STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

Report No. 2024-122
February 2024

BROWARD 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, Gregory Adam Haile, Esq. served as President of Broward College and the following individuals served as Members of the Board of Trustees:

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

The team leader was Ilene R. Gayle, CPA, and the audit was supervised by Yvonne McNaughton, 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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BROWARD 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 Broward 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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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 Broward College, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*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 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 February 2, 2024, on our consideration of the Broward 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
February 2, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

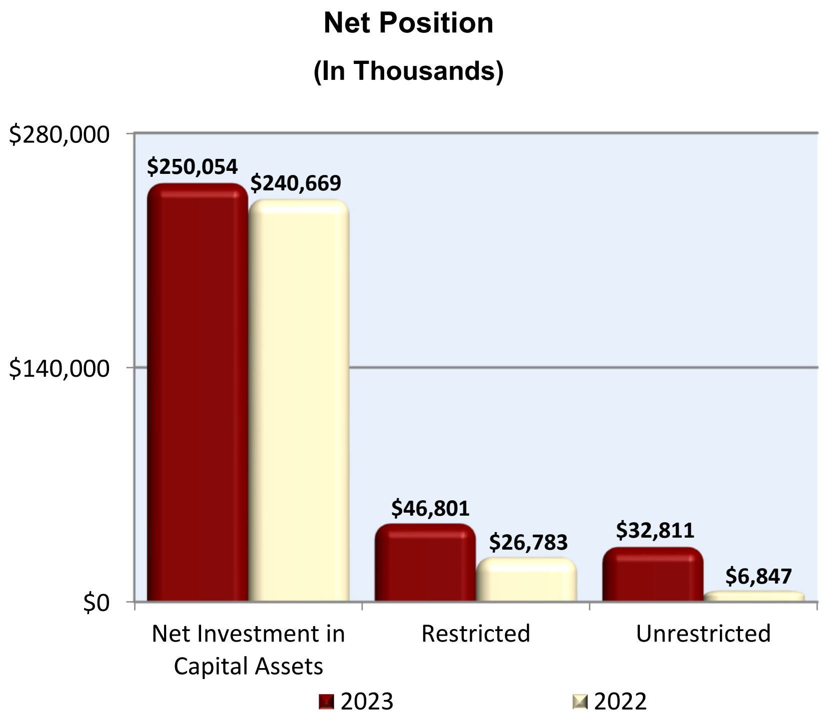
Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the College for the fiscal year ended June 30, 2023, and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto, are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

FINANCIAL HIGHLIGHTS

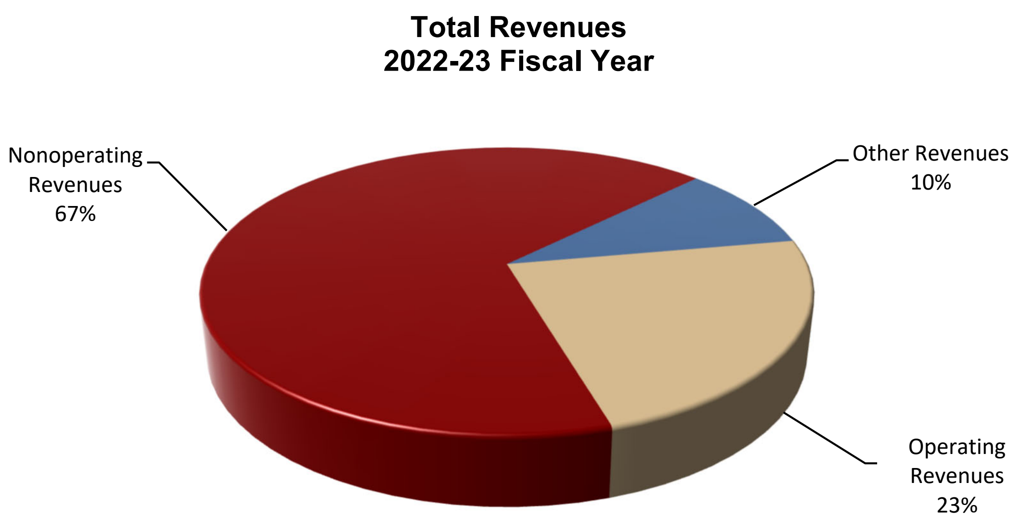
The College's assets and deferred outflows of resources totaled $520.8 million at June 30, 2023. This balance reflects a $53.6 million, or 11.5 percent, increase as compared to the 2021-22 fiscal year, resulting primarily from increases in cash and cash equivalents and due from other governmental agencies. While assets and deferred outflows of resources grew, liabilities increased by $46.6 million, or 39.3 percent, totaling $165.1 million resulting mainly from an increased net pension liability. Deferred inflows of resources decreased by $48.4 million, or 65.1 percent, totaling $26 million at June 30, 2023, mainly due to decreased deferred inflows of resources from Florida Retirement System (FRS) and Health Insurance Subsidy (HIS) pensions. As a result, the College's net position increased by $55.4 million, resulting in a year-end balance of $329.7 million.

The College's operating revenues totaled $79.8 million for the 2022-23 fiscal year, representing a 9.7 percent increase compared to the 2021-22 fiscal year due mainly to increases in Federal and nongovernmental grants and contracts. Operating expenses totaled $289.3 million for the 2022-23 fiscal year, representing a decrease of 12.4 percent as compared to the 2021-22 fiscal year due mainly to a decrease in scholarships and waivers.

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



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



OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to the Governmental Accounting Standards Board (GASB) Statement No. 35, the College's financial report consists of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The financial statements, and notes thereto, encompass the College and its component units. These component units include:

- Broward College Foundation, Inc. – Although legally separate, this component unit is important because the College is financially accountable for it, as the College reports its financial activities to the State of Florida.
- BCEduventures, Inc. – Began operations on July 1, 2017, to serve as a supporting organization to the College, a tax-exempt public charity under Title 26, Section 501(c)(3), United States Code. The organization was established to receive, hold, invest, and administer gifts and to make expenditures to, or for the benefit of the College.

Information regarding these component units is presented in the notes to financial statements. This MD&A focuses on the College, excluding the discretely presented component units.

The Statement of Net Position

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

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

Condensed Statement of Net Position at June 30

(In Thousands)

	2023	2022
Assets		
Current Assets	$ 110,468	$ 69,374
Capital Assets, Net	274,605	265,321
Other Noncurrent Assets	98,772	97,551
Total Assets	483,845	432,246
Deferred Outflows of Resources	36,909	34,946
Liabilities		
Current Liabilities	24,236	27,475
Noncurrent Liabilities	140,854	91,030
Total Liabilities	165,090	118,505
Deferred Inflows of Resources	25,998	74,388
Net Position		
Net Investment in Capital Assets	250,054	240,669
Restricted	46,801	26,783
Unrestricted	32,811	6,847
Total Net Position	$ 329,666	$ 274,299

Significant changes were the result of the following factors:

- The increase in current assets of $41.1 million is mainly due to increases in cash and cash equivalents and restricted cash and cash equivalents of $26.3 million, due from other governmental agencies of $14.9 million, and prepaid expenses of $2.4 million, offset by decreases in accounts receivable, net of $2 million and lease receivable, current of $0.9 million.
- The increase in noncurrent liabilities of $49.8 million is primarily due to an increase of $52.4 million in net pension liabilities related to GASB Statement No. 68, offset by decreases of $1.6 million in other postemployment benefits (OPEB) payable related to GASB Statement No. 75, and $1 million in bonds payable.
- The decrease in deferred inflows of resources of $48.4 million is associated with FRS and HIS pensions.
- The increase of restricted net position of $20 million is primarily due to the appropriation of deferred maintenance funding for capital projects.
- The increase of unrestricted net position of $26 million is primarily due to an increase in revenue over expenditures in the unrestricted fund as the College continued to perform well in its primary operations by closely monitoring expenses.

