STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

Report No. 2024-159
March 2024

TALLAHASSEE COMMUNITY COLLEGE

For the Fiscal Year Ended
June 30, 2023

Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the 2022-23 fiscal year, Dr. James T. Murdaugh served as President of Tallahassee Community College and the following individuals served as Members of the Board of Trustees:

	County
Eugene Lamb, Chair from 8-15-22, Vice Chair through 8-14-22	Gadsden
Jonathan A. Kilpatrick, Vice Chair from 8-15-22	Wakulla
Eric Grant through 8-14-22, [a] Chair	Leon
Frank S. Messersmith	Wakulla
Karen B. Moore	Leon
Monte Stevens	Leon
Charlie Ward Jr.	Leon

[a] Trustee position vacant from 8-15-22, through 6-30-23.

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

The team leader was Shirley Dong, CPA, and the audit was supervised by Maria G. Loar, 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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State of Florida Auditor General

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TALLAHASSEE COMMUNITY 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 Tallahassee Community College (a component unit of the State of Florida) were presented fairly, in all material respects, in accordance with prescribed financial reporting standards.

Summary of Report on Internal Control and Compliance

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

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

Audit Objectives and Scope

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

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

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

Audit Methodology

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

Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL
STATE OF FLORIDA

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

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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 Tallahassee Community 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 Tallahassee Community 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.

Emphasis of Matters

As discussed in Note 2. to the financial statements, the College adopted new accounting guidance Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, which is a change in accounting principle that addresses accounting and financial reporting for subscription-based information technology arrangements. In addition, as discussed in Note 3. to the financial statements, the College adjusted beginning net position to correct certain previously reported capital asset errors.

These matters affect the comparability of amounts reported for the 2022-23 fiscal year with amounts reported for the 2021-22 fiscal year. Our opinion is not modified with respect to these matters.

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 March 18, 2024, on our consideration of the Tallahassee Community 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
March 18, 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

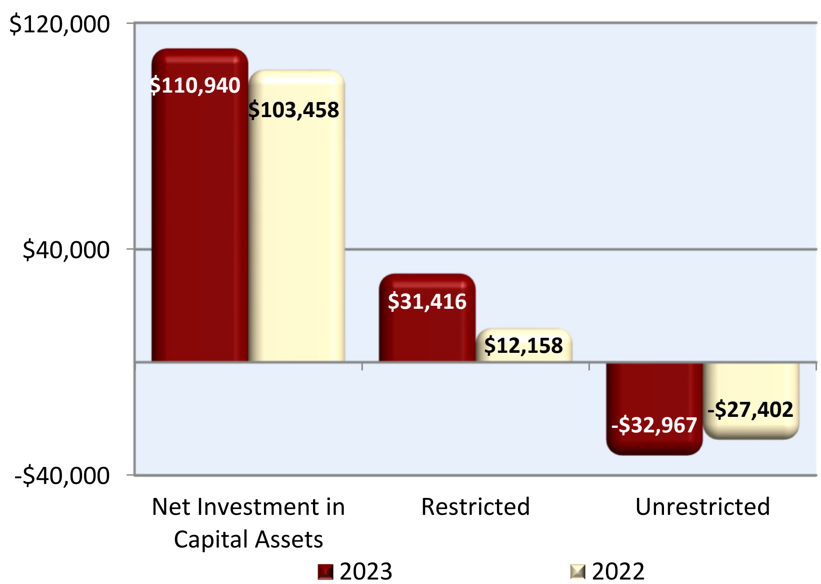
The College's assets and deferred outflows of resources totaled $201.6 million at June 30, 2023. This balance reflects a $20.8 million, or 11.5 percent, increase as compared to the 2021-22 fiscal year, resulting from an increase in current assets. While assets and deferred outflows of resources grew, liabilities and deferred inflows of resources totaled $92.2 million at June 30, 2023, representing a decrease of 0.4 percent as compared to the 2021-22 fiscal year. As a result, the College's net position increased by $21.2 million, resulting in a year-end balance of $109.4 million.

The College's operating revenues totaled $47.2 million for the 2022-23 fiscal year, representing a 16.4 percent increase compared to the 2021-22 fiscal year mainly from the increase in Federal grants and contracts. Operating expenses totaled $130.4 million for the 2022-23 fiscal year, representing a minimal increase of 0.4 percent as compared to the 2021-22 fiscal year.

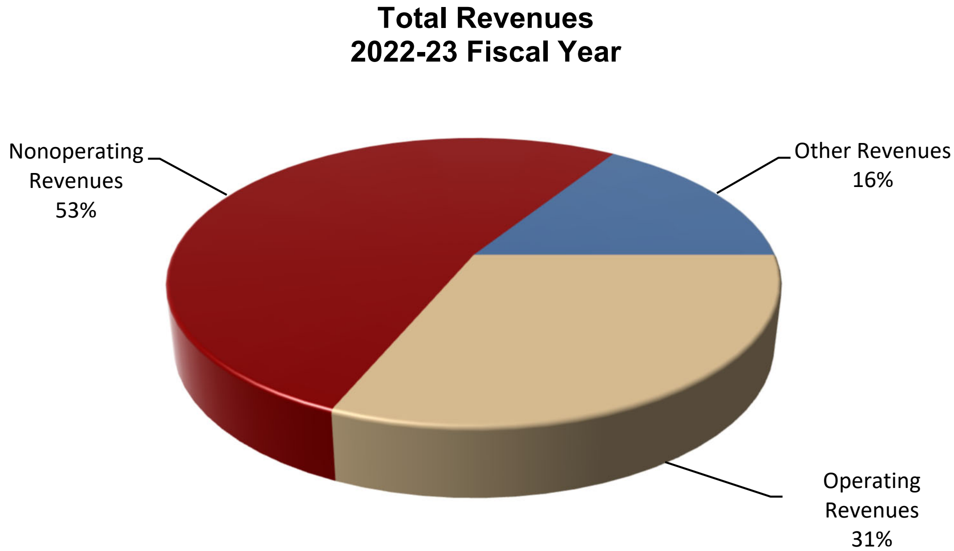
Net position represents the residual interest in the College's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The College's comparative total net position by category for the fiscal years ended June 30, 2023, and June 30, 2022, is shown in the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

Net Position

(In Thousands)



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



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 Tallahassee Community College Foundation, Inc. (Foundation) and Public Safety Academy Housing, Inc. (PSAH). Based on the application of the criteria for determining component units, the Foundation and the PSAH are included within the College reporting entity as discretely presented component units.

