STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

Report No. 2024-104
January 2024

ST. JOHNS RIVER STATE COLLEGE

For the Fiscal Year Ended
June 30, 2023

Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the 2022-23 fiscal year, Mr. Joe H. Pickens, J.D., served as President of St. Johns River State College and the following individuals served as Members of the Board of Trustees:

	County
Wendell D. Davis, Chair	Clay
Rich Komando, Vice Chair	[a]
Makayla Buchanan	Clay
Jan Conrad	St. Johns
James E. Reid	Putnam
W.J. Sapp Jr.	Clay

[a] Confidential pursuant to s. 119.071(4), Florida Statutes.

Note: One Trustee position was vacant for the entire fiscal year.

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 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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ST. JOHNS RIVER STATE COLLEGE

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SUMMARY

Summary of Report on the Audit of the Financial Statements

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

Summary of Report on Internal Control and Compliance

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

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

Audit Objectives and Scope

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

- Exercised professional judgment and maintained professional skepticism throughout the audit.
- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, and designed and performed audit procedures responsive to those risks.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluated the overall presentation of the financial statements.
- Concluded whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.
- Examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

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

Audit Methodology

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

Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL
STATE OF FLORIDA

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Tallahassee, Florida 32399-1450

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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 St. Johns River State College, 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 St. Johns River State College 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 (*Government Auditing Standards*). 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 and other auditors 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 January 4, 2024, on our consideration of the St. Johns River State College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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

Sherrill F. Norman, CPA
Tallahassee, Florida
January 4, 2024

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, and its discretely presented component unit, the St. Johns River State College Foundation, Inc. for the fiscal years ended March 31, 2023, and March 31, 2022.

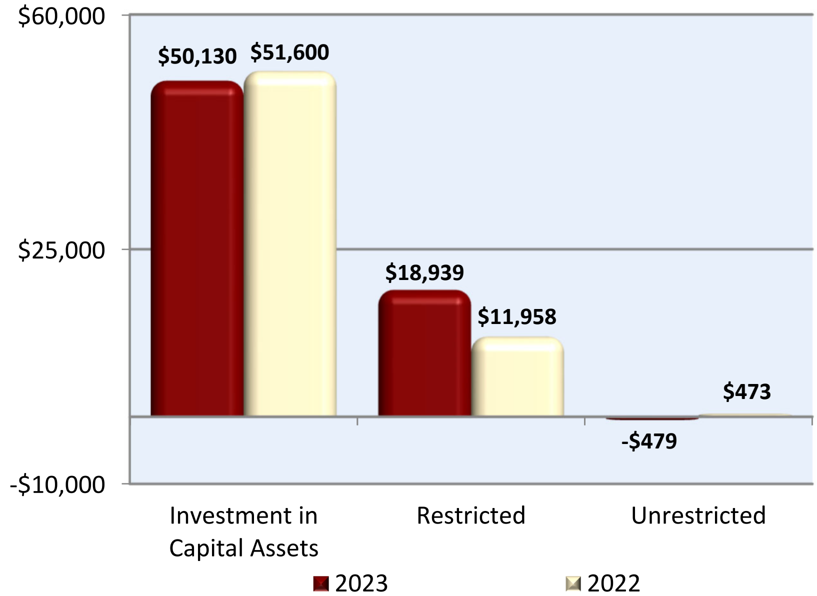
FINANCIAL HIGHLIGHTS

The College's assets and deferred outflows of resources totaled $98.9 million at June 30, 2023. This balance reflects a $4.9 million, or 5.2 percent, increase as compared to the 2021-22 fiscal year, resulting primarily from an $8 million increase in investments, a $1.2 million increase in due from other governmental agencies, a $0.5 million increase in deferred outflows of resources, offset by a $3.3 million decrease in cash and cash equivalents and a decrease in capital assets, net of depreciation, of $1.5 million. While assets and deferred outflows of resources grew, liabilities and deferred inflows of resources increased by $0.4 million, or 1.2 percent, totaling $30.3 million at June 30, 2023, resulting primarily from a $12.1 million increase in the net pension liability, offset by a decrease in deferred inflows of resources of $10.7 million, a $0.4 million decrease in salary and payroll taxes payable, and a $0.4 million decrease in other postemployment benefits payable. As a result, the College's net position increased by $4.6 million, resulting in a year-end balance of $68.6 million.

The College's operating revenues totaled $11.8 million for the 2022-23 fiscal year, representing a 4.8 percent increase compared to the 2021-22 fiscal year due mainly to an increase in auxiliary enterprises of $0.7 million. Operating expenses totaled $55 million for the 2022-23 fiscal year, representing a decrease of 4.6 percent as compared to the 2021-22 fiscal year. This decrease resulted primarily from a $6.7 million decrease in scholarships and waivers, offset by a $2.4 million increase in personnel services, a $0.5 million increase in contractual services, a $0.5 million increase in materials and supplies, and a $0.4 million increase in other services and expenses.

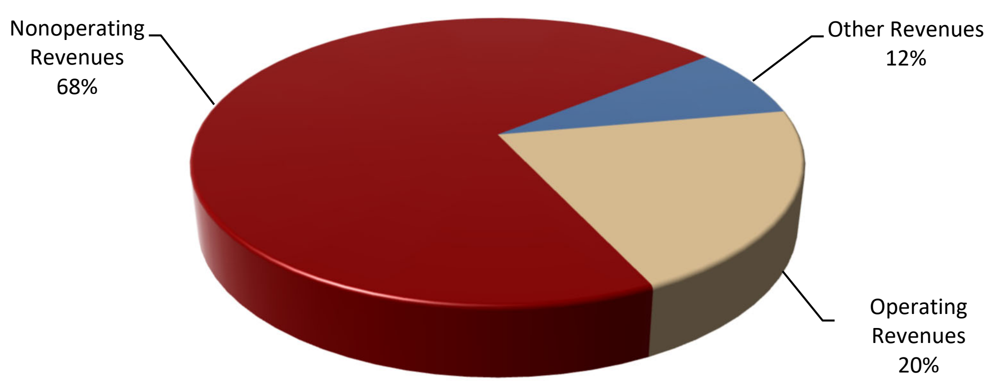
Net position represents the residual interest in the College's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The College's comparative total net position by category for the fiscal years ended June 30, 2023, and June 30, 2022, is shown in the 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, the St. Johns River State College 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 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 and its component unit, using the accrual basis of accounting, and presents the financial position of the College and its component unit 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 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 assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the College and its component unit for the respective fiscal years ended:

Condensed Statement of Net Position

(In Thousands)

	College		Component Unit	
	6-30-23	**6-30-22**	**3-31-23**	**3-31-22**
Assets				
Current Assets	$ 28,841	$ 25,441	$ 5,410	$ 5,497
Capital Assets, Net	50,130	51,600	-	-
Other Noncurrent Assets	12,085	9,612	3,501	3,448
Total Assets	91,056	86,653	8,911	8,945
Deferred Outflows of Resources	7,861	7,352	-	-
Liabilities				
Current Liabilities	2,144	2,724	11	11
Noncurrent Liabilities	26,065	14,475	70	83
Total Liabilities	28,209	17,199	81	94
Deferred Inflows of Resources	2,118	12,775	119	131
Net Position				
Investment in Capital Assets	50,130	51,600	-	-
Restricted	18,939	11,958	6,094	6,200
Unrestricted	(479)	473	2,617	2,520
Total Net Position	$ 68,590	$ 64,031	$ 8,711	$ 8,720

The increase in current assets was primarily due to purchasing certificate of deposit investments rather than holding funds in the State Treasury Special Purpose Investment Account (SPIA), thus $8 million in these investments is offset by a decrease of $5.8 million in cash and cash equivalents. Additionally, amounts due from other governmental agencies increased $1.2 million partially related to changes in deferred maintenance funding receivable from the State. The decrease in capital assets is primarily due to a $0.5 million increase in furniture, machinery and equipment, offset by an increase in accumulated depreciation of $2.1 million. The increase in other noncurrent assets was caused by a $2.5 million increase in restricted cash and cash equivalents, largely related to a $7 million increase in the unexpended plant fund as the result of State capital appropriations and a non-mandatory transfer in from current funds – unrestricted. The increase in the College's deferred outflows of resources resulted mainly from pension-related adjustments required by GASB Statement No. 68, and other postemployment benefits adjustments required by GASB Statement No. 75. The decrease in current liabilities is primarily due to a $0.4 million decrease in the College's salary and payroll taxes payable. The increase in noncurrent liabilities is primarily due to a $12.1 million increase in the College's net pension liability, and a $0.4 million increase in other postemployment benefits adjustments required by GASB Statement No. 75. The decrease in the College's deferred inflows of resources resulted mainly from a $11.1 million decrease in pension-related adjustments required by GASB Statement No. 68, offset by a $0.5 million increase in other postemployment benefits adjustments required by GASB Statement No. 75.

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

The statement of revenues, expenses, and changes in net position presents the College's and its component unit'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 and its component unit's activity for the respective fiscal years ended:

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

(In Thousands)

	College		Component Unit	
	6-30-23	6-30-22	3-31-23	3-31-22
Operating Revenues	$ 11,786	$ 11,242	$ 1,080	$ 550
Less, Operating Expenses	55,028	57,694	672	514
Operating Income (Loss)	(43,242)	(46,452)	408	36
Net Nonoperating Revenues	40,431	46,440	(479)	826
Income (Loss) Before Other Revenues	(2,811)	(12)	(71)	862
Other Revenues	7,370	2,283	62	80
Net Increase (Decrease) In Net Position	4,559	2,271	(9)	942
Net Position, Beginning of Year	64,031	61,760	8,720	7,778
Net Position, End of Year	$ 68,590	$ 64,031	$ 8,711	$ 8,720

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 for the College and its component unit by source that were used to fund operating activities for the respective fiscal years ended:

Operating Revenues
For the Fiscal Years

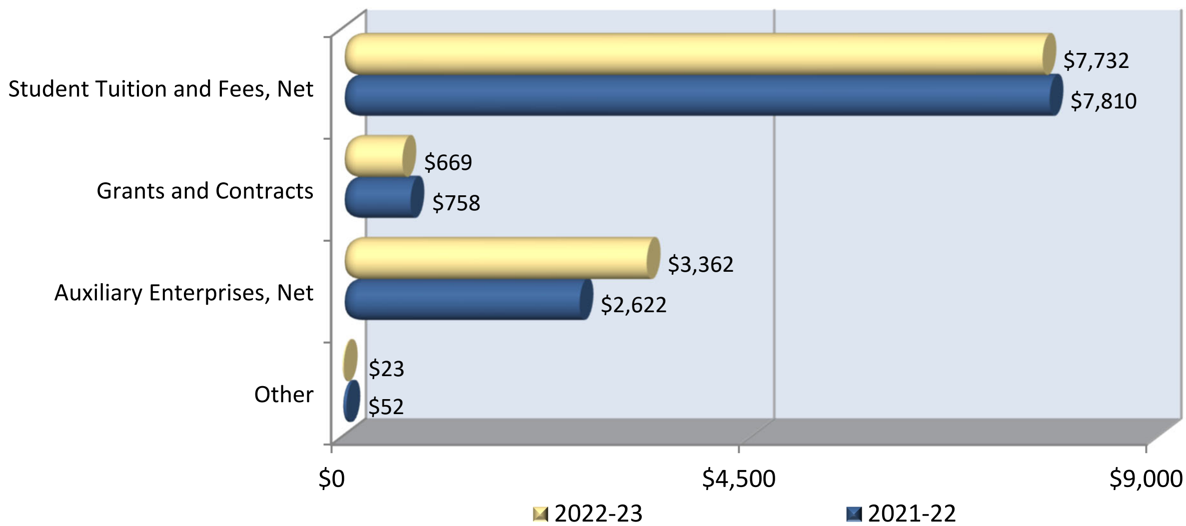
(In Thousands)

	College		Component Unit	
	6-30-23	**6-30-22**	**3-31-23**	**3-31-22**
Student Tuition and Fees, Net	$ 7,732	$ 7,810	$ -	$ -
Grants and Contracts	669	758	-	-
Auxiliary Enterprises, Net	3,362	2,622	-	-
Other	23	52	1,080	550
Total Operating Revenues	$ 11,786	$ 11,242	$ 1,080	$ 550

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

Operating Revenues

(In Thousands)



College operating revenue changes were primarily the result of an increase in auxiliary enterprises. Auxiliary enterprises increased by $0.7 million, or 28.2 percent compared to the prior fiscal year due largely to increased ticket sales from cultural program sales and meeting room rentals.