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

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

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

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

(In Thousands)

	2022-23	2021-22
Operating Revenues	$ 79,815	$ 72,759
Less, Operating Expenses	289,268	330,188
Operating Loss	(209,453)	(257,429)
Net Nonoperating Revenues	231,882	277,345
Income Before Other Revenues	22,429	19,916
Other Revenues	32,938	8,979
Net Increase In Net Position	55,367	28,895
Net Position, Beginning of Year	274,299	245,404
Net Position, End of Year	$ 329,666	$ 274,299

The increase in other revenues of $24 million is primarily due to the appropriation of deferred maintenance funding for capital projects.

Operating Revenues

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

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

Operating Revenues
For the Fiscal Years

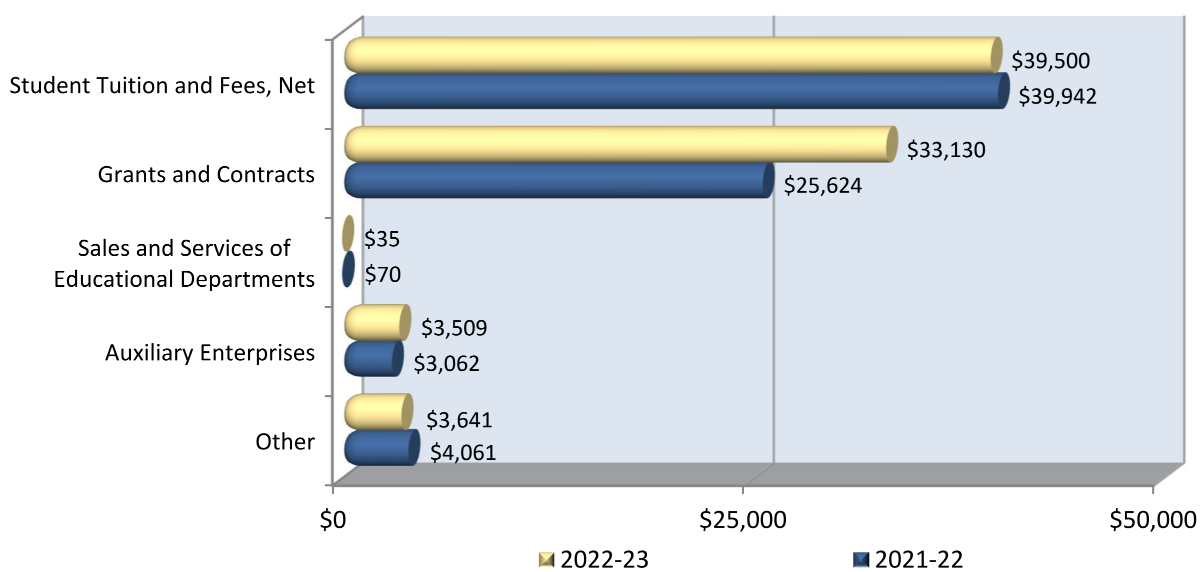
(In Thousands)

	2022-23	**2021-22**
Student Tuition and Fees, Net	$ 39,500	$ 39,942
Grants and Contracts	33,130	25,624
Sales and Services of Educational Departments	35	70
Auxiliary Enterprises	3,509	3,062
Other	3,641	4,061
Total Operating Revenues	$ 79,815	$ 72,759

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 increases in Federal grants and contracts of $4.8 million and nongovernmental grants and contracts of $3.3 million.

Operating Expenses

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

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

Operating Expenses
For the Fiscal Years

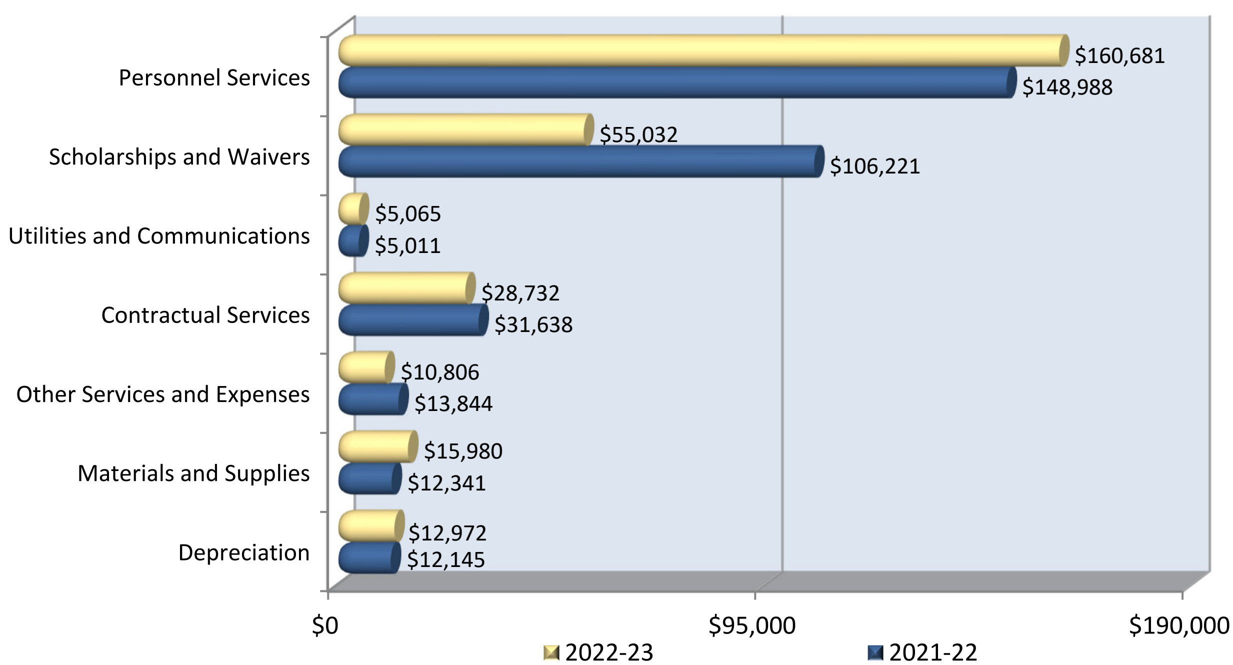
(In Thousands)

	2022-23	**2021-22**
Personnel Services	$ 160,681	$148,988
Scholarships and Waivers	55,032	106,221
Utilities and Communications	5,065	5,011
Contractual Services	28,732	31,638
Other Services and Expenses	10,806	13,844
Materials and Supplies	15,980	12,341
Depreciation	12,972	12,145
Total Operating Expenses	$ 289,268	$330,188

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 the result of the following factors:

- Scholarships and waivers decreased by $51.2 million, or 48.2 percent, mainly due to decreases in funding of the American Rescue Plan (HEERF III) and the Coronavirus Aid, Relief, and

Economic Security Act (CARES) Supplemental – Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) to support students.

- Materials and supplies increased by $3.6 million, or 29.5 percent, mainly due to an increase in spending level for purchasing and upgrading software and hardware equipment and repair and maintenance.
- Other services and expenses decreased by $3 million primarily due to a decrease in spending from CARES Institutional Emergency Funds in support of the College operations.