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

The Statement of Net Position

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

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

Condensed Statement of Net Position at June 30

(In Thousands)

	2023	2022
Assets		
Current Assets	$ 53,969	$ 39,746
Capital Assets, Net	123,324	117,689
Other Noncurrent Assets	7,575	7,578
Total Assets	184,868	165,013
Deferred Outflows of Resources	16,739	15,801
Liabilities		
Current Liabilities	22,099	21,584
Noncurrent Liabilities	60,911	41,426
Total Liabilities	83,010	63,010
Deferred Inflows of Resources	9,208	29,590
Net Position		
Net Investment in Capital Assets	110,940	103,458
Restricted	31,416	12,158
Unrestricted	(32,967)	(27,402)
Total Net Position	$ 109,389	$ 88,214

Current assets increased primarily due to a $17.3 million increase in due from other governmental agencies due to the State appropriation for deferred maintenance received in the current fiscal year. The $20 million increase in the College's total liabilities is primarily due to an increase in the College's proportionate share of the State of Florida net pension obligation. The $20.4 million decrease in deferred inflows of resources is primarily due to a decrease of deferred inflows of resources related to pensions. These changes along with others caused an increase of $21.2 million in total net position.

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	$ 47,249	$ 40,586
Less, Operating Expenses	130,363	129,886
Operating Loss	(83,114)	(89,300)
Net Nonoperating Revenues	78,553	95,496
Income (Loss) Before Other Revenues	(4,561)	6,196
Other Revenues	24,043	3,643
Net Increase In Net Position	19,482	9,839
Net Position, Beginning of Year	88,214	83,173
Adjustments to Beginning Net Position (1)	1,693	(4,798)
Net Position, Beginning of Year, as Restated	89,907	78,375
Net Position, End of Year	$ 109,389	$ 88,214

(1) Adjustments to beginning net position are due to College's decision to correct certain previously reported capital asset errors.

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

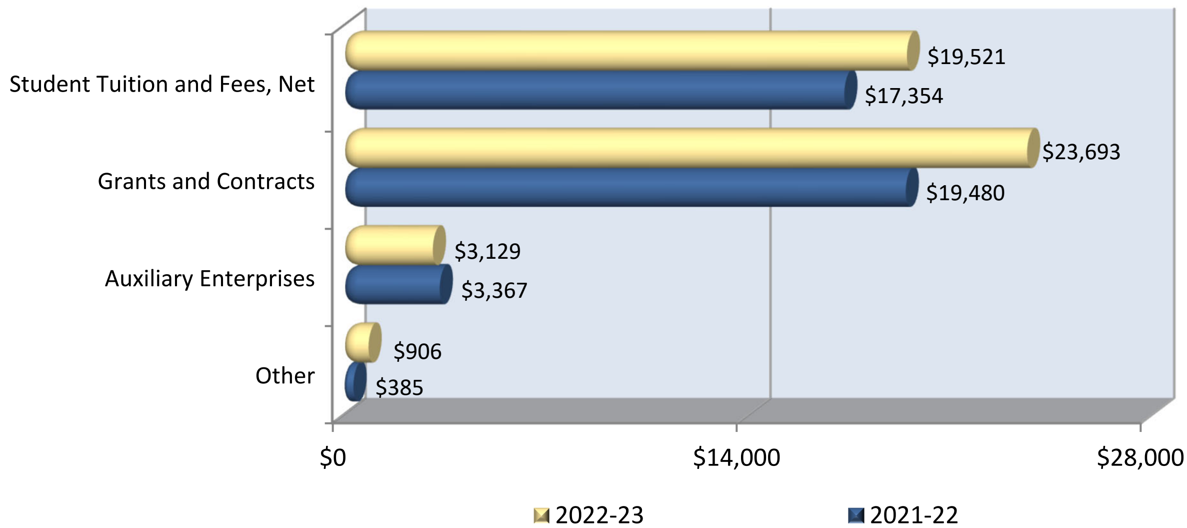
(In Thousands)

	2022-23	**2021-22**
Student Tuition and Fees, Net	$ 19,521	$ 17,354
Grants and Contracts	23,693	19,480
Auxiliary Enterprises	3,129	3,367
Other	906	385
Total Operating Revenues	$ 47,249	$ 40,586

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

Operating Revenues

(In Thousands)



College operating revenues increased by $6.7 million primarily as a result of a $6 million increase in Federal grants and contracts primarily due to the American Rescue Plan Act and the Coronavirus Response and Relief Supplemental Appropriations Act.

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.

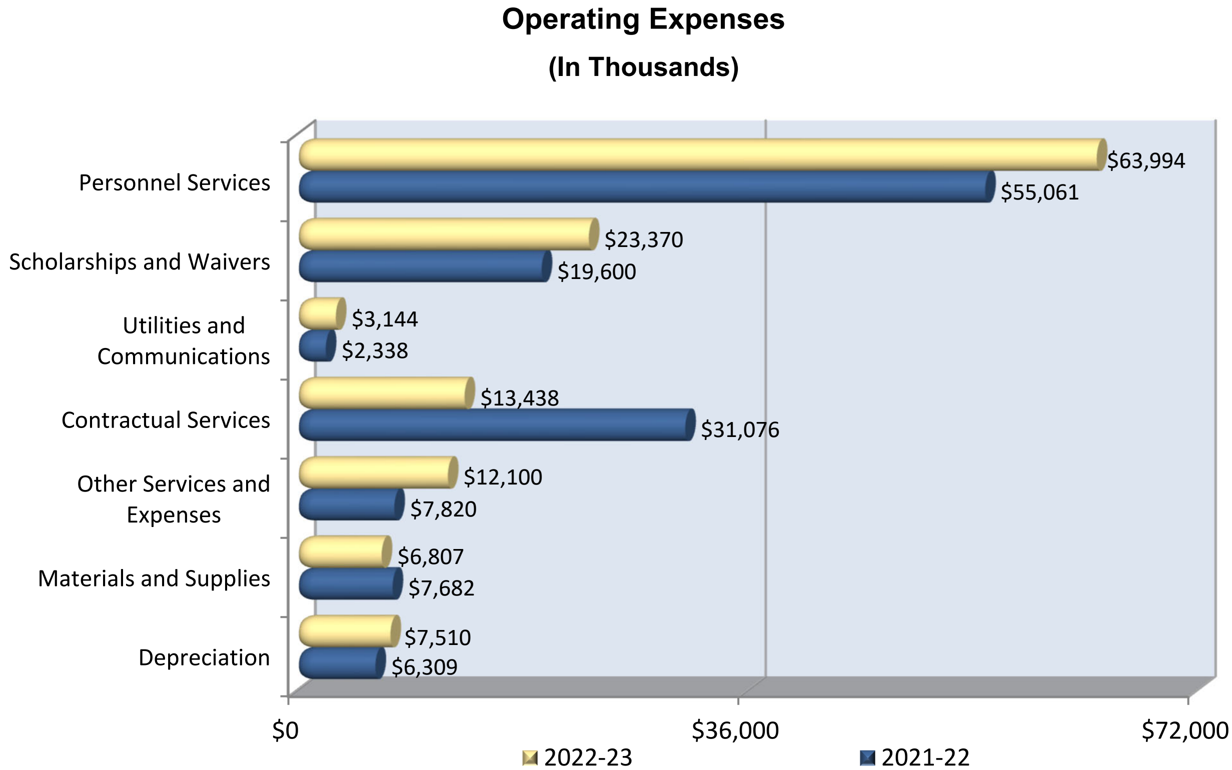
The following summarizes operating expenses by natural classification for the 2022-23 and 2021-22 fiscal years:

Operating Expenses
For the Fiscal Years

(In Thousands)

	2022-23	2021-22
Personnel Services	$ 63,994	$ 55,061
Scholarships and Waivers	23,370	19,600
Utilities and Communications	3,144	2,338
Contractual Services	13,438	31,076
Other Services and Expenses	12,100	7,820
Materials and Supplies	6,807	7,682
Depreciation	7,510	6,309
Total Operating Expenses	$ 130,363	$ 129,886

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



College operating expenses overall were consistent as compared to the prior fiscal year, but there have been some shifts in the components: personnel services increased by $8.9 million primarily due to the increase in pension expense, scholarships and waivers increased by $3.8 million, contractual services decreased by $17.6 million primarily due to a decrease in coronavirus pandemic support costs, and other services and expenses increased by $4.3 million.

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	$ 39,112	$ 36,319
Federal and State Student Financial Aid	27,295	42,773
Gifts and Grants	9,717	16,804
Investment Income	536	23
Gain on Disposal of Capital Assets	1,434	-
Other Nonoperating Revenues	1,218	-
Interest on Capital Asset-Related Debt	(759)	(339)
Other Nonoperating Expenses	-	(84)
Net Nonoperating Revenues	$ 78,553	$ 95,496

College nonoperating revenues decrease of $16.9 million is primarily due to a $15.5 million decrease in Federal and State student financial aid mainly due to decreases in Higher Education Emergency Relief Fund (HEERF) student awards, and a $7.1 million decrease in gifts and grants mainly due to decreases in HEERF institutional awards.

Other Revenues

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

Other Revenues
For the Fiscal Years

(In Thousands)

	2022-23	**2021-22**
State Capital Appropriations	$ 476	$ 476
Capital Grants, Contracts, Gifts, and Fees	23,567	3,167
Total	$ 24,043	$ 3,643

The increase in capital grants, contracts, gifts, and fees is due to the recognition of the PECO deferred maintenance revenue in the current fiscal year.

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	$(71,393)	$(85,340)
Noncapital Financing Activities	79,713	95,911
Capital and Related Financing Activities	(8,601)	(5,254)
Investing Activities	618	23
Net Increase in Cash and Cash Equivalents	337	5,340
Cash and Cash Equivalents, Beginning of Year	24,299	18,959
Cash and Cash Equivalents, End of Year	$ 24,636	$ 24,299

Major sources of funds came from State noncapital appropriations ($39.1 million), Federal and State student financial aid ($27.3 million), grants and contracts ($25.6 million), net student tuition and fees ($21.2 million), Federal Direct Loan program receipts ($14.1 million), capital grants and gifts ($4.5 million), and auxiliary enterprise receipts ($3 million). Major uses of funds were for payments to employees ($49.2 million), payments to suppliers ($31.2 million), payments for scholarships ($23.4 million), payments for employee benefits ($14.5 million), Federal Direct Loan program disbursements ($14.1 million), and purchase of capital assets ($11 million).

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, the College had $244.5 million in capital assets, less accumulated depreciation of $121.2 million, for net capital assets of $123.3 million. Depreciation charges for the current fiscal year totaled $7.5 million. The following table summarizes the College's capital assets, net of accumulated depreciation, at June 30:

Capital Assets, Net at June 30

(In Thousands)

	2023	2022
Land	$ 9,812	$ 9,812
Construction in Progress	3,145	3,715
Buildings	102,564	97,276
Other Structures and Improvements	509	604
Furniture, Machinery, and Equipment	3,911	3,354
Leased Assets	1,818	2,819
Subscription-Based Information Technology Arrangement	1,202	-
Computer Software	363	109
Capital Assets, Net	$ 123,324	$ 117,689

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

Capital Expenses and Commitments

Major capital expenses through June 30, 2023, were primarily incurred on the following projects: Ghazvini Solar Patio Panel System ($1.1 million); and Roof Restoration ($1.7 million). The College's construction commitments on June 30, 2023, are as follows:

	Amount (In Thousands)
Total Committed	$ 9,739
Completed to Date	3,145
Balance Committed	$ 6,594

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 $12.4 million in outstanding State Board of Education (SBE) capital outlay and capital improvement revenue bonds payable, installment purchase payable, leases payable, and subscription arrangement liability, representing a decrease of $1.6 million, or 11.7 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
Florida Department of Education		
Capital Improvement Revenue Bonds	$ 3,230	$ 3,940
SBE Capital Outlay Bonds	1,490	1,663
Note Payable	-	157
Installment Purchase Payable	5,024	5,424
Leases Payable	1,824	2,834
Subscription Arrangement Liability	816	-
Total	$ 12,384	$ 14,018

The SBE issues capital outlay bonds on behalf of the College. During the 2022-23 fiscal year, there were no bond sales and bond debt repayments totaled $0.9 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. The College's 2023-24 fiscal year budget was prepared with an anticipated increase in State funding relating to the implementation of a new funding model for the State College System. The planned increase of Florida College System Program Fund allocation is 16.5 percent over the prior fiscal year. Student enrollment is projected to increase, so the College's overall financial position is expected to be stable. The College has received over $19.6 million in revenue from the State to address deferred maintenance and building improvements projects. The operating revenues combined with significant State allocations to handle deferred maintenance will allow the College to continue to operate at current levels of service to students.

REQUESTS FOR INFORMATION

Questions concerning the information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Vice President for Administrative Services and Chief Business Officer, Tallahassee Community College, 444 Appleyard Drive, Tallahassee, Florida 32304.

