.

Noncurrent Liabilities. Noncurrent liabilities include note payable, leases payable, compensated absences payable, other postemployment benefits payable, and net pension liabilities that are not scheduled to be paid within the next fiscal year.

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from the FRS and HIS fiduciary net positions have been determined on the same basis as they are reported by the FRS and the HIS plans. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

2. Deficit Net Position in Individual Funds

The College reported an unrestricted net position which included a deficit in the current funds - unrestricted, as shown below. This deficit can be attributed to the full recognition of long-term liabilities (i.e., compensated absences payable, other postemployment benefits payable, and net pension liabilities) in the current unrestricted funds.

<u>Fund</u>	<u>Net Position</u>
Current Funds - Unrestricted	\$ (37,454,428)
Auxiliary Funds	9,807,090
Total	\$ (27,647,338)

3. Investments

The Board of Trustees had not adopted a written investment policy. Therefore, pursuant to Section 218.415(17), Florida Statutes, the College is authorized to invest in the Florida PRIME investment pool, administered by the State Board of Administration (SBA); Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits and savings accounts in qualified public depositories, as defined by Section 280.02, Florida Statutes; and direct obligations of the United States Treasury. The FL-FIT is a series of interlocal government investment pools that was created and authorized pursuant to Section 218.415(17), Florida Statutes.

Fair Value Measurement. The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active

markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

The FL-FIT is measured at net asset value of \$1 per share. Intergovernmental investment pool funds are held with the FL-FIT and are valued based on net asset value. This fund has no unfunded commitments and allows unlimited daily redemptions and investments with a 1-day minimum holding period.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the following table:

Investments measured at the NAV	<u>Fair Value</u>
FL FIT - Cash Pool	<u>\$ 63,432</u>

Component Unit Investments. The Foundation had the following recurring fair value measurements as of June 30, 2023:

		<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments by fair value level	Amount			
Equities	\$ 16,422,090	\$ 16,422,090	\$ -	\$ -
Fixed Income (Bonds)	9,115,629	9,115,629	-	-
Total investments measured at fair value	\$ 25,537,719	\$ 25,537,719	\$ -	\$ -

The following risks apply to the Foundation's investments in debt securities:

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. The Foundation's investment policy limits interest rate risk by requiring that investment maturities shall not be greater than 15 years at time of purchase.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Foundation's investment policy limits their investment portfolio to have an average credit rating of "A" or better for bonds.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issue. The Foundation's policy does not allow for an investment in any single equity position greater than 10 percent of the Foundation's total equity portfolio per manager. The Foundation's investment policy does not address concentration of credit risk with respect to fixed income investments.

Custodial Credit Risk: Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Foundation will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Foundation's investment policy does not contain requirements that would limit exposure to custodial credit risk for investments.

4. Accounts Receivable

Accounts receivable represent amounts for student fee deferments, various student services provided by the College, uncollected commissions, and contract and grant reimbursements due from third parties. The accounts receivable are reported net of a \$324,347 allowance for doubtful accounts.

5. Leases Receivable

Leases receivable represent contracted arrangements for the use of the College's land and cell tower equipment. The terms of the lease arrangements are determined by evaluating the non-cancelable term length, the optional term length, and assessing the likelihood with reasonable certainty the option to extend the term or terminate the agreement may occur. The term lengths range from 1 to 40 years. Future minimum receipts discounted to present value based on the College's incremental borrowing rate as of June 30, 2023, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 888,880	\$ 623,673	\$ 265,207
2025	908,306	616,936	291,370
2026	928,314	610,391	317,923
2027	748,641	428,005	320,636
2028	767,468	425,555	341,913
2029-2033	3,869,801	1,970,138	1,899,663
2034-2038	4,073,783	1,796,611	2,277,172
2039-2043	147,198	73,097	74,101
2044-2048	125,074	54,221	70,853
Total	\$ 12,457,465	\$ 6,598,627	\$ 5,858,838

The College records leases receivable and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the interest rate charged to the lessee, which may be the interest rate implicit in the lease. Variable payments are excluded from the valuations unless they are fixed in substance. During the 2022-23 fiscal year, the College recognized revenues related to these lease agreements totaling \$756,179. Deferred inflows of resources decreased \$1,071,151 related to leases.