Nonoperating Revenues and Expenses

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

Nonoperating Revenues (Expenses)
For the Fiscal Years

(In Thousands)

	2022-23	**2021-22**
State Noncapital Appropriations	$101,903	$ 96,209
Federal and State Student Financial Aid	79,275	131,289
Gifts and Grants	47,361	54,064
Investment Income	4,350	2,531
Net Loss on Investments	(40)	(5,806)
Other Nonoperating Revenues	14	19
Interest on Capital Asset-Related Debt	(981)	(961)
Net Nonoperating Revenues	$231,882	$277,345

College net nonoperating revenues decreased by $45.5 million mainly due to decreases in Federal and State student financial aid of $52 million, and gifts and grants of $6.7 million, offset by increases in State noncapital appropriations of $5.7 million, investment income of $1.8 million, and a reduction in net loss on investment of $5.8 million.

Other Revenues

This category is mainly 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	$ 810	$ 773
Capital Grants, Contracts, Gifts, and Fees	32,084	8,177
Other Revenues	44	29
Total	$ 32,938	$ 8,979

Other revenues increased by $24 million primarily due to the appropriation of the deferred maintenance funding for capital projects.

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	$ (193,693)	$ (263,168)
Noncapital Financing Activities	231,960	280,009
Capital and Related Financing Activities	(14,061)	(10,038)
Investing Activities	2,386	620
Net Increase in Cash and Cash Equivalents	26,592	7,423
Cash and Cash Equivalents, Beginning of Year	46,049	38,626
Cash and Cash Equivalents, End of Year	$ 72,641	$ 46,049

Major sources of funds came from State noncapital appropriations ($101.9 million), noncapital Federal and State student financial aid ($80.7 million), noncapital gifts and grants ($47.4 million), grants and contracts ($39.4 million), net student tuition and fees ($38 million), Federal Direct Loan receipts ($22.7 million), capital grants and gifts ($8.2 million), auxiliary enterprises ($3.4 million), and other receipts ($2.5 million). Major uses of funds were for payments to employees and for employee benefits ($154.3 million), to providers of goods and services ($62.5 million), payments for scholarships

($55 million), purchases of capital assets ($22.7 million), and Federal Direct Loan Program disbursements ($22.7 million).

The College's cash and cash equivalents increased by $26.6 million, or 57.8 percent, as compared to the prior fiscal year. The decrease of $69.5 million in net cash used by operations was primarily due to a reduction in payments for scholarships of $51.2 million, reduced payments for employees and employee benefits of $9.2 million, and an increase in grants and contracts of $22.3 million, offset by an increase of payments to suppliers of $8.9 million and decreases of other receipts of $3.2 million, and net tuition and fees of $1.1 million. The decrease of $48 million in net cash provided by noncapital financing activities was primarily due to decreases in Federal and State student financial aid of $50.6 million and gifts and grants received for other than capital or endowment purposes of $6.7 million, offset by increases in State noncapital appropriations of $5.7 million and other nonoperating receipts of $3.5 million. The increase in net cash used by capital and related financing activities of $4 million was primarily due to an increase in capital assets purchases of $10 million, offset by an increase of State capital appropriations of $1.6 million, and a reduction of principal paid on capital debt and leases of $4.5 million. Cash provided by investing activities increased by $1.8 million due to an increase in investment income.

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, the College had $528.6 million in capital assets, less accumulated depreciation of $254 million, for net capital assets of $274.6 million. Depreciation charges for the current fiscal year totaled $13 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	$ 12,551	$ 12,551
Construction in Progress	30,590	24,261
Software in Progress	4,783	4,783
Buildings	191,557	189,476
Other Structures and Improvements	13,079	13,785
Furniture, Machinery, and Equipment	2,709	1,608
Leasehold Improvements	216	235
Lease Assets	18,716	17,813
Software	404	809
Capital Assets, Net	$ 274,605	$ 265,321

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

Capital Expenses and Commitments

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

	Amount (In Thousands)
Total Committed	$ 49,377
Completed to Date	30,590
Balance Committed	$ 18,787

Additional information about the College's construction commitments is presented in the notes to financial statements.

Debt Administration

As of June 30, 2023, the College had $24.6 million in outstanding long-term debt, representing a decrease of $0.1 million, or 0.4 percent, from the prior fiscal year. The following table summarizes the outstanding long-term debt by type for the fiscal years ended June 30:

Long-Term Debt at June 30

(In Thousands)

	2023	2022
Capital Improvement Revenue Bonds	$ 5,835	$ 6,840
Leases Payable	18,716	17,813
Total	$ 24,551	$ 24,653

The State Board of Education issues capital outlay bonds on behalf of the College. During the 2022-23 fiscal year, there were no bond sales, debt repayments totaled $2.7 million, and the leases payable totaled $18.7 million. Additional information about the College's long-term debt is presented in the notes to financial statements.

Economic Factors That Will Affect the Future

The College's economic condition is closely tied to that of the State of Florida. State noncapital appropriations increased from $96.2 million in the 2021-22 fiscal year to $101.9 million in the 2022-23 fiscal year. As usual and customary, the College exercised a conservative approach to budgeting and spending while providing optimal services to the students.

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 Rabia Azhar, Vice President of Procurement and Chief Financial Officer, Broward College, 6400 NW 6th Way, Fort Lauderdale, Florida 33309.

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BROWARD COLLEGE
A Component Unit of the State of Florida
Statement of Net Position

June 30, 2023

	College	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 61,987,276	$ 4,522,193
Restricted Cash and Cash Equivalents	432,947	-
Accounts Receivable, Net	7,194,208	2,325,654
Leases Receivable	986,861	-
Notes Receivable, Net	681,331	-
Due from Other Governmental Agencies	35,591,662	-
Due from Component Units	63,939	-
Inventories	19,551	-
Prepaid Expenses	2,829,862	55,467
Deposits	680,376	-
Total Current Assets	110,468,013	6,903,314
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	10,221,068	-
Investments	58,827,449	119,356,067
Restricted Investments	9,794,147	-
Leases Receivable	19,929,228	-
Depreciable Capital Assets, Net	226,680,188	-
Nondepreciable Capital Assets	47,924,383	-
Total Noncurrent Assets	373,376,463	119,356,067
TOTAL ASSETS	483,844,476	126,259,381
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	5,373,955	-
Pensions	31,535,070	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	36,909,025	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	6,463,830	761,752
Salary and Payroll Taxes Payable	2,241,658	-
Retainage Payable	566,497	-
Due to Other Governmental Agencies	126,497	-
Due to College	-	1,568,700
Unearned Revenue	3,430,569	1,740,480
Estimated Insurance Claims Payable	4,369,421	-
Deposits Held for Others	2,986,208	107,000
Long-Term Liabilities - Current Portion:		
Bonds Payable	1,060,000	-
Unearned Lease Revenue	66,667	-
Leases Payable	1,793,677	-
Compensated Absences Payable	1,034,688	-
Other Postemployment Benefits Payable	95,677	-
Total Current Liabilities	24,235,389	4,177,932