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TALLAHASSEE COMMUNITY 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	$ 9,789,874	$ 152,282
Restricted Cash and Cash Equivalents	7,309,739	-
Investments	593,584	1,231,445
Accounts Receivable, Net	10,348,964	402,814
Due from Other Governmental Agencies	25,301,317	-
Due from Component Units	51,627	-
Inventories	29,379	-
Deposits Receivables	545,112	-
Total Current Assets	53,969,596	1,786,541
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	7,536,668	510,140
Restricted Investments	38,094	17,465,168
Depreciable Capital Assets, Net	110,366,236	4,710,629
Nondepreciable Capital Assets	12,957,663	-
Other Assets	-	831,614
Total Noncurrent Assets	130,898,661	23,517,551
TOTAL ASSETS	184,868,257	25,304,092
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	3,318,027	-
Pensions	13,421,455	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	16,739,482	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	2,689,177	109,405
Salary and Payroll Taxes Payable	1,785,936	-
Retainage Payable	266,822	-
Unearned Revenue	13,512,771	-
Long-Term Liabilities - Current Portion:		
Bonds Payable	937,000	-
Notes Payable	-	643,956
Installment Purchase Payable	425,601	-
Leases Payable	811,120	-
Subscription Arrangement Liability	435,956	-
Special Termination Benefits Payable	157,699	-
Compensated Absences Payable	1,076,709	-
Other Postemployment Benefits Payable	48	-
Total Current Liabilities	22,098,839	753,361

	College	Component Units
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Bonds Payable	3,783,000	-
Notes Payable	-	893,625
Installment Purchase Payable	4,597,866	-
Leases Payable	1,013,106	-
Subscription Arrangement Liability	380,288	-
Special Termination Benefits Payable	264,033	-
Compensated Absences Payable	4,041,413	-
Other Postemployment Benefits Payable	5,617,613	-
Net Pension Liability	41,213,689	-
Total Noncurrent Liabilities	60,911,008	893,625
TOTAL LIABILITIES	83,009,847	1,646,986
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	5,326,413	-
Pensions	3,882,064	-
TOTAL DEFERRED INFLOWS OF RESOURCES	9,208,477	-
NET POSITION		
Net Investment in Capital Assets	110,939,962	3,173,048
Restricted:		
Nonexpendable:		
Endowment	-	15,781,035
Expendable:		
Grants and Loans	8,205,356	-
Scholarships	576,926	3,126,821
Capital Projects	22,566,386	-
Debt Service	67,436	-
Unrestricted	(32,966,651)	1,576,202
TOTAL NET POSITION	$ 109,389,415	$ 23,657,106

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

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TALLAHASSEE COMMUNITY 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 $11,354,743	$ 19,520,993	$ -
Federal Grants and Contracts	12,878,680	-
State and Local Grants and Contracts	9,217,243	-
Nongovernmental Grants and Contracts	1,596,814	-
Sales and Services of Educational Departments	2,220	-
Auxiliary Enterprises	3,129,394	-
Other Operating Revenues	903,594	5,017,053
Total Operating Revenues	47,248,938	5,017,053
EXPENSES		
Operating Expenses:		
Personnel Services	63,993,967	426,929
Scholarships and Waivers	23,370,301	811,448
Utilities and Communications	3,143,642	-
Contractual Services	13,438,466	1,534,595
Other Services and Expenses	12,099,844	1,542,522
Materials and Supplies	6,806,825	146,454
Depreciation	7,510,237	240,138
Total Operating Expenses	130,363,282	4,702,086
Operating Income (Loss)	(83,114,344)	314,967
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	39,112,014	-
Federal and State Student Financial Aid	27,294,792	-
Gifts and Grants Received for Other Than Capital or Endowment Purposes	9,717,086	-
Investment Income (Loss)	536,442	(1,430,061)
Other Nonoperating Revenues	1,218,329	-
Gain on Disposal of Capital Assets	1,433,938	-
Interest on Capital Asset-Related Debt	(759,392)	(83,701)
Net Nonoperating Revenues (Expenses)	78,553,209	(1,513,762)
Loss Before Other Revenues	(4,561,135)	(1,198,795)
State Capital Appropriations	475,952	-
Capital Grants, Contracts, Gifts, and Fees	23,567,625	-
Total Other Revenues	24,043,577	-
Increase (Decrease) in Net Position	19,482,442	(1,198,795)
Net Position, Beginning of Year	88,214,116	24,855,901
Adjustment to Beginning Net Position	1,692,857	-
Net Position, Beginning of Year, as Restated	89,906,973	24,855,901
Net Position, End of Year	$ 109,389,415	$ 23,657,106

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

TALLAHASSEE COMMUNITY 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	$ 21,204,629
Grants and Contracts	25,563,160
Payments to Suppliers	(31,228,275)
Payments for Utilities and Communications	(3,143,642)
Payments to Employees	(49,187,401)
Payments for Employee Benefits	(14,542,550)
Payments for Scholarships	(23,370,301)
Collection on Loans to Students	40,516
Auxiliary Enterprises	3,010,245
Sales and Services of Educational Departments	2,220
Other Receipts	258,279
Net Cash Used by Operating Activities	(71,393,120)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	39,112,014
Federal and State Student Financial Aid	27,294,792
Federal Direct Loan Program Receipts	14,121,804
Federal Direct Loan Program Disbursements	(14,116,800)
Gifts and Grants Received for Other Than Capital or Endowment Purposes	13,301,513
Net Cash Provided by Noncapital Financing Activities	79,713,323
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	475,952
Capital Grants and Gifts	4,547,994
Proceeds from Sale of Capital Assets	1,433,938
Purchases of Capital Assets	(10,965,551)
Principal Paid on Capital Debt and Leases	(3,333,710)
Interest Paid on Capital Debt and Leases	(759,392)
Net Cash Used by Capital and Related Financing Activities	(8,600,769)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	618,194
Net Cash Provided by Investing Activities	618,194
Net Increase in Cash and Cash Equivalents	337,628
Cash and Cash Equivalents, Beginning of Year	24,298,653
Cash and Cash Equivalents, End of Year	$ 24,636,281

		College
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	$	(83,114,344)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense		7,510,237
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:		
Receivables, Net		1,541,812
Due from Other Governmental Agencies		1,870,423
Due from Component Units		48,694
Inventories		14,497
Deposits Receivable		(544,112)
Accounts Payable		1,116,860
Salaries and Payroll Taxes Payable		59,408
Deposits Held for Others		(101,203)
Special Termination Benefits Payable		68,338
Compensated Absences Payable		269,531
Other Postemployment Benefits Payable		(1,030,144)
Net Pension Liability		22,216,482
Deferred Outflows of Resources Related to Other Postemployment Benefits		754,829
Deferred Inflows of Resources Related to Other Postemployment Benefits		707,168
Deferred Outflows of Resources Related to Pensions		(1,693,142)
Deferred Inflows of Resources Related to Pensions		(21,088,454)
NET CASH USED BY OPERATING ACTIVITIES	$	(71,393,120)

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

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

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

- Tallahassee Community College Foundation, Inc. (Foundation): This legally separate organization provides funding and services to support and foster the pursuit of higher education at the College and is governed by a separate board.
- Public Safety Academy Housing, Inc. (PSAH): This legally separate organization was established to obtain financing to construct a 200-room housing facility for students at the College's Florida Public Safety Institute and is governed by a separate board. The housing facility was completed on January 4, 2006. Upon completion, PSAH executed an agreement with the College whereby the College leases the housing facility from PSAH and is responsible for operating and maintaining the facility. In exchange, PSAH receives a monthly lease payment in the amount of its mortgage payments and operating expenses. During the 2022-23 fiscal year, the lease and note transactions accounted for substantially all of the PSAH financial activity.

