STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

Report No. 2024-169
March 2024

INDIAN RIVER STATE COLLEGE

For the Fiscal Year Ended
June 30, 2023

Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the 2022-23 fiscal year, Dr. Timothy Moore served as President of Indian River State College and the following individuals served as Members of the Board of Trustees:

	County
Anthony D. George Jr., Chair from 8-23-22, Vice Chair through 8-22-22	Martin
Christa Luna, Vice Chair from 8-23-22	Okeechobee
Sandra J. Krischke through 9-30-22, [a] Chair through 8-22-22	St. Lucie
Susan R. Caron	St. Lucie
Jose L. Conrado	Indian River
Vicki H. Davis	Martin
Dr. Melissa D. Kindell	Okeechobee
Dr. Madhu Sasidhar from 12-9-22 [a]	St. Lucie
J. Brantley Schirard Jr.	St. Lucie
Milo Thornton	Indian River

[a] Trustee position vacant from 10-1-22, through 12-8-22.

The team leader was Bevohn Dougall, CPA, and the audit was supervised by Clare Waters, 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

INDIAN RIVER 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 Indian River State College (a component unit of the State of Florida) were presented fairly, in all material respects, in accordance with prescribed financial reporting standards.

Summary of Report on Internal Control and Compliance

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

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

Audit Objectives and Scope

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

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

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

Audit Methodology

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

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

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

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

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 2. to the financial statements, the College adopted new accounting guidance Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, which is a change in accounting principle that addresses accounting and financial reporting for subscription-based information technology arrangements. This affects the comparability of amounts reported for the 2022-23 fiscal year with amounts reported for the 2021-22 fiscal year. Our opinion is not modified with respect to this matter.

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 22, 2024, on our consideration of the Indian River State College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
March 22, 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

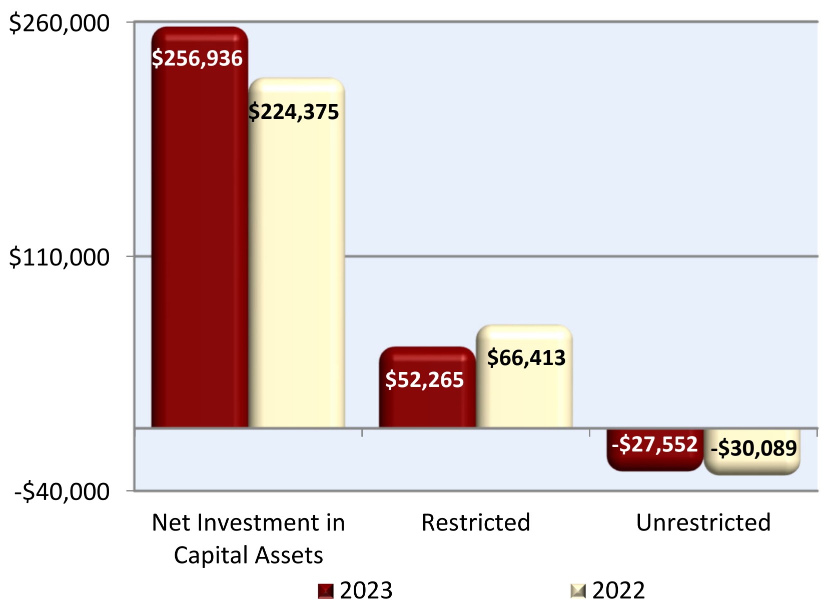
The College's assets and deferred outflows of resources totaled $378.9 million at June 30, 2023. This balance reflects a $26.6 million, or 7.6 percent, increase as compared to the 2021-22 fiscal year. Liabilities and deferred inflows of resources increased by $5.7 million, or 6.2 percent, totaling $97.3 million at June 30, 2023. As a result, the College's net position increased by $20.9 million, or 8 percent, resulting in a year-end balance of $281.6 million.

The College's operating revenues totaled $25.9 million for the 2022-23 fiscal year, representing an 18.8 percent decrease compared to the 2021-22 fiscal year. Operating expenses totaled $150.5 million for the 2022-23 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:

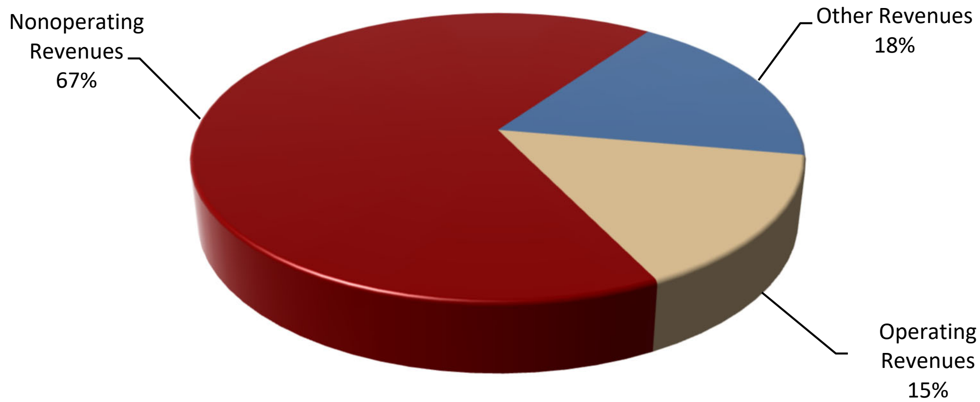
Net Position

(In Thousands)



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

Total Revenues
2022-23 Fiscal Year



OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to the Governmental Accounting Standards Board (GASB) Statement No. 35, the College's financial report consists of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The financial statements, and notes thereto, encompass the College and its component unit, Indian River State College Foundation, Inc. (Foundation). Based on the application of the criteria for determining component units, the Foundation is included within the College reporting entity as a discretely presented component unit.

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

The Statement of Net Position

The statement of net position reflects the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the College, 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	$ 73,182	$ 72,933
Capital Assets, Net	264,280	231,344
Other Noncurrent Assets	22,604	29,878
Total Assets	360,066	334,155
Deferred Outflows of Resources	18,906	18,174
Liabilities		
Current Liabilities	16,926	11,665
Noncurrent Liabilities	71,379	44,351
Total Liabilities	88,305	56,016
Deferred Inflows of Resources	9,018	35,614
Net Position		
Net Investment in Capital Assets	256,936	224,375
Restricted	52,265	66,413
Unrestricted	(27,552)	(30,089)
Total Net Position	$ 281,649	$ 260,699

Total assets increased $25.9 million primarily from an increase in depreciable and nondepreciable capital assets. Total liabilities increased $32.3 million primarily in net pension liability. The increase in assets and liabilities, resulted in a total net position increase of $20.9 million, or 8 percent. Further information related to pension expenses, liabilities, deferred inflows and outflows, and other relevant actuarial data are found in the notes and supplementary information of this report.

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	$ 25,932	$ 31,942
Less, Operating Expenses	150,491	150,533
Operating Loss	(124,559)	(118,591)
Net Nonoperating Revenues	114,645	132,510
Income (Loss) Before Other Revenues	(9,914)	13,919
Other Revenues	30,864	36,744
Net Increase In Net Position	20,950	50,663
Net Position, Beginning of Year	260,699	210,036
Net Position, End of Year	$ 281,649	$ 260,699

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

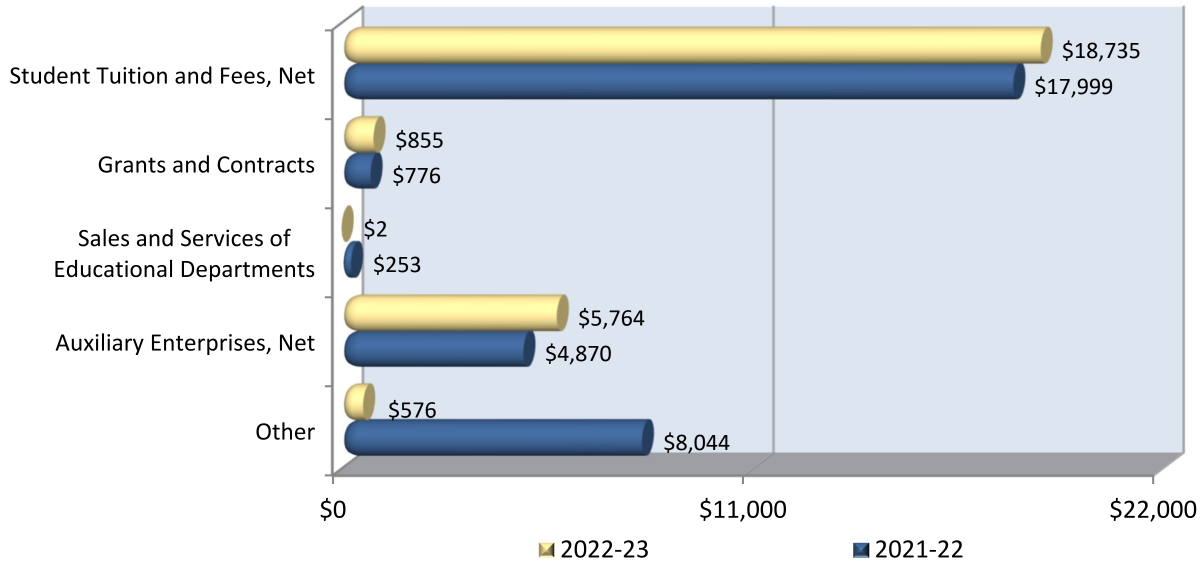
(In Thousands)

