STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

Report No. 2024-165
March 2024

DAYTONA STATE COLLEGE

For the Fiscal Year Ended
June 30, 2023

Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the 2022-23 fiscal year, Dr. Tom LoBasso served as President of Daytona State College and the following individuals served as Members of the Board of Trustees:

	County
Dr. Randall Howard, Chair	Volusia
Robert W. Lloyd, Vice Chair from 6-1-23	Volusia
Betty J. Holness through 5-31-23, [a] Vice Chair	Volusia
Robert "Bob" C. Davis through 8-14-22 [b]	Volusia
Sarah Dougherty through 9-14-22 [c]	Volusia
Randy Dye	Volusia
Lloyd J. Freckleton	Flagler
Kelly Parsons Kwiatek from 9-9-22 [d]	Volusia
Garry R. Lubi	Flagler

[a] Trustee position vacant from 6-1-23, through 6-30-23.
[b] Trustee position vacant from 8-15-22, through 6-30-23.
[c] Trustee position vacant from 9-15-22, through 6-30-23.
[d] Trustee position vacant from 7-1-22, through 9-8-22.

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

The team leader was Nicole E. Ryals, CPA, and the audit was supervised by Keith A. Wolfe, CPA.

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

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

FLAuditor.gov

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

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

DAYTONA STATE COLLEGE

TABLE OF CONTENTS

SUMMARY

SUMMARY OF REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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

SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

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

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

AUDIT OBJECTIVES AND SCOPE

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

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

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

AUDIT METHODOLOGY

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

AUDITOR GENERAL
STATE OF FLORIDA

Sherrill F. Norman, CPA
Auditor General

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

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

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

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

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

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the ***Auditor's Responsibilities for the Audit of the Financial Statements*** section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS**, the **Schedule of Changes in the College's Total Other Postemployment Benefits Liability and Related Ratios**, **Schedule of the College's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan**, **Schedule of College Contributions – Florida Retirement System Pension Plan**, **Schedule of the College's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan**, **Schedule of College Contributions – Health Insurance Subsidy Pension Plan**, and **Notes to Required Supplementary Information** be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2024, on our consideration of the Daytona State College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
March 21, 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

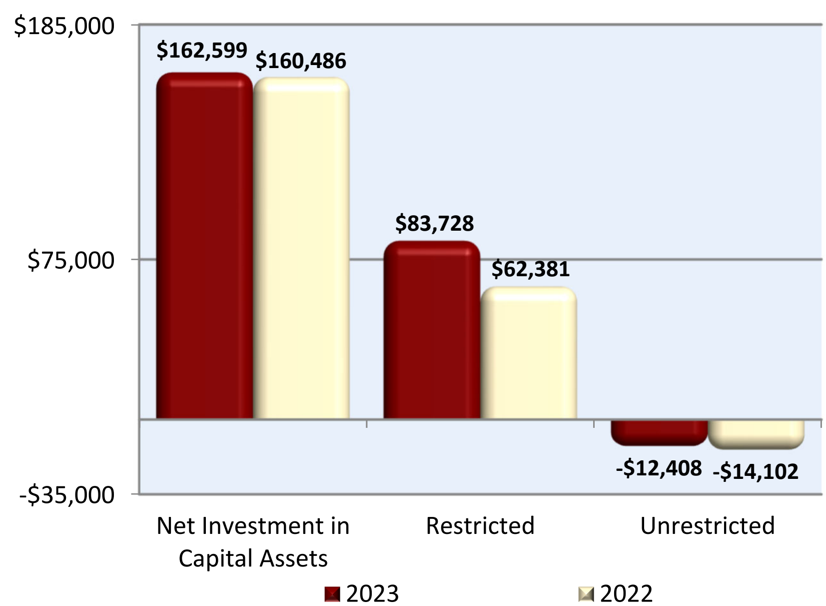
The College's assets and deferred outflows of resources totaled $330.8 million at June 30, 2023. This balance reflects an increase of $21.1 million, or 6.8 percent, as compared to the 2021-22 fiscal year, resulting mostly from an increase in current assets. While assets and deferred outflows of resources increased, liabilities and deferred inflows of resources decreased by $4.1 million, or 4 percent, totaling $96.9 million at June 30, 2023, compared to $101 million at June 30, 2022. As a result, the College's net position increased by $25.2 million, resulting in a year-end balance of $233.9 million.

The College's operating revenues totaled $29.3 million for the 2022-23 fiscal year, representing an 11.2 percent increase compared to the 2021-22 fiscal year. Operating expenses totaled $129.3 million for the 2022-23 fiscal year, representing an increase of 2.8 percent as compared to the 2021-22 fiscal year.

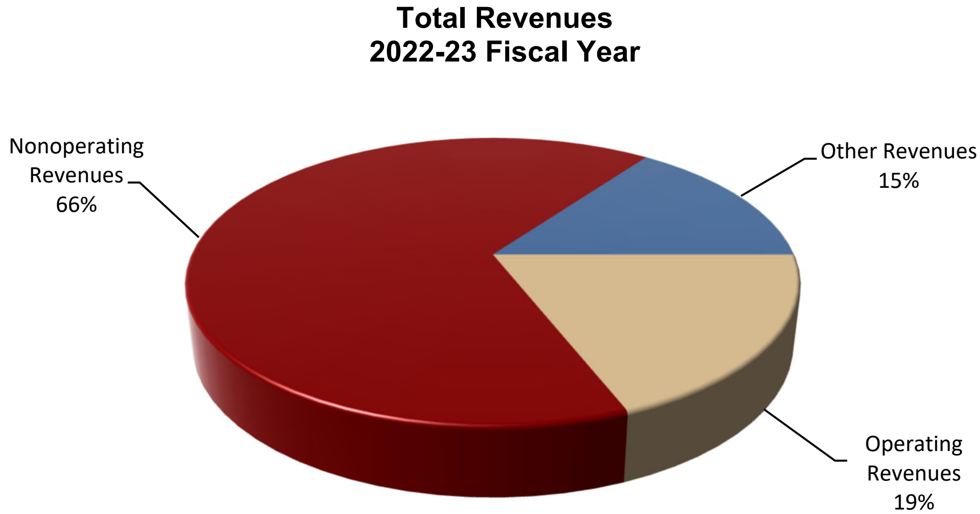
Net position represents the residual interest in the College's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The College's comparative total net position by category for the fiscal years ended June 30, 2023, and June 30, 2022, is shown in the 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 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, Daytona State College Foundation, Inc. (Foundation) and the Daytona State College Housing Corporation (Housing Corp). Based on the application of the criteria for determining component units, the Foundation and the Housing Corp 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 the financial statements. This MD&A focuses on the College, excluding the discretely presented component units. The MD&A information for the discretely presented component units 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	$ 78,448	$ 61,660
Capital Assets, Net	165,999	165,030
Other Noncurrent Assets	71,970	70,155
Total Assets	316,417	296,845
Deferred Outflows of Resources	14,418	12,890
Liabilities		
Current Liabilities	9,062	10,440
Noncurrent Liabilities	56,541	34,663
Total Liabilities	65,603	45,103
Deferred Inflows of Resources	31,313	55,867
Net Position		
Net Investment in Capital Assets	162,599	160,486
Restricted	83,728	62,381
Unrestricted	(12,408)	(14,102)
Total Net Position	$ 233,919	$ 208,765

The $16.8 million increase in current assets was primarily due to a $13 million receivable in deferred maintenance funds and an increase of $4.2 million from Public Education Capital Outlay (PECO) appropriations due from the State. The $21.9 million increase in noncurrent liabilities was primarily due to a $23.4 million increase in the long-term portion of net pension liability resulting from significant FRS investment losses as of the measurement date.