The Foundation and PSAH 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 Foundation and PSAH are managed independently, outside the College's budgeting process, and its powers generally are vested in a governing board pursuant to various State statutes. The Foundation and PSAH receive, hold, invest, and administer property, and make expenditures to or for the benefit of the College.

The Foundation and PSAH are audited by other auditors pursuant to Section 1004.70(6), Florida Statutes. The Foundation's and PSAH's audited financial statements are available to the public and can be obtained from the Vice President for Administrative Services and Chief Business Officer, Tallahassee Community College, 444 Appleyard Drive, Tallahassee, Florida 32304. The financial data reported on the accompanying financial statements was derived from the Foundation's and PSAH's audited financial statements for the fiscal year ended March 31, 2023. Additional condensed financial statements for the College's component units are included in a subsequent note.

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

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

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

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

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

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

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

The statement of revenues, expenses, and changes in net position is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the difference between the stated charge for goods and services provided by the College and the amount that is actually paid by the student or the third party making payment on behalf of the student. The College calculated the scholarship allowance by determining the total financial aid received for the fiscal year, then excluding all loan assistance from this total. The College then applied the average for scholarship allowance percentage to tuition and fees for the previous 5 years to the current year tuition and fees, then applied the product as the current year scholarship allowance.

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

Cash and Cash Equivalents. Cash and cash equivalents consist of cash on hand, cash in demand accounts, and cash invested 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 $58,641 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, buildings, other structures and improvements, furniture, machinery, and equipment, leased assets, subscription-based information technology arrangements, and computer 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 to $65,000 for buildings and other structures and improvements. Depreciation is computed on a straight-line basis over the following estimated useful lives:

- Buildings – 40 years
- Other Structures and Improvements – 10 years
- Furniture, Machinery, and Equipment:
  - Computer Equipment – 3 years
  - Vehicles, Office Machines, and Educational Equipment – 5 years
  - Furniture – 7 years
- Leased Assets – 5 to 16 years
- Subscription-Based Information Technology Arrangements – 3 to 5 years
- Computer Software – 5 to 7 years

Land, buildings, and equipment of the College's component units are stated at cost, except for donated property, which is stated at fair market value at the date of donation and is net of accumulated depreciation of $4,710,629. The College's component units depreciated buildings and equipment over an estimated useful life of 39 years for buildings and improvements and from 5 to 7 years for furniture and equipment.

Noncurrent Liabilities. Noncurrent liabilities include bonds payable, installment purchase payable, leases payable, subscription arrangement liability, special termination benefits payable, compensated absences payable, other postemployment benefits payable, and net pension liabilities that are not scheduled to be paid within the next fiscal year.

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

2. Reporting Change

The College implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA). The statement addresses accounting and financial reporting for SBITA. The statement requires the College to recognize assets and liabilities for SBITA that were previously recognized as operating expenses under contracts. There was no effect to beginning net position.

3. Adjustment to Beginning Net Position

The beginning net position of the College was increased by $1,692,857 to correct certain previously reported capital asset errors, due to previously recognized operating expenses.

4. Deficit Net Position in Individual Funds

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

Fund	Net Position
Current Funds - Unrestricted	$ (36,675,970)
Auxiliary Funds	3,709,319
Total	$ (32,966,651)

5. 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.

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

		Fair Value Measurements Using
Investments by fair value level	**Amount**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**
SBA Debt Service Accounts	$ 38,094	$ 38,094
Certificates of Deposit	593,584	593,584
Total investments measured at fair value	$ 631,678	$ 631,678

State Board of Administration Debt Service Accounts. The College reported investments totaling $38,094 at June 30, 2023, in the SBA Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the SBE for the benefit of the College. The College's investments consist of United States Treasury securities, with maturity dates of 6 months or less, and are reported at fair value. The College relies on policies developed by the SBA for managing interest rate risk and credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

Certificates of Deposit. The College reported investments totaling $593,584 at June 30, 2023, in certificates of deposits (CDs) with two banks. The investments in these CDs were fully insured by the Federal Deposit Insurance Corporation, with the exception of $130,012. The CDs carry original maturity dates of 12 months with annual percentage interest rates between 0.20 and 1.50 percent.

Component Units Investments. Investments reported by the College's component units consisted of those held by the Foundation at March 31, 2023, and are reported at fair value as follows:

Fund		Net Position
Mutual Funds	$	17,465,168
Money Market Funds		1,231,445
Total	$	18,696,613

6. 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, and contract and grant reimbursements due from third parties. The accounts receivable is reported net of a $3,274,694 allowance for doubtful accounts.

7. Due From Other Governmental Agencies

The amount due from other governmental agencies consists of $19,719,635 of deferred maintenance allocations due from the State for maintenance and construction of College facilities and $5,581,682 due from Federal and State agencies for contracts and grants and other services.

8. Due From Component Units

The $51,627 reported as due from component units consists of amounts owed by the Foundation to the College for classroom improvements and other Foundation sponsored activities. The amounts were invoiced to the component unit in September 2022.

The College's financial statements are reported for the fiscal year ended June 30, 2023. The component units' financial statements are reported for the fiscal year ended March 31, 2023. Accordingly amounts reported as due from component units on the statement of net position do not have corresponding amount report as due to College by the component units.

9. Capital Assets

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

Description	Beginning Balance (1)	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 9,812,887	$ -	$ -	$ 9,812,887
Construction in Progress	3,714,610	4,794,884	5,364,718	3,144,776
Total Nondepreciable Capital Assets	$ 13,527,497	$ 4,794,884	$ 5,364,718	$ 12,957,663
Depreciable Capital Assets:				
Buildings	$ 184,838,051	$ 9,996,158	$ 2,353,761	$ 192,480,448
Other Structures and Improvements	14,147,553	87,909	-	14,235,462
Furniture, Machinery, and Equipment	11,833,813	1,134,817	-	12,968,630
Leased Assets	3,461,883	93,925	479,731	3,076,077
Subscription-Based Information Technology Arrangement (2)	-	1,625,533	-	1,625,533
Computer Software	6,807,904	363,082	-	7,170,986
Total Depreciable Capital Assets	221,089,204	13,301,424	2,833,492	231,557,136
Less, Accumulated Depreciation:				
Buildings	85,869,499	5,398,078	1,350,069	89,917,508
Other Structures and Improvements	13,543,155	183,092	-	13,726,247
Furniture, Machinery, and Equipment	8,480,028	577,379	-	9,057,407
Leased Assets	643,019	818,851	204,088	1,257,782
Subscription-Based Information Technology Arrangement (2)	-	424,052	-	424,052
Computer Software	6,699,119	108,785	-	6,807,904
Total Accumulated Depreciation	115,234,820	7,510,237	1,554,157	121,190,900
Total Depreciable Capital Assets, Net	$ 105,854,384	$ 5,791,187	$ 1,279,335	$ 110,366,236

(1) A prior period adjustment was made to correct beginning balances for buildings errors as discussed in Note 3. of the notes to financial statements.