6. Due From Other Governmental Agencies

The amount due from other governmental agencies primarily consists of Federal Coronavirus Fiscal Recovery Fund allocations due from the State for construction of College facilities (\$19,739,900), amounts for deferred building maintenance (\$16,748,525), amounts due for various State and Federal grants (\$6,026,071), and amounts due for various State student tuition contracts (\$924,207).

7. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2023, is shown in the following table:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets:				
Land	\$ 6,856,466	\$ -	\$ -	\$ 6,856,466
Construction in Progress	7,152,818	6,196,919	1,739,421	11,610,316
Total Nondepreciable Capital Assets	\$ 14,009,284	\$ 6,196,919	\$ 1,739,421	\$ 18,466,782
Depreciable Capital Assets:				
Buildings	\$ 218,670,647	\$ 1,612,263	\$ -	\$ 220,282,910
Other Structures and Improvements	55,744,415	127,157	20,950	55,850,622
Furniture, Machinery, and Equipment	24,322,668	2,897,275	1,354,277	25,865,666
Assets Under Lease	4,340,843	-	244,577	4,096,266
Total Depreciable Capital Assets	303,078,573	4,636,695	1,619,804	306,095,464
Less, Accumulated Depreciation:				
Buildings	112,264,116	5,422,833	-	117,686,949
Other Structures and Improvements	38,814,934	2,535,214	20,950	41,329,198
Furniture, Machinery, and Equipment	21,001,420	1,471,540	1,273,160	21,199,800
Assets Under Lease	3,159,368	418,912	184,129	3,394,151
Total Accumulated Depreciation	175,239,838	9,848,499	1,478,239	183,610,098
Total Depreciable Capital Assets, Net	\$ 127,838,735	\$ (5,211,804)	\$ 141,565	\$ 122,485,366

8. Long-Term Liabilities

Long-term liabilities activity for the fiscal year ended June 30, 2023, is shown in the following table:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Note Payable	\$ 17,606,024	\$ -	\$ 1,147,115	\$ 16,458,909	\$ 1,187,474
Leases Payable	1,556,709	-	529,526	1,027,183	468,843
Compensated Absences Payable	9,322,753	1,750,403	881,533	10,191,623	162,092
Other Postemployment Benefits Payable	544,015	9,488	78,259	475,244	38,395
Net Pension Liability	21,399,041	26,332,524	2,216,342	45,515,223	-
Total Long-Term Liabilities	\$ 50,428,542	\$ 28,092,415	\$ 4,852,775	\$ 73,668,182	\$ 1,856,804

Note Payable. On July 21, 2020, the College borrowed \$15,383,682, at a stated interest rate of 2.71 percent, to finance the cost of a Collegewide energy performance-based project. On April 18, 2022, the College borrowed an additional \$1,586,000 and refinanced into a new agreement for a total of \$17,606,024, at a stated interest rate of 2.496 percent. The note matures on April 1, 2042, and principal and interest payments are made quarterly. The note contains a provision that, in an event of default, outstanding amounts become immediately due if the College is unable to make payment. Annual requirements to amortize the outstanding note as of June 30, 2023, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 1,587,231	\$ 1,187,474	\$ 399,757
2025	863,987	487,350	376,637
2026	889,937	525,822	364,115
2027	916,665	566,049	350,616
2028	944,194	608,099	336,095
2029-2033	5,095,813	3,671,568	1,424,245
2034-2038	5,615,662	4,705,591	910,071
2039-2042	4,958,858	4,706,956	251,902
Total	\$ 20,872,347	\$ 16,458,909	\$ 4,413,438