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	$ 29,327	$ 26,379
Less, Operating Expenses	129,337	125,848
Operating Loss	(100,010)	(99,469)
Net Nonoperating Revenues	102,045	98,886
Income (Loss) Before Other Revenues	2,035	(583)
Other Revenues	23,119	6,641
Net Increase In Net Position	25,154	6,058
Net Position, Beginning of Year	208,765	202,707
Net Position, End of Year	$ 233,919	$ 208,765

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

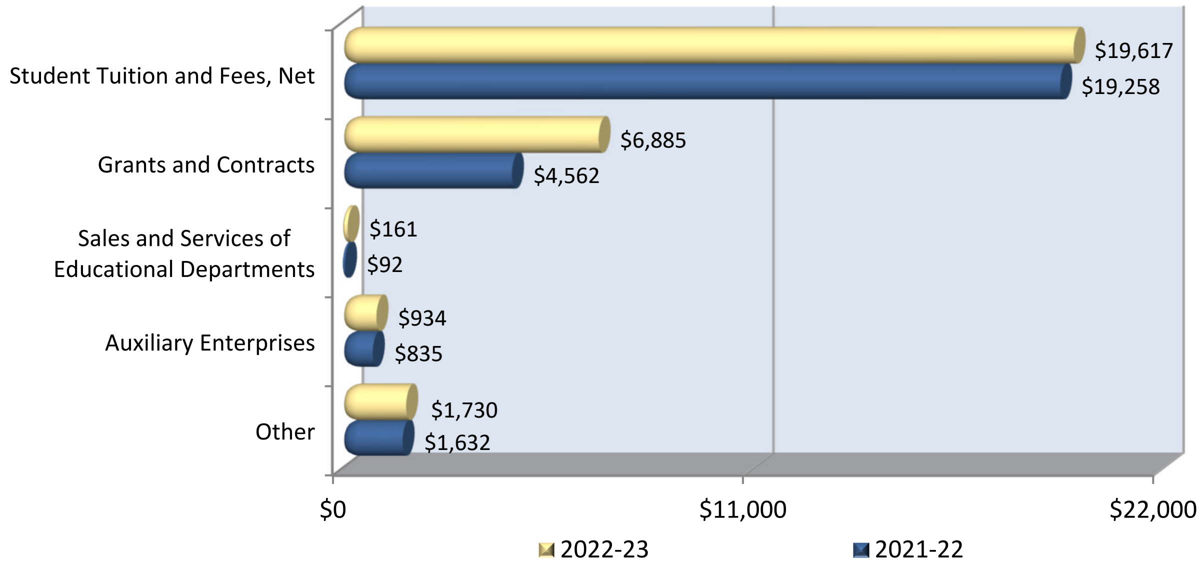
(In Thousands)

	2022-23	2021-22
Student Tuition and Fees, Net	$ 19,617	$ 19,258
Grants and Contracts	6,885	4,562
Sales and Services of Educational Departments	161	92
Auxiliary Enterprises	934	835
Other	1,730	1,632
Total Operating Revenues	$ 29,327	$ 26,379

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

Operating Revenues

(In Thousands)



Operating revenues increased by $2.9 million primarily due to a $2.1 million increase in Federal grants awarded to the College in the current fiscal year.

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.

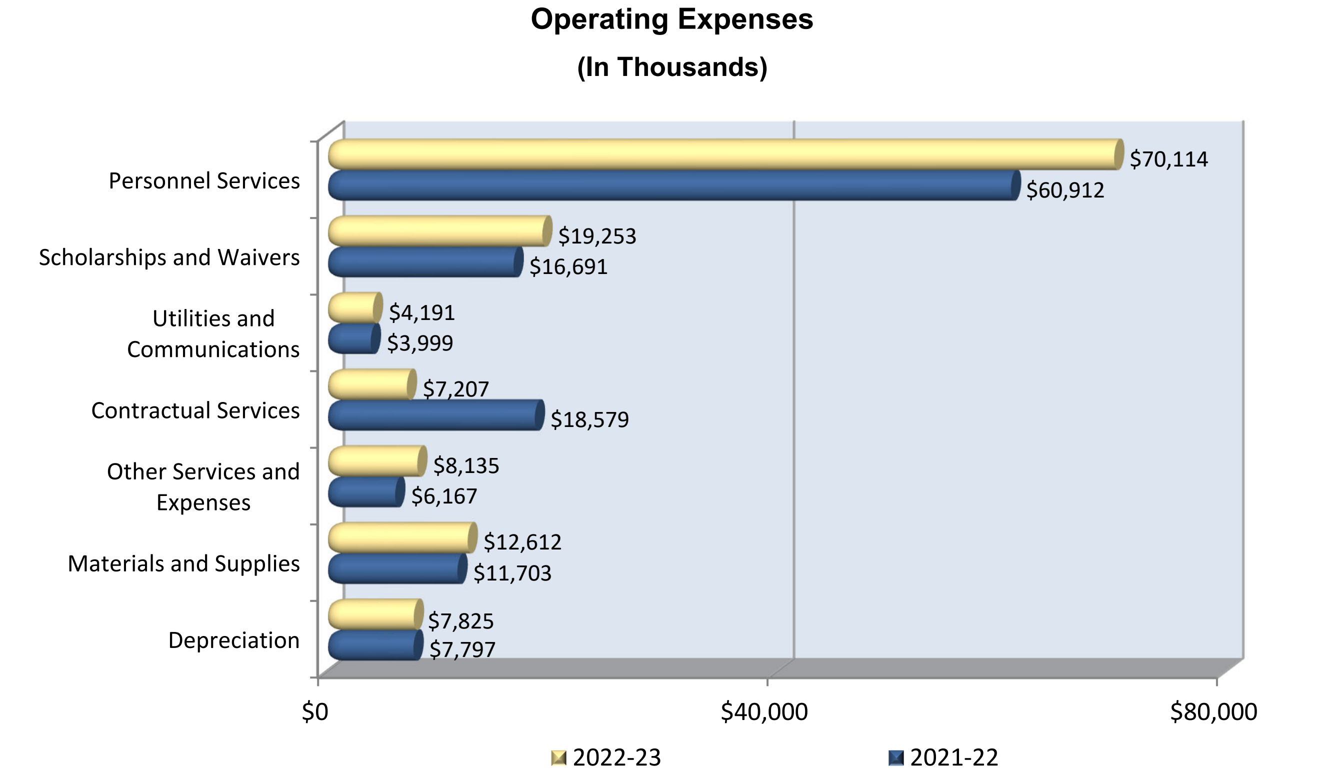
The following summarizes operating expenses by natural classification for the 2022-23 and 2021-22 fiscal years:

Operating Expenses
For the Fiscal Years

(In Thousands)

	2022-23	**2021-22**
Personnel Services	$ 70,114	$ 60,912
Scholarships and Waivers	19,253	16,691
Utilities and Communications	4,191	3,999
Contractual Services	7,207	18,579
Other Services and Expenses	8,135	6,167
Materials and Supplies	12,612	11,703
Depreciation	7,825	7,797
Total Operating Expenses	$ 129,337	$ 125,848

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



Operating expenses increased by $3.5 million primarily due to increases of $9.2 million in personnel services, $2.6 million in scholarships and waivers, $2 million in other services and expenses, and $0.9 million in materials and supplies offset by an $11.4 million decrease in contractual services. The increase of $9.2 million in personnel services is mainly attributed to a $4.1 million increase in pension expense with the remainder due to salary increases, increases in the College's portion of healthcare expenses, and an increase in the College's portion of retirement expenses. The $11.4 million decrease in contractual services is mainly attributed to a $12.1 million decrease in the Higher Education Emergency Relief Fund (HEERF) disbursements.

