

STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

**FLORIDA STATE COLLEGE AT
JACKSONVILLE**

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. John Avendano served as President of the Florida State College at Jacksonville and the following individuals served as Members of the Board of Trustees:

	<u>County</u>
Michael M. Bell, Chair	Nassau
Roderick D. Odom, Vice Chair from 2-14-23 ^a	Nassau
O. Wayne Young, Vice Chair ^a	Duval
Laura M. DiBella, Vice Chair through 1-31-23 ^{a, b}	Nassau
Dr. Jennifer D. Brown	Duval
D. Hunt Hawkins through 5-31-23 ^c	Duval
Thomas R. McGehee Jr.	Duval
Aaron A. Miri from 10-27-22, through 6-19-23 ^d	Duval
Dr. Andrew B. Shaw	Duval

^a The Vice Chairs serve with equal rank and status on the Board. The purpose of the dual office is to assure leadership representation from each of the two counties served by the College. Vice Chair position vacant 2-1-23, through 2-13-23.

^b Trustee position vacant 2-1-23, through 6-30-23.

^c Trustee position vacant 6-1-23, through 6-30-23.

^d Trustee position vacant 7-1-22, through 10-26-22, and 6-20-23, through 6-30-23.

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 Donald Hemmingway, CPA, and the audit was supervised by Ivo Njabe, 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.

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SUMMARY

SUMMARY OF REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our audit disclosed that the basic financial statements of Florida State College at Jacksonville (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

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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 Florida State College at Jacksonville, a component unit of the State of Florida, and its discretely presented component unit 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 report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of Florida State College at Jacksonville and of its discretely presented component unit 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 discretely presented component unit, which represent 100 percent of the transactions and account balances of the discretely presented component unit columns as of June 30, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report 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 November 9, 2023, on our consideration of the Florida State College at Jacksonville'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 College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
November 9, 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.

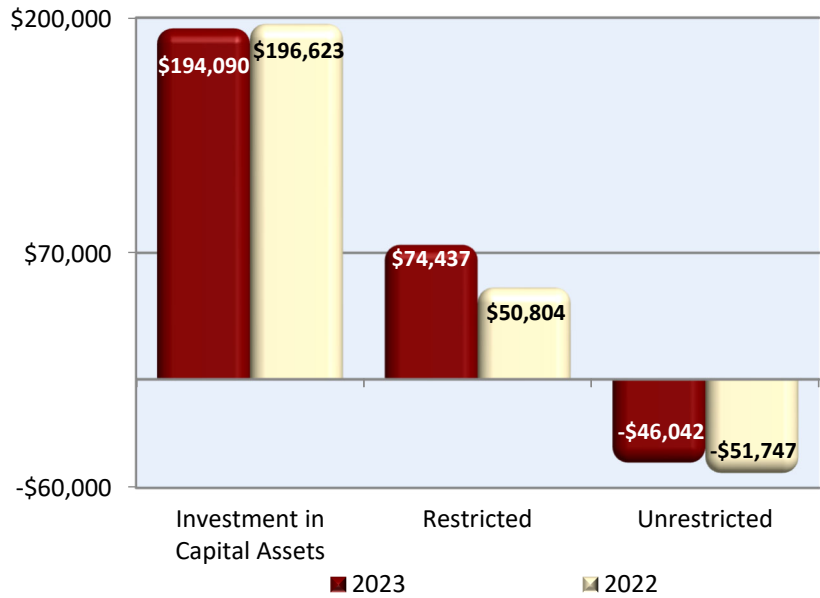
FINANCIAL HIGHLIGHTS

The College's assets and deferred outflows of resources totaled \$340.6 million at June 30, 2023. This balance reflects a \$29.5 million, or 9.5 percent, increase as compared to the 2021-22 fiscal year, resulting primarily from increases of \$3.3 million in cash and cash equivalents and \$25.4 million in amounts due from other governmental agencies. Liabilities and deferred inflows of resources also increased compared to the 2021-22 fiscal year by \$2.7 million, or 2.4 percent, totaling \$118.2 million at June 30, 2023, resulting primarily from a \$36.8 million increase in net pension liability offset by a \$35.1 million decrease in deferred inflows related to pensions. As a result, the College's net position increased by \$26.8 million, resulting in a year-end balance of \$222.5 million.

The College's operating revenues totaled \$38.1 million for the 2022-23 fiscal year, representing a 2.3 percent increase compared to the 2021-22 fiscal year due mainly to a \$0.6 million increase in net student tuition and fees and a \$0.8 million increase in sales and services of educational departments offset by a \$0.4 million decrease in grants and contracts. Operating expenses totaled \$206.2 million for the 2022-23 fiscal year, representing a decrease of 4.2 percent as compared to the 2021-22 fiscal year due primarily to a \$25.8 million decrease in scholarships and waivers offset by an increase of \$4.8 million in personnel services and an increase of \$10.8 million in materials and supplies.

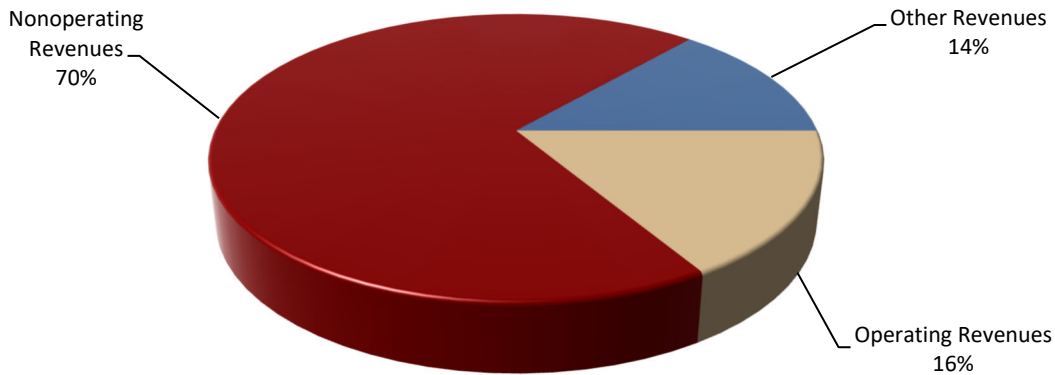
Net position represents the residual interest in the College's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The College's comparative total net position by category for the fiscal years ended June 30, 2023, and June 30, 2022, is shown in the 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 unit, Florida State College at Jacksonville Foundation, Inc. (Foundation). Based on the application of the criteria for determining

component units, the Foundation is included within the College reporting entity as a discretely presented component unit.

The MD&A focuses on the College, excluding the discretely presented component unit. MD&A information for the Foundation is included in its separately issued audit report.

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	\$ 67,572	\$ 42,761
Capital Assets, Net	194,090	196,623
Other Noncurrent Assets	<u>54,595</u>	<u>48,983</u>
Total Assets	<u>316,257</u>	<u>288,367</u>
Deferred Outflows of Resources	<u>24,388</u>	<u>22,735</u>
Liabilities		
Current Liabilities	25,705	24,847
Noncurrent Liabilities	<u>84,748</u>	<u>48,172</u>
Total Liabilities	<u>110,453</u>	<u>73,019</u>
Deferred Inflows of Resources	<u>7,707</u>	<u>42,403</u>
Net Position		
Investment in Capital Assets	194,090	196,623
Restricted	74,437	50,804
Unrestricted	<u>(46,042)</u>	<u>(51,747)</u>
Total Net Position	<u>\$ 222,485</u>	<u>\$ 195,680</u>

Total assets increased \$27.9 million primarily from an increase of \$3.3 million in cash and cash equivalents and an increase of \$25.4 million in amounts due from other governmental agencies. Deferred outflows of resources and deferred inflows of resources increased \$1.7 million and decreased \$34.7 million, respectively, primarily due to pension activity during the 2022-23 fiscal year. Total liabilities increased \$37.4 million primarily due to increases in pension liabilities. The College's ending net position increased \$26.8 million, or 13.7 percent.