Leases Payable. A core router, vehicles, an airport hangar and office, professional grade printers, a mail machine, and a broadcast tower with transmitter building in the amount of \$3,529,476 are being acquired under lease agreements. The imputed interest rates are 1.18, 3, 3.89, 5.59, 5.7, 9.64, and 10.27 percent, respectively. Future minimum payments under the lease agreements and the present value of the minimum payments as of June 30, 2023, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 555,973	\$ 468,843	\$ 87,130
2025	270,229	199,723	70,506
2026	83,381	45,533	37,848
2027	65,004	32,498	32,506
2028	65,100	30,661	34,439
2029-2033	330,750	142,537	188,213
2034-2038	286,652	107,388	179,264
Total Minimum Lease Payments	\$ 1,657,089	\$ 1,027,183	\$ 629,906

Compensated Absences Payable. College employees may accrue annual and sick leave based on length of service, subject to certain limitations regarding the amount that will be paid upon termination. The College reports a liability for the accrued leave; however, State noncapital appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the College expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. At June 30, 2023, the estimated liability for compensated absences, which includes the College's share of the Florida Retirement System and FICA contributions, totaled \$10,191,623. The current portion of the compensated absences liability, \$162,092, is the amount expected to be paid in the coming fiscal year and represents payment for employees in the final year of the Deferred Retirement Option Program or those known to be retiring during the next fiscal year.

Other Postemployment Benefits Payable. The College follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for other postemployment benefits administered by the Florida College System Risk Management Consortium (Consortium).

General Information about the OPEB Plan

Plan Description. The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the Consortium that provides OPEB for all employees who satisfy the College's retirement eligibility provisions. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the College are eligible to participate in the College's health and life insurance coverage. The College 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, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. The College does not offer any explicit subsidies for retiree coverage. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible. The OPEB Plan contribution requirements and benefit terms of the College and the OPEB Plan members are established and may be amended by action from the Board. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided. The OPEB Plan provides healthcare benefits for retirees and their dependents. The OPEB Plan only provides an implicit subsidy as described above.

Employees Covered by Benefit Terms. At June 30, 2022, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	19
Inactive Employees Entitled to But Not Yet Receiving Benefits	30
Active Employees	770
Total	819

Total OPEB Liability

The College's total OPEB liability of \$475,244 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40 percent
Salary increases	3.40 – 8.20 percent, average, including inflation
Discount rate	2.16 percent at prior measurement date 3.54 percent for 2022
Healthcare cost trend rates	7.00 percent for 2021, to an ultimate rate of 4.40 percent by 2032
Benefit-related costs	5.13 percent for 2021, decreasing to an ultimate rate of 4.40 percent by 2025

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index.

Mortality rates were based on the PUB-2010 mortality tables, with adjustments for FRS experience and generational mortality improvements using Scale MP-2018.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018, adopted by the FRS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2021, valuation were based on a review of recent plan experience done concurrently with the June 30, 2021, valuation.

Changes in the Total OPEB Liability

	Amount
Balance at 6/30/22	<u>\$ 544,015</u>
Changes for the year:	
Service Cost	32,638
Interest	12,036
Changes in Assumptions or Other Inputs	(74,397)
Benefit Payments	<u>(39,048)</u>
Net Changes	<u>(68,771)</u>
Balance at 6/30/23	<u><u>\$ 475,244</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16 percent in 2021 to 3.54 percent in 2022.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the total OPEB liability of the College, as well as what the College’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54 percent) or 1 percentage point higher (4.54 percent) than the current rate:

	<u>1% Decrease (2.54%)</u>	<u>Current Discount Rate (3.54%)</u>	<u>1% Increase (4.54%)</u>
Total OPEB liability	\$527,059	\$475,244	\$432,401

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following table presents the total OPEB liability of the College, as well as what the College’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$413,985	\$475,244	\$552,669

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2023, the College recognized OPEB expense of \$9,488. At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 64,131
Change of assumptions or other inputs	-	197,135
Transactions subsequent to the measurement date	38,395	-
Total	\$ 38,395	\$ 261,266

Of the total amount reported as deferred outflows of resources related to OPEB, \$38,395 resulting from benefits paid subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2024	\$ (35,186)
2025	(35,186)
2026	(35,186)
2027	(33,516)
2028	(31,911)
Thereafter	(90,281)
Total	\$ (261,266)

Net Pension Liability. As a participating employer in the FRS, the College recognizes its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. As of June 30, 2023, the College’s proportionate share of the net pension liabilities totaled \$45,515,223. Note 9. includes a complete discussion of defined benefit pension plans.