(2) Subscription-based information technology arrangement was added due to implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, as discussed in Note 2. of the notes to financial statements. Beginning balance was not restated.

10. Unearned Revenue

Unearned revenue at June 30, 2023, includes contracts and grants for which the College had not yet earned the revenue, and student tuition and fees assessed prior to fiscal year end related to subsequent accounting periods. As of June 30, 2023, the College reported the following amounts as unearned revenue:

Description	Amount
Contracts and Grants	$ 1,035,846
Student Tuition and Fees	12,476,925
Total Unearned Revenue	$ 13,512,771

11. 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	$ 5,603,000	$ -	$ 883,000	$ 4,720,000	$ 937,000
Note Payable	157,000	-	157,000	-	-
Installment Purchase Payable	5,424,259	-	400,792	5,023,467	425,601
Leases Payable	2,833,673	74,182	1,083,629	1,824,226	811,120
Subscription Arrangement Liability (1)	-	1,625,533	809,289	816,244	435,956
Special Termination Benefits Payable	353,394	68,338	-	421,732	157,699
Compensated Absences Payable	4,848,591	936,881	667,350	5,118,122	1,076,709
Other Postemployment Benefits Payable	6,647,805	577,485	1,607,629	5,617,661	48
Net Pension Liability	18,997,207	37,110,928	14,894,446	41,213,689	-
Total Long-Term Liabilities	$ 44,864,929	$ 40,393,347	$ 20,503,135	$ 64,755,141	$ 3,844,133

(1) Subscription arrangement liability was added due to implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, as discussed in Note 2. of the notes to financial statements. Beginning balance was not restated.

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

- SBE Capital Outlay Bonds. The SBE issues capital outlay bonds on behalf of the College. These bonds mature serially and are secured by a pledge of the College's portion of the State-assessed motor vehicle license tax and by the State's full faith and credit. The SBE and the SBA administer the principal and interest payments, investment of debt service resources, and compliance with reserve requirements.
- 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 2006A 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 2006A bonds constitute the first series of bonds to be issued pursuant to a Master Authorizing Resolution. Upon the issuance of additional bonds, all bonds will share a parity first lien on the pledged revenues of all colleges participating in any series of bonds then outstanding. The Series 2018A bonds will share the lien on the revenues pledged by the colleges participating in such additional bonds. The bonds were issued for the new construction and renovation and remodeling of educational facilities.

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

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
SBE Capital Outlay Bonds:			
Series 2019A	$ 1,242,000	5	2029
Series 2020A	248,000	2 to 5	2030
Florida Department of Education Capital Improvement Revenue Bonds:			
Series 2018A	3,230,000	5	2027
Total	$ 4,720,000		

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

Fiscal Year Ending June 30	SBE Capital Outlay Bonds and Capital Improvement Revenue Bonds Principal	Interest	Total
2024	$ 937,000	$ 236,000	$ 1,173,000
2025	996,000	189,150	1,185,150
2026	1,050,000	139,350	1,189,350
2027	1,115,000	86,850	1,201,850
2028	279,000	31,100	310,100
2029-2030	343,000	19,200	362,200
Total	$ 4,720,000	$ 701,650	$ 5,421,650

Mortgage Note Payable – Component Unit. On November 10, 2014, the PSAH refinanced the mortgage payable for $6,017,876, at a stated interest rate of 2.75 percent, then at 3.34 percent until August 31, 2019, and thereafter a floating rate equal to 70 percent of the prime rate of JPMorgan Chase Bank, with a floor in all cases of 2.45 percent; payable monthly installments of principal and interest, maturing June 1, 2025. The note is collateralized by a leasehold mortgage in real estate and first-priority security interest in all personal property located at the facility. The note is also collateralized by the assignment of rents and leases related to the housing facility.

Also, on November 10, 2014, the PSAH executed another mortgage note payable for improvements to the property. The amount of the note is $575,000 with an interest rate of 3.99 percent until August 31, 2019, and thereafter a floating rate equal to 70 percent of the prime rate of JPMorgan Chase Bank, with a floor in all cases of 3.25 percent; payable in monthly installments of principal and interest, maturing June 1, 2025. The note is collateralized by a leasehold mortgage in real estate and first priority security interest in all personal property located at the facility. The note is also collateralized by the assignment of rents and leases related to the housing facility.

Annual requirements to amortize the outstanding notes as of March 31, 2023, are as follows:

Fiscal Year Ending March 31	Principal	Interest	Total
2024	$ 643,956	$ 34,212	$ 678,168
2025	719,417	16,947	736,364
2026	174,208	851	175,059
Total	$ 1,537,581	$ 52,010	$ 1,589,591

Note Payable. On May 18, 2016, the College borrowed $1,032,000, at a stated interest rate of 2.31 percent, to finance the cost of the advanced manufacturing training facility. The interest rate for this note was reduced to 1.80 percent beginning on April 1, 2017. The note matures on October 1, 2023, and principal and interest payments are made biannually in April and October of each year. The College uses fee sources to pledge to repay the banknote. The note includes provisions that in the event of default, the bank will seek to enforce its rights through legal proceedings to require the Board to meet its obligations under the note agreement. Further, the banknote contains provisions that in the event of default, the bank may accelerate payment for all principal and interest due under the note. As of June 30, 2023, the College has repaid the amount outstanding on the note payable.

Installment Purchase Payable. The College entered into an installment purchase agreement for the purchase of energy saving equipment in the amount of $6,806,160. The stated interest rate is 2.21 percent. Future minimum payments remaining under installment purchase agreement and the present value of the minimum payments as of June 30, 2023, are as follows:

Fiscal Year Ending June 30	Amount
2024	$ 533,141
2025	549,361
2026	566,067
2027	583,273
2028	600,997
2029-2033	2,761,367
Total Minimum Payments	5,594,206
Less, Amount Representing Interest	(570,739)
Present Value of Minimum Payments	$ 5,023,467

Leases Payable. Commercial office spaces and housing facilities in the amount of $3,076,077 are being utilized under lease agreements. The liabilities and assets generated under GASB Statement No. 87, *Leases*, are revised due to an amendment to payment terms. The imputed interest rate for the two leases 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	Total	Principal	Interest
2024	$ 900,000	$ 811,120	$ 88,880
2025	879,000	830,796	48,204
2026	120,000	113,461	6,539
2027	70,000	68,849	1,151
Total Minimum Lease Payments	$ 1,969,000	$ 1,824,226	$ 144,774

Subscription Arrangement Liability. The College has added a SBITA for the right to use Workday, an enterprise resource planning system asset, totaling $1,625,533. The College discounted the future minimum subscription payments using its incremental borrowing rate of 5 percent. The present value of the remaining minimum payments for the SBITA liability as of June 30, 2023, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2024	$ 466,868	$ 435,956	$ 30,912
2025	389,057	380,288	8,769
Total	$ 855,925	$ 816,244	$ 39,681

Special Termination Benefits Payable. Under a Board-established Retirement Incentive Program, employees who were hired prior to July 1, 1995, and elect to retire within 36 months from the achievement of normal retirement, as defined in Sections 121.091 and 238.07, Florida Statutes, receive an incentive payment of 10 percent based on their salary at retirement. In addition, the employee receives payment for a maximum of 1,440 hours of sick leave. The College reported special termination benefits payable of $421,732 as of June 30, 2023, for 10 employees who gave notice to retire under the Retirement Incentive Program, of which $157,699 represents the current portion.