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	$ 58,083	$ 53,908
Federal and State Student Financial Aid	27,945	37,738
Gifts and Grants	12,600	9,728
Investment Income	1,498	511
Net Unrealized Gain (Loss) on Investments	2,147	(2,823)
Interest on Capital Asset-Related Debt	(228)	(176)
Net Nonoperating Revenues	$ 102,045	$ 98,886

Net nonoperating revenues increased by $3.2 million primarily due to increases of $4.2 million in State noncapital appropriations related to increases in Lottery and Nursing PIPELINE appropriations, $2.9 million in gifts and grants, and $6 million related to investments, offset by a decrease in Federal and State student financial aid of $9.8 million related to prior year HEERF disbursed to students.

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	$ 7,375	$ 4,321
Capital Grants, Contracts, Gifts, and Fees	15,744	2,320
Total	$ 23,119	$ 6,641

Other revenues increased by $16.5 million primarily due to $13.4 million in deferred maintenance funds from the State and the increase of $4.2 million in PECO appropriations for the 2022-23 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	$ (94,174)	$ (92,691)
Noncapital Financing Activities	98,201	101,817
Capital and Related Financing Activities	(3,416)	126
Investing Activities	3,624	(2,340)
Net Increase in Cash and Cash Equivalents	4,235	6,912
Cash and Cash Equivalents, Beginning of Year	79,591	72,679
Cash and Cash Equivalents, End of Year	$ 83,826	$ 79,591

Major sources of funds came from State noncapital appropriations ($58.1 million), Federal and State student financial aid ($27.5 million), net student tuition and fees ($18.5 million), and gifts and grants for other than endowment purposes ($12.6 million). Major uses of funds were for payments to employees ($54.9 million), payments to suppliers for goods and services ($28.4 million), payments for student scholarships ($19.7 million) and payments for employee benefits ($16.2 million).

Capital Assets and Debt Administration

Capital Assets

At June 30, 2023, the College had $333.1 million in capital assets, less accumulated depreciation of $167.1 million, for net capital assets of $166 million. Depreciation charges for the current fiscal year totaled $7.8 million. The following table summarizes the College's capital assets, net of accumulated depreciation, at June 30:

Capital Assets, Net at June 30

(In Thousands)

	2023	2022
Land	$ 15,577	$ 15,403
Artwork	418	412
Construction in Progress	5,426	523
Buildings	137,435	141,971
Other Structures and Improvements	3,346	4,094
Furniture, Machinery, and Equipment	3,797	2,627
Capital Assets, Net	$165,999	$165,030

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

Debt Administration

As of June 30, 2023, the College had $3.4 million in outstanding loans payable representing a decrease of $1.1 million, or 25 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
Loans Payable	$ 3,400	$ 4,545
Total	$ 3,400	$ 4,545

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. Because of moderate economic growth of approximately 3 percent in the 2022-23 fiscal year, State funding is anticipated to increase in the 2023-24 fiscal year. As such, the College received a $7.5 million, or 13.3 percent, increase in overall recurring State funding for operations in the 2023-24 fiscal year. In addition, the College started to experience a modest recovery in student enrollment in the 2022-23 fiscal year and anticipates enrollment to further improve in the 2023-24 fiscal year. As such, the College budgeted an increase in enrollment of 4 percent over actual 2022-23 fiscal year results. The College's current financial and capital plans indicate there are adequate financial resources to maintain its present level of services.

Requests for Information

Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Vice President of Finance and Administrative Services/CFO, Daytona State College, 1200 West International Speedway Boulevard, Daytona Beach, Florida 32114.

DAYTONA STATE 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	$ 30,665,914	$ 2,801,439
Restricted Cash and Cash Equivalents	6,861,727	749,238
Investments	-	1,362,177
Accounts Receivable, Net	3,325,192	150,426
Notes Receivable, Net	30,032	-
Leases Receivable	890,071	-
Due from Other Governmental Agencies	35,413,366	-
Due from Component Units/College	174,229	2,366,630
Prepaid Expenses	1,082,503	-
Deposits	4,494	-
Total Current Assets	78,447,528	7,429,910
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	46,298,615	923,184
Investments	-	28,327,931
Leases Receivable	25,671,495	-
Depreciable Capital Assets, Net	144,578,339	12,986,276
Nondepreciable Capital Assets	21,421,134	-
Other Assets	-	29,850
Total Noncurrent Assets	237,969,583	42,267,241
TOTAL ASSETS	316,417,111	49,697,151
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	633,893	-
Pensions	13,784,782	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	14,418,675	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	2,167,500	7,040
Salary and Payroll Taxes Payable	2,728,941	-
Retainage Payable	194,650	-
Due to Component Units/College	937,120	265,785
Unearned Revenue	182,435	35,498
Deposits Held for Others	376,494	-
Long-Term Liabilities - Current Portion:		
Loans Payable	1,200,000	555,788
Special Termination Benefits Payable	16,129	-
Compensated Absences Payable	1,199,846	-
Other Postemployment Benefits Payable	59,267	-
Total Current Liabilities	9,062,382	864,111

	College	Component Units
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Loans Payable	2,200,000	11,971,575
Special Termination Benefits Payable	408,529	-
Compensated Absences Payable	10,170,622	-
Other Postemployment Benefits Payable	518,631	-
Net Pension Liability	43,243,134	-
Total Noncurrent Liabilities	56,540,916	11,971,575
TOTAL LIABILITIES	65,603,298	12,835,686
DEFERRED INFLOWS OF RESOURCES		
Lease Agreements	26,561,567	-
Other Postemployment Benefits	299,569	-
Pensions	4,452,199	-
TOTAL DEFERRED INFLOWS OF RESOURCES	31,313,335	-
NET POSITION		
Net Investment in Capital Assets	162,599,402	458,913
Restricted:		
Nonexpendable:		
Endowment	17,211	20,749,817
Expendable:		
Grants and Loans	6,494,554	12,240,713
Scholarships	353,912	-
Capital Projects	76,839,499	-
Debt Service	22,533	872,384
Other	-	50,800
Unrestricted	(12,407,958)	2,488,838
TOTAL NET POSITION	$ 233,919,153	$ 36,861,465

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

THIS PAGE INTENTIONALLY LEFT BLANK

DAYTONA STATE COLLEGE
A Component Unit of the State of Florida
Statement of Revenues, Expenses, and Changes in Net Position