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	\$ 38,087	\$ 37,236
Less, Operating Expenses	206,202	215,327
Operating Loss	(168,115)	(178,091)
Net Nonoperating Revenues	163,369	189,124
Income (Loss) Before Other Revenues	(4,746)	11,033
Other Revenues	31,551	4,380
Net Increase In Net Position	26,805	15,413
Net Position, Beginning of Year	195,680	180,267
Net Position, End of Year	<u>\$ 222,485</u>	<u>\$ 195,680</u>

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.

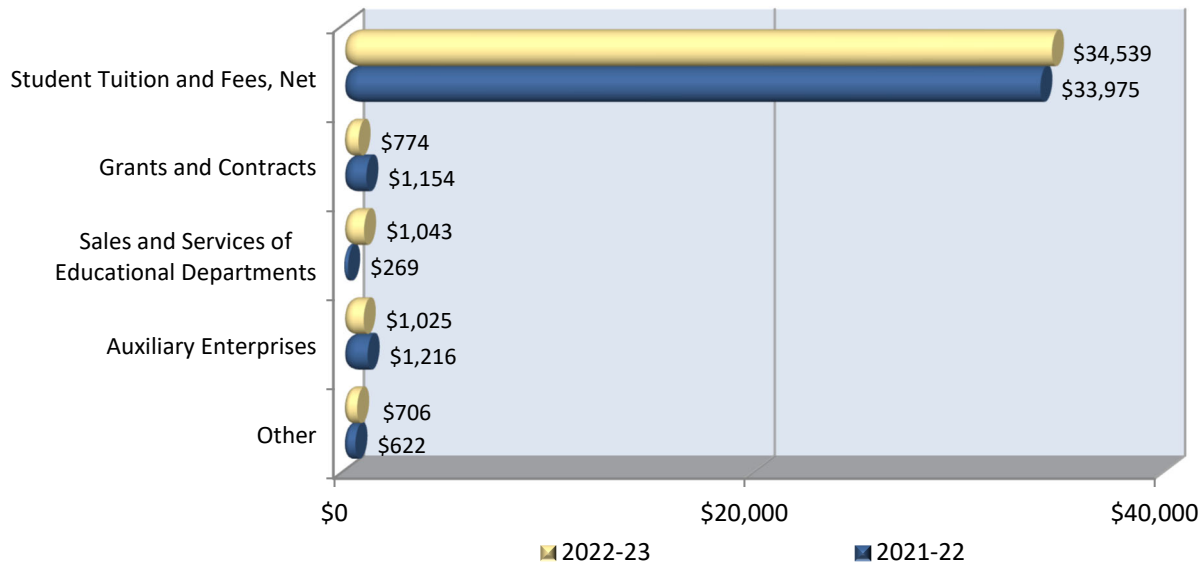
The following summarizes the operating revenues by source that were used to fund operating activities for the 2022-23 and 2021-22 fiscal years:

Operating Revenues For the Fiscal Years

	2022-23	2021-22
Student Tuition and Fees, Net	\$ 34,539	\$ 33,975
Grants and Contracts	774	1,154
Sales and Services of Educational Departments	1,043	269
Auxiliary Enterprises	1,025	1,216
Other	706	622
Total Operating Revenues	<u>\$ 38,087</u>	<u>\$ 37,236</u>

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

Operating Revenues
(In Thousands)



College operating revenues increased \$0.9 million, or 2.3 percent. This can primarily be attributed to a \$0.6 million increase in net student tuition and fees and an \$0.8 million increase in sales and services of educational departments offset by a \$0.4 million decrease in grants and contracts.

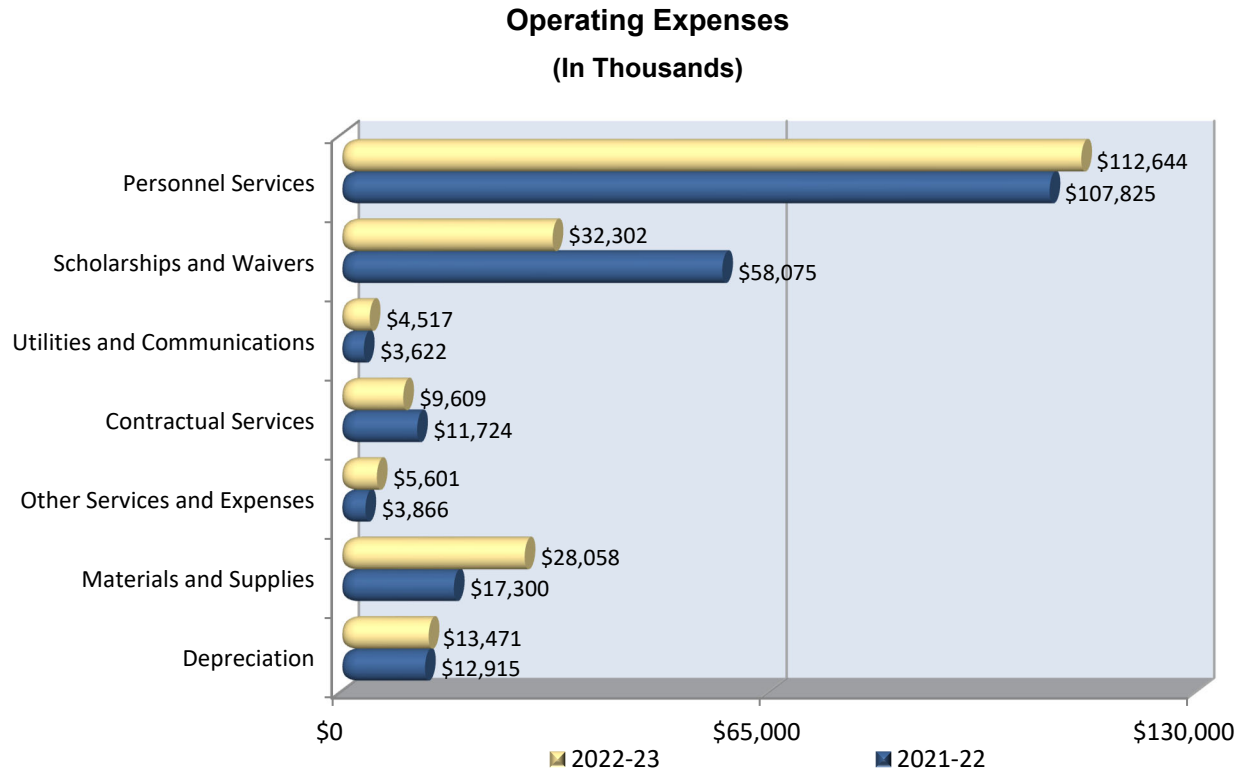
Operating Expenses

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)		
	2022-23	2021-22
Personnel Services	\$ 112,644	\$107,825
Scholarships and Waivers	32,302	58,075
Utilities and Communications	4,517	3,622
Contractual Services	9,609	11,724
Other Services and Expenses	5,601	3,866
Materials and Supplies	28,058	17,300
Depreciation	13,471	12,915
Total Operating Expenses	\$ 206,202	\$215,327

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



College operating expenses decreased by \$9.1 million, or 4.2 percent, primarily as a result of a \$25.8 million decrease in scholarships and waivers offset by an increase of \$4.8 million in personnel services and an increase of \$10.8 million in materials and supplies. The decrease in scholarships and waivers expense was due primarily to a decrease in grant funds available related to the Federal Higher Education Emergency Relief Funds (HEERF).