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 College and its component unit for the respective fiscal years ended:

Operating Expenses
For the Fiscal Years

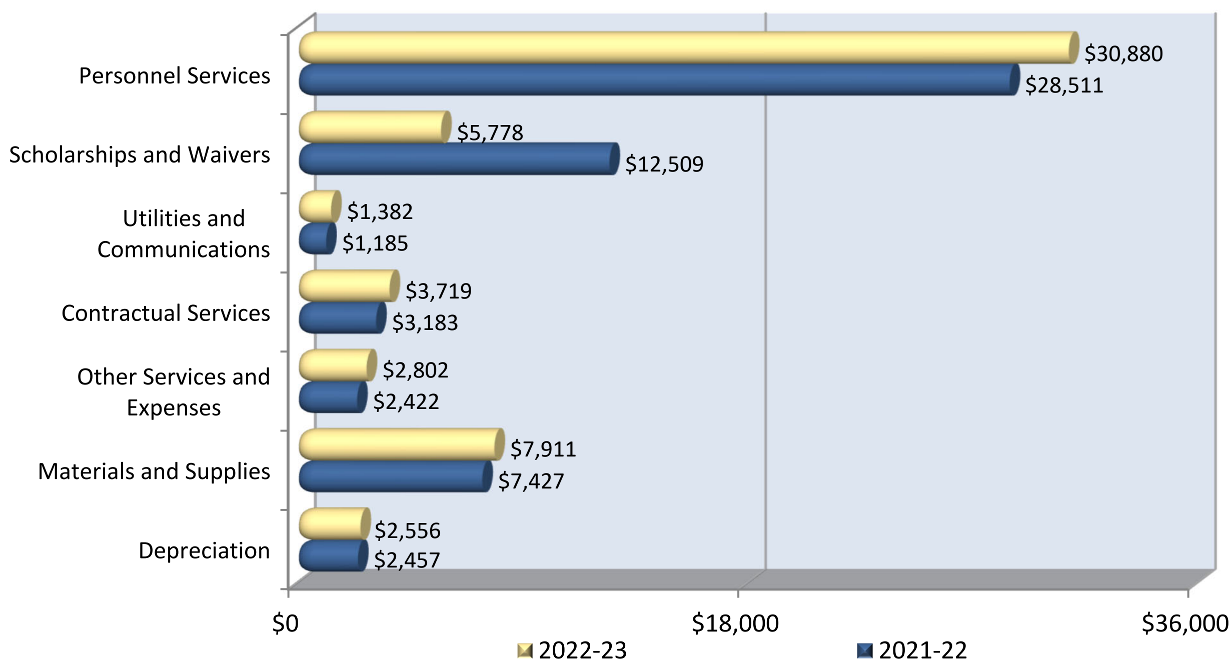
(In Thousands)

	College		Component Unit	
	6-30-23	**6-30-22**	**3-31-23**	**3-31-22**
Personnel Services	$ 30,880	$ 28,511	$ -	$ -
Scholarships and Waivers	5,778	12,509	387	381
Utilities and Communications	1,382	1,185	-	-
Contractual Services	3,719	3,183	16	19
Other Services and Expenses	2,802	2,422	269	114
Materials and Supplies	7,911	7,427	-	-
Depreciation	2,556	2,457	-	-
Total Operating Expenses	$ 55,028	$ 57,694	$ 672	$ 514

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

Operating Expenses

(In Thousands)



College operating expense changes were primarily the result of a decrease in scholarships and waivers, offset by increases in personnel services, contractual services, materials and supplies, and other services and expenses. Scholarships and waivers decreased by $6.7 million, or 53.8 percent, due primarily to decreases in the Federal Higher Education Emergency Relief Fund (HEERF) for student aid grants of $6.1 million and in Federal Pell grants of $0.5 million. Personnel services increased by $2.4 million, or 8.3 percent, due primarily to increases in pension expense adjustments required by GASB Statement No. 68., of $2.1 million and retirement contributions of $0.3 million. Materials and supplies increased by $0.5 million, or 6.5 percent, due primarily to increases in noncapitalized repair and maintenance costs of $0.8 million, offset by a decrease in noncapitalized minor equipment of $0.3 million. Contractual services increased by $0.5 million, or 16.8 percent primarily due to an increase in noninstructional services of $0.3 million. Other services and expenses increased $0.4 million, or 15.7 percent primarily due to a $0.6 million total increase in travel, repairs and maintenance, rentals, and insurance, offset by a $0.2 million decrease in bad debt expense.

Nonoperating Revenues

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. The following summarizes the College's nonoperating revenues and expenses for the 2022-23 and 2021-22 fiscal years:

Nonoperating Revenues
For the Fiscal Years

(In Thousands)

	2022-23	**2021-22**
State Noncapital Appropriations	$ 27,322	$ 25,510
Federal and State Student Financial Aid	7,628	14,385
Gifts and Grants	3,279	7,021
Investment Income (Loss)	2,193	(876)
Other Nonoperating Revenues	-	396
Gain on Disposal of Capital Assets	9	4
Nonoperating Revenues	$ 40,431	$ 46,440

Nonoperating revenues decreased by $6 million, or 12.9 percent when compared to the prior fiscal year. State noncapital appropriations increased by $1.8 million, or 7.1 percent, primarily due to increases of $0.9 million in the lottery revenue appropriations from the State of Florida and $0.9 million in Prepping Institutions, Programs, Employers and Learners (PIPELINE) performance funding from the State of Florida. Federal and State student financial aid decreased by $6.8 million, or 47 percent due primarily to a decrease in Federal HEERF student aid of $5.8 million and a decrease in Federal Pell student financial aid of $0.5 million. Gifts and grants decreased by $3.7 million, or 53.3 percent, primarily due to a decrease in Federal HEERF institutional funding of $4.2 million, offset by an increase of $0.4 million in dual enrollment revenue from county school boards. Investment income increased by $3.1 million, or 350.3 percent, due to an increase of $2.6 million in investment gains from the State Treasury SPIA investment pool and an increase of $0.5 million in investment income. Other nonoperating revenues decreased by $0.4 million, or 100 percent, due to the elimination of insurance claim recoveries.