For the Fiscal Year Ended June 30, 2023

	College	Component Units
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $10,695,681	$ 19,616,704	$ -
Federal Grants and Contracts	5,676,837	-
State and Local Grants and Contracts	1,089,294	372,867
Nongovernmental Grants and Contracts	118,796	-
Sales and Services of Educational Departments	160,964	-
Auxiliary Enterprises	934,310	-
Other Operating Revenues	1,730,284	2,191,872
Total Operating Revenues	29,327,189	2,564,739
EXPENSES		
Operating Expenses:		
Personnel Services	70,114,038	505,280
Scholarships and Waivers	19,253,434	1,096,126
Utilities and Communications	4,190,938	117,102
Contractual Services	7,206,589	44,973
Other Services and Expenses	8,135,148	755,675
Materials and Supplies	12,611,468	27,208
Depreciation	7,825,418	313,126
Total Operating Expenses	129,337,033	2,859,490
Operating Loss	(100,009,844)	(294,751)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	58,082,912	-
Federal and State Student Financial Aid	27,944,984	-
Gifts and Grants	12,599,991	1,368,594
Investment Income	1,497,599	545,849
Net Unrealized and Realized Gain (Loss) on Investments	2,147,215	(6,929,157)
Interest on Capital Asset-Related Debt	(227,638)	-
Net Nonoperating Revenues (Expenses)	102,045,063	(5,014,714)
Income (Loss) Before Other Revenues	2,035,219	(5,309,465)
State Capital Appropriations	7,374,683	-
Capital Grants, Contracts, Gifts, and Fees	15,744,056	-
Total Other Revenues	23,118,739	-
Increase (Decrease) in Net Position	25,153,958	(5,309,465)
Net Position, Beginning of Year	208,765,195	42,170,930
Net Position, End of Year	$ 233,919,153	$ 36,861,465

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

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

For the Fiscal Year Ended June 30, 2023

	College
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	$ 18,513,788
Grants and Contracts	7,969,819
Payments to Suppliers	(28,353,577)
Payments for Utilities and Communications	(4,190,938)
Payments to Employees	(54,912,756)
Payments for Employee Benefits	(16,246,330)
Payments for Scholarships	(19,749,259)
Loans Issued to Students	(68,879)
Collection on Loans to Students	61,315
Auxiliary Enterprises	813,320
Sales and Services of Educational Departments	160,964
Other Receipts	1,828,871
Net Cash Used by Operating Activities	(94,173,662)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	58,082,912
Federal and State Student Financial Aid	27,517,866
Federal Direct Loan Program Receipts	10,401,336
Federal Direct Loan Program Disbursements	(10,401,336)
Gifts and Grants Received for Other Than Capital or Endowment Purposes	12,599,991
Net Cash Provided by Noncapital Financing Activities	98,200,769
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	4,103,675
Capital Grants and Gifts	2,332,137
Purchases of Capital Assets	(8,479,618)
Principal Paid on Capital Debt	(1,145,000)
Interest Paid on Capital Debt	(227,638)
Net Cash Used by Capital and Related Financing Activities	(3,416,444)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	3,624,624
Net Cash Provided by Investing Activities	3,624,624
Net Increase in Cash and Cash Equivalents	4,235,287
Cash and Cash Equivalents, Beginning of Year	79,590,969
Cash and Cash Equivalents, End of Year	$ 83,826,256

	College
RECONCILIATION OF OPERATING LOSS	
TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	(100,009,844)
Adjustments to Reconcile Operating Loss	
to Net Cash Used by Operating Activities:	
Depreciation Expense	7,825,418
Changes in Assets, Liabilities, Deferred Outflows of Resources,	
and Deferred Inflows of Resources:	
Receivables, Net	(1,102,595)
Notes Receivable, Net	(7,564)
Leases Receivable	2,267,557
Due from Other Governmental Agencies	1,196,719
Due from Component Units	480,501
Prepaid Expenses	(91,767)
Accounts Payable	(1,444,627)
Salaries and Payroll Taxes Payable	(233,904)
Unearned Revenue	(73,442)
Deposits Held for Others	98,587
Special Termination Benefits Payable	(115,417)
Compensated Absences Payable	(108,980)
Other Postemployment Benefits Payable	(122,484)
Net Pension Liability	23,351,540
Deferred Outflows of Resources Related to Other Postemployment Benefits	98,202
Deferred Inflows of Resources Related to Other Postemployment Benefits	64,512
Deferred Outflows of Resources Related to Pensions	(1,627,324)
Deferred Inflows of Resources Related to Pensions	(22,351,193)
Deferred Inflows of Resources Related to Leases	(2,267,557)
NET CASH USED BY OPERATING ACTIVITIES	$ (94,173,662)

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

- The Daytona State College Foundation, Inc. (Foundation): This legally separate entity is included within the College's reporting entity as a discretely presented component unit and is governed by a separate board.
- Daytona State College Housing Corporation (Housing Corp): On September 19, 2019, the Housing Corp was formed as a nonprofit corporation under the laws of the State of Florida to assist in the achievement of the College's mission by receiving, investing, and administering real and personal property including, but not limited to, the construction and management of College dormitories for the benefit of students of the College. This legally separate entity is included within the College's reporting entity as a discretely presented component unit and is governed by a separate board.

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

The component units are audited by other auditors pursuant to Section 1004.70(6), Florida Statutes. The Foundation's and Housing Corp's audited financial statements are available to the public and can be obtained from the Vice President of Finance and Administrative Services/CFO, Daytona State College, 1200 West International Speedway Boulevard, Daytona Beach, Florida 32114. The financial data reported on the accompanying financial statements was derived from the Foundation's audited financial statements for the fiscal year ended December 31, 2022, and the Housing Corp's audited financial statements for the fiscal year ended June 30, 2023. Additional condensed financial statements for the College's component units are included in a subsequent note.

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

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

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

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

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

The College's principal operating activity is instruction. Operating revenues and expenses generally include all fiscal transactions directly related to instruction as well as administration, academic support, student services, physical plant operations, and depreciation of capital assets. Nonoperating revenues include State noncapital appropriations, Federal and State student financial aid, 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. To the extent that these resources are used to pay student charges, the College records a scholarship allowance against student tuition and fees.

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

Cash and Cash Equivalents. The amount reported as cash and cash equivalents consist of cash on hand, cash in demand accounts, and cash placed with the State Treasury Special Purpose Investment Accounts (SPIA) and 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 profits to be cash equivalents. Under this definition, the College considers amounts invested in the State Treasury SPIA and SBA Florida PRIME investment pools to be cash equivalents.