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	\$ 87,228	\$ 81,045
Federal and State Student Financial Aid	43,548	70,058
Gifts and Grants	30,491	40,749
Investment Income (Loss)	2,085	(2,096)
Other Nonoperating Revenues	29	37
Loss on Disposal of Capital Assets	(12)	(4)
Interest on Capital Asset-Related Debt	-	(665)
Net Nonoperating Revenues	\$ 163,369	\$ 189,124

The \$25.8 million decrease in net nonoperating revenues was primarily due to a decrease in gifts and grants of \$10.3 million and a decrease in Federal and State student financial aid of \$26.5 million both related to the reduction of available HEERF funds offset by a \$6.2 million increase in State noncapital appropriations and an increase of \$4.2 million in investment income.

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	\$ 436	\$ 591
Capital Grants, Contracts, Gifts, and Fees	31,115	3,789
Total	\$ 31,551	\$ 4,380

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)**

	2022-23	2021-22
Cash Provided (Used) by:		
Operating Activities	\$(156,692)	\$(176,547)
Noncapital Financing Activities	161,444	191,814
Capital and Related Financing Activities	(2,545)	(21,961)
Investing Activities	1,120	114
Net Increase (Decrease) in Cash and Cash Equivalents	3,327	(6,580)
Cash and Cash Equivalents, Beginning of Year	38,148	44,728
Cash and Cash Equivalents, End of Year	\$ 41,475	\$ 38,148

Major sources of funds came from State noncapital appropriations (\$87.2 million), Federal and State student financial aid (\$43.7 million), net student tuition and fees (\$34.5 million), capital gifts and grants (\$7.3 million), noncapital gifts and grants received for other than capital or endowment purposes (\$30.5 million), Federal Direct Loan program receipts (\$31.6 million), and proceeds from sales and maturities of investments (\$18.9 million). Major uses of funds were for payments to employees and for employee benefits (\$111.1 million), payments to suppliers (\$43.8 million), payments for scholarships (\$32.3 million), Federal Direct Loan program disbursements (\$31.6 million), and purchases of investments (\$19.2 million).

The College's overall cash and cash equivalents increased \$3.3 million, or 8.7 percent, as compared to the prior fiscal year due mainly to a \$4.8 million surplus of nonoperating receipts in excess of operating payments and \$1 million of cash provided from investments offset by \$2.5 million in cash used for capital activities.

CAPITAL ASSETS AND CAPITAL EXPENSES AND COMMITMENTS
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Capital Assets

At June 30, 2023, the College had \$442.2 million in capital assets, less accumulated depreciation of \$248.1 million, for net capital assets of \$194.1 million. Depreciation charges for the current fiscal year totaled \$13.5 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	\$ 8,221	\$ 8,221
Capitalized Collections	89	89
Computer Software Licenses	2,895	2,827
Construction in Progress	9,858	5,695
Buildings	145,436	149,848
Other Structures and Improvements	15,135	15,871
Furniture, Machinery, and Equipment	5,611	4,961
Computer Software	6,845	9,111
Capital Assets, Net	<u>\$ 194,090</u>	<u>\$ 196,623</u>

State appropriations together with local funds are expected to finance the construction, maintenance, renovation, and remodeling of facilities. Additional information about the College's capital assets is presented in the notes to financial statements.

Capital Expenses and Commitments

Major capital expenses through June 30, 2023, were incurred primarily for \$4.4 million in energy management facility upgrade projects and \$0.6 million for a truck driving training facility. The College's major construction commitments at June 30, 2023, are as follows:

	<u>Amount</u> <u>(In Thousands)</u>
Total Committed	\$ 8,975
Completed to Date	<u>(4,933)</u>
Balance Committed	<u>\$ 4,042</u>

Additional information about the College's construction commitments 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. Because of limited economic growth and increased demand for State resources, only a modest increase in State funding is anticipated in the 2023-24 fiscal year. The College's current financial and capital plans indicate that there are adequate financial resources to maintain its present level of services.

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 Controller, Florida State College at Jacksonville, 501 West State Street, Jacksonville, Florida 32202.

BASIC FINANCIAL STATEMENTS

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

June 30, 2023

	College	Component Unit
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 24,050,102	\$ 4,701,035
Restricted Cash and Cash Equivalents	5,259,269	-
Accounts Receivable, Net	5,234,474	-
Pledges Receivable, Net	-	432,004
Notes Receivable, Net	152,064	-
Due from Other Governmental Agencies	29,386,589	-
Due from College	-	5,950,643
Inventories	1,876	-
Prepaid Expenses	3,487,906	28,015
Total Current Assets	67,572,280	11,111,697
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	12,165,807	93,275
Investments	8,864,530	61,258,809
Restricted Investments	33,086,883	-
Prepaid Expenses	477,506	-
Pledges Receivable, Net	-	60,395
Depreciable Capital Assets, Net	173,027,040	-
Nondepreciable Capital Assets	21,062,655	23,675
Total Noncurrent Assets	248,684,421	61,436,154
TOTAL ASSETS	316,256,701	72,547,851
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	474,482	-
Pensions	23,913,412	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	24,387,894	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	6,481,528	-
Salary and Payroll Taxes Payable	6,370,020	-
Retainage Payable	887,879	-
Due to College	-	1,430,223
Due to Component Unit	3,227,059	-
Unearned Revenue	1,890,110	4,125,202
Estimated Insurance Claims Payable	222,766	-
Deposits Held for Others	695,273	93,275
Long-Term Liabilities - Current Portion:		
Note Payable	180,000	-
Special Termination Benefits Payable	11,299	-
Compensated Absences Payable	5,665,246	-
Other Postemployment Benefits Payable	73,110	-
Total Current Liabilities	25,704,290	5,648,700

	<u>College</u>	<u>Component Unit</u>
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Special Termination Benefits Payable	41,096	-
Compensated Absences Payable	11,437,785	-
Other Postemployment Benefits Payable	1,869,348	-
Net Pension Liability	71,400,174	-
Total Noncurrent Liabilities	<u>84,748,403</u>	<u>-</u>
TOTAL LIABILITIES	<u>110,452,693</u>	<u>5,648,700</u>
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	986,161	-
Pensions	6,720,351	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>7,706,512</u>	<u>-</u>
NET POSITION		
Investment in Capital Assets	194,089,695	-
Restricted:		
Nonexpendable:		
Endowment	-	27,292,721
Expendable:		
Endowment	7,228,935	6,040,196
Grants and Loans	3,014,205	-
Scholarships	681,290	-
Capital Projects	63,513,663	-
Unrestricted	<u>(46,042,398)</u>	<u>33,566,234</u>
TOTAL NET POSITION	<u>\$ 222,485,390</u>	<u>\$ 66,899,151</u>

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

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FLORIDA STATE COLLEGE AT JACKSONVILLE
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 Unit</u>
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of \$14,472,379	\$ 34,538,829	\$ -
State and Local Grants and Contracts	732,403	-
Nongovernmental Grants and Contracts	41,842	-
Sales and Services of Educational Departments	1,043,477	-
Auxiliary Enterprises	1,024,777	16,631,349
Other Operating Revenues	705,829	-
Total Operating Revenues	38,087,157	16,631,349
EXPENSES		
Operating Expenses:		
Personnel Services	112,643,836	1,454,652
Scholarships and Waivers	32,301,763	1,128,632
Utilities and Communications	4,516,665	-
Contractual Services	9,609,181	14,634,195
Other Services and Expenses	5,601,385	2,038,896
Materials and Supplies	28,058,148	619,515
Depreciation	13,471,197	-
Total Operating Expenses	206,202,175	19,875,890
Operating Loss	(168,115,018)	(3,244,541)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	87,227,522	-
Federal and State Student Financial Aid	43,548,342	-
Gifts and Grants	30,490,606	4,591,696
Investment Income (Loss)	2,062,631	(102,619)
Net Gain (Loss) on Investments	22,382	(10,359,259)
Other Nonoperating Revenues	29,436	-
Loss on Disposal of Capital Assets	(11,886)	-
Net Nonoperating Revenues (Expenses)	163,369,033	(5,870,182)
Loss Before Other Revenues	(4,745,985)	(9,114,723)
State Capital Appropriations	436,400	-
Capital Grants, Contracts, Gifts, and Fees	31,114,599	-
Additions to Endowments	-	131,132
Total Other Revenues	31,550,999	131,132
Increase (Decrease) in Net Position	26,805,014	(8,983,591)
Net Position, Beginning of Year	195,680,376	75,882,742
Net Position, End of Year	\$ 222,485,390	\$ 66,899,151