	College	Component Units
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Bonds Payable	4,775,000	-
Unearned Lease Revenue	1,272,221	-
Leases Payable	16,922,330	-
Compensated Absences Payable	11,873,864	-
Other Postemployment Benefits Payable	8,965,798	-
Net Pension Liability	97,044,984	-
Total Noncurrent Liabilities	140,854,197	-
TOTAL LIABILITIES	165,089,586	4,177,932
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	5,303,546	-
Pensions	7,038,444	-
Lease Agreements	13,655,797	-
TOTAL DEFERRED INFLOWS OF RESOURCES	25,997,787	-
NET POSITION		
Net Investment in Capital Assets	250,053,564	-
Restricted:		
Nonexpendable:		
Endowment	1,128,823	43,852,783
Expendable:		
Grants and Loans	1,173,541	-
Scholarships	576,979	34,739,617
Capital Projects	43,882,916	-
Debt Service	38,983	-
Unrestricted	32,811,322	43,489,049
TOTAL NET POSITION	$ 329,666,128	$ 122,081,449

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

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BROWARD 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 Units
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $36,072,842	$ 39,499,640	$ -
Federal Grants and Contracts	16,230,698	-
State and Local Grants and Contracts	3,519,097	-
Nongovernmental Grants and Contracts	13,380,129	-
Sales and Services of Educational Departments	35,273	-
Auxiliary Enterprises	3,509,128	-
Other Operating Revenues	3,640,887	9,490,125
Total Operating Revenues	79,814,852	9,490,125
EXPENSES		
Operating Expenses:		
Personnel Services	160,680,825	-
Scholarships and Waivers	55,032,431	-
Utilities and Communications	5,065,023	-
Contractual Services	28,731,353	11,557,170
Other Services and Expenses	10,806,147	-
Materials and Supplies	15,980,125	-
Depreciation	12,971,909	-
Total Operating Expenses	289,267,813	11,557,170
Operating Loss	(209,452,961)	(2,067,045)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	101,902,784	-
Federal and State Student Financial Aid	79,274,832	-
Gifts and Grants	47,361,843	-
Investment Income (Loss)	4,350,346	(14,872,774)
Net Loss on Investments	(39,949)	-
Other Nonoperating Revenues	13,910	-
Interest on Capital Asset-Related Debt	(981,298)	-
Net Nonoperating Revenues (Expenses)	231,882,468	(14,872,774)
Income (Loss) Before Other Revenues and Expenses	22,429,507	(16,939,819)
State Capital Appropriations	810,400	-
Capital Grants, Contracts, Gifts, and Fees	32,083,940	-
Additions to Endowments	43,684	-
Other Expenses	-	(8,190)
Total Other Revenues and Expenses	32,938,024	(8,190)
Increase (Decrease) in Net Position	55,367,531	(16,948,009)
Net Position, Beginning of Year	274,298,597	139,029,458
Net Position, End of Year	$ 329,666,128	$ 122,081,449

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

BROWARD 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	$ 37,965,009
Grants and Contracts	39,445,482
Payments to Suppliers	(62,468,141)
Payments for Utilities and Communications	(5,065,023)
Payments to Employees	(113,970,251)
Payments for Employee Benefits	(40,281,873)
Payments for Scholarships	(55,031,476)
Collection on Loans to Students	8,836,471
Loans Issued to Students	(9,114,759)
Auxiliary Enterprises	3,431,583
Sales and Services of Educational Departments	35,273
Other Receipts	2,525,129
Net Cash Used by Operating Activities	(193,692,576)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	101,902,784
Federal and State Student Financial Aid	80,673,761
Federal Direct Loan Program Receipts	22,734,977
Federal Direct Loan Program Disbursements	(22,734,977)
Gifts and Grants Received for Other Than Capital or Endowment Purposes	47,361,843
Private Gifts for Endowment Purposes	43,684
Other Nonoperating Receipts	1,978,020
Net Cash Provided by Noncapital Financing Activities	231,960,092
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	1,576,618
Capital Grants and Gifts	8,151,385
Proceeds from Sale of Capital Assets	13,910
Purchases of Capital Assets	(22,720,295)
Principal Paid on Capital Debt and Leases	(101,618)
Interest Paid on Capital Debt and Leases	(981,298)
Net Cash Used by Capital and Related Financing Activities	(14,061,298)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Investments	(1,964,596)
Investment Income	4,350,346
Net Cash Provided by Investing Activities	2,385,750
Net Increase in Cash and Cash Equivalents	26,591,968
Cash and Cash Equivalents, Beginning of Year	46,049,323
Cash and Cash Equivalents, End of Year	$ 72,641,291

	College
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (209,452,961)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	12,971,909
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	1,988,078
Notes Receivable, Net (Loans to Students)	(278,288)
Due from Other Governmental Agencies	4,893,914
Due from Component Units	(46,743)
Due to Other Governmental Agencies	111,369
Inventories	(3,701)
Prepaid Expenses	(2,409,380)
Accounts Payable	(5,426,094)
Salaries and Payroll Taxes Payable	308,712
Unearned Revenue	1,651,082
Estimated Insurance Claims Payable	1,565,492
Deposits Held for Others	(1,227,127)
Compensated Absences Payable	(254,561)
Other Postemployment Benefits Payable	(1,782,966)
Net Pension Liability	52,204,726
Deferred Outflows of Resources Related to Other Postemployment Benefits	764,754
Deferred Inflows of Resources Related to Other Postemployment Benefits	1,852,222
Deferred Outflows of Resources Related to Pensions	(2,727,755)
Deferred Inflows of Resources Related to Pensions	(48,395,258)
NET CASH USED BY OPERATING ACTIVITIES	$ (193,692,576)

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES

Unrealized losses on investments were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	$ (39,949)

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

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

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

- Broward College Foundation, Inc. (Foundation): Although legally separate, this component unit is important because the College is financially accountable for it, as the College reports its financial activities to the State of Florida.
- BCEduventures, Inc. (BCEduventures): Began operations on July 1, 2017, to serve as a supporting organization to the College, a tax-exempt public charity under Title 26, Section 501(c)(3), United States Code. The organization was established to receive, hold, invest, and administer gifts and to make expenditures to, or for the benefit of, the College.

The College's component units as described above are also direct-support organizations as defined in Section 1004.70, Florida Statutes, and although legally separate from the College, are financially accountable to the College. The component units are managed independently, outside the College's budgeting process, and their powers are generally vested in a governing board pursuant to various State statutes. The component units receive, hold, invest, and administer property, and make expenditures to or for the benefit of the College.

The College's component units are audited by other auditors pursuant to Section 1004.70(6), Florida Statutes. The audited financial statements of each component unit are available to the public and can be obtained from the Vice President of Procurement and Chief Financial Officer, Broward College, 6400 NW 6th Way, Fort Lauderdale, Florida 33309. The financial data reported on the accompanying financial statements was derived from the Foundation and BCEduventures' audited financial statements for the fiscal year ended December 31, 2022.

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

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

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

The College's component units use the economic resources measurement focus and the accrual basis of accounting, and follows FASB standards of accounting and financial reporting for not-for-profit organizations.

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

The College's principal operating activity is instruction. Operating revenues and expenses generally include all fiscal transactions directly related to instruction as well as administration, academic support, student services, physical plant operations, and depreciation of capital assets. Nonoperating revenues include State noncapital appropriations, Federal and State student financial aid, and investment income. Interest on capital asset-related debt is a nonoperating expense. Other revenues generally include revenues for capital construction projects.

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

The statement of revenues, expenses, and changes in net position is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the difference between the stated charge for goods and services provided by the College and the amount that is actually paid by the student or the third party making payment on behalf of the student. The College calculated its tuition scholarship allowance by determining the amount of "coverage" applied from financial aid and other funds determined to be subject to tuition scholarship allowance as prescribed in NACUBO Advisory Report 2000-05. Under this method, the College determined amounts by identifying those student transactions where the student's classes or bookstore charges were paid by an applicable financial aid source. The College maintains a detailed record of this activity in the Credit and Collection activity file at the financial aid and student level.