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

At June 30, 2023, the College reported as cash equivalents at fair value $52,313,637 in the State Treasury SPIA investment pool representing ownership of a share of the pool, not the underlying securities (Level 3 inputs, as described in Note 3.). Pooled investments with the State Treasury are not registered with the Security and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The State Treasury SPIA investment pool carried a credit rating of AA-f by Standard & Poor's, had an effective duration of 3.02 years and fair value factor of 0.9667 at June 30, 2023. Participants contribute to the State Treasury SPIA investment pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. The College relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury SPIA investment pool are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

At June 30, 2023, the College reported as cash equivalents $24,814,959 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, states 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, artwork, construction in progress, buildings, other structures and improvements, furniture, machinery, and equipment, and data software. These assets are capitalized and recorded at cost at the date of acquisition or at acquisition value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The College has a capitalization threshold of $5,000 for tangible personal property and $25,000 for buildings and other structures and improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 40 years
- 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
- Data Software – 5 years

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

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

2. Deficit Net Position in Individual Funds

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

Fund	Net Position
Current Funds - Unrestricted	$ (27,690,427)
Auxiliary Funds	15,282,469
Total	$ (12,407,958)

3. Investments

The Board of Trustees has adopted a written investment policy providing that surplus funds of the College shall be invested in those institutions and instruments permitted under the provisions of Florida Statutes. Section 218.415(16), Florida Statutes, authorizes the College to invest in the Florida PRIME investment pool administered by 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.

Component Units' Investments. Investment decisions are made subject to guidelines established by the Foundation's Investment Committee and approved by the Foundation's Board of Directors. All deposits and investments are held at financial and brokerage institutions in the name of the Foundation.

The Foundation's investment and spending policy is set forth in a document approved by the Daytona State College Foundation Investment Committee and approved by the Foundation's Board of Directors. The objectives of the policy fundamentally preserve and enhance Foundation resources both at present and in the future, as well as strive to provide a steady, growing income stream to support the Foundation's mission while providing sufficient reinvestment to protect endowments from inflation.

According to the Foundation's Investment Policy, endowment target allocations are 16 to 56 percent in domestic equities, 0 to 39 percent in international equities, 5 to 45 percent in fixed-income securities, and 0 to 20 percent in other income assets, other growth assets, Real Estate Investment Trust (REIT)/inflation hedges, and/or cash and cash equivalents. The Foundation contracts with a qualified investment manager to whom authority is delegated to invest and reinvest assets in accordance with the investment policy.

Custodial credit risk – deposits: Custodial credit risk for deposits is the risk that, in the event of a depository financial institution's failure, the Foundation's and the Housing Corp's deposits may not be returned to them.

At December 31, 2022, the Foundation's cash deposits with financial and brokerage institutions were $2,385,077, of which $1,885,077 was above FDIC limits.

The Housing Corp's deposits include cash on hand and amounts held in the Corp's demand accounts. At June 30, 2023, the carrying amount of the Corp's deposits was $2,024,544 of which $1,774,664 was above FDIC limits. Each demand account is insured by the FDIC up to $250,000. Any balance in excess of FDIC insurance is covered by collateral held by the Corp's custodial bank, which is pledged to a State trust fund that provides security in accordance with Florida Security for Public Deposits Act (Act), Chapter 280, Florida Statutes.

The Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified public depository must pledge at least 50 percent of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to a maximum of 125 percent, may be required, if deemed necessary under the conditions set forth in the Act.

Obligations pledged to secure deposits must be delivered to the State Treasurer or, with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney is delivered to the Treasurer. Under the Act, the pool may assess participating financial institutions on a pro rata basis to fund any shortfall in the event of the failure of a member institution.

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. The Foundation's and the Housing Corp's policies for managing their exposure for changes in interest rate is through maintaining diversification of their investments and investment maturity dates to minimize the impact of downturns in the market.

Credit risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Concentration risk: The Foundation's and the Housing Corp's investment policies discourage more than 5 percent of the portfolio's total assets taken at current value be invested in the securities of one issuer, other than the United States of America, its agencies or instrumentalities. The policies further discourage more than 40 percent of the portfolio's assets to be invested in the securities of the companies in any one industry.

Fair Value Measurement. The Foundation and the Housing Corp categorize their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the inputs used in valuation and gives the highest priority to quoted prices in active markets and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates in the hierarchy is based on whether the significant inputs into the valuation are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest level, Level 1, is given to unadjusted quoted prices in active markets and the lowest level, Level 3, to unobservable inputs that reflect the Foundation's and the Housing Corp's significant market assumptions. The three levels of the fair value hierarchy are as follows:

- Level 1 – Valuations based on unadjusted quoted market prices for identical assets or liabilities in active markets that the Foundation and the Housing Corp have the ability to access.
- Level 2 – Valuations based on pricing inputs that are other than quoted prices in active markets, which are either directly or indirectly observable. Examples include commingled funds which hold actively traded public securities, but whose valuations are determined only periodically, (typically monthly). Other examples include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or valuations based on models where the significant inputs are observable (e.g., interest rates, yield curves, prepayment speeds, credit risks, default rates, loss severities, etc.) or can be corroborated by observable market data.
- Level 3 – Valuations are derived from other valuation methodologies, including pricing models, discounted cash flow models, and similar techniques. Level 3 valuations incorporate certain assumptions and projections that are not observable in the market and require significant professional judgment in determining the fair value assigned to such assets and liabilities. Level 3 investments primarily comprise alternative investments that do not have a liquid market at the balance sheet date. Inputs used for Level 3 may include the original transaction price, recent transactions in the same or similar market, completed or pending third party transactions in the underlying investment or comparable issuers, and subsequent rounds of financing. When observable prices are not available, these investments are valued using one or more valuation techniques described below:
    - Market Approach: This approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
    - Income Approach: This approach determines a valuation by discounting cash flows.
    - Cost Approach: This approach is based on the principle of substitution and the concept that a market participant would not pay more than the amount that would currently be required to replace the asset.

Mutual funds are valued at the daily closing price as reported by each type of fund. Mutual funds held by the Foundation are open-ended mutual funds that are registered with the Securities Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact that price. The mutual funds held by the Foundation are deemed to be actively traded.

The fair value hierarchy requires the use of observable market data when available. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. The classification of assets and liabilities in the fair value hierarchy is not necessarily an indication of the risks or liquidity but is based on the observability of the valuation inputs.

Deposits and Investments	Average Maturity	Fair Value Level	Credit Quality (S&P)	Fair Value
Daytona State College Foundation, Inc.				
Cash and Cash Equivalents	N/A	N/A	N/A	$ 2,449,317
Mutual Funds - Fixed Income	7.80	1	B to AAA	9,223,518
Mutual Funds - Domestic Equity	N/A	1	N/A	12,229,797
Mutual Funds - International Equity	N/A	1	N/A	6,874,616
Total Deposits and Investments of the Foundation				30,777,248
Daytona State College Housing Corporation Inc.				
Cash and Cash Equivalents	N/A	N/A	N/A	2,024,544
State Treasury Special Purpose Investment Accounts	3.02	3	AA-f	1,362,177
Total Deposits and Investments of the Housing Corp				3,386,721
Total Deposits and Investments of the Component Units				$34,163,969

4. 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. These receivables are reported net of a $280,915 allowance for doubtful accounts.

5. Notes Receivable

Notes receivable represent student loans made under the short-term loan program of $30,032. Notes receivable are reported net of a $438 allowance for doubtful notes.

6. Leases Receivable

Leases receivable represent contracts with third parties for use of the College's broadband channels, telecommunication towers, and land. The terms of the lease arrangements are determined by evaluating the non-cancelable term length, the optional term length, and assessing the likelihood with reasonable certainty the option to extend the term or terminate the agreement may occur. The term lengths range from 25 to 29 years. The College records leases receivable and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the interest rates charged to the lessee, which may be the interest rate implicit in the lease. During the 2022-23 fiscal year, the College recognized revenues related to these lease agreements totaling $933,913. Deferred inflows of resources decreased $2,267,556 related to the leases.