9. Retirement Plans – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS)

The FRS was created in Chapter 121, Florida Statutes, 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 a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the HIS Program, a cost-sharing multiple-employer defined benefit pension plan to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the College are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing multiple-employer defined benefit plans and other nonintegrated programs. An annual comprehensive financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services Web site (www.dms.myflorida.com).

The College's FRS and HIS pension expense totaled \$4,392,934 for the fiscal year ended June 30, 2023.

FRS Pension Plan

Plan Description. The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Senior Management Service Class* – Members in senior management level positions.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of creditable service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

The DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS-participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total

value of all service, which is based on retirement plan and/or the class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following table shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
Senior Management Service Class	2.00

As provided in Section 121.101, Florida Statutes, if the member was initially enrolled in the Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member was initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2022-23 fiscal year were:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	11.91
FRS, Senior Management Service	3.00	31.57
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	18.60
FRS, Reemployed Retiree	(2)	(2)

(1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.

(2) Contribution rates are dependent upon retirement class in which reemployed.

The College's contributions to the Plan totaled \$4,101,403 for the fiscal year ended June 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2023, the College reported a liability of \$33,214,840 for its proportionate share of the net pension liability. The net pension liability was measured as of

June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The College's proportionate share of the net pension liability was based on the College's 2021-22 fiscal year contributions relative to the total 2021-22 fiscal year contributions of all participating members. At June 30, 2022, the College's proportionate share was 0.089267921 percent, which was a decrease of 0.001841959 percent from its proportionate share measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the College recognized pension expense of \$4,130,427. In addition, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,577,513	\$ -
Change of assumptions	4,090,547	-
Net difference between projected and actual earnings on FRS Plan investments	2,193,172	-
Changes in proportion and differences between College FRS contributions and proportionate share of contributions	168,696	1,425,924
College FRS contributions subsequent to the measurement date	4,101,403	-
Total	<u>\$ 12,131,331</u>	<u>\$ 1,425,924</u>

The deferred outflows of resources totaling \$4,101,403, resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2024	\$ 1,367,328
2025	216,396
2026	(1,073,914)
2027	5,961,935
2028	178,214
Thereafter	<u>(45,955)</u>
Total	<u>\$ 6,604,004</u>

Actuarial Assumptions. The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	6.70 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.6%	2.6%	1.1%
Fixed Income	19.8%	4.4%	4.4%	3.2%
Global Equity	54.0%	8.8%	7.3%	17.8%
Real Estate (Property)	10.3%	7.4%	6.3%	15.7%
Private Equity	11.1%	12.0%	8.9%	26.3%
Strategic Investments	3.8%	6.2%	5.9%	7.8%
Total	<u>100.0%</u>			
Assumed inflation - Mean			2.4%	1.3%

(1) As outlined in the Plan's investment policy.

Discount Rate. The discount rate used to measure the total pension liability was 6.70 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2022 valuation was updated from 6.80 percent to 6.70 percent.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 6.70 percent, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.70 percent) or 1 percentage point higher (7.70 percent) than the current rate:

	<u>1% Decrease (5.70%)</u>	<u>Current Discount Rate (6.70%)</u>	<u>1% Increase (7.70%)</u>
College's proportionate share of the net pension liability	\$57,442,783	\$33,214,840	\$12,957,398

Pension Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Annual Comprehensive Financial Report.

Payables to the Pension Plan. At June 30, 2023, the College reported a payable of \$366,032 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2023.

HIS Pension Plan

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided. For the fiscal year ended June 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2023, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The College contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan 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, benefits may be reduced or canceled.