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	$ 377	$ 1,214
Capital Grants, Contracts, Gifts, and Fees	6,993	1,069
Total	$ 7,370	$ 2,283

Other revenues increased $5.1 million, or 222.8 percent when compared to the prior fiscal year. State capital appropriations decreased by $0.8 million, or 68.9 percent, due to a decrease of State Public Education Capital Outlay appropriations of $0.8 million. Capital grants, contracts, gifts, and fees increased by $5.9 million, or 554.2 percent, due to an increase in deferred maintenance funding from the State of Florida.

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	$ (40,609)	$ (44,488)
Noncapital Financing Activities	41,854	46,519
Capital and Related Financing Activities	1,262	881
Investing Activities	(5,785)	(878)
Net Increase (Decrease) in Cash and Cash Equivalents	(3,278)	2,034
Cash and Cash Equivalents, Beginning of Year	28,872	26,838
Cash and Cash Equivalents, End of Year	$ 25,594	$ 28,872

Major sources of funds came from State noncapital appropriations ($27.3 million), Federal and State student financial aid ($8 million), net student tuition and fees ($7.7 million), gifts and grants received for other than capital or endowment purposes ($6.5 million), net auxiliary enterprises ($3.5 million), Federal Direct Loan Program receipts ($2.8 million), investment gains and income ($2.2 million), State capital appropriations ($1.5 million), and capital grants and gifts ($1 million). Major uses of funds were for payments to employees and for employee benefits ($30.8 million), payments to suppliers ($14.6 million), purchase of investments ($8 million), payments for scholarships ($5.8 million), disbursements to students for Federal Direct loans ($2.8 million), payments for utilities and communications ($1.4 million), and purchase of capital assets ($1.3 million).

The College's overall cash and cash equivalents decreased by $3.3 million, or 11.4 percent, from the prior fiscal year. Net cash used for operating activities decreased by $3.9 million primarily due to a decrease in payments for scholarships, an increase in auxiliary enterprises revenue, offset by an increase in payments to suppliers, an increase of payments to employees, and a decrease in tuition and fees. Net cash provided by noncapital financing activities decreased by $4.7 million primarily due to a decrease in gifts and grants received for other than capital or endowment purposes and a decrease in Federal and State student financial aid, offset by an increase in State noncapital appropriations. Net cash provided by capital and related financing activities increased by $0.4 million primarily due to an increase in State capital appropriations offset by a decrease in proceeds from insurance recoveries. Net cash used by investing activities increased by $4.9 million due to an increase in the purchase of investments, offset by an increase in investment income.

CAPITAL ASSETS AND CAPITAL EXPENSES AND COMMITMENTS

Capital Assets

At June 30, 2023, the College had $94.4 million in capital assets, less accumulated depreciation of $44.3 million, for net capital assets of $50.1 million. Depreciation charges for the current fiscal year totaled $2.6 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)

	2023	2022
Land	$ 687	$ 687
Construction in Progress	7,475	7,403
Buildings	39,465	41,198
Other Structures and Improvements	47	82
Furniture, Machinery, and Equipment	2,456	2,230
Capital Assets, Net	$ 50,130	$ 51,600

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 for a $5.1 million Orange Park Campus Renovations project and a $2.4 million St. Augustine Campus Renovations project. The College's major construction commitments at June 30, 2023, are as follows:

	Amount (In Thousands)
Total Committed	$ 7,482
Completed to Date	(7,475)
Balance Committed	$ 7

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. Based upon the State budget adopted after the 2023 legislative session, the College is expecting a recurring increase of $6.5 million in State appropriations over the prior fiscal year which equates to a 25 percent increase. Additionally, the College received a non-recurring operational appropriation of $3 million and $959,639 in PIPELINE funding, which is a 10 percent increase over the prior fiscal year's PIPELINE funding. The purpose of the PIPELINE funding is to reward performance and excellence among nursing education programs. Other than State appropriations, the College receives the majority of its other operating funds from student tuition and fees. Based upon Summer Term 2023, the College is beginning to see modest enrollment increases, which is a positive indicator for additional 2023-24 fiscal year tuition and fee revenues. Additionally, the Board of Trustees recently approved new programs: Associate of Science degree in Paralegal Studies, Bachelor of Science degree in Criminal Justice, Applied Intelligence Studies, and Bachelor of Applied Science degree in Information Systems Technology. These new programs are anticipated to have a Fall 2024 start date. Given the enrollment projections, new programs, and increased State appropriations, the College anticipates adequate resources to continue to provide and enhance the educational programs and services to students within the communities it serves.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Vice President/Chief Financial Officer, St. Johns River State College, 5001 St. Johns Avenue, Palatka, Florida 32177.