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, and cash with the State Board of Administration (SBA) Florida PRIME investment pool. For reporting cash flows, the College considers all highly liquid investments with original maturities of 3 months or less, that are not held solely for income or profit, to be cash equivalents. Under this definition, the College considers amounts invested in the SBA Florida PRIME investment pool to be cash equivalents.

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

At June 30, 2023, the College reported as cash equivalents $103,886 in the Florida PRIME investment pool administered by the SBA pursuant to Section 218.405, Florida Statutes. The College's investments in the Florida PRIME investment pool, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The Florida PRIME investment pool carried a credit rating of AAAm by Standard & Poor's and had a weighted-average days to maturity (WAM) of 37 days as of June 30, 2023. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating-rate instruments. WAM measures the sensitivity of the Florida PRIME investment pool to interest rate changes. The investments in the Florida PRIME investment pool are reported at amortized cost.

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

Capital Assets. College capital assets consist of land, construction in progress, software in progress, buildings, other structures and improvements, furniture, machinery, and equipment, leasehold improvements, lease assets, and software. 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
- Leasehold Improvements – 20 years
- Leased Assets – 5 to 20 years
- Other Structures and Improvements – 10 years
- Software – 10 years
- Furniture, Machinery, and Equipment:
  - Computer Equipment – 3 years
  - Vehicles, Office Machines, and Educational Equipment – 5 years
  - Furniture – 7 years

Noncurrent Liabilities. Noncurrent liabilities include bonds payable, unearned lease revenue, leases payable, compensated absences payable, other postemployment benefits payable, and net pension liabilities that are not scheduled to be paid within the next fiscal year, as well as unearned lease revenue which will be amortized over 30 years.

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. Investments

The Board of Trustees has adopted a written investment policy providing that surplus funds of the College shall be invested in those institutions and instruments permitted under the provisions of Florida Statutes. Section 218.415(16), Florida Statutes, authorizes the College to invest in the Florida PRIME investment pool administered by the SBA; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits and savings accounts in qualified public depositories, as defined by Section 280.02, Florida Statutes; direct obligations of the United States Treasury; obligations of Federal agencies and instrumentalities; securities of, or interests in, certain open-end or closed-end management type investment companies; and other investments approved by the Board of Trustees as authorized by law. SBE Rule 6A-14.0765(3), Florida Administrative Code, provides that College loan, endowment, annuity, and life income funds may also be invested pursuant to Section 215.47, Florida Statutes. Investments authorized by Section 215.47, Florida Statutes, include bonds, notes, commercial paper, and various other types of investments.

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

Fair Value Measurement. The College 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).

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

Investments by fair value level	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)
Mutual Funds	
Equities	$ 10,683,283
Bonds	57,932,304
Cash Sweep	6,009
Total investments by fair value level	$ 68,621,596

Mutual Funds. The College's investments in mutual funds totaled $68,621,596 at June 30, 2023.

The College's Investment Policy Statement provides for a short-term investment pool, an intermediate-term investment pool, and a long-term investment pool. The primary objective of the short-term investment pool (funds needed for expenditures in one year or less) is to provide for preservation of capital and liquidity. The primary objectives for the intermediate-term investment pool are the preservation of capital and maximization of income without undue risk within the specific parameters specified in the investment policy. The primary objectives of the long-term investment pool (funds not expected to be needed as working capital and are not intermediate term) are to provide for long-term growth of principal and income without undue exposure to risk.

The following risks apply to these investments:

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College's investments in mutual funds have portfolios with average durations ranging from 0.80 years to 6.10 years.

Credit Risk: Credit risk is the risk that an issue or other counterparty will not fulfill its obligations. The College's investments in mutual funds at June 30, 2023, had portfolios having an average credit quality of between AAA and AA-.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the College will not be able to recover that value of investments of collateral securities that are in possession of an outside party. The College's investment policy provides that securities will be designated as an asset of the College and held in safekeeping by a third-party custodial bank, or other third-party custodial institution. The College's $68,621,596 investments in mutual funds are held by the safekeeping agent in the name of the College.

Component Unit Investments. Investments held by the Foundation at December 31, 2022, are reported at fair value as follows:

Investment Type	Amount
Marketable Securities Equities:	
Foreign	$ 30,914,386
Domestic	27,900,565
Other:	
Alternative Investments	42,064,455
Fixed Income	18,119,340
Money Market Funds	357,321
Total Component Unit Investments	$ 119,356,067

3. Accounts Receivable

Accounts receivable represent amounts for student fee deferments, various student services provided by the College, uncollected commissions for food service and vending machine sales, unused credit memos, and contract and grant reimbursements due from third parties, and leases receivable. The accounts receivable are reported net of a $674,427 allowance for doubtful accounts.

4. Notes Receivable

Notes receivable represent student loans made through a third party under the short-term loan program, financial aid overpayments, and fee deficiencies. Notes receivable are reported net of a $3,543,278 allowance for doubtful notes.

5. Leases Receivable

The College leases space to external parties for various terms under long-term, non-cancelable lease agreements. The leases expire on various dates ranging from 6 to 94 years. During the fiscal year ended June 30, 2023, lease revenue totaling $1,846,814, and interest revenue of $692,349 were recognized in accordance with GASB Statement No. 87, *Leases*. Total future minimum lease payments to be received under lessor agreements are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	$ 986,861	$ 525,991	$ 1,512,852
2025	939,148	573,704	1,512,852
2026	893,742	619,110	1,512,852
2027	850,531	662,321	1,512,852
2028	810,757	704,343	1,515,100
2029-2117	16,435,050	180,820,073	197,255,123
Total	$ 20,916,089	$ 183,905,542	$ 204,821,631

6. Due From Other Governmental Agencies

The amount due from other governmental agencies consists of $35,591,662 due from Federal and State funding sources, primarily $23,932,555 due from the State Government for deferred maintenance project funds, and $9,361,663 due from other agencies, including $1,320,450 due from the Federal Government for Pell grant and other Federal financial aid programs.

7. Due From and To Component Units/College

The amount due from component units consists of amounts owed to the College by the Foundation for scholarships and student aid and by BCEduventures for its accounts payable and accrued expenses. The College's financial statements are reported for the fiscal year ended June 30, 2023. The Foundation and BCEduventures' financial statements are reported for the fiscal year ended December 31, 2022. Accordingly, amounts reported by the College as due from component units on the statement of net position do not agree with amounts reported by the component units as due from the College.

8. 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	$ 12,551,113	$ -	$ -	$ 12,551,113
Software in Progress	4,782,821	-	-	4,782,821
Construction in Progress	24,261,350	17,293,790	10,964,691	30,590,449
Total Nondepreciable Capital Assets	$ 41,595,284	$ 17,293,790	$ 10,964,691	$ 47,924,383
Depreciable Capital Assets:				
Buildings	$ 356,015,465	$ 9,357,757	$ -	$ 365,373,222
Other Structures and Improvements	36,031,559	1,606,933	-	37,638,492
Furniture, Machinery, and Equipment	40,084,500	2,313,690	89,743	42,308,447
Leasehold Improvements	380,595	-	-	380,595
Lease Assets	28,321,518	2,653,765	66,749	30,908,534
Software	4,044,366	-	-	4,044,366
Total Depreciable Capital Assets	464,878,003	15,932,145	156,492	480,653,656
Less, Accumulated Depreciation:				
Buildings	166,538,523	7,278,113	-	173,816,636
Other Structures and Improvements	22,245,998	2,313,890	-	24,559,888
Furniture, Machinery, and Equipment	38,477,059	1,212,244	89,743	39,599,560
Leasehold Improvements	145,896	19,030	-	164,926
Lease Assets	10,508,893	1,750,385	66,749	12,192,529
Software	3,235,492	404,437	-	3,639,929
Total Accumulated Depreciation	241,151,861	12,978,099	156,492	253,973,468
Total Depreciable Capital Assets, Net	$ 223,726,142	$ 2,954,046	$ -	$ 226,680,188

Note: Additions to depreciation do not agree with depreciation expense due to an adjustment to accumulated depreciation relating to prior year's implementation of GASB Statement No. 87, *Leases*.