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. On June 30, 2023, the estimated liability for compensated absences, which includes the College's share of the Florida Retirement System and FICA contributions, totaled $5,118,122. The current portion of the compensated absences liability $1,076,709, 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 Florida College System Risk Management Consortium (Consortium).

General Information about the OPEB Plan

Plan Description. The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the Consortium that provides OPEB for all employees who satisfy the College's retirement eligibility provisions. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the College are eligible to participate in the College's healthcare and life insurance coverage. The College subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. The College does not offer any explicit subsidies for retiree coverage. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible. The OPEB Plan contribution requirements and benefit terms of the College and the OPEB Plan members are established and may be amended by action from the Board. No assets are accumulated in a trust that meets 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	40
Deferred Retirement Option Program Members	30
Active Employees	646
Total	716

Total OPEB Liability

The College's total OPEB liability of $5,617,661 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021.

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

Inflation	2.40 percent
Real wage growth	0.85 percent
Wage Inflation	3.25 percent
Salary increases, including wage inflation	
Regular Employees	3.40 percent to 7.80 percent
Senior Management Employees	4.10 percent to 8.20 percent
Special Risk Employees	4.80 percent to 7.40 percent
Discount rate-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 improvement 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	$ 6,647,805
Changes for the year:	
Service Cost	425,946
Interest	151,539
Changes in Assumptions or Other Inputs	(1,490,913)
Benefit Payments	(116,716)
Net Changes	(1,030,144)
Balance at 6/30/23	$ 5,617,661

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	$6,649,653	$5,617,661	$4,793,314

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	$4,596,760	$5,617,661	$6,987,741

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 $431,901. 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	$ 2,515,000	$ 478,908
Change of assumptions or other inputs	802,979	4,847,505
Transactions subsequent to the measurement date	48	-
Total	$ 3,318,027	$ 5,326,413

Of the total amount reported as deferred outflows of resources related to OPEB, $48 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	$ (145,584)
2025	(145,584)
2026	(145,584)
2027	(107,909)
2028	(136,172)
Thereafter	(1,327,601)
Total	$ (2,008,434)

Net Pension Liability. As a participating employer in the FRS, the College recognizes its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. As of June 30, 2023, the College's proportionate share of the net pension liabilities totaled $41,213,689. Note 12. includes a complete discussion of defined benefit pension plans.

12. 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 $4,113,052 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.
- *Special Risk Class* – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

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, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 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, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 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
Special Risk Class	3.00

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
FRS, Special Risk	3.00	27.83
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	18.60
FRS, Reemployed Retiree	(2)	(2)

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

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

The College's contributions to the Plan totaled $4,008,216 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 $30,541,908 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 0.082084171 percent, which was a decrease of 0.002628979 from its proportionate share measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the College recognized pension expense of $3,864,737. 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	$ 1,450,564	$ -
Change of assumptions	3,761,364	-
Net difference between projected and actual earnings on FRS Plan investments	2,016,678	-
Changes in proportion and differences between College FRS contributions and proportionate share of contributions	563,605	1,355,950
College FRS contributions subsequent to the measurement date	4,008,216	-
Total	$ 11,800,427	$ 1,355,950

The deferred outflows of resources totaling $4,008,216, resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2024	$ 1,428,073
2025	424,971
2026	(737,820)
2027	5,111,957
2028	209,080
Total	$ 6,436,261

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	$52,820,130	$30,541,908	$11,914,664

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.

<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 $669,951 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 $10,671,781 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 0.100757051 percent, which was a decrease of 0.00194614 from its proportionate share measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the College recognized pension expense of $248,315. 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	$ 323,914	$ 46,957
Change of assumptions	611,713	1,650,918
Net difference between projected and actual earnings on HIS Plan investments	15,450	-
Changes in proportion and differences between College HIS constributions and proportionate share of HIS constributions	-	828,239
College contributions subsequent to the measurement date	669,951	-
Total	$ 1,621,028	$ 2,526,114

The deferred outflows of resources totaling $669,951, 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	$ (399,597)
2025	(293,747)
2026	(222,372)
2027	(248,356)
2028	(293,861)
Thereafter	(117,104)
Total	$ (1,575,037)

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	$12,209,394	$10,671,781	$9,399,438

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.

13. 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
FRS, Special Risk Regular	17.00

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

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

The College's Investment Plan pension expense totaled $1,497,283 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 $56,785 for the 2022-23 fiscal year.

14. Construction Commitments

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

Project Description	Total Commitment	Completed to Date	Balance Committed
Elevator Door Upgrades	$ 800,000	$ 180,304	$ 619,696
Ghazvini Solar Patio Panel System	1,719,001	1,140,689	578,312
Switchgear Replacement	3,962,000	145,010	3,816,990
Roof Restoration	3,257,765	1,678,773	1,578,992
Total	$ 9,738,766	$ 3,144,776	$ 6,593,990

15. Risk Management Programs

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

16. 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	$ 38,673,810
Academic Support	7,600,184
Student Services	8,590,405
Institutional Support	29,001,265
Operation and Maintenance of Plant	11,544,459
Scholarships and Waivers	23,370,301
Depreciation	7,510,237
Auxiliary Enterprises	4,072,621
Total Operating Expenses	$ 130,363,282

17. 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		
	Tallahassee Community College Foundation, Inc. 3/31/2023	Public Safety Academy Housing, Inc. 3/31/2023	Total
Assets:			
Current Assets	$ 1,784,899	$ 1,642	$ 1,786,541
Capital Assets, Net	-	4,710,629	4,710,629
Other Noncurrent Assets	18,806,922	-	18,806,922
Total Assets	20,591,821	4,712,271	25,304,092
Liabilities:			
Current Liabilities	109,405	643,956	753,361
Noncurrent Liabilities	-	893,625	893,625
Total Liabilities	109,405	1,537,581	1,646,986
Net Position:			
Net Investment in Capital Assets	-	3,173,048	3,173,048
Restricted Nonexpendable	15,781,035	-	15,781,035
Restricted Expendable	3,126,821	-	3,126,821
Unrestricted	1,574,560	1,642	1,576,202
Total Net Position	$ 20,482,416	$ 3,174,690	$ 23,657,106