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ST. JOHNS RIVER STATE COLLEGE
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	$ 12,902,750	$ 1,824,236
Restricted Cash and Cash Equivalents	605,454	-
Investments	8,000,000	3,585,825
Accounts Receivable, Net	621,129	-
Due from Other Governmental Agencies	6,255,623	-
Due from Component Unit	22,483	-
Inventories	368,505	-
Prepaid Expenses	61,875	-
Deposits Receivable	2,601	-
Total Current Assets	28,840,420	5,410,061
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	12,086,231	-
Restricted Investments	-	3,389,842
Depreciable Capital Assets, Net	41,967,316	-
Nondepreciable Capital Assets	8,162,823	-
Irrevocable Split-Interest Agreement Receivable	-	111,082
Total Noncurrent Assets	62,216,370	3,500,924
TOTAL ASSETS	91,056,790	8,910,985
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	633,624	-
Pensions	7,227,070	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,860,694	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	125,979	-
Salary and Payroll Taxes Payable	1,121,753	-
Retainage Payable	17,361	-
Unearned Revenue	461,452	-
Deposits Held for Others	39,684	-
Long-Term Liabilities - Current Portion:		
Compensated Absences Payable	325,202	-
Other Postemployment Benefits Payable	52,110	-
Irrevocable Split-Interest Agreement Payable	-	10,600
Total Current Liabilities	2,143,541	10,600

	College	Component Unit
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Compensated Absences Payable	1,796,828	-
Other Postemployment Benefits Payable	2,082,459	-
Net Pension Liability	22,185,954	-
Irrevocable Split-Interest Agreement Payable	-	70,213
Total Noncurrent Liabilities	26,065,241	70,213
TOTAL LIABILITIES	28,208,782	80,813
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	669,043	-
Pensions	1,449,374	-
Deferred Public-Private Partnership Arrangement Receipts	-	119,163
TOTAL DEFERRED INFLOWS OF RESOURCES	2,118,417	119,163
NET POSITION		
Investment in Capital Assets	50,130,139	-
Restricted:		
Nonexpendable:		
Endowment	-	3,389,842
Expendable:		
Grants and Loans	474,110	-
Scholarships	97,190	2,704,170
Capital Projects	18,367,869	-
Unrestricted	(479,023)	2,616,997
TOTAL NET POSITION	$ 68,590,285	$ 8,711,009

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

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ST. JOHNS RIVER STATE COLLEGE
A Component Unit of the State of Florida
Statement of Revenues, Expenses, and Changes in Net Position

For the Fiscal Year Ended June 30, 2023

	College	Component Unit
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $2,515,630	$ 7,732,237	$ -
Federal Grants and Contracts	598,639	-
State and Local Grants and Contracts	45,177	-
Nongovernmental Grants and Contracts	25,000	-
Auxiliary Enterprises, Net of Scholarship Allowances of $323,811	3,362,114	-
Other Operating Revenues	22,894	1,080,051
Total Operating Revenues	11,786,061	1,080,051
EXPENSES		
Operating Expenses:		
Personnel Services	30,879,444	-
Scholarships and Waivers	5,777,317	387,473
Utilities and Communications	1,382,264	-
Contractual Services	3,719,324	16,150
Other Services and Expenses	2,801,902	268,722
Materials and Supplies	7,911,219	-
Depreciation	2,556,294	-
Total Operating Expenses	55,027,764	672,345
Operating Income (Loss)	(43,241,703)	407,706
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	27,321,849	-
Federal and State Student Financial Aid	7,627,786	-
Gifts and Grants Received for Other Than Capital or Endowment Purposes	3,278,630	-
Investment Income (Loss)	2,192,814	(478,712)
Gain on Disposal of Capital Assets	9,560	-
Net Nonoperating Revenues (Expenses)	40,430,639	(478,712)
Loss Before Other Revenues	(2,811,064)	(71,006)
State Capital Appropriations	377,218	-
Capital Grants, Contracts, Gifts, and Fees	6,993,507	-
Endowment Contributions	-	62,283
Total Other Revenues	7,370,725	62,283
Increase (Decrease) in Net Position	4,559,661	(8,723)
Net Position, Beginning of Year	64,030,624	8,719,732
Net Position, End of Year	$ 68,590,285	$ 8,711,009

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

ST. JOHNS RIVER STATE COLLEGE
A Component Unit of the State of Florida
Statement of Cash Flows

For the Fiscal Year Ended June 30, 2023

	College
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	$ 7,683,980
Grants and Contracts	665,037
Payments to Suppliers	(14,553,364)
Payments for Utilities and Communications	(1,382,264)
Payments to Employees	(23,533,690)
Payments for Employee Benefits	(7,259,056)
Payments for Scholarships	(5,777,317)
Auxiliary Enterprises, Net	3,494,600
Other Receipts	52,773
Net Cash Used by Operating Activities	(40,609,301)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	27,321,849
Federal and State Student Financial Aid	8,024,642
Federal Direct Loan Program Receipts	2,803,923
Federal Direct Loan Program Disbursements	(2,803,923)
Gifts and Grants Received for Other Than Capital or Endowment Purposes	6,508,405
Net Cash Provided by Noncapital Financing Activities	41,854,896
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	1,502,879
Capital Grants and Gifts	1,046,312
Proceeds from Sale of Capital Assets	9,560
Purchases of Capital Assets	(1,296,228)
Net Cash Provided by Capital and Related Financing Activities	1,262,523
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Investments	(8,000,000)
Investment Income	2,214,781
Net Cash Used by Investing Activities	(5,785,219)
Net Decrease in Cash and Cash Equivalents	(3,277,101)
Cash and Cash Equivalents, Beginning of Year	28,871,536
Cash and Cash Equivalents, End of Year	$ 25,594,435

	College
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (43,241,703)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	2,556,294
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	(61,684)
Inventories	124,739
Prepaid Expenses	(37,142)
Deposits Receivable	(182)
Accounts Payable	(220,403)
Salary and Payroll Taxes Payable	(362,222)
Unearned Revenue	164,905
Deposits Held for Others	30,060
Due from Component Unit	(3,779)
Compensated Absences Payable	(19,324)
Other Postemployment Benefits Payable	(434,885)
Net Pension Liability	12,060,739
Deferred Outflows of Resources Related to Other Postemployment Benefits	85,664
Deferred Inflows of Resources Related to Other Postemployment Benefits	469,573
Deferred Outflows of Resources Related to Pensions	(593,865)
Deferred Inflows of Resources Related to Pensions	(11,126,086)
NET CASH USED BY OPERATING ACTIVITIES	$ (40,609,301)

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 St. Johns River State College, a component unit of the State of Florida, is the College Board of Trustees. The Board of Trustees constitutes a corporation and is composed of seven 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 Clay, Putnam, and St. Johns 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 St. Johns River State College 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 of Foundation, St. Johns River State College, 5001 St. Johns Avenue, Palatka, Florida 32177. The financial data reported on the accompanying financial statements was derived from the Foundation's audited financial statements for the fiscal year ended March 31, 2023.