9. Unearned Revenue

Unearned revenue at June 30, 2023, includes student tuition and fees received prior to fiscal year end related to subsequent accounting periods and grant revenues received in advance. As of June 30, 2023, the College reported the following amounts as unearned revenue:

Description	Amount
Grant Revenues	$ 2,818,021
Student Tuition and Fees	612,548
Total Unearned Revenue	$ 3,430,569

10. 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
Bonds Payable	$ 6,840,000	$ -	$ 1,005,000	$ 5,835,000	$ 1,060,000
Unearned Lease Revenue	1,405,555	-	66,667	1,338,888	66,667
Leases Payable	17,812,625	2,647,578	1,744,196	18,716,007	1,793,677
Compensated Absences Payable	13,163,113	1,788,822	2,043,383	12,908,552	1,034,688
Other Postemployment Benefits Payable	10,844,441	1,117,362	2,900,328	9,061,475	95,677
Net Pension Liability	44,840,258	84,651,406	32,446,680	97,044,984	-
Total Long-Term Liabilities	$ 94,905,992	$ 90,205,168	$ 40,206,254	$ 144,904,906	$ 4,050,709

Bonds Payable. Bonds were issued to finance capital outlay projects of the College. The following is a description of the bonded debt issue:

- Capital Improvement Revenue Bonds, Series 2018A. These bonds are authorized by Article VII, Section 11(d) of the Florida Constitution; Sections 215.57 through 215.83 and 1009.23, Florida Statutes; and other applicable provisions of law. Principal and interest on these bonds were issued to refund the Series 2008A bonds and are secured by and payable solely from a first lien pledge of the capital improvement fees collected pursuant to Section 1009.23(11), Florida Statutes, by the Series 2018A participating colleges on a parity with any additional bonds issued subsequent to the issuance of the Series 2018A bonds. The Series 2018A bonds will share the lien of such additional bonds on the Series 2018A pledged revenues and on the revenues pledged by the colleges participating in such additional bonds. The bonds were issued for the construction of a multi-level parking garage at the College's Central Campus.

The College had the following bonds payable at June 30, 2023:

Bond Type	Amount Outstanding	Interest Rate (Percent)	Annual Maturity To
Florida Department of Education Capital Improvement Revenue Bonds: Series 2018A	$ 5,835,000	5.0	2028

Annual requirements to amortize all bonded debt outstanding as of June 30, 2023, are as follows:

Fiscal Year Ending June 30	Capital Improvement Revenue Bonds Principal	Interest	Total
2024	$ 1,060,000	$ 291,750	$ 1,351,750
2025	1,110,000	238,750	1,348,750
2026	1,160,000	183,250	1,343,250
2027	1,220,000	125,250	1,345,250
2028	1,285,000	64,250	1,349,250
Total	$ 5,835,000	$ 903,250	$ 6,738,250

Leases Payable. The College follows GASB Statement No. 87, *Leases*. Space and vehicles are leased from external parties for various terms under long-term, non-cancelable agreements. These leases expire on various dates ranging from 1 to 14 years. Vehicles, a facility for a learning center (Miramar West Center), buildings (Aviation Annex and YMCA 4th Floor), and equipment in the amount of $30,908,534 were acquired under the lease agreements. The imputed interest rate is 5 percent. Future minimum payments under the lease agreements and the present value of the minimum payments as of June 30, 2023, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	$ 1,793,677	$ 750,692	$ 2,544,369
2025	2,007,779	1,043,120	3,050,899
2026	1,936,176	1,179,228	3,115,404
2027	1,843,923	1,298,298	3,142,221
2028	1,663,440	1,389,470	3,052,910
2029-2033	7,514,525	8,759,773	16,274,298
2034-2037	1,956,487	3,079,726	5,036,213
Total Minimum Lease Payments	$ 18,716,007	$ 17,500,307	$ 36,216,314

Unearned Lease Revenue. The College leased land in Miramar, Florida, to a third party pursuant to a ground lease agreement dated August 9, 2013, with terms extending 30 years. The lease was prepaid in August 2013 by the third party to the College for the sum of $2,000,000, which is being amortized over the life of the agreement. The unearned lease revenue amount held by the College totaled $1,338,888 at June 30, 2023, of which $66,667 was reported as current.

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 $12,908,552. The current portion of the compensated absences liability, $1,034,688, is the amount expected to be paid in the coming fiscal year and represents a historical percentage of leave used applied to total accrued leave liability.

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 College.

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 College. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the College are eligible to participate in the College's health and hospitalization plan for medical and prescription drug insurance coverage. The College subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. The College does not offer any explicit subsidies for retiree coverage. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible. The OPEB Plan contribution requirements and benefit terms of the College and the OPEB Plan members are established and may be amended by action from the Board. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

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

Employees Covered by Benefit Terms. At June 30, 2021, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	33
Inactive Employees Entitled to But Not Yet Receiving Benefits	55
Active Employees	1,290
Total	1,378

Total OPEB Liability

The College's total OPEB liability of $9,061,475 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, average, including inflation
Wage inflation	3.25 percent
Salary increases	
Regular Employees	3.40 to 7.80 percent
Senior Employees	4.10 to 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	$ 10,844,441
Changes for the year:	
Service Cost	825,310
Interest	249,028
Differences Between Expected and Actual Experience	43,024
Changes in Assumptions or Other Inputs	(2,617,440)
Benefit Payments	(282,888)
Net Changes	(1,782,966)
Balance at 6/30/23	$ 9,061,475

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	$10,866,217	$9,061,475	$7,646,602

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	$7,283,763	$9,061,475	$11,465,258

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 $936,962. 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	$ 4,039,104	$ 38,974
Change of assumptions or other inputs	1,239,174	5,264,572
Transactions subsequent to the measurement date	95,677	-
Total	$ 5,373,955	$ 5,303,546

Of the total amount reported as deferred outflows of resources related to OPEB, $95,677 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 ending 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	$ (144,651)
2025	(144,651)
2026	(144,651)
2027	(135,329)
2028	(100,577)
Thereafter	644,591
Total	$ (25,268)

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 $97,044,984. Note 11. includes a complete discussion of defined benefit pension plans.

11. Retirement Plans – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS)

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 121, Florida Statutes, also provides for nonintegrated, optional retirement programs in lieu of the FRS to certain members of the

Senior Management Service Class employed by the State and faculty and specified employees of State colleges. Chapter 112, Florida Statutes, established the HIS Program, a cost-sharing multiple-employer defined benefit pension plan to assist retired members of any State-administered retirement system in paying the costs of health insurance.