The College's contributions to the HIS Plan totaled \$697,201 for the fiscal year ended June 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2023, the College reported a net pension liability of \$12,300,383 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The College's proportionate share of the net pension liability was based on the College's 2021-22 fiscal year contributions relative to the total 2021-22 fiscal year contributions of all participating members. At June 30, 2022, the College's proportionate share was 0.116133419 percent, which was a decrease of 0.002211023 percent from its proportionate share measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the College recognized pension expense of \$262,507. In addition, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 373,346	\$ 54,123
Change of assumptions	705,066	1,902,862
Net difference between projected and actual earnings on HIS Plan investments	17,808	-
Changes in proportion and differences between College HIS contributions and proportionate share of HIS contributions	42,035	1,447,628
College contributions subsequent to the measurement date	697,201	-
Total	\$ 1,835,456	\$ 3,404,613

The deferred outflows of resources totaling \$697,201, resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2024	\$ (557,709)
2025	(487,952)
2026	(357,873)
2027	(360,404)
2028	(367,674)
Thereafter	(134,746)
Total	\$ (2,266,358)

Actuarial Assumptions. The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Municipal bond rate	3.54 percent

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

While an experience study had not been completed for the HIS Plan, the actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the FRS Plan.

Discount Rate. The discount rate used to measure the total pension liability was 3.54 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate

selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate used in the 2022 valuation was updated from 2.16 percent to 3.54 percent.

Sensitivity of the College’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the College’s proportionate share of the net pension liability calculated using the discount rate of 3.54 percent, as well as what the College’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54 percent) or 1 percentage point higher (4.54 percent) than the current rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
College’s proportionate share of the net pension liability	\$14,072,649	\$12,300,383	\$10,833,871

Pension Plan Fiduciary Net Position. Detailed information about the HIS Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Annual Comprehensive Financial Report.

Payables to the Pension Plan. At June 30, 2023, the College reported a payable of \$5,096 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2023.

10. Retirement Plans – Defined Contribution Pension Plans

FRS Investment Plan. The SBA administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA’s annual financial statements and in the State’s Annual Comprehensive Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. College employees already participating in the State College System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member’s account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions rates, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2022-23 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	9.30
FRS, Senior Management Service	10.67

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2023, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the College.

After termination and applying to receive benefits, the member may roll over vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided in which 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 Investment Plan and rely upon that account balance for retirement income.

The College's Investment Plan pension expense totaled \$1,221,191 for the fiscal year ended June 30, 2023.

11. Construction Commitments

The College's major construction commitments at June 30, 2023, were as follows:

<u>Project Description</u>	<u>Total Commitment</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
Various Projects (1)	\$ 11,887,339	\$ 10,578,577	\$ 1,308,762

(1) Individual projects with a current balance committed of less than \$1 million at June 30, 2023.

12. Risk Management Programs

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College provided coverage for these risks primarily through the Florida College System Risk Management Consortium (Consortium), which was created under authority of Section 1001.64(27), Florida Statutes, by the boards of trustees of the Florida public colleges for the purpose of joining a cooperative effort to develop, implement, and participate in a coordinated Statewide college risk management program. The

Consortium is self-sustaining through member assessments (premiums) and purchases excess insurance through commercial companies for claims in excess of specified amounts. Excess insurance from commercial companies provided coverage of up to \$100 million to February 28, 2023, and up to \$75 million from March 1, 2023, for property insurance. Insurance coverage obtained through the Consortium included fire and extended property, general and automobile liability, workers' compensation, health, and other liability coverage. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past 3 fiscal years.

Life, dental, and long-term disability coverage are provided through purchased commercial insurance.

13. Functional Distribution of Operating Expenses

The functional classification of an operating expense (instruction, academic support, etc.) is assigned to a department based on the nature of the activity, which represents the material portion of the activity attributable to the department. For example, activities of an academic department for which the primary departmental function is instruction may include some activities other than direct instruction such as public service. However, when the primary mission of the department consists of instructional program elements, all expenses of the department are reported under the instruction classification. The operating expenses on the statement of revenues, expenses, and changes in net position are presented by natural classifications. The following are those same expenses presented in functional classifications as recommended by NACUBO:

<u>Functional Classification</u>	<u>Amount</u>
Instruction	\$ 34,149,244
Public Services	1,321,874
Academic Support	14,087,723
Student Services	12,776,961
Institutional Support	18,104,402
Operation and Maintenance of Plant	13,080,007
Scholarships and Waivers	15,958,240
Depreciation	<u>9,848,499</u>
Total Operating Expenses	<u>\$ 119,326,950</u>