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 (net of unrealized gains or losses on investments). 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 and book scholarship allowances. Tuition and book 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 is able to identify, within its accounting system, amounts paid for tuition, fees, and book charges by financial aid. To the extent that these resources are used to pay student charges, the College records a scholarship allowance against tuition and fee revenues and auxiliary enterprise revenues.

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

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

The Foundation, for reporting cash flows, considers all highly liquid investments with original maturities of 3 months or less to be cash equivalents. At March 31, 2023, the component unit had $235,163 in demand accounts, $712,967 in money market accounts, $353,026 in investment management accounts, and $523,080 in its separate State Treasury SPIA account.

Inventories. Inventories consist of items for resale by the campus bookstore, and are valued using the moving average inventory method of valuation. Consumable laboratory supplies, teaching materials, and office supplies on hand in College departments are expensed when purchased, and are not considered material. Accordingly, these items are not included in the reported inventory.

Capital Assets. College capital assets consist of land, construction in progress, 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 $25,000 for buildings and other structures and improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 40 years
- Other Structures and Improvements – 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 compensated absences payable, other postemployment benefits payable, and net pension liabilities that are not scheduled to be paid within the next fiscal year.

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

2. Deficit Net Position in Individual Funds

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

Fund	Net Position
Current Funds - Unrestricted	$ (8,260,454)
Auxiliary Funds	7,781,431
Total	$ (479,023)

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 State Board of Administration (SBA); Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits and savings accounts in qualified public depositories, as defined by Section 280.02, Florida Statutes; 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.

Fair Value Measurement. The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

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 following maturities:

		Maturity in Years		
Investments by fair value level	**Amount**	**Less than 1**	**1 - 5**	**6 - 10**
Certificates of Deposit	$ 8,000,000	$ 8,000,000	$ -	$ -

Discretely Presented Component Unit Investments. The 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. 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.

Investments held by the Foundation as of March 31, 2023, are reported at fair value using quoted market prices in active markets for identical assets (Level 1 inputs), with the following maturities:

		Maturity in Years		
Investments by fair value level	**Amount**	**Less than 1**	**1 - 5**	**6 - 10**
Bonds and Notes	$ 1,319,691	$ 261,547	$ 421,171	$ 636,973
Equity Investments				
Common Stock	3,422,379			
Exchange Traded Funds	73,722			
Real Estate Mutual Fund	339,472			
Equities Mutual Fund	1,332,115			
Fixed Income Mutual Fund	446,145			
Fixed Income Exchange Traded Fund	42,143			
Total Component Unit Investments	$ 6,975,667			

The Foundation invested in various debt and equity securities. The following risks apply to the Foundation's 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 Foundation investment policies include asset allocation guidelines and investment management structure to ensure adequate diversification to reduce the volatility of investment returns.

Credit Risk: Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The Foundation's investment policy requires that debt securities be rated "Baa" or "BBB" or better by Moody's or Standard & Poor's rating services, respectively. The Foundation's investment policy also sets allowable ranges for allocation of assets as follows: domestic equities (50 – 70 percent); international equities (10 – 20 percent); fixed income securities (10 – 20 percent); real estate (0 – 10 percent); cash equivalents (2 – 10 percent); and limits charitable gift annuity investments to no more than 50 percent equities (including mutual funds) and no more than 10 percent in any one stock or fund.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of failure of the counterparty, the value of investments or collateral securities in the possession of an outside party will not be recoverable. The Foundation does not have a formal investment policy that addresses custodial credit risk.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The Foundation's investment policy limits investments with a single issuer to not more than 5 percent of the market value of the portfolio.

4. Accounts Receivable

Accounts receivable represent amounts for student fee deferments, various student services provided by the College, and contract and grant reimbursements due from third parties. The accounts receivable are reported net of a $99,404 allowance for doubtful accounts.

5. Due From Other Governmental Agencies

The amount due from other governmental agencies consists of $6,255,623 of deferred maintenance funds and Public Education Capital Outlay allocations due from the State for maintenance projects and construction of College facilities.

6. Due From Component Unit

The amount due from component unit consists of $22,483 owed to the College by the Foundation for scholarships and student aid. The College's financial statements are reported for the fiscal year ended June 30, 2023. The College's component unit financial statements are reported for the fiscal year ended March 31, 2023. Accordingly, there was no corresponding amount reported as due to the College by the component unit as of March 31, 2023.

7. Capital Assets

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

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 687,582	$ -	$ -	$ 687,582
Construction in Progress	7,403,185	72,056	-	7,475,241
Total Nondepreciable Capital Assets	$ 8,090,767	$ 72,056	$ -	$ 8,162,823
Depreciable Capital Assets:				
Buildings	$ 73,724,073	$ -	$ -	$ 73,724,073
Other Structures and Improvements	4,586,101	-	-	4,586,101
Furniture, Machinery, and Equipment	7,389,988	1,014,791	490,017	7,914,762
Total Depreciable Capital Assets	85,700,162	1,014,791	490,017	86,224,936
Less, Accumulated Depreciation:				
Buildings	32,526,640	1,732,586	-	34,259,226
Other Structures and Improvements	4,504,832	34,373	-	4,539,205
Furniture, Machinery, and Equipment	5,159,871	789,335	490,017	5,459,189
Total Accumulated Depreciation	42,191,343	2,556,294	490,017	44,257,620
Total Depreciable Capital Assets, Net	$ 43,508,819	$ (1,541,503)	$ -	$ 41,967,316

8. Unearned Revenue

Unearned revenue at June 30, 2023, includes prepayments of Thrasher-Horne Center cultural program sales and meeting room rentals for which expenses have yet to be incurred. As of June 30, 2023, the College reported $461,452 of unearned revenue.