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

FLORIDA STATE COLLEGE AT JACKSONVILLE
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	\$ 34,460,388
Grants and Contracts	721,616
Payments to Suppliers	(43,754,804)
Payments for Utilities and Communications	(4,516,665)
Payments to Employees	(83,600,238)
Payments for Employee Benefits	(27,513,938)
Payments for Scholarships	(32,301,763)
Loans Issued to Students	(4,262,718)
Collection on Loans to Students	4,287,621
Auxiliary Enterprises	1,072,630
Sales and Services of Educational Departments	1,043,477
Other Payments	(2,327,830)
	(156,692,224)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	87,227,522
Federal and State Student Financial Aid	43,656,937
Federal Direct Loan Program Receipts	31,576,972
Federal Direct Loan Program Disbursements	(31,567,765)
Gifts and Grants Received for Other Than Capital or Endowment Purposes	30,490,606
Other Nonoperating Receipts	60,000
	161,444,272
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	471,825
Capital Grants and Gifts	7,266,996
Proceeds from Sale of Capital Assets	29,436
Purchases of Capital Assets	(10,312,908)
	(2,544,651)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	18,886,286
Purchases of Investments	(19,242,089)
Investment Income	1,475,655
	1,119,852
Net Increase in Cash and Cash Equivalents	3,327,249
Cash and Cash Equivalents, Beginning of Year	38,147,929
Cash and Cash Equivalents, End of Year	\$ 41,475,178

	<u>College</u>
RECONCILIATION OF OPERATING LOSS	
TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (168,115,018)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	13,471,197
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	106,257
Notes Receivable	24,902
Due from Other Governmental Agencies	(1,783,944)
Inventories	4,053
Prepaid Expenses	(821,253)
Accounts Payable	(1,024,953)
Salary and Payroll Taxes Payable	576,437
Unearned Revenue	(178,883)
Estimated Insurance Claims Payable	47,780
Deposits Held for Others	95,756
Special Termination Benefits Payable	25,809
Compensated Absences Payable	829,612
Other Postemployment Benefits Payable	(358,306)
Net Pension Liability	36,756,990
Deferred Outflows of Resources Related to Other Postemployment Benefits	75,260
Deferred Inflows of Resources Related to Other Postemployment Benefits	367,275
Deferred Outflows of Resources Related to Pensions	(1,727,758)
Deferred Inflows of Resources Related to Pensions	(35,063,437)
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (156,692,224)</u>

**SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND
CAPITAL FINANCING ACTIVITIES**

Unrealized gains on investments were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	\$ 609,358
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.	\$ (11,886)
Donation 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.	\$ 33,711

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 Florida State College at Jacksonville, 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 nine 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 Duval and Nassau Counties.

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 Unit. Based on the application of the criteria for determining component units, the Florida State College at Jacksonville Foundation, Inc. (Foundation), a legally separate entity, is included within the College's reporting entity as a discretely presented component unit and is governed by a separate board.

The Foundation is also a direct-support organization, as defined in Section 1004.70, Florida Statutes, and although legally separate from the College, is financially accountable to the College. The Foundation is managed independently, outside the College's budgeting process, and its powers generally 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 Foundation is audited by other auditors pursuant to Section 1004.70(6), Florida Statutes. The Foundation's audited financial statements are available to the public and can be obtained from the Executive Director, Florida State College at Jacksonville Foundation, Inc., 501 West State Street, Jacksonville, Florida 32202. The financial data reported on the accompanying financial statements was derived from the Foundation's audited financial statements for the fiscal year ended September 30, 2022.

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 unit uses the economic resources measurement focus and 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. 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's accounting system identifies the specific amounts paid for tuition and fees from students and third parties (e.g., financial aid, scholarships, etc.). To the extent that third-party resources are used to pay student charges, the College records a scholarship allowance against tuition and fee revenue.

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. Cash and cash equivalents consist of cash on hand, cash in demand accounts, and cash with the State Board of Administration (SBA) Florida PRIME investment pool. For reporting cash flows, the College considers all highly liquid investments with original maturities of 3 months or less to be cash equivalents. Under this definition, the College considers amounts invested in the SBA Florida PRIME investment pool 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 (FDIC), 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 \$21,015,376 in the Florida PRIME investment pool administered by the SBA pursuant to Section 218.405, Florida Statutes. The College's investments in the Florida PRIME investment pool, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The Florida PRIME investment pool carried a credit rating of AAAM by Standard & Poor's and had a weighted-average days to maturity (WAM) of 37 days as of June 30, 2023. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating-rate instruments. WAM measures the sensitivity of the Florida PRIME investment pool to interest rate changes. The investments in the Florida PRIME investment pool are reported at amortized cost.

Section 218.409(8)(a), Florida Statutes, provides that "the principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board [State Board of Administration] can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days." As of June 30, 2023, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

Cash and Cash Equivalents – Discretely Presented Component Unit. The amount reported for the Foundation as cash and cash equivalents consists of cash in bank demand deposit accounts.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Foundation will not be able to recover deposits. The Foundation's cash deposits with the bank are insured by the FDIC up to \$250,000 for each interest-bearing account. At September 30, 2022, the Foundation's cash and cash equivalents totaled \$4,794,310, and the Foundation had deposits of \$4,050,617 in excess of the FDIC limit.

Capital Assets. College capital assets consist of land, artwork, construction in progress, computer software licenses and computer software, buildings, other structures and improvements, and furniture, machinery, and equipment. 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 \$65,000 for buildings and other structures and improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 40 years
- Other Structures and Improvements – 10 years
- Computer Software – 10 years
- Furniture, Machinery, and Equipment:
 - Computer Equipment – 3 years
 - Vehicles, Office Machines, and Educational Equipment – 5 years
 - Furniture – 7 years

Noncurrent Liabilities. Noncurrent liabilities include a note payable, special termination benefits 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.

<u>Fund</u>	<u>Net Position</u>
Current Funds - Unrestricted	\$ (49,753,170)
Auxiliary Funds	<u>3,710,772</u>
Total	<u>\$ (46,042,398)</u>

This deficit can be attributed to the full recognition of long-term liabilities (i.e., compensated absences payable, other postemployment benefits (OPEB) payable, special termination benefits payable, and net pension liabilities) in the current unrestricted funds that are expected to be paid over time and financed by future appropriations. The following table shows the items comprising the difference between the College's ending net position before amount to be funded by future State appropriations and the College's ending unrestricted net position:

Total Unrestricted Net Position Before Recognition of Long-Term Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources	\$ 27,774,278
Amount Expected to be Financed in Future Years:	
Net Pension Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources	\$ (54,207,113)
Compensated Absences Payable	(17,103,031)
Net Postemployment Benefits and Related Deferred Outflows of Resources and Deferred Inflows of Resources	(2,454,137)
Special Termination Benefits Payable	<u>(52,395)</u>
Total Amount Expected to be Financed in Future Years	<u>(73,816,676)</u>
Total Unrestricted Net Position	<u>\$ (46,042,398)</u>

3. Investments

The Board of Trustees has adopted a written investment policy providing that surplus funds of the College shall be invested in those institutions and instruments permitted under the provisions of Florida Statutes. Section 218.415(16), Florida Statutes, authorizes the College to invest in the Florida PRIME investment pool administered by the 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; direct obligations of the United States Treasury; obligations of Federal agencies and instrumentalities; securities of, or interests in, certain open-end or closed-end management type investment companies; and other investments approved by the Board of Trustees as authorized by law. SBE Rule 6A-14.0765(3), Florida Administrative Code, provides that College loan, endowment, annuity, and life income funds may also be invested pursuant to Section 215.47, Florida Statutes. Investments authorized by Section 215.47, Florida Statutes, include bonds, notes, commercial paper, and various other types of investments.