14. Discretely Presented Component Units

The College has two discretely presented component units as discussed in Note 1. These component units represent 100 percent of the transactions and account balances of the aggregate discretely presented component units columns of the financial statements. The following financial information is from the most recently available audited financial statements for the component units:

Condensed Statement of Net Position

	<u>Direct-Support Organizations</u>		<u>Total</u>
	<u>Eastern Florida State College Foundation, Inc.</u>	<u>Eastern Florida State College Student Housing Corporation, Inc.</u>	
Assets:			
Current Assets	\$ 517,620	\$ 840,466	\$ 1,358,086
Capital Assets, Net	-	10,222,508	10,222,508
Other Noncurrent Assets	25,701,368	-	25,701,368
Total Assets	<u>26,218,988</u>	<u>11,062,974</u>	<u>37,281,962</u>
Liabilities:			
Current Liabilities	1	1,601,891	1,601,892
Noncurrent Liabilities	16,932	8,713,199	8,730,131
Total Liabilities	<u>16,933</u>	<u>10,315,090</u>	<u>10,332,023</u>
Net Position:			
Net Investment in Capital Assets	163,649	(84,479)	79,170
Restricted Nonexpendable	12,971,514	-	12,971,514
Restricted Expendable	9,781,663	59,495	9,841,158
Unrestricted	3,285,229	772,868	4,058,097
Total Net Position	<u>\$ 26,202,055</u>	<u>\$ 747,884</u>	<u>\$ 26,949,939</u>

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	<u>Direct-Support Organizations</u>		<u>Total</u>
	<u>Eastern Florida State College Foundation, Inc.</u>	<u>Eastern Florida State College Student Housing Corporation, Inc.</u>	
Operating Revenues	\$ 199,650	\$ 796,665	\$ 996,315
Depreciation Expense	837	137,445	138,282
Operating Expenses	2,003,372	380,483	2,383,855
Operating Income (Loss)	<u>(1,804,559)</u>	<u>278,737</u>	<u>(1,525,822)</u>
Net Nonoperating Revenues (Expenses):			
Nonoperating Revenues (Expenses)	552,929	(212,226)	340,703
Interest Income	2,378,023	15,357	2,393,380
Net Nonoperating Revenues (Expenses)	<u>2,930,952</u>	<u>(196,869)</u>	<u>2,734,083</u>
Other Revenues	235,012	-	235,012
Increase in Net Position	<u>1,361,405</u>	<u>81,868</u>	<u>1,443,273</u>
Net Position, Beginning of Year	<u>24,840,650</u>	<u>666,016</u>	<u>25,506,666</u>
Net Position, End of Year	<u>\$ 26,202,055</u>	<u>\$ 747,884</u>	<u>\$ 26,949,939</u>

15. Joint Participation Agreement

Eastern Florida State College entered into a joint participation agreement with Daytona State College to provide for the transition of both Colleges to digital transmission capabilities for their respective public television stations. The Colleges agreed to submit a joint application for the Federal funds that were combined with funding from other sources to finance the project.

The joint participation agreement provides for conversion of master control facilities for each College, the installment of a joint-use digital antenna, and to jointly lease the tower space. The College will share equally the lease payment and other obligations contained in the tower lease agreement. Also, the Colleges agreed to equally share the cost of maintenance and repair of the equipment and facilities and common expenses relating to the joint use of the leased tower, digital antenna, transmission lines, and consulting fees as may be occasioned for the common benefit of the Colleges.

Daytona State College has been designated as the fiscal agent and, in accordance with the agreement, will act for the benefit of both Colleges. Daytona State College will serve as the owner of record of the digital antenna, transmission lines and associated equipment acquired with Federal and State grants.