	2022-23	2021-22
Student Tuition and Fees, Net	$ 18,735	$ 17,999
Grants and Contracts	855	776
Sales and Services of Educational Departments	2	253
Auxiliary Enterprises, Net	5,764	4,870
Other	576	8,044
Total Operating Revenues	$ 25,932	$ 31,942

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

Operating Revenues

(In Thousands)



College operating revenues decreased $6 million, or 18.8 percent, primarily in other operating revenue due to revenue received in the prior fiscal year from the sale of the Educational Broadband Service for $7.5 million.

Operating Expenses

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

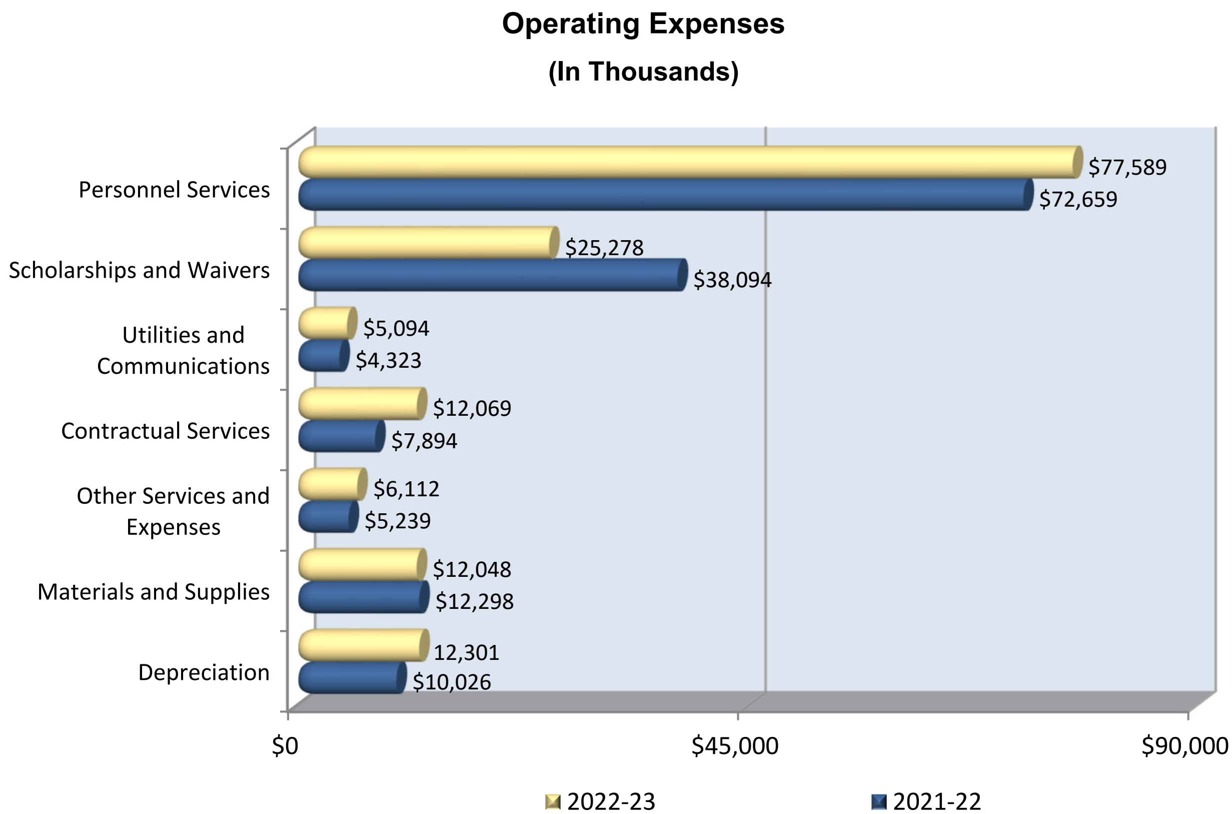
The following summarizes operating expenses by natural classification for the 2022-23 and 2021-22 fiscal years:

Operating Expenses
For the Fiscal Years

(In Thousands)