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

The College's FRS and HIS pension expense totaled $10,944,697 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 $8,340,901 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 $70,928,418 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 0.190626611 percent, which was a decrease of 0.000328865 from its proportionate share measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the College recognized pension expense of $9,877,527. 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	$ 3,368,690	$ -
Change of assumptions	8,735,131	-
Net difference between projected and actual earnings on FRS Plan investments	4,683,394	-
Changes in proportion and differences between College FRS contributions and proportionate share of contributions	2,038,211	1,421,219
College FRS contributions subsequent to the measurement date	8,340,901	-
Total	$ 27,166,327	$ 1,421,219

The deferred outflows of resources totaling $8,340,901, 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	$ 4,182,684
2025	1,677,761
2026	(1,289,910)
2027	12,204,003
2028	629,669
Total	$ 17,404,207

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	$122,665,823	$70,928,418	$27,669,792

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 $988,205 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2023.

<u>HIS Pension Plan</u>

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

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

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2023, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The College contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The College's contributions to the HIS Plan totaled $1,522,083 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 $26,116,566 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 0.246578167 percent, which was a decrease of 0.001379556 from its proportionate share measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the College recognized pension expense of $1,067,170. 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	$ 792,699	$ 114,915
Change of assumptions	1,497,018	4,040,216
Net difference between projected and actual earnings on HIS Plan investments	37,811	-
Changes in proportion and differences between College HIS contributions and proportionate share of HIS contributions	519,132	1,462,094
College contributions subsequent to the measurement date	1,522,083	-
Total	$ 4,368,743	$ 5,617,225

The deferred outflows of resources totaling $1,522,083, 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	$ (637,104)
2025	(408,589)
2026	(269,080)
2027	(523,937)
2028	(669,356)
Thereafter	(262,499)
Total	$ (2,770,565)

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	$29,879,496	$26,116,566	$23,002,819

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 $147,725 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2023.

12. Retirement Plans – Defined Contribution Pension Plans

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. College employees already participating in the State College System Optional Retirement Program or DROP are not eligible to participate in the

Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions rates, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2022-23 fiscal year were as follows:

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 $3,537,492 for the fiscal year ended June 30, 2023.

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

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

The College's contributions to the Program totaled $327,271 and employee contributions totaled $232,113 for the 2022-23 fiscal year.

13. Construction Commitments

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

Project Description	Total Commitment	Completed to Date	Balance Committed
Central Campus:			
Building 10, 17, 19, 20, 27, & BioTech Lab Remodel	$ 8,019,072	$ 6,619,743	$ 1,399,329
Building 1008 & 9 Elevator Upgrade	1,007,945	865,927	142,018
IPS Canopies and Driving Range Relocation	3,889,140	284,947	3,604,193
Drainage Master Plan Study and Campus Backflows	595,406	316,225	279,181
Exterior Waterproofing and Painting Phase 1 and Phase 2	2,760,809	881,625	1,879,184
Relocate Primary Utility Location and Waterwell Chiller Plant	4,648,572	2,863,572	1,785,000
Network Access, Network Environmental, and Network Security	5,130,000	5,011,325	118,675
YMCA and Tigertail Ropes Course and Academy Offices	1,071,771	829,568	242,203
Parking Garage Concrete Repairs and Circulation Improvements	1,550,000	101,766	1,448,234
Building 8 Window Replacement and Stage Chair Lift	565,984	483,972	82,012
Building 9 Communication ESL Lobby Renovation Project	88,659	74,607	14,052
Building 23 Remediate Roof Soffit	350,000	237,786	112,214
North Campus:			
Chiller Upgrade, Cooling Tower Replacement, and Handler Replace	4,360,301	3,454,605	905,696
Building 46 Turnaround/Dropoff and Stormwater Master Plan	1,141,959	707,801	434,158
Building 41 Renovations	125,000	90,095	34,905
Seahawk Marketplace	67,995	67,995	-
South Campus:			
Demo of Modular Buildings and Stormwater Management	1,936,908	1,889,626	47,282
Building 68 Addition and Renovations	2,217,741	2,141,479	76,262
Building 70 Fire Sprinkler System	210,250	1,265	208,985
Aviation Hanger	4,358,885	570,660	3,788,225
Seahawk Marketplace	91,054	71,713	19,341
Cypress:			
Fuel Tank Replacement	209,634	44,080	165,554
Miramar:			
Miramar West Re-roof	612,164	2,340	609,824
College-wide:			
Signage and Wayfinding Upgrade	998,500	311,548	686,952
Emergency Phone and Window Replacement	815,762	672,490	143,272
Electrical Upgrades and Restroom Renovations	269,280	100,342	168,938
Cooling of Data Closet Phase 1 and Phase 2	2,284,529	1,893,347	391,182
Total	$ 49,377,320	$ 30,590,449	$ 18,786,871

14. Risk Management Programs

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College provided coverage for these risks primarily through the Florida College System Risk Management Consortium (Consortium), 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, and other liability coverage. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past 3 fiscal years.

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

Self-Insured Program. The Board has established an individual self-insured program to provide group health insurance for its employees, retirees, former employees, and their dependents. The College's liability was limited by excess reinsurance to $340,000 per insured person for the 2022-23 fiscal year. The plan is provided by an insurance company licensed by the Florida Office of Insurance Regulation. The College contributes employee premiums as a fringe benefit. Employee dependent coverage is by payroll deduction and coverage for retirees, former employees, and their dependents is by prepaid premium.

The College reports a liability when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The liability includes an amount for claims that have been incurred, but not reported, and an amount for claims administration expense. Because the actual claims liability depends on such complex factors as inflation, change in legal doctrines, and damage awards, the process used in computing the claims liability does not necessarily result in an exact amount. The College reevaluates the claims liability periodically and the claims liability totaled $4,369,421 as of June 30, 2023. Amounts held by the College in excess of the estimated insurance claims liability at June 30, 2023, totaled $1,584,546 and are classified as insurance claim deposits. The College will use these amounts to pay claims incurred in future fiscal years.

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

Fiscal Year	Beginning of Fiscal Year	Claims and Changes in Estimates	Claims Payments	End of Fiscal Year
2021-22	$ 4,160,785	$20,088,315	$21,445,171	$ 2,803,929
2022-23	2,803,929	20,406,530	18,841,038	4,369,421

15. Functional Distribution of Operating Expenses

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

Functional Classification	Amount
Instruction	$ 97,663,510
Public Services	96,472
Academic Support	22,077,674
Student Services	38,111,387
Institutional Support	41,640,814
Operation and Maintenance of Plant	16,217,544
Scholarships and Waivers	55,032,431
Depreciation	12,971,909
Auxiliary Enterprises	5,456,072
Total Operating Expenses	$ 289,267,813

16. Fiscal Agent for the Higher Education Technology Group

Effective July 2, 2002, the College was elected fiscal agent for the Higher Education Technology Group (HETGroup). As fiscal agent, the College is responsible for receiving, disbursing, and administering all moneys due or payable from the HETGroup and for certain personnel functions. For the 2022-23 fiscal year, HETGroup revenues and expenses totaled $725,559 and $937,450, respectively, on the Statement of Revenues, Expenses, and Changes in Net Position. At June 30, 2023, net assets of HETGroup totaling $448,963 were held in the College's Current Restricted Fund.

17. Related Party Transactions

The Foundation utilized certain facilities and professional services provided by the College. The estimated fair value of donated services and other general administrative costs amounted to $1,160,435 and $194,557, respectively, for the fiscal year ended December 31, 2022, and are included in the accompanying Statement of Revenues, Expenses, and Changes in Net Position of the component unit as both revenue and expense.

BCEduventures, Inc. recorded approximately $11,000 related to the use of donated facilities for the fiscal year ended December 31, 2022. This amount is reflected in the accompanying Statement of Revenues, Expenses, and Changes in Net Position of the component unit as both revenue and expense.