16. Related Party Transactions

As permitted by Section 1004.70, Florida Statutes, the College receives direct and indirect support from a direct-support organization that does not meet the criteria in the College's financial statements as a component unit of the College. This organization is the Maxwell C. King Center for the Performing Arts, Inc. Information for the direct-support organization based on its financial statements as of June 30, 2023, is summarized in the following table:

	Maxwell C. King Center for the Performing Arts, Inc.
Assets	\$ 10,420,953
Liabilities	1,871,700
Revenues	8,134,655
Expenses	7,883,850

OTHER REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the College's Total Other Postemployment Benefits Liability and Related Ratios

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability						
Service cost	\$ 32,638	\$ 57,176	\$ 50,068	\$ 45,397	\$ 45,586	\$ 47,095
Interest	12,036	15,660	24,883	26,643	24,443	20,430
Difference between expected and actual experience	-	(61,555)	-	(25,638)	-	-
Changes of assumptions or other inputs	(74,397)	(93,611)	(39,257)	(23,374)	(11,955)	(22,131)
Benefit Payments	<u>(39,048)</u>	<u>(49,853)</u>	<u>(40,404)</u>	<u>(60,582)</u>	<u>(51,997)</u>	<u>(23,325)</u>
Net change in total OPEB liability	(68,771)	(132,183)	(4,710)	(37,554)	6,077	22,069
Total OPEB Liability - beginning	<u>544,015</u>	<u>676,198</u>	<u>680,908</u>	<u>718,462</u>	<u>712,385</u>	<u>690,316</u>
Total OPEB Liability - ending	<u>\$ 475,244</u>	<u>\$ 544,015</u>	<u>\$ 676,198</u>	<u>\$ 680,908</u>	<u>\$ 718,462</u>	<u>\$ 712,385</u>
Covered-Employee Payroll	\$ 34,977,019	\$ 34,977,019	\$ 36,361,602	\$ 36,361,602	\$ 36,473,895	\$ 36,473,895
Total OPEB Liability as a percentage of covered-employee payroll	1.36%	1.56%	1.86%	1.87%	1.97%	1.95%

**Schedule of the College's Proportionate Share of the Net Pension Liability –
Florida Retirement System Pension Plan**

	<u>2022 (1)</u>	<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>
College's proportion of the FRS net pension liability	0.089267921%	0.091109880%	0.091854551%	0.095446291%
College's proportionate share of the FRS net pension liability	\$ 33,214,840	\$ 6,882,316	\$ 39,811,116	\$ 32,870,374
College's covered payroll (2)	\$ 42,347,684	\$ 41,867,593	\$ 44,052,448	\$ 43,663,527
College's proportionate share of the FRS net pension liability as a percentage of its covered payroll	78.43%	16.44%	90.37%	75.28%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	82.89%	96.40%	78.85%	82.61%

- (1) The amounts presented for each fiscal year were determined as of June 30.
- (2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP because total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes.

Schedule of College Contributions – Florida Retirement System Pension Plan

	<u>2023 (1)</u>	<u>2022 (1)</u>	<u>2021 (1)</u>	<u>2020 (1)</u>
Contractually required FRS contribution	\$ 4,101,403	\$ 3,809,224	\$ 3,558,443	\$ 2,772,693
FRS contributions in relation to the contractually required contribution	<u>(4,101,403)</u>	<u>(3,809,224)</u>	<u>(3,558,443)</u>	<u>(2,772,693)</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll (2)	\$ 42,054,689	\$ 42,347,684	\$ 41,867,593	\$ 44,052,448
FRS contributions as a percentage of covered payroll	9.75%	9.00%	8.50%	6.29%

- (1) The amounts presented for each fiscal year were determined as of June 30.
- (2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP because total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes.

<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>	<u>2013 (1)</u>
0.098124550%	0.103486159%	0.101365406%	0.108591433%	0.112278807%	0.100509538%
\$ 29,555,623	\$ 30,610,512	\$ 25,594,845	\$ 14,026,040	\$ 6,850,658	\$ 17,302,165
\$ 43,775,543	\$ 45,337,454	\$ 42,469,356	\$ 42,430,592	\$ 42,727,570	\$ 42,125,389
67.52%	67.52%	60.27%	33.06%	16.03%	41.07%
84.26%	83.89%	84.88%	92.00%	96.09%	88.54%