Investments set aside to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets are classified as restricted.

Fair Value Measurement. The College and Foundation categorize 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.

All of the College's recurring fair value measurements as of June 30, 2023, are valued using quoted market prices (Level 1 inputs), with the exception of corporate bonds and notes which are valued using a matrix pricing model (Level 2 inputs).

The College's investments at June 30, 2023, are reported as follows:

	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
United States Treasury Securities	\$ 15,248,584	\$ 15,248,584	\$ -	\$ -
Obligations of United States Government				
Agencies and Instrumentalities	1,860,890	1,860,890	-	-
Bonds and Notes	17,887,356	-	17,887,356	-
Mutual Funds				
Equities	5,250,921	5,250,921	-	-
Bonds	1,637,853	-	1,637,853	-
Total investments by fair value level	41,885,604	\$ 22,360,395	\$ 19,525,209	\$ -
Investments measured at amortized cost				
Money Market Funds	65,809			
Total investments measured at fair value	\$ 41,951,413			

College Investments

The College's investments at June 30, 2023, all of which are managed by a contracted investment management firm, include \$6,905,654 of endowment fund investments and \$35,045,759 of other College investments. The following risks apply to these investments.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College's investment policy limits investments of current operating funds to maturities no longer than 24 months and investments of non-operating funds to maturities no longer than 5.5 years. The policy also provides that the maximum maturity of an individual security will not be greater than 5.5 years, and the effective duration of the portfolio will not be greater than 3 years. At June 30, 2023, the College had \$17,109,474 in obligations of the United States Government and its agencies, with various call dates with final maturity dates between August 2024 and April 2041, having a weighted-average maturity of 2.11 years. Also, at June 30, 2023, the College had \$17,887,356 in corporate securities, with various call dates with final maturity dates between July 2023 and June 2028, with weighted-average maturities of 1.84 years, and \$65,809 in money markets funds, with an average

maturity of 33 days. The overall weighted-average life of the other College investments portfolio was 3.52 years as of June 30, 2023.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College's investment policy addresses credit risk through the authorization of the following types of investments:

- United States Treasury and Government Guaranteed – United States Treasury obligations and obligations the principal and interest of which are backed or guaranteed by the full faith and credit of the United States Government.
- Federal Agency/Government-Sponsored Enterprise (GSE) – Debt obligations, participations or other instruments issued or fully guaranteed by any United States Federal agency, instrumentality, or GSE.
- Supranationals – United States dollar denominated debt obligations of government multilateral organizations where the United States is a shareholder and voting member.
- Corporates – United States dollar denominated corporate notes, bonds, or other debt obligations issued or guaranteed by a domestic or foreign corporation, financial institution, non-profit or other entity.
- Municipals – Obligations, including both taxable and tax-exempt, issued or guaranteed by any state, territory or possession of the United States, political subdivision, public corporation, authority, agency board, instrumentality, or other unit of local government of any state or territory.
- Agency Mortgage-Backed Securities – Mortgage-backed securities, backed by residential, multi-family or commercial mortgages, that are issued or fully guaranteed as to principal and interest by a United States Federal agency or GSE, including but not limited to pass-throughs, collateralized mortgage obligations, and Real Estate Mortgage Investment Conduits.
- Asset-Backed Securities – Asset-backed securities whose underlying collateral consists of loans, leases or receivables, including, but not limited to, auto loans and leases, credit card receivables, student loans, equipment loans and leases, or home-equity loans.
- Non-Negotiable Certificate of Deposit and Savings Accounts – Non-negotiable interest-bearing time certificates of deposit, or savings accounts in banks organized under Florida laws or in national banks organized under United States laws and doing business in Florida, provided that any such deposits are secured by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.
- Commercial Paper – United States dollar denominated commercial paper issued or guaranteed by a domestic or foreign corporation, company, financial institution, trust or other entity, including both unsecured debt and asset-backed programs.
- Bankers' Acceptances – Bankers' acceptances issued, drawn on or guaranteed by a United States bank or United States branch of a foreign bank.
- Repurchase agreements meeting the requirements specified in the investment policy.
- Money Market Funds – Shares in open-end and no-load money market mutual funds, provided such funds are registered under the Investment Company Act of 1940 and operate in accordance with Rule 2a-7 of the Act.
- Local Government Investment Pools – State, local government, or privately sponsored investment pools that are authorized pursuant to State law.

United States Government obligations are not considered to have credit risk. As of June 30, 2023, the College's investments in Federal agency obligations are rated AA+ and corporate debt securities are rated from BBB+ to AA by Standard & Poor's.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the College will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. Investments purchased on behalf of the College pursuant to Section 218.415, Florida Statutes, must be properly earmarked and (1) if registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the College's interest in the security; (2) if in a book-entry form, the investment must be held for the credit of the College by a depository chartered by the Federal Government, the State, or any other state or territory of the United States, that has a branch or principal place of business in this State, or by a national association organized and existing under the laws of the United States that is authorized to accept and execute trusts and which is doing business in this State, and must be kept by the depository in an account separate and apart from the assets of the financial institution; or (3) if physically issued to the holder but not registered with the issuer or its agents, must be immediately placed for safekeeping in a secured vault. The College's investments of \$17,109,474 in United States Treasury Securities and obligations of United States Government agencies, and \$17,887,356 in corporate debt securities, are held by the safekeeping agent in the name of the College.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The College's investment policy provides that a maximum of 5 to 40 percent of the portfolio may be invested in securities of a single issuer, depending on the type of authorized investment. The policy also establishes maximum percentages for each type of authorized investment ranging from 10 to 75 percent of the investment portfolio. However, United States Treasury Securities are not subject to these limitations.

Discretely Presented Component Unit Investments

The College's Foundation 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. The Foundation's investments in the Commonfund equity, fixed income, and commodities funds represent shares of commingled external investment pools, and are valued based on the Foundation's proportionate share of the underlying net asset value of the investment pools as reported by the investment manager (Level 2 inputs). There is little or no observable market data for determining the valuation of the Foundation's investments in the Commonfund private equity funds and artwork investments (Level 3 inputs). Artwork is valued at fair value on the date of donation.

Investments held by the Foundation at September 30, 2022, are reported at fair value as follows:

Investments by fair value level	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Commonfund:				
Equity Funds	\$ 36,293,654	\$ -	\$ 36,293,654	\$ -
Fixed Income Funds	12,907,730	-	12,907,730	-
Commodity Funds	894,617	-	894,617	-
Private Equity Funds (1)	11,065,639	-	-	11,065,639
Artwork	23,675	-	-	23,675
Total investments by fair value level	61,185,315	\$ -	\$ 50,096,001	\$ 11,089,314
Investments measured at amortized cost				
Money Market Funds	97,169			
Total investments measured at fair value	\$ 61,282,484			

(1) The Foundation's investments in the Commonfund private equity funds contain various subscription agreements with the fund manager that requires the Foundation to provide capital contributions when requested. As of September 30, 2022, the Foundation had total capital commitment subscriptions of \$14,150,000, cumulative capital calls totaled \$11,460,126, leaving future capital commitments of \$2,689,874. Capital contributions are due from time to time without notice in varying amounts and the Foundation anticipates being able to meet its future capital commitment obligations.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation's investment policy does not specifically limit debt obligation maturities. However, as a means of managing the Foundation's exposure to fair value losses arising from increasing interest rates, the policy provides for diversifying fixed-income investments among maturities according to interest rate prospects. At September 30, 2022, the Foundation had investments of \$12,907,730 in two fixed income funds, totaling \$5,091,471 and \$7,816,259, respectively, with weighted-average lives of 2.6 and 7.9 years, respectively.