	2022-23	**2021-22**
Personnel Services	$ 77,589	$ 72,659
Scholarships and Waivers	25,278	38,094
Utilities and Communications	5,094	4,323
Contractual Services	12,069	7,894
Other Services and Expenses	6,112	5,239
Materials and Supplies	12,048	12,298
Depreciation	12,301	10,026
Total Operating Expenses	$ 150,491	$ 150,533

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



College operating expense changes were the result of the following factors:

- An increase in personnel services of $4.9 million, or 6.8 percent, related to pension expense.
- An increase in contractual services of $4.2 million, or 52.9 percent, related to professional fees for consulting, project management, and Web site redesign fees.
- A decrease in scholarships and waivers of $12.8 million, or 33.6 percent, related to not having the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Higher Education Emergency Relief Fund (HEERF) grant in the 2022-23 fiscal year.

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	$ 56,103	$ 53,386
Federal and State Student Financial Aid	33,058	44,971
Gifts and Grants	29,287	34,871
Investment Income (Loss)	1,006	(569)
Gain (Loss) on Disposal of Captial Asset	(4,553)	2
Interest on Capital Asset-Related Debt	(256)	(151)
Net Nonoperating Revenues	$ 114,645	$ 132,510

Net nonoperating revenues decreased by $17.9 million, or 13.5 percent, as compared to the prior fiscal year, primarily due to a decrease in Federal and State financial aid and gifts and grants.

Other Revenues

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

Other Revenues
For the Fiscal Years

(In Thousands)

	2022-23	2021-22
State Capital Appropriations	$ 633	$ 11,410
Capital Grants, Contracts, Gifts, and Fees	30,231	25,334
Total	$ 30,864	$ 36,744

Other revenues decreased by $5.8 million, or 16 percent, compared to the prior fiscal year, due to funding provided in the prior fiscal year for projects – WQCS-FM, Industrial Technology Building, facility renewal projects and campus enhancements. In the 2022-23 fiscal year, funding was provided in capital grants, contract, gifts, and fees for Deferred Building Maintenance and Indiantown Workforce Charter High School.

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	$ (111,459)	$ (109,279)
Noncapital Financing Activities	129,063	118,123
Capital and Related Financing Activities	(18,746)	(4,261)
Investing Activities	908	80
Net Increase (Decrease) in Cash and Cash Equivalents	(234)	4,663
Cash and Cash Equivalents, Beginning of Year	25,300	20,637
Cash and Cash Equivalents, End of Year	$ 25,066	$ 25,300

Major sources of funds came from State noncapital appropriations ($56.1 million), Federal and State student financial aid ($43.7 million), noncapital gifts and grants ($29.3 million), and net student tuition and fees ($16.5 million). Major uses of funds were for payments to employee salaries and benefits ($76.2 million), purchases of capital assets ($36.3 million), payments to suppliers ($29.6 million), and payments for student scholarships ($25.3 million).

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, the College had $438.6 million in capital assets, less accumulated depreciation of $174.3 million, for net capital assets of $264.3 million. Depreciation charges for the current fiscal year totaled $12.3 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	$ 38,895	$ 24,114
Construction in Progress	24,161	19,470
Buildings	180,518	167,438
Other Structures and Improvements	5,643	3,590
Furniture, Machinery, and Equipment	7,154	4,423
Computer Software	-	4,532
Licenses - Perpetual	825	825
Subscription-Based Information Technology Arrangement	710	-
Lease Assets	6,374	6,952
Capital Assets, Net	$ 264,280	$ 231,344

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

Capital Expenses and Commitments

Major capital expenses through June 30, 2023, were incurred for the construction of a new building, the Advanced Workforce Training Complex. The College's construction commitments at June 30, 2023, are as follows:

	Amount (In Thousands)
Total Committed	$ 25,098
Completed to Date	23,168
Balance Committed	$ 1,930

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

Debt Administration

As of June 30, 2023, the College had $7.4 million in outstanding long-term debt, representing a decrease of $0.4 million, or 5.9 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
SBE Capital Outlay Bonds	$ -	$ 165
Leases Payable	6,332	6,805
Subscription-Based Information Technology Arrangement	1,052	-
Total	$ 7,384	$ 6,970

The State Board of Education issues capital outlay bonds on behalf of the College. These bonds mature serially and are secured by a pledge of the College's portion of the State-assessed motor vehicle license tax and by the State's full faith and credit. During the 2022-23 fiscal year, the College had fully extinguished all bonded debt outstanding, and the remaining amount is primarily leases payable due to the implementation of GASB Statement No. 87, *Lease*s.