9. Long-Term Liabilities

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

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated Absences Payable	$ 2,141,354	$ 299,049	$ 318,373	$ 2,122,030	$ 325,202
Other Postemployment Benefits Payable	2,569,454	168,909	603,794	2,134,569	52,110
Net Pension Liability	10,125,215	15,070,579	3,009,840	22,185,954	-
Total Long-Term Liabilities	$ 14,836,023	$ 15,538,537	$ 3,932,007	$ 26,442,553	$ 377,312

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 $2,122,030. The current portion of the compensated absences liability, $325,202, is the amount expected to be paid in the coming fiscal year and represents an average of the reductions over the past 3 fiscal 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 healthcare benefits. 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	21
Inactive Employees Entitled to But Not Yet Receiving Benefits	23
Active Employees	324
Total	368

Total OPEB Liability

The College's total OPEB liability of $2,134,569 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 Rate	
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	$ 2,569,454
Changes for the year:	
Service Cost	111,494
Interest	57,415
Changes in Assumptions or Other Inputs	(557,862)
Benefit Payments	(45,932)
Net Changes	(434,885)
Balance at 6/30/23	$ 2,134,569

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

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

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	$2,520,314	$2,134,569	$1,827,876

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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	$1,772,648	$2,134,569	$2,608,610

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 $172,462. At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 316,341	$ -
Change of assumptions or other inputs	265,173	669,043
Transactions subsequent to the measurement date	52,110	-
Total	$ 633,624	$ 669,043

Of the total amount reported as deferred outflows of resources related to OPEB, $52,110 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 fiscal 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:

Fiscal Year Ending June 30	Amount
2024	$ 3,553
2025	3,553
2026	3,553
2027	14,399
2028	25,476
Thereafter	(138,063)
Total	$ (87,529)

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 $22,185,954. Note 10. includes a complete discussion of defined benefit pension plans.

10. Retirement Plans – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS)

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the HIS Program, a cost-sharing multiple-employer defined benefit pension plan to assist retired members of any State-administered retirement system in paying the costs of health insurance.

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

The College's FRS and HIS pension expense totaled $2,564,377 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:

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value
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:

	Percent of Gross Salary	
Class	**Employee**	**Employer** (1)
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 $1,928,785 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 $16,343,583 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

0.043924874 percent, which was a decrease of 0.000840058 from its proportionate share measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the College recognized pension expense of $2,330,253. In addition, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 776,226	$ -
Change of assumptions	2,012,781	-
Net difference between projected and actual earnings on FRS Plan investments	1,079,165	-
Changes in proportion and differences between College FRS contributions and proportionate share of contributions	459,707	272,848
College FRS contributions subsequent to the measurement date	1,928,785	-
Total	$ 6,256,664	$ 272,848

The deferred outflows of resources totaling $1,928,785, 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:

Fiscal Year Ending June 30	Amount
2024	$ 1,002,954
2025	414,892
2026	(250,600)
2027	2,761,762
2028	126,023
Total	$ 4,055,031

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:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.6%	2.6%	1.1%
Fixed Income	19.8%	4.4%	4.4%	3.2%
Global Equity	54.0%	8.8%	7.3%	17.8%
Real Estate (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:

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
College's proportionate share of the net pension liability	$28,265,103	$16,343,583	$6,375,774

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 $134,859 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 $341,104 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 $5,842,371 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 0.055160434 percent, which was an increase of 0.000183620 from its proportionate share measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the College recognized pension expense of $234,124. In addition, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual experience	$ 177,330	$ 25,707
Change of assumptions	334,888	903,811
Net difference between projected and actual earnings on HIS Plan investments	8,459	-
Changes in proportion and differences between College HIS contributions and proportionate share of HIS contributions	108,625	247,008
College contributions subsequent to the measurement date	341,104	-
Total	$ 970,406	$ 1,176,526

The deferred outflows of resources totaling $341,104, 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:

Fiscal Year Ending June 30	Amount
2024	$ (158,673)
2025	(89,417)
2026	(50,030)
2027	(64,442)
2028	(129,443)
Thereafter	(55,219)
Total	$ (547,224)

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	$6,684,152	$5,842,371	$5,145,815

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 $20,335 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2023.

11. 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:

Class	Percent of Gross Compensation
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 $898,720 for the fiscal year ended June 30, 2023.

Payables to the Investment Plan. At June 30, 2023, the College reported a payable of $63,757 for the outstanding amount of contributions to the Plan required for fiscal year ended June 30, 2023.

12. Construction Commitments

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

Project Description	Total Commitment	Completed to Date	Balance Committed
Orange Park Campus Renovations - Building L	$ 5,082,085	$ 5,075,271	$ 6,814
St. Augustine Campus Renovations - Building V	2,399,970	2,399,970	-
Total	$ 7,482,055	$ 7,475,241	$ 6,814

13. Risk Management Programs

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College provided coverage for these risks primarily through the Florida College System Risk Management Consortium (Consortium), which was created under authority of Section 1001.64(27), Florida Statutes, by the boards of trustees of the Florida public colleges for the purpose of joining a cooperative effort to develop, implement, and participate in a coordinated Statewide college risk management program. The Consortium is self-sustaining through member assessments (premiums) and purchases excess insurance through commercial companies for claims in excess of specified amounts. Excess insurance from commercial companies provided coverage of up to $100 million to February 28, 2023, and up to $75 million from March 1, 2023, for property insurance. Insurance coverage obtained through the Consortium included fire and extended property, general and automobile liability, workers' compensation, health, life, and other liability coverage. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past 3 fiscal years.