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 provides that no more than 15 percent of the corporate debt securities in the fixed-income portfolio may be rated below investment-grade. As of September 30, 2022, the Foundation's investments in fixed income funds are rated AA and A+ by Standard & Poor's.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Foundation's investment policy does not address custodial credit risk.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Foundation's investment policy provides that the maximum amount invested in the securities of a single issuer may not exceed 5 percent of the total investments. Securities issued by the United States Government and its agencies are not subject to this limitation.

4. Accounts Receivable

Accounts receivable totaling \$5,234,474 represent amounts for student fee deferments, various student services provided by the College, payroll receivables, and contract and grant reimbursements due from third parties. The accounts receivable are reported net of a \$1,303,857 allowance for doubtful accounts.

5. Notes Receivable

Notes receivable represent student loans made under the College's short-term loan program of \$152,064. Notes receivable are reported net of a \$71,344 allowance for doubtful notes.

6. Due From Other Governmental Agencies

The \$29,386,589 due from other governmental agencies primarily consists of \$24,363,893 of deferred maintenance allocation due from the State for College facilities and \$4,994,056 of grants and contracts receivable.

7. Due From and To Component Unit/College

The \$3,227,059 reported as due to component unit consists of Foundation Artist Series program ticket sales of \$2,479,676 for the 2023-24 fiscal year Artist Series productions, \$1,312,237 of profits for the 2022-23 season as of June 30, 2023, a \$250 scholarship overpayment, reduced by the \$565,104 for reimbursement of scholarships, dental lab renovations, certain personnel costs, 2022-23 Foundation Artist Series program expenditures, and other expenses owed to the College as of that date. The \$5,950,643 reported as due from College consists of ticket sales in excess of expenses for the Foundation Artist Series program as of September 30, 2022. The \$1,430,223 reported as due to the College consists mainly of amounts that the Foundation owed to the College for reimbursement of scholarship expenses, program support and certain personnel costs as of September 30, 2022. The College's financial statements are reported for the fiscal year ended June 30, 2023, and the component unit's financial statements are reported for the fiscal year ended September 30, 2022. Accordingly, amounts reported by the College as due from and to component unit on the statement of net position do not agree with amounts reported by the component unit as due from and to the College. At the end of the College's fiscal June 30 reporting period, an accounting of the Artist Series revenue and expense activities is prepared by the College with any profits subsequently remitted to, and any shortages subsequently recovered from, the Foundation.

8. 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	\$ 8,221,314	\$ -	\$ -	\$ 8,221,314
Artwork	88,600	-	-	88,600
Computer Software Licenses	2,827,259	67,363	-	2,894,622
Construction in Progress (1)	5,694,773	4,841,110	677,764	9,858,119
Total Nondepreciable Capital Assets	\$ 16,831,946	\$ 4,908,473	\$ 677,764	\$ 21,062,655
Depreciable Capital Assets:				
Buildings	\$ 334,653,297	\$ 2,736,721	\$ -	\$ 337,390,018
Other Structures and Improvements	22,968,161	92,401	-	23,060,562
Furniture, Machinery, and Equipment	35,993,858	3,890,107	1,836,440	38,047,525
Computer Software	22,659,051	-	-	22,659,051
Total Depreciable Capital Assets	416,274,367	6,719,229	1,836,440	421,157,156
Less, Accumulated Depreciation:				
Buildings	184,805,045	7,148,360	-	191,953,405
Other Structures and Improvements	7,097,407	828,419	-	7,925,826
Furniture, Machinery, and Equipment	31,033,016	3,228,513	1,824,554	32,436,975
Computer Software	13,548,005	2,265,905	-	15,813,910
Total Accumulated Depreciation	236,483,473	13,471,197	1,824,554	248,130,116
Total Depreciable Capital Assets, Net	\$ 179,790,894	\$ (6,751,968)	\$ 11,886	\$ 173,027,040

(1) Construction in progress at June 30, 2023, includes \$4,360,877 for energy management facility upgrade projects that were not fully completed. See Note 13.

9. Unearned Revenue

Unearned revenue at June 30, 2023, includes amounts received by the College for grants and contracts, student tuition and fees, and auxiliary revenues. As of June 30, 2023, the College reported the following amounts as unearned revenue:

<u>Description</u>	<u>Amount</u>
Grants and Contracts	\$ 1,240,361
Student Tuition and Fees	300,528
Auxiliary Revenues	349,221
Total Unearned Revenue	\$ 1,890,110

10. 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	\$ 120,000	\$ 60,000	\$ -	\$ 180,000	\$ 180,000
Special Termination Benefits Payable	26,586	25,809	-	52,395	11,299
Compensated Absences Payable	16,273,419	7,890,617	7,061,005	17,103,031	5,665,246
Other Postemployment Benefits Payable	2,300,764	209,293	567,599	1,942,458	73,110
Net Pension Liability	34,643,184	65,956,644	29,199,654	71,400,174	-
Total Long-Term Liabilities	\$ 53,363,953	\$ 74,142,363	\$ 36,828,258	\$ 90,678,058	\$ 5,929,655

Note Payable. On September 25, 2020, the College borrowed \$60,000, pursuant to a loan agreement with the Downtown Investment Authority, at a stated interest rate of 0 percent, to assist with the costs associated with the operation of student housing and retail space. On March 9, 2022, and on March 22, 2023, the College received additional \$60,000 loans for a total of \$180,000. The note matures on June 30, 2024, at which time payment of the outstanding principal amount is due in full. The note contains a provision that, in the event of default, the holder of the note may declare outstanding principal and interest amounts to become immediately due.

Special Termination Benefits Payable. Effective July 1, 2004, the Board of Trustees established a severance pay plan that is available to certain College administrative employees. The plan provides that once certain eligibility guidelines are met, benefit day credits of one-half to one full day are accrued for each month of service payable at various percentages in conjunction with the employee's daily rate of pay at the time of separation. The severance pay plan benefit is not available to an eligible employee until the date of separation from the College and must be paid as a one-time lump-sum payment. At June 30, 2023, a liability for accrued plan benefits of \$52,395 for four employees was reported by the College as Special Termination Benefits Payable.

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 \$17,103,031. The current portion of the compensated absences liability, \$5,665,246, is the amount expected to be paid in the coming fiscal year and represents the College's estimate of leave payments plus benefits for leave used, retirements, separations, and Deferred Retirement Option Program (DROP) participants during the 2023-24 fiscal year based on an average of actual payments over the previous 7 years.