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

	Direct-Support Organizations		
	Tallahassee Community College Foundation, Inc. 3/31/2023	Public Safety Academy Housing, Inc. 3/31/2023	Total
Operating Revenues	$ 4,253,553	$ 763,500	$ 5,017,053
Depreciation Expense	-	(240,138)	(240,138)
Operating Expenses	(4,454,537)	(7,411)	(4,461,948)
Operating Income (Loss)	(200,984)	515,951	314,967
Net Nonoperating Expenses:			
Investment Loss	(1,430,061)	-	(1,430,061)
Interest Expense	-	(83,701)	(83,701)
Total Nonoperating Expenses	(1,430,061)	(83,701)	(1,513,762)
Increase (Decrease) in Net Position	(1,631,045)	432,250	(1,198,795)
Net Position, Beginning of Year	22,113,461	2,742,440	24,855,901
Net Position, End of Year	$ 20,482,416	$ 3,174,690	$ 23,657,106

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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	$ 425,946	$ 521,440	$ 386,199	$ 268,305	$ 280,611	$ 312,412
Interest	151,539	212,137	274,476	192,211	180,752	157,338
Difference between expected and actual experience	-	(595,714)	-	4,624,012	-	-
Changes of assumptions or other inputs	(1,490,913)	(2,471,076)	1,140,415	(2,267,626)	(254,088)	(471,395)
Benefit Payments	(116,716)	(191,932)	(166,758)	(485,332)	(153,728)	(143,003)
Net change in total OPEB liability	(1,030,144)	(2,525,145)	1,634,332	2,331,570	53,547	(144,648)
Total OPEB Liability - beginning	6,647,805	9,172,950	7,538,618	5,207,048	5,153,501	5,298,149
Total OPEB Liability - ending	$ 5,617,661	$ 6,647,805	$ 9,172,950	$ 7,538,618	$ 5,207,048	$ 5,153,501
Covered-Employee Payroll	$ 33,199,567	$ 33,199,567	$ 34,393,702	$ 34,393,702	$ 34,128,848	$ 34,128,848
Total OPEB Liability as a percentage of covered-employee payroll	16.92%	20.02%	26.67%	21.92%	15.26%	15.10%

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	0.082084171%	0.084713150%	0.081935255%	0.085751684%
College's proportionate share of the FRS net pension liability	$ 30,541,908	$ 6,399,116	$ 35,511,947	$ 29,531,686
College's covered payroll (2)	$ 38,627,277	$ 38,408,049	$ 38,774,680	$ 38,673,065
College's proportionate share of the FRS net pension liability as a percentage of its covered payroll	79.07%	16.66%	91.59%	76.36%
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	$ 4,008,216	$ 3,502,681	$ 2,935,995	$ 2,513,296
FRS contributions in relation to the contractually required contribution	(4,008,216)	(3,502,681)	(2,935,995)	(2,513,296)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 41,996,127	$ 38,627,277	$ 38,408,049	$ 38,774,680
FRS contributions as a percentage of covered payroll	9.54%	9.07%	7.64%	6.48%

(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)
0.087363886%	0.090978117%	0.093554556%	0.101124645%	0.108531737%	0.107545498%
$ 26,314,455	$ 26,919,953	$ 23,622,599	$ 13,061,604	$ 6,622,032	$ 18,513,367
$ 38,545,799	$ 38,764,986	$ 37,908,655	$ 39,130,532	$ 41,223,425	$ 45,155,227
68.27%	69.44%	62.31%	33.38%	16.06%	41.00%
84.26%	83.89%	84.88%	92.00%	96.09%	88.54%

2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
$ 2,663,149	$ 2,491,795	$ 2,392,006	$ 2,281,477	$ 2,465,505	$ 2,377,306
(2,663,149)	(2,491,795)	(2,392,006)	(2,281,477)	(2,465,505)	(2,377,306)
$ -	$ -	$ -	$ -	$ -	$ -
$ 38,673,065	$ 38,545,799	$ 38,764,986	$ 37,908,655	$ 39,130,532	$ 41,223,425
6.89%	6.46%	6.17%	6.02%	6.30%	5.77%

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	0.100757051%	0.102703191%	0.105760212%	0.109619245%
College's proportionate share of the HIS net pension liability	$ 10,671,781	$ 12,598,091	$ 12,913,150	$ 12,265,297
College's covered payroll (2)	$ 36,767,321	$ 36,582,647	$ 36,813,716	$ 36,648,515
College's proportionate share of the HIS net pension liability as a percentage of its covered payroll	29.03%	34.44%	35.08%	33.47%
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	$ 669,951	$ 609,665	$ 607,272	$ 608,396
HIS contributions in relation to the contractually required HIS contribution	(669,951)	(609,665)	(607,272)	(608,396)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 40,478,690	$ 36,767,321	$ 36,582,647	$ 36,813,716
HIS contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.65%

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

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

	2018 (1)	**2017** (1)	**2016** (1)	**2015** (1)	**2014** (1)	**2013** (1)
	0.111640564%	0.113141780%	0.113921024%	0.119641288%	0.128963797%	0.144080709%
	$ 11,816,163	$ 12,097,641	$ 13,277,023	$ 12,201,529	$ 12,058,430	$ 12,544,120
	$ 36,354,316	$ 36,600,741	$ 37,908,655	$ 39,130,532	$ 41,223,425	$ 45,155,227
	32.50%	33.05%	35.02%	31.18%	29.25%	27.78%
	2.15%	1.64%	0.97%	0.50%	0.99%	1.78%

	2019 (1)	**2018** (1)	**2017** (1)	**2016** (1)	**2015** (1)	**2014** (1)
	$ 606,014	$ 603,482	$ 600,208	$ 583,918	$ 457,343	$ 441,787
	(606,014)	(603,482)	(600,208)	(583,918)	(457,343)	(441,787)
	$ -	$ -	$ -	$ -	$ -	$ -
	$ 36,648,515	$ 36,354,316	$ 36,600,741	$ 37,908,655	$ 39,130,532	$ 41,223,425
	1.65%	1.66%	1.64%	1.54%	1.17%	1.07%

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. Since the prior measurement date, the discount rate increased from 2.16 percent to 3.54 percent due to a change in the Municipal Bond Index Rate.

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

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

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

Changes of Assumptions. In 2022, the municipal rate used to determine total pension liability increased from 2.16 percent to 3.54 percent. In addition, the demographic assumptions for the Special Risk Class were updated to reflect plan changes and the election assumption for vested terminated members was updated from 20 percent to 50 percent to reflect recent experience.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Tallahassee Community 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 March 18, 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
March 18, 2024