7. Due From Other Governmental Agencies

The amount due from other governmental agencies consists of $16,309,735 of Public Education Capital Outlay allocations due from the State for construction of College facilities, $13,042,474 of Deferred Maintenance allocations due from the State for renovations and upgrades to designated College facilities, $2,641,090 from the Federal Higher Education Emergency Relief Funds, and $3,420,067 for contract and grant reimbursement due from third parties.

8. Due From and To Component Units/College

The $937,120 reported as due to component units consists of amounts owed by the College to the Housing Corp in the amount of $62,661 and the amount of $874,459 due to the Foundation, pursuant to an agreement to invest Foundation short-term cash on hand in the State Treasury SPIA and SBA Florida Prime investment accounts of the College. The $174,229 reported as due from component units to the College consists of $165,728 receivable from the Housing Corp and $8,501 for student assistance related to childcare services from the Foundation. The College's and Housing Corp's financial statements are reported for the fiscal year ended June 30, 2023. The Foundation's financial statements are reported for the fiscal year ended December 31, 2022. Accordingly, amounts reported by the College as due from and to component units on the statement of net position do not agree with amounts reported by the component units as due from and to the College.

9. Capital Assets

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

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 15,402,520	$ 174,680	$ -	$ 15,577,200
Artwork	412,022	6,250	-	418,272
Construction in Progress	523,417	4,902,245	-	5,425,662
Total Nondepreciable Capital Assets	$ 16,337,959	$ 5,083,175	$ -	$ 21,421,134
Depreciable Capital Assets:				
Buildings	$ 242,726,810	$ 1,262,761	$ -	$ 243,989,571
Other Structures and Improvements	35,444,466	-	183,734	35,260,732
Furniture, Machinery, and Equipment	21,693,055	2,448,419	496,556	23,644,918
Data Software	8,747,667	-	-	8,747,667
Total Depreciable Capital Assets	308,611,998	3,711,180	680,290	311,642,888
Less, Accumulated Depreciation:				
Buildings	100,755,644	5,799,249	-	106,554,893
Other Structures and Improvements	31,349,898	748,518	183,734	31,914,682
Furniture, Machinery, and Equipment	19,066,212	1,277,651	496,556	19,847,307
Data Software	8,747,667	-	-	8,747,667
Total Accumulated Depreciation	159,919,421	7,825,418	680,290	167,064,549
Total Depreciable Capital Assets, Net	$ 148,692,577	$ (4,114,238)	$ -	$ 144,578,339

Component Unit – Capital Assets. The Housing Corp's capital asset activity for the fiscal year ended June 30, 2023, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Depreciable Capital Assets:				
Buildings and Improvements	$ 13,161,219	$ 138,183	$ -	$ 13,299,402
Total Depreciable Capital Assets	13,161,219	138,183	-	13,299,402
Less, Accumulated Depreciation:				
Buildings and Improvements	-	313,126	-	313,126
Total Accumulated Depreciation	-	313,126	-	313,126
Total Depreciable Capital Assets, Net	$ 13,161,219	$ (174,943)	$ -	$ 12,986,276

10. Long-Term Liabilities

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

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Loans Payable	$ 4,545,000	$ -	$ 1,145,000	$ 3,400,000	$ 1,200,000
Special Termination Benefits Payable	540,076	57,009	172,427	424,658	16,129
Compensated Absences Payable	11,479,448	1,598,185	1,707,165	11,370,468	1,199,846
Other Postemployment Benefits Payable	700,382	58,470	180,954	577,898	59,267
Net Pension Liability	19,891,594	41,007,319	17,655,779	43,243,134	-
Total Long-Term Liabilities	$37,156,500	$42,720,983	$20,861,325	$59,016,158	$ 2,475,242

Component Unit – Long-Term Liabilities. The Housing Corp's 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
Loans Payable	$ 12,800,000	$ -	$ 272,637	$ 12,527,363	$ 555,788
Total Long-Term Liabilities	$ 12,800,000	$ -	$ 272,637	$ 12,527,363	$ 555,788

Loans Payable. Pursuant to Section 1001.64(38), Florida Statutes, the College obtained two loans to finance the cost of the acquisition and construction of various capital projects and equipment, including but not limited to, construction of the Hospitality Center, a physical plant, a shipping and receiving building, additional parking and the demolition of a building. The College borrowed $10 million on December 23, 2005, at a stated interest rate of 3.96 percent, and $8 million on January 10, 2006, at a stated interest rate of 4.03 percent. Both loans mature on January 1, 2026, and principal and interest payments are due the end of each quarter. These loans are direct borrowings from a bank. The loans are not secured by any assets pledged as collateral. The loans contain provisions that in the event of default the bank may accelerate payment for all principal and interest due under the loans, and also allows for prepayment, which could result in prepayment fees.

Annual requirements to amortize the outstanding loans as of June 30, 2023, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	$ 1,200,000	$ 118,139	$ 1,318,139
2025	1,240,000	69,497	1,309,497
2026	960,000	19,309	979,309
Total	$ 3,400,000	$ 206,945	$ 3,606,945

Component Unit Loans Payable. In March 2021, the Housing Corp entered into an agreement with a bank for a $12.8 million loan for the construction of a student housing building. The semi-annual payments are due June 30 and December 31, with interest payments commencing on June 30, 2021, and principal payments commencing June 30, 2023. The loan is collateralized by net revenues generated by the student housing building that opened in August 2022. The intertest rate on the loan is 2.56 percent and the loan matures in June 2041. The outstanding balance at June 30, 2023, was $12.5 million. Principal payments for the loan began in the 2022-23 fiscal year.

Annual requirements to amortize the outstanding loans as of June 30, 2023, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	$ 555,788	$ 317,166	$ 872,954
2025	570,107	302,847	872,954
2026	584,795	288,159	872,954
2027	599,862	273,092	872,954
2028	615,316	257,637	872,953
2029-2033	3,322,704	1,042,065	4,364,769
2034-2038	3,773,363	591,406	4,364,769
2039-2041	2,505,428	113,433	2,618,861
Total	$ 12,527,363	$ 3,185,805	$ 15,713,168

Special Termination Benefits Payable. The Board of Trustees established a severance pay plan for certain College administrative employees. The plan provided that an eligible employee's total benefit could not exceed an amount equal to twice the employee's annualized base pay determined as of the date of the employee's separation from service and the payment must be paid within 60 days of the separation date. The Board of Trustees, during its December 8, 2011, meeting, terminated further accrual of benefits under this plan after July 1, 2011. As of June 30, 2023, there was one remaining employee in the plan. Upon separation, the remaining employee will be paid their portion of the remaining plan liability, or $33,270. During the 2022-23 fiscal year, there was one payment in the amount of $156,298 made from the Special Termination Benefits plan.