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 hospitalization plan for medical and prescription drug 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, 2021, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	47
Inactive Employees Entitled to But Not Yet Receiving Benefits	72
Active Employees	1,252
Total	<u>1,371</u>

Total OPEB Liability

The College’s total OPEB liability of \$1,942,458 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
Real Wage Growth	0.85 percent
Wage Inflation	3.25 percent
Salary increases	
Regular Employees	3.40 – 7.80 percent
Senior Management	4.10 – 8.20 percent
Municipal Bond Index	
Prior Measurement Date	2.16 percent
Measurement Date	3.54 percent
Healthcare cost trend rates	
Pre-Medicare	7.00 percent for 2021, decreasing to an ultimate rate of 4.40 percent by 2032
Medicare	5.125 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>\$ 2,300,764</u>
Changes for the year:	
Service Cost	157,082
Interest	52,211
Changes in Assumptions or Other Inputs	(485,800)
Benefit Payments	<u>(81,799)</u>
Net Changes	<u>(358,306)</u>
Balance at 6/30/23	<u><u>\$ 1,942,458</u></u>

Changes of assumptions and other inputs since the prior measurement date were limited to an increase 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	\$2,277,372	\$1,942,458	\$1,679,295

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	\$1,602,104	\$1,942,458	\$2,397,083

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 \$157,339. 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	\$ 30,506	\$ 462,831
Change of assumptions or other inputs	370,866	523,330
Transactions subsequent to the measurement date	73,110	-
Total	<u>\$ 474,482</u>	<u>\$ 986,161</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$73,110 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	\$ (51,954)
2025	(51,954)
2026	(51,954)
2027	(43,863)
2028	(33,456)
Thereafter	<u>(351,608)</u>
Total	<u>\$ (584,789)</u>

Net Pension Liability. As a participating employer in the Florida Retirement System (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 \$71,400,174. Note 11. includes a complete discussion of defined benefit pension plans.

11. 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 121, Florida Statutes, also provides for nonintegrated, optional retirement programs in lieu of the FRS to certain members of the Senior Management Service Class employed by the State and faculty and specified employees of State colleges. 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 \$7,610,022 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 \$6,219,715 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 \$51,756,405 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 0.139100072 percent, which was a decrease of 0.004772777 from its proportionate share measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the College recognized pension expense of \$7,128,904. 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	\$ 2,458,130	\$ -
Change of assumptions	6,374,018	-
Net difference between projected and actual earnings on FRS Plan investments	3,417,469	-
Changes in proportion and differences between College FRS contributions and proportionate share of contributions	2,428,666	1,948,628
College FRS contributions subsequent to the measurement date	6,219,715	-
Total	\$ 20,897,998	\$ 1,948,628

The deferred outflows of resources totaling \$6,219,715, 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	\$ 2,975,993
2025	1,208,700
2026	(718,335)
2027	8,916,917
2028	346,380
Total	\$ 12,729,655

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	100.0%			
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	\$89,509,144	\$51,756,405	\$20,190,623

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 \$824,277 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 \$1,130,862 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 \$19,643,769 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 0.185465595 percent, which was a decrease of 0.008356752 from its proportionate share measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the College recognized pension expense of \$481,118. 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	\$ 596,235	\$ 86,434
Change of assumptions	1,125,993	3,038,878
Net difference between projected and actual earnings on HIS Plan investments	28,440	-
Changes in proportion and differences between College HIS contributions and proportionate share of HIS contributions	133,884	1,646,411
College contributions subsequent to the measurement date	1,130,862	-
Total	\$ 3,015,414	\$ 4,771,723

The deferred outflows of resources totaling \$1,130,862, 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	\$ (685,226)
2025	(583,468)
2026	(394,921)
2027	(391,235)
2028	(582,779)
Thereafter	(249,542)
Total	\$ (2,887,171)

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	\$22,474,084	\$19,643,769	\$17,301,741

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 \$151,670 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2023.

12. 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 \$1,570,001 for the fiscal year ended June 30, 2023.

State College System Optional Retirement Program. Section 1012.875, Florida Statutes, provides for an Optional Retirement Program (Program) for eligible college instructors and administrators. The Program is designed to aid colleges in recruiting employees by offering more portability to employees not expected to remain in the FRS for 8 or more years.

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing college contributes 5.15 percent of the participant’s salary to the participant’s account and 4.23 percent to cover the unfunded actuarial liability of the FRS pension plan, for a total of 9.38 percent, and employees contribute 3 percent of the employee’s salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the college to the participant’s annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

The College’s contributions to the Program totaled \$542,128 and employee contributions totaled \$173,410 for the 2022-23 fiscal year.

13. 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>
Truck Driving Training Facility	\$ 3,711,590	\$ 572,344	\$ 3,139,246
Energy Management Facility Upgrades	5,263,760	4,360,877	902,883
Total	<u>\$ 8,975,350</u>	<u>\$ 4,933,221</u>	<u>\$ 4,042,129</u>

14. 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), a self-insured program, and commercially purchased insurance.

Consortium. The College provided coverage for health and hospitalization through the 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.

Self-Insured Program. The Board has established an individual self-insured program to provide workers’ compensation coverage for its employees. The College’s liability was limited by excess reinsurance to \$1,000,000 per insured person for the 2022-23 fiscal year. The program administrator has been approved by the Florida Office of Insurance Regulation. An actuarial review has determined a present value of estimated outstanding losses, including incurred but not reported claims, in the amount of \$222,766 discounted at a rate of 3 percent at June 30, 2023.

The following schedule represents the changes in claims liability for the current and prior years for the College's self-insured program:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Fiscal Year</u>
2021-22	\$ 122,789	\$ 122,797	\$ (70,600)	\$ 174,986
2022-23	174,986	83,641	(35,861)	222,766

Settled claims arising from the risks associated with the self-insured programs have not exceeded coverage (assessed premiums) in any of the past 3 fiscal years.

Commercially Purchased Insurance. The College's insurance coverage for property, boiler and machinery, general liability, automobile liability, aircraft, builder's risk, flood, athletic, cyber security, employee faithful performance, employee benefits coverages, and errors and omissions was obtained through commercially purchased insurance. The College has also reserved \$3.8 million of its unrestricted net position, and \$16 million of its restricted for capital projects net position, in recognition of its property damage deductibles and related operating and property damage costs that may be incurred in the event of a natural disaster.

Settled claims arising from these risks have not exceeded coverage in any of the past 3 fiscal years.

15. 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	\$ 56,032,217
Academic Support	25,302,834
Student Services	20,592,899
Institutional Support	33,632,389
Operation and Maintenance of Plant	23,945,912
Scholarships and Waivers	32,301,763
Depreciation	13,471,197
Auxiliary Enterprises	922,964
Total Operating Expenses	\$ 206,202,175

16. Current Unrestricted Funds

The Southern Association of Colleges and Schools, Commission on Colleges, which establishes the accreditation requirements for institutions of higher education, requires a disclosure of the financial position of unrestricted net position, exclusive of plant assets and plant-related debt, which represents the change in unrestricted net position. To meet this requirement, statements of net position and revenues, expenses, and changes in net position for the current unrestricted funds are presented as follows:

Statement of Current Unrestricted Funds Net Position

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 24,050,102
Accounts Receivable, Net	4,792,249
Inventories	1,876
Prepaid Expenses	3,182,802

Total Current Assets 32,027,029

Noncurrent Assets:

Investments	8,864,530
Prepaid Expenses	190,019

Total Noncurrent Assets 9,054,549

TOTAL ASSETS 41,081,578

DEFERRED OUTFLOWS OF RESOURCES

Other Postemployment Benefits	474,482
Pensions	23,913,412

TOTAL DEFERRED OUTFLOWS OF RESOURCES 24,387,894

LIABILITIES

Current Liabilities:

Accounts Payable	4,569,611
Salary and Payroll Taxes Payable	6,370,020
Due to Component Unit/College	1,315,053
Unearned Revenue	649,750
Estimated Insurance Claim Payable	222,766
Deposits Held for Others	100
Notes and Loans Payable	180,000
Special Termination Benefits Payable	11,299
Compensated Absences Payable	5,665,246
Other Postemployment Benefits Payable	73,110

Total Current Liabilities 19,056,955

Noncurrent Liabilities:

Special Termination Benefits Payable	41,096
Compensated Absences Payable	11,437,785
Other Postemployment Benefits Payable	1,869,348
Net Pension Liability	71,400,174