<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>
\$ 2,995,281	\$ 2,833,772	\$ 2,694,000	\$ 2,471,957	\$ 2,647,551	\$ 2,459,382
<u>(2,995,281)</u>	<u>(2,833,772)</u>	<u>(2,694,000)</u>	<u>(2,471,957)</u>	<u>(2,647,551)</u>	<u>(2,459,382)</u>
\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
\$ 43,663,527	\$ 43,775,543	\$ 45,337,454	\$ 42,469,356	\$ 42,430,592	\$ 42,727,570
6.86%	6.47%	5.94%	5.82%	6.24%	5.76%

**Schedule of the College's Proportionate Share of the Net Pension Liability –
Health Insurance Subsidy Pension Plan**

	<u>2022 (1)</u>	<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>
College's proportion of the HIS net pension liability	0.116133419%	0.118344442%	0.126261262%	0.130385529%
College's proportionate share of the HIS net pension liability	\$ 12,300,383	\$ 14,516,725	\$ 15,416,294	\$ 14,588,836
College's covered payroll (2)	\$ 42,347,684	\$ 41,867,593	\$ 44,052,448	\$ 43,663,527
College's proportionate share of the HIS net pension liability as a percentage of its covered payroll	29.05%	34.67%	35.00%	33.41%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	4.81%	3.56%	3.00%	2.63%

(1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

Schedule of College Contributions – Health Insurance Subsidy Pension Plan

	<u>2023 (1)</u>	<u>2022 (1)</u>	<u>2021 (1)</u>	<u>2020 (1)</u>
Contractually required HIS contribution	\$ 697,201	\$ 702,705	\$ 693,368	\$ 728,008
HIS contributions in relation to the contractually required HIS contribution	<u>(697,201)</u>	<u>(702,705)</u>	<u>(693,368)</u>	<u>(728,008)</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll (2)	\$ 42,054,689	\$ 42,347,684	\$ 41,867,593	\$ 44,052,448
HIS contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.65%

(1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>	<u>2013 (1)</u>
0.133851585%	0.140670174%	0.138108722%	0.139183202%	0.143599139%	0.145005705%
\$ 14,167,002	\$ 15,041,104	\$ 16,095,999	\$ 14,194,497	\$ 13,426,870	\$ 12,624,653
\$ 43,775,543	\$ 45,337,454	\$ 42,469,356	\$ 42,430,592	\$ 42,727,570	\$ 42,125,389
32.36%	33.18%	37.90%	33.45%	31.42%	29.97%
2.15%	1.64%	0.97%	0.50%	0.99%	1.78%

<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>
\$ 720,832	\$ 722,149	\$ 744,467	\$ 707,895	\$ 532,045	\$ 491,922
<u>(720,832)</u>	<u>(722,149)</u>	<u>(744,467)</u>	<u>(707,895)</u>	<u>(532,045)</u>	<u>(491,922)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 43,663,527	\$ 43,775,543	\$ 45,337,454	\$ 42,469,356	\$ 42,430,592	\$ 42,727,570
1.65%	1.65%	1.64%	1.67%	1.25%	1.15%

1. Schedule of Changes in the College's Total Other Postemployment Benefits Liability and Related Ratios

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

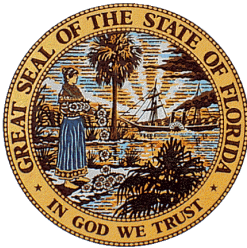
Changes of Assumptions. The long-term rate of return, using the Municipal Bond Index Rate, increased from 2.16 percent at the prior measurement date to 3.54 percent at the current measurement date.

2. Schedule of Net Pension Liability and Schedule of Contributions – Florida Retirement System Pension Plan

Changes of Assumptions. In 2022, the long-term expected rate of return decreased from 6.80 percent to 6.70 percent.

3. Schedule of Net Pension Liability and Schedule of Contributions – Health Insurance Subsidy Pension Plan

Changes of Assumptions. In 2022, the municipal rate used to determine total pension liability increased from 2.16 percent to 3.54 percent.



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450



Phone: (850) 412-2722
Fax: (850) 488-6975

The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Eastern Florida State College, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 24, 2023, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected, on

a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College'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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
October 24, 2023