On December 8, 2011, the College Board of Trustees adopted a Deferred Compensation Plan (Compensation Plan) effective July 1, 2011. Under the Compensation Plan, the President is eligible to participate, and can determine, on a plan year by plan year basis, which other eligible employees could participate in the Compensation Plan. The Compensation Plan provides that an eligible employee's total benefit may not exceed an amount equal to twice the employee's annualized base pay determined as of the date the employee separates from service. Effective July 1, 2011, the former President of the College became eligible to participate in the Compensation Plan. The former President separated employment on June 30, 2015, and received a lump sum payment of $19,250, and the first of ten annual $16,129 payments, in the 2015-16 fiscal year. During the 2022-23 fiscal year, the College paid the eighth of the ten annual payments to the former President and contributed $57,009 to the Compensation Plan for the current President, an eligible participant in the Compensation Plan, effective July 1, 2016.

Compensated Absences Payable. College employees may accrue annual and sick leave based on length of service, subject to certain limitations regarding the amount that will be paid upon termination. The College reports a liability for the accrued leave; however, State noncapital appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the College expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. At June 30, 2023, the estimated liability for compensated absences, which includes the College's share of the Florida Retirement System and FICA contributions, totaled $11,370,468. The current portion of the compensated absences liability, $1,199,846, 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 health and hospitalization plan for medical 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	38
Active Employees	795
Total	833

Total OPEB Liability

The College's total OPEB liability of $577,898 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	2.4 percent
Salary increases	Regular Employees: 3.40-7.80 percent, including inflation Senior Management: 4.10-8.20 percent, including inflation
Discount rate	3.54 percent at current measurement date 2.16 percent at prior measurement date
Healthcare cost trend rates	Pre-Medicare: 7.0 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
Benefit-related costs	100 percent of projected health insurance premiums for retirees

The discount rate as of the current measurement date was based on the Bond Buyer General Obligation 20-year Municipal Bond Index.

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

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

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

Changes in the Total OPEB Liability

	Amount
Balance at 6/30/22	$ 700,382
Changes for the year:	
Service Cost	43,188
Interest	15,282
Changes in Assumptions or Other Inputs	(108,451)
Benefit Payments	(72,503)
Net Changes	(122,484)
Balance at 6/30/23	$ 577,898

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	$652,654	$577,898	$518,899

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	$490,871	$577,898	$693,891

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 $99,497. 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
Change of assumptions or other inputs		
Differences between expected and actual	$ 222,010	$ 299,569
experience	352,616	-
Transactions subsequent to the		
measurement date	59,267	-
Total	$ 633,893	$ 299,569

Of the total amount reported as deferred outflows of resources related to OPEB, $59,267, 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	$ 41,027
2025	41,027
2026	41,027
2027	40,721
2028	40,471
Thereafter	70,784
Total	$ 275,057

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 $43,243,134. Note 11. includes a complete discussion of defined benefit pension plans.

11. Retirement Plans – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS)

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

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

The College's FRS and HIS pension expense totaled $3,965,815 for the fiscal year ended June 30, 2023.

<u>FRS Pension Plan</u>

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

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

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

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

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on retirement plan and/or the class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following table shows the percentage value for each year of service credit earned:

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

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

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

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

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

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

The College's contributions to the Plan totaled $3,942,893 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 $31,888,551 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 0.085703397 percent, which was a decrease of 0.000100660 from its proportionate share measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the College recognized pension expense of $3,915,594. 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	$ 1,514,522	$ -
Change of assumptions	3,927,208	-
Net difference between projected and actual earnings on FRS Plan investments	2,105,597	-
Changes in proportion and differences between College FRS contributions and proportionate share of contributions	579,287	1,201,321
College FRS contributions subsequent to the measurement date	3,942,893	-
Total	$ 12,069,507	$ 1,201,321

The deferred outflows of resources totaling $3,942,893, 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	$ 1,436,597
2025	430,322
2026	(693,450)
2027	5,467,559
2028	284,265
Total	$ 6,925,293

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	$55,149,056	$31,888,551	$12,400,001

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.

HIS Pension Plan

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

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

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

The College's contributions to the HIS Plan totaled $703,346 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 $11,354,583 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The College's proportionate share of the net pension liability was based on the College's 2021-22 fiscal year contributions relative to the total 2021-22 fiscal year contributions of all participating members. At June 30, 2022, the College's proportionate share was 0.107203693 percent, which was a decrease of 0.002119012 from its proportionate share measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the College recognized pension expense of $50,221. 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	$ 344,638	$ 49,961
Change of assumptions	650,852	1,756,547
Net difference between projected and actual earnings on HIS Plan investments	16,439	-
Changes in proportion and differences between College HIS contributions and proportionate share of HIS contributions	-	1,444,370
College contributions subsequent to the measurement date	703,346	-
Total	$ 1,715,275	$ 3,250,878

The deferred outflows of resources totaling $703,346, 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	$ (645,031)
2025	(478,453)
2026	(340,684)
2027	(318,235)
2028	(331,606)
Thereafter	(124,940)
Total	$ (2,238,949)

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	$12,990,576	$11,354,583	$10,000,833

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.

12. Retirement Plans – Defined Contribution Pension Plans

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

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

Class	**Percent of Gross Compensation**
FRS, Regular	9.30
FRS, Senior Management Service	10.67

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

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

The College's Investment Plan pension expense totaled $1,444,562 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 $188,939 and employee contributions totaled $110,062 for the 2022-23 fiscal year.

Senior Management Service Local Annuity Program. Section 121.055(1)(b)2., Florida Statutes, and Florida Retirement System Rule 60S-1.0057, Florida Administrative Code, provide that local agency employees eligible for the FRS, Senior Management Service Class, may elect to withdraw from the FRS altogether and participate in a local annuity program. Pursuant thereto, the College established the Senior Management Service Class Local Annuity Program (Local Annuity Program). Employees in eligible positions are allowed to make an irrevocable election to participate in the Local Annuity Program, rather than the FRS.

The Local Annuity Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the employee. The College contributes 12.34 percent of the employee's salary to the Local Annuity Program. Employees may make contributions toward the Local Annuity Program by way of salary reduction or by deduction of a percentage of the employee's gross compensation not to exceed the percentage contributed by the employer.

The College's contributions to the Local Annuity Program totaled $123,143 for the 2022-23 fiscal year.

13. Joint Participation Agreement

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

The joint participation agreement provides for conversion of master control facilities for each College, the installation of a joint-use digital antenna, and jointly leased tower space. The Colleges will equally share the lease payments and other obligations contained in the tower lease agreement. Also, the Colleges agreed to equally share the costs of maintenance and repairs of the equipment and facilities and common expenses relating to the joint-use of the lease tower, the digital antenna, the transmission lines, and other common equipment. In addition, the Colleges agreed to share any such engineering fees or consulting fees as may be necessary for the common benefit of the Colleges.