14. 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:

Functional Classification	Amount
Instruction	$ 16,569,313
Public Services	420,053
Academic Support	3,980,203
Student Services	3,979,723
Institutional Support	8,140,456
Operation and Maintenance of Plant	10,184,149
Scholarships and Waivers	5,777,317
Depreciation	2,556,294
Auxiliary Enterprises	3,420,256
Total Operating Expenses	$ 55,027,764

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

	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service cost	$ 111,494	$ 107,673	$ 79,831	$ 62,459	$ 65,386	$ 72,927
Interest	57,415	53,523	71,836	57,630	53,825	48,219
Difference between expected and actual experience	-	212,718	-	260,385	-	-
Changes of assumptions or other inputs	(557,862)	(92,855)	245,427	164,768	(79,760)	(151,084)
Benefit Payments	(45,932)	(51,252)	(59,644)	(63,778)	(60,765)	(59,519)
Net change in total OPEB liability	(434,885)	229,807	337,450	481,464	(21,314)	(89,457)
Total OPEB Liability - beginning	2,569,454	2,339,647	2,002,197	1,520,733	1,542,047	1,631,504
Total OPEB Liability - ending	$ 2,134,569	$ 2,569,454	$ 2,339,647	$ 2,002,197	$ 1,520,733	$ 1,542,047
Covered-Employee Payroll	$ 16,773,752	$ 16,773,752	$ 15,660,287	$ 15,660,287	$ 15,896,035	$ 15,896,035
Total OPEB Liability as a percentage of covered-employee payroll	12.73%	15.32%	14.94%	12.79%	9.57%	9.70%

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

	2022 (1)	**2021** (1)	**2020** (1)	**2019** (1)
College's proportion of the FRS net pension liability	0.043924874%	0.044764932%	0.043331278%	0.042277680%
College's proportionate share of the FRS net pension liability	$ 16,343,583	$ 3,381,482	$ 18,780,414	$ 14,559,845
College's covered payroll (2)	$ 20,229,145	$ 19,463,011	$ 19,698,124	$ 18,513,474
College's proportionate share of the FRS net pension liability as a percentage of its covered payroll	80.79%	17.37%	95.34%	78.64%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	82.89%	96.40%	78.85%	82.61%

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

(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP because total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes.

Schedule of College Contributions – Florida Retirement System Pension Plan

	2023 (1)	**2022** (1)	**2021** (1)	**2020** (1)
Contractually required FRS contribution	$ 1,928,785	$ 1,918,622	$ 1,718,320	$ 1,289,149
FRS contributions in relation to the contractually required contribution	(1,928,785)	(1,918,622)	(1,718,320)	(1,289,149)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 20,548,443	$ 20,229,145	$ 19,463,011	$ 19,698,124
FRS contributions as a percentage of covered payroll	9.39%	9.48%	8.83%	6.54%

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

(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP because total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes.

2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)	2013 (1)
0.043257206%	0.042311196%	0.043366046%	0.045294300%	0.045560091%	0.035671013%
$ 13,029,295	$ 12,515,368	$ 10,949,960	$ 5,850,366	$ 2,779,836	$ 6,140,569
$ 18,489,074	$ 18,174,849	$ 18,293,849	$ 18,089,635	$ 17,939,087	$ 16,821,682
70.47%	68.86%	59.86%	32.34%	15.50%	36.50%
84.26%	83.89%	84.88%	92.00%	96.09%	88.54%

2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
$ 1,341,816	$ 1,260,976	$ 1,137,187	$ 1,098,667	$ 1,104,314	$ 997,959
(1,341,816)	(1,260,976)	(1,137,187)	(1,098,667)	(1,104,314)	(997,959)
$ -	$ -	$ -	$ -	$ -	$ -
$ 18,513,474	$ 18,489,074	$ 18,174,849	$ 18,293,849	$ 18,089,635	$ 17,939,087
7.25%	6.82%	6.26%	6.01%	6.10%	5.56%

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

	2022 (1)	**2021** (1)	**2020** (1)	**2019** (1)
College's proportion of the HIS net pension liability	0.055160434%	0.054976814%	0.056851222%	0.055390690%
College's proportionate share of the HIS net pension liability	$ 5,842,371	$ 6,743,733	$ 6,941,442	$ 6,197,664
College's covered payroll (2)	$ 20,229,145	$ 19,463,011	$ 19,698,124	$ 18,513,474
College's proportionate share of the HIS net pension liability as a percentage of its covered payroll	28.88%	34.65%	35.24%	33.48%
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

	2023 (1)	**2022** (1)	**2021** (1)	**2020** (1)
Contractually required HIS contribution	$ 341,104	$ 335,804	$ 323,360	$ 328,112
HIS contributions in relation to the contractually required HIS contribution	(341,104)	(335,804)	(323,360)	(328,112)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 20,548,443	$ 20,229,145	$ 19,463,011	$ 19,698,124
HIS contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.67%

(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.

2018 (1)	**2017** (1)	**2016** (1)	**2015** (1)	**2014** (1)	**2013** (1)
0.056572452%	0.057019833%	0.059101534%	0.059626812%	0.060377669%	0.057905038%
$ 5,987,692	$ 6,096,824	$ 6,888,039	$ 6,080,997	$ 5,645,459	$ 5,041,395
$ 18,489,074	$ 18,174,849	$ 18,293,849	$ 18,089,635	$ 17,939,087	$ 16,821,682
32.39%	33.55%	37.65%	33.62%	31.47%	29.97%
2.15%	1.64%	0.97%	0.50%	0.99%	1.78%

2019 (1)	**2018** (1)	**2017** (1)	**2016** (1)	**2015** (1)	**2014** (1)
$ 308,478	$ 307,697	$ 301,742	$ 303,885	$ 227,931	$ 206,834
(308,478)	(307,697)	(301,742)	(303,885)	(227,931)	(206,834)
$ -	$ -	$ -	$ -	$ -	$ -
$ 18,513,474	$ 18,489,074	$ 18,174,849	$ 18,293,849	$ 18,089,635	$ 17,939,087
1.67%	1.66%	1.66%	1.66%	1.26%	1.15%

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

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

Changes of Assumptions. The discount rate was increased from 2.16 percent to 3.54 percent based on a change in the Municipal Bond Index Rate.

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

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

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

Changes of Assumptions. In 2022, the municipal rate used to determine total pension liability increased from 2.16 percent to 3.54 percent. In addition, the election assumption for vested terminated members was updated from 20 percent to 50 percent to reflect recent experience.

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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 St. Johns River State College, 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 January 4, 2024, 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

Sherrill F. Norman, CPA
Tallahassee, Florida
January 4, 2024