Total Noncurrent Liabilities 84,748,403

TOTAL LIABILITIES 103,805,358

DEFERRED INFLOWS OF RESOURCES

Other Postemployment Benefits	986,161
Pensions	6,720,351

TOTAL DEFERRED INFLOWS OF RESOURCES 7,706,512

TOTAL NET POSITION \$ (46,042,398)

**Statement of Current Unrestricted Funds Revenues,
Expenses, and Changes in Net Position**

REVENUES

Operating Revenues:

Student Tuition and Fees, Net of Scholarship	
Allowances of \$14,472,379	\$ 31,354,784
State and Local Grants and Contracts	732,403
Sales and Services of Educational Departments	84,181
Auxiliary Enterprises	1,024,777
Other Operating Revenues	705,829

Total Operating Revenues	33,901,974
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EXPENSES

Operating Expenses:

Personnel Services	104,684,366
Scholarships and Waivers	78,003
Utilities and Communications	4,494,585
Contractual Services	8,306,014
Other Services and Expenses	4,605,057
Materials and Supplies	14,013,701

Total Operating Expenses	136,181,726
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Operating Loss	(102,279,752)
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NONOPERATING REVENUES

State Noncapital Appropriations	87,227,522
Gifts and Grants	15,921
Investment Income	637,032
Proceeds from the Sale of Capital Assets	29,436

Total Nonoperating Revenues	87,909,911
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Loss Before Other Revenues, Expenses, Gains, or Losses	(14,369,841)
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Transfers to/from Other Funds	20,074,143
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Increase in Net Position	5,704,302
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Net Position, Beginning of Year	(51,746,700)
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Net Position, End of Year	\$ (46,042,398)
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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	\$ 157,082	\$ 175,080	\$ 138,873	\$ 105,470	\$ 108,399	\$ 117,068
Interest	52,211	62,548	89,366	71,931	66,777	59,188
Difference between expected and actual experience	-	(567,071)	-	52,734	-	-
Changes of assumptions or other inputs	(485,800)	34,219	124,892	437,783	(71,323)	(133,819)
Benefit Payments	(81,799)	(117,695)	(106,855)	(117,274)	(124,583)	(141,574)
Net change in total OPEB liability	(358,306)	(412,919)	246,276	550,644	(20,730)	(99,137)
Total OPEB Liability - beginning	2,300,764	2,713,683	2,467,407	1,916,763	1,937,493	2,036,630
Total OPEB Liability - ending	<u>\$ 1,942,458</u>	<u>\$ 2,300,764</u>	<u>\$ 2,713,683</u>	<u>\$ 2,467,407</u>	<u>\$ 1,916,763</u>	<u>\$ 1,937,493</u>
Covered-Employee Payroll	\$67,944,217	\$67,944,217	\$62,780,073	\$62,780,073	\$70,217,223	\$67,942,886
Total OPEB Liability as a percentage of covered-employee payroll	2.86%	3.39%	4.32%	3.93%	2.73%	2.85%

**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	0.139100072%	0.143872849%	0.132130501%	0.133550053%
College's proportionate share of the FRS net pension liability	\$ 51,756,405	\$ 10,867,959	\$ 57,267,306	\$ 45,992,779
College's covered payroll (2)	\$ 73,731,193	\$ 74,878,474	\$ 74,442,982	\$ 72,860,705
College's proportionate share of the FRS net pension liability as a percentage of its covered payroll	70.20%	14.51%	76.93%	63.12%
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, State college system optional retirement 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	\$ 6,219,715	\$ 5,643,516	\$ 5,180,491	\$ 4,177,700
FRS contributions in relation to the contractually required contribution	<u>(6,219,715)</u>	<u>(5,643,516)</u>	<u>(5,180,491)</u>	<u>(4,177,700)</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll (2)	\$ 73,902,912	\$ 73,731,193	\$ 74,878,474	\$ 74,442,982
FRS contributions as a percentage of covered payroll	8.42%	7.65%	6.92%	5.61%

- (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, State college system optional retirement 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>
0.138990080%	0.146378500%	0.141601614%	0.166822668%	0.176456970%	0.164149500%
\$ 41,864,533	\$ 43,297,778	\$ 35,754,519	\$ 21,547,385	\$ 10,766,471	\$ 28,257,435
\$ 74,107,379	\$ 76,248,123	\$ 71,270,974	\$ 75,901,140	\$ 79,318,686	\$ 78,081,652
56.49%	56.79%	50.17%	28.39%	13.57%	36.19%
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>
\$ 4,570,423	\$ 4,014,652	\$ 3,857,239	\$ 3,290,587	\$ 4,067,278	\$ 3,865,156
<u>(4,570,423)</u>	<u>(4,014,652)</u>	<u>(3,857,239)</u>	<u>(3,290,587)</u>	<u>(4,067,278)</u>	<u>(3,865,156)</u>
\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
\$ 72,860,705	\$ 74,107,379	\$ 76,248,123	\$ 71,270,974	\$ 75,901,140	\$ 79,318,686
6.27%	5.42%	5.06%	4.62%	5.36%	4.87%

**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	0.185465595%	0.193822347%	0.196166265%	0.196420953%
College's proportionate share of the HIS net pension liability	\$ 19,643,769	\$ 23,775,225	\$ 23,951,581	\$ 21,977,539
College's covered payroll (2)	\$ 67,512,717	\$ 68,707,984	\$ 68,049,331	\$ 65,882,789
College's proportionate share of the HIS net pension liability as a percentage of its covered payroll	29.10%	34.60%	35.20%	33.36%
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	\$ 1,130,862	\$ 1,120,711	\$ 1,140,553	\$ 1,129,619
HIS contributions in relation to the contractually required HIS contribution	<u>(1,130,862)</u>	<u>(1,120,711)</u>	<u>(1,140,553)</u>	<u>(1,129,619)</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll (2)	\$ 68,124,205	\$ 67,512,717	\$ 68,707,984	\$ 68,049,331
HIS contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%

(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>
0.202801487%	0.212974381%	0.204816018%	0.219895113%	0.228590620%	0.234015258%
\$ 21,464,737	\$ 22,772,203	\$ 23,870,458	\$ 22,425,843	\$ 21,373,781	\$ 20,374,105
\$ 66,406,582	\$ 68,558,800	\$ 62,713,460	\$ 66,169,173	\$ 68,596,419	\$ 66,703,252
32.32%	33.22%	38.06%	33.89%	31.16%	30.54%
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>
\$ 1,093,653	\$ 1,102,349	\$ 1,138,076	\$ 1,041,043	\$ 840,576	\$ 783,075
<u>(1,093,653)</u>	<u>(1,102,349)</u>	<u>(1,138,076)</u>	<u>(1,041,043)</u>	<u>(840,576)</u>	<u>(783,075)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 65,882,789	\$ 66,406,582	\$ 68,558,800	\$ 62,713,460	\$ 66,169,173	\$ 68,596,419
1.66%	1.66%	1.66%	1.66%	1.27%	1.14%

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.

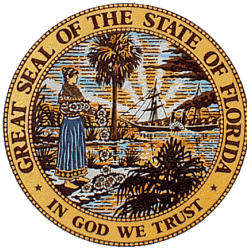
Changes of Assumptions. The Municipal Bond Index Rate used to determine other postemployment benefit plan liability increased from 2.16 percent to 3.54 percent.

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

Changes of Assumptions. The long term expected rate of return was 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. The municipal rate used to determine total pension liability increased from 2.16 percent to 3.54 percent and the election assumption for vested terminated members was updated from 20 percent to 50 percent to reflect recent experience.



Sherrill F. Norman, CPA
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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 Florida State College at Jacksonville, a component unit of the State of Florida, and its discretely presented component unit 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 November 9, 2023, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, 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
November 9, 2023