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

14. Construction Commitments

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

Project Description	Total Commitment	Completed to Date	Balance Committed
Deltona Building			
Architect	$ 748,170	$ 695,646	$ 52,524
Contractor	16,681,483	4,575,480	12,106,003
Total	$ 17,429,653	$ 5,271,126	$ 12,158,527

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	$ 39,126,872
Public Services	2,493,610
Academic Support	8,365,898
Student Services	14,315,155
Institutional Support	24,130,373
Operation and Maintenance of Plant	13,058,276
Scholarships and Waivers	19,282,629
Depreciation	7,825,418
Auxiliary Enterprises	738,802
Total Operating Expenses	$ 129,337,033

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: Daytona State College Foundation, Inc. (1)	Direct-Support Organizations: Daytona State College Housing Corporation (2)	Total
Assets:			
Current Assets	$ 4,853,286	$ 2,576,624	$ 7,429,910
Capital Assets, Net	-	12,986,276	12,986,276
Other Noncurrent Assets	28,357,781	923,184	29,280,965
Total Assets	33,211,067	16,486,084	49,697,151
Liabilities:			
Current Liabilities	105,097	759,014	864,111
Noncurrent Liabilities	-	11,971,575	11,971,575
Total Liabilities	105,097	12,730,589	12,835,686
Net Position:			
Net Investment in Capital Assets	-	458,913	458,913
Restricted Nonexpendable	20,749,817	-	20,749,817
Restricted Expendable	12,240,713	923,184	13,163,897
Unrestricted	115,440	2,373,398	2,488,838
Total Net Position	$ 33,105,970	$ 3,755,495	$ 36,861,465

(1) Amounts are as of December 31, 2022.

(2) Amounts are as of June 30, 2023.

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

	Direct-Support Organizations: Daytona State College Foundation, Inc. (1)	Direct-Support Organizations: Daytona State College Housing Corporation (2)	Total
Operating Revenues	$ 995,044	$ 1,569,695	$ 2,564,739
Operating Expenses	2,070,065	789,425	2,859,490
Operating Income (Loss)	(1,075,021)	780,270	(294,751)
Net Nonoperating Expenses	(4,735,505)	(279,209)	(5,014,714)
Increase (Decrease) in Net Position	(5,810,526)	501,061	(5,309,465)
Net Position, Beginning of Year	38,916,496	3,254,434	42,170,930
Net Position, End of Year	$ 33,105,970	$ 3,755,495	$ 36,861,465

(1) Amounts are for the fiscal year ended December 31, 2022.

(2) Amounts are for the fiscal year ended June 30, 2023.

THIS PAGE INTENTIONALLY LEFT BLANK

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	$ 43,188	$ 19,793	$ 21,128	$ 14,271	$ 14,044	$ 13,952
Interest	15,282	6,883	15,711	9,480	9,498	8,431
Difference between expected and actual experience	-	137,896	-	424,912	-	-
Changes of assumptions or other inputs	(108,451)	270,661	(113,877)	(211,690)	2,175	3,204
Benefit Payments	(72,503)	(52,683)	(65,206)	(43,301)	(51,758)	(26,276)
Net change in total OPEB liability	(122,484)	382,550	(142,244)	193,672	(26,041)	(689)
Total OPEB Liability - beginning	700,382	317,832	460,076	266,404	292,445	293,134
Total OPEB Liability - ending	$ 577,898	$ 700,382	$ 317,832	$ 460,076	$ 266,404	$ 292,445
Covered-Employee Payroll	$ 37,841,090	$ 37,841,090	$ 39,057,492	$ 39,057,492	$ 47,691,228	$ 42,266,180
Total OPEB Liability as a percentage of covered-employee payroll	1.53%	1.85%	0.81%	1.18%	0.56%	0.69%

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	0.085703397%	0.085804057%	0.082948862%	0.086891143%
College's proportionate share of the FRS net pension liability	$ 31,888,551	$ 6,481,521	$ 35,951,258	$ 29,924,100
College's covered payroll (2)	$ 43,238,881	$ 42,908,939	$ 44,361,540	$ 44,522,211
College's proportionate share of the FRS net pension liability as a percentage of its covered payroll	73.75%	15.11%	81.04%	67.21%
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	$ 3,942,893	$ 3,709,828	$ 3,291,595	$ 2,462,067
FRS contributions in relation to the contractually required contribution	(3,942,893)	(3,709,828)	(3,291,595)	(2,462,067)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 46,038,966	$ 43,238,881	$ 42,908,939	$ 44,361,540
FRS contributions as a percentage of covered payroll	8.56%	8.58%	7.67%	5.55%

(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)
0.092879752%	0.097474826%	0.102985790%	0.113629190%	0.122606733%	0.113149274%
$ 27,975,863	$ 28,832,399	$ 26,003,993	$ 14,676,734	$ 7,480,814	$ 19,478,026
$ 46,180,205	$ 47,378,975	$ 48,237,861	$ 49,461,726	$ 52,046,719	$ 52,177,541
60.58%	60.85%	53.91%	29.67%	14.37%	37.33%
84.26%	83.89%	84.88%	92.00%	96.09%	88.54%

2019 (1)	**2018** (1)	**2017** (1)	**2016** (1)	**2015** (1)	**2014** (1)
$ 2,718,207	$ 2,680,544	$ 2,554,620	$ 2,511,473	$ 2,770,376	$ 2,685,608
(2,718,207)	(2,680,544)	(2,554,620)	(2,511,473)	(2,770,376)	(2,685,608)
$ -	$ -	$ -	$ -	$ -	$ -
$ 44,522,211	$ 46,180,205	$ 47,378,975	$ 48,237,861	$ 49,461,726	$ 52,046,680
6.11%	5.80%	5.39%	5.21%	5.60%	5.16%

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	0.107203693%	0.109322705%	0.115272973%	0.119161828%
College's proportionate share of the HIS net pension liability	$ 11,354,583	$ 13,410,073	$ 14,074,642	$ 13,333,016
College's covered payroll (2)	$ 39,121,027	$ 38,705,635	$ 40,016,198	$ 39,843,251
College's proportionate share of the HIS net pension liability as a percentage of its covered payroll	29.02%	34.65%	35.17%	33.46%
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	$ 703,346	$ 649,409	$ 642,514	$ 664,269
HIS contributions in relation to the contractually required HIS contribution	(703,346)	(649,409)	(642,514)	(664,269)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 42,370,258	$ 39,121,027	$ 38,705,635	$ 40,016,198
HIS contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%

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

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

2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)	2013 (1)
0.124619126%	0.130472045%	0.136392329%	0.141810273%	0.152163695%	0.155689929%
$ 13,189,828	$ 13,950,674	$ 15,895,961	$ 14,462,417	$ 14,227,677	$ 13,554,855
$ 40,718,278	$ 41,622,453	$ 42,112,067	$ 43,051,270	$ 45,252,275	$ 45,267,404
32.39%	33.52%	37.75%	33.59%	31.44%	29.94%
2.15%	1.64%	0.97%	0.50%	0.99%	1.78%

2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
$ 661,398	$ 675,923	$ 690,933	$ 699,098	$ 542,087	$ 521,262
(661,398)	(675,923)	(690,933)	(699,098)	(542,087)	(521,262)
$ -	$ -	$ -	$ -	$ -	$ -
$ 39,843,251	$ 40,718,278	$ 41,622,453	$ 42,112,067	$ 43,051,270	$ 45,252,275
1.66%	1.66%	1.66%	1.66%	1.26%	1.15%

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

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

Changes of Assumptions. The long-term expected rate of return, using the Municipal Bond Index Rate increased from 2.16 percent to 3.54 percent.

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

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

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

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

AUDITOR GENERAL
STATE OF FLORIDA

Sherrill F. Norman, CPA
Auditor General

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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Daytona State College, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated March 21, 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, CPA
Tallahassee, Florida
March 21, 2024