18. Discretely Presented Component Units

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

Condensed Statement of Net Position

	Direct-Support Organizations		
	Foundation	BCEduventures	Total
Assets:			
Current Assets	$ 5,027,096	$ 1,876,218	$ 6,903,314
Other Noncurrent Assets	119,356,067	-	119,356,067
Total Assets	124,383,163	1,876,218	126,259,381
Liabilities:			
Current Liabilities	3,765,702	412,230	4,177,932
Net Position:			
Restricted Nonexpendable	43,852,783		43,852,783
Restricted Expendable	34,451,860	287,757	34,739,617
Unrestricted	42,312,818	1,176,231	43,489,049
Total Net Position	$ 120,617,461	$ 1,463,988	$ 122,081,449

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

	Direct-Support Organizations		
	Foundation	BCEduventures	Total
Operating Revenues	$ 8,590,491	$ 899,634	$ 9,490,125
Operating Expenses	(10,761,212)	(795,958)	(11,557,170)
Operating Income (Loss)	(2,170,721)	103,676	(2,067,045)
Net Nonoperating Expenses:			
Nonoperating Expenses	(14,872,774)	-	(14,872,774)
Other Expenses and Losses	(8,190)	-	(8,190)
Increase (Decrease) in Net Position	(17,051,685)	103,676	(16,948,009)
Net Position, Beginning of Year	137,669,146	1,360,312	139,029,458
Net Position, End of Year	$ 120,617,461	$ 1,463,988	$ 122,081,449

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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	$ 825,310	$ 437,084	$ 337,555	$ 583,192	$ 611,938	$ 685,702
Interest	249,028	126,253	160,817	301,543	270,273	229,131
Difference between expected and actual experience	43,024	4,080,784	370,430	(65,262)	343,892	510,219
Changes of assumptions or other inputs	(2,617,440)	1,055,111	505,119	(3,827,231)	(495,148)	(906,097)
Benefit Payments	(282,888)	(259,640)	(448,754)	(603,021)	(460,823)	(617,331)
Net change in total OPEB liability	(1,782,966)	5,439,592	925,167	(3,610,779)	270,132	(98,376)
Total OPEB Liability - beginning	10,844,441	5,404,849	4,479,682	8,090,461	7,820,329	7,918,705
Total OPEB Liability - ending	$ 9,061,475	$ 10,844,441	$ 5,404,849	$ 4,479,682	$ 8,090,461	$ 7,820,329
Covered-Employee Payroll	$ 78,929,334	$ 78,929,334	$ 81,429,290	$ 79,361,097	$ 80,551,706	$ 78,929,032
Total OPEB Liability as a percentage of covered-employee payroll	11.48%	13.74%	6.64%	5.64%	10.04%	9.91%

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	0.190626611%	0.190955476%	0.183355111%	0.193698729%
College's proportionate share of the FRS net pension liability	$ 70,928,418	$ 14,424,515	$ 79,468,807	$ 66,705,324
College's covered payroll (2)	$ 99,204,896	$ 97,371,981	$ 99,158,036	$ 99,498,447
College's proportionate share of the FRS net pension liability as a percentage of its covered payroll	71.50%	14.80%	80.14%	67.04%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	82.89%	96.40%	78.85%	82.61%

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

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

Schedule of College Contributions – Florida Retirement System Pension Plan

	2023 (1)	**2022** (1)	**2021** (1)	**2020** (1)
Contractually required FRS contribution	$ 8,340,901	$ 8,134,384	$ 7,274,579	$ 6,092,078
FRS contributions in relation to the contractually required contribution	(8,340,901)	(8,134,384)	(7,274,579)	(6,092,078)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 99,600,407	$ 99,204,896	$ 97,371,981	$ 99,158,036
FRS contributions as a percentage of covered payroll	8.37%	8.20%	7.47%	6.14%

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

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

2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)	2013 (1)
0.187131207%	0.188443140%	0.188540696%	0.211733462%	0.202277239%	0.181763688%
$ 56,364,890	$ 55,740,216	$ 47,606,674	$ 27,348,216	$ 12,341,886	$ 31,289,620
$ 95,137,973	$ 94,963,577	$ 92,271,473	$ 94,997,752	$ 86,663,465	$ 81,539,356
59.25%	58.70%	51.59%	28.79%	14.25%	38.37%
84.26%	83.89%	84.88%	92.00%	96.09%	88.54%

2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
$ 6,006,058	$ 5,336,729	$ 4,905,639	$ 4,597,866	$ 5,162,242	$ 4,430,730
(6,006,058)	(5,336,729)	(4,905,639)	(4,597,866)	(5,162,242)	(4,430,730)
$ -	$ -	$ -	$ -	$ -	$ -
$ 99,498,447	$ 95,137,973	$ 94,963,577	$ 92,271,473	$ 94,997,752	$ 86,633,465
6.04%	5.61%	5.17%	4.98%	5.43%	5.11%

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	0.246578167%	0.247957723%	0.257147535%	0.266103367%
College's proportionate share of the HIS net pension liability	$ 26,116,566	$ 30,415,743	$ 31,397,295	$ 29,774,303
College's covered payroll (2)	$ 90,556,004	$ 88,209,230	$ 89,542,727	$ 88,831,855
College's proportionate share of the HIS net pension liability as a percentage of its covered payroll	28.84%	34.48%	35.06%	33.52%
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	$ 1,522,083	$ 1,492,006	$ 1,457,498	$ 1,481,821
HIS contributions in relation to the contractually required HIS contribution	(1,522,083)	(1,492,006)	(1,457,498)	(1,481,821)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 92,072,887	$ 90,556,004	$ 88,209,230	$ 89,542,727
HIS contributions as a percentage of covered payroll	1.65%	1.65%	1.65%	1.65%

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

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

2018 (1)	**2017** (1)	**2016** (1)	**2015** (1)	**2014** (1)	**2013** (1)
0.255070966%	0.256237917%	0.255605104%	0.268554023%	0.248345447%	0.242062413%
$ 26,996,997	$ 27,398,141	$ 29,789,717	$ 27,388,286	$ 23,220,905	$ 21,074,716
$ 83,469,166	$ 82,039,790	$ 79,338,446	$ 81,225,185	$ 73,259,441	$ 68,797,117
32.34%	33.40%	37.55%	33.72%	31.70%	30.63%
2.15%	1.64%	0.97%	0.50%	0.99%	1.78%

2019 (1)	**2018** (1)	**2017** (1)	**2016** (1)	**2015** (1)	**2014** (1)
$ 1,477,646	$ 1,385,590	$ 1,356,085	$ 1,310,139	$ 1,026,581	$ 850,748
(1,477,646)	(1,385,590)	(1,356,085)	(1,310,139)	(1,026,581)	(850,748)
$ -	$ -	$ -	$ -	$ -	$ -
$ 88,831,855	$ 83,469,166	$ 82,039,790	$ 79,338,446	$ 81,225,185	$ 73,259,441
1.66%	1.66%	1.65%	1.65%	1.26%	1.16%

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. In 2022, the Municipal Bond Index Rate used to determine the other postemployment benefit plan liability increased from 2.16 percent to 3.54 percent.

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

Changes of Assumptions. 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 to 50 percent to reflect recent experience.

AUDITOR GENERAL

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

INDEPENDENT AUDITOR'S REPORT 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 (*Government Auditing Standards*), the financial statements of the Broward College, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated February 2, 2024, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
February 2, 2024