Economic Factors That Will Affect the Future

The College's economic condition is closely tied to that of the State of Florida. Statewide we have seen a decrease in enrollment due to the pandemic. Efforts to increase enrollment for the upcoming 2023-24 academic year have taken place; with expectations that it will slightly increase. The College's current financial and capital plans indicate that there are adequate financial resources to maintain its present level of services. The College expects to revise its budgets as needed based upon student tuition and State resources available to fund operations in the next year.

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 Dr. Marvin Pyles, Vice President of Administration and Finance, CFO, Indian River State College, 3209 Virginia Avenue, Fort Pierce, Florida 34981.

THIS PAGE INTENTIONALLY LEFT BLANK

INDIAN RIVER STATE COLLEGE
A Component Unit of the State of Florida
Statement of Net Position

June 30, 2023

	College	Component Unit
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 15,991,061	$ 11,125,370
Restricted Cash and Cash Equivalents	6,839,972	-
Accounts Receivable, Net	4,372,203	-
Lease Receivable	138,116	-
Due from Other Governmental Agencies	29,279,456	-
Due from Component Unit	12,250,657	-
Inventories	1,220,054	-
Prepaid Expenses	3,081,583	121,270
Deposits	8,817	1,197,490
Total Current Assets	73,181,919	12,444,130
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	2,234,688	-
Investments	11,005,709	135,184,079
Restricted Investments	7,977,884	-
Lease Receivable	1,353,192	-
Prepaid Expenses	32,342	-
Depreciable Capital Assets, Net	200,399,579	4,480,732
Nondepreciable Capital Assets	63,880,616	15,862,594
Other Assets	-	3,630,480
Total Noncurrent Assets	286,884,010	159,157,885
TOTAL ASSETS	360,065,929	171,602,015
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	689,851	-
Pensions	18,216,220	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	18,906,071	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	3,457,322	5,761,796
Accrued Interest Payable	36,649	-
Salary and Payroll Taxes Payable	3,893,942	-
Retainage Payable	1,917,403	-
Due to Other Governmental Agencies	9,134	-
Due to College	-	8,904,964
Unearned Revenue	3,697,462	52,135
Deposits Held for Others	1,448,947	18,259
Long-Term Liabilities - Current Portion:		
Notes Payable	-	242,475
Leases Payable	909,717	-
Subscription-Based Information Technology Arrangement	1,052,081	-
Compensated Absences Payable	341,478	-
Other Postemployment Benefits Payable	161,991	-
Total Current Liabilities	16,926,126	14,979,629

	College	Component Unit
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Notes Payable	-	3,917,267
Leases Payable	5,422,017	-
Compensated Absences Payable	7,640,539	-
Other Postemployment Benefits Payable	2,794,445	-
Net Pension Liability	55,521,905	-
Total Noncurrent Liabilities	71,378,906	3,917,267
TOTAL LIABILITIES	88,305,032	18,896,896
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	1,241,782	-
Pensions	6,352,937	-
Lease Receivable	1,423,212	-
TOTAL DEFERRED INFLOWS OF RESOURCES	9,017,931	-
NET POSITION		
Net Investment in Capital Assets	256,935,577	16,183,584
Restricted:		
Nonexpendable:		
Endowment	-	30,657,914
Expendable:		
Endowment	-	78,155,787
Grants and Loans	11,153,810	-
Scholarships	490,000	-
Capital Projects	40,621,039	-
Debt Service	563	-
Unrestricted	(27,551,952)	27,707,834
TOTAL NET POSITION	$ 281,649,037	$ 152,705,119

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

THIS PAGE INTENTIONALLY LEFT BLANK

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

For the Fiscal Year Ended June 30, 2023

	College	Component Unit
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $11,434,124	$ 18,734,765	$ -
Federal Grants and Contracts	549,598	-
State and Local Grants and Contracts	304,790	-
Nongovernmental Grants and Contracts	-	6,400,742
Sales and Services of Educational Departments	2,287	-
Auxiliary Enterprises, Net of Scholarship Allowances of $1,073,368	5,764,139	-
Investment Loss	-	(9,874,942)
Other Operating Revenues	576,298	1,221,255
Total Operating Revenues	25,931,877	(2,252,945)
EXPENSES		
Operating Expenses:		
Personnel Services	77,588,635	922,415
Scholarships and Waivers	25,278,251	1,214,787
Utilities and Communications	5,094,422	124,057
Contractual Services	12,069,255	-
Other Services and Expenses	6,112,229	10,306,094
Materials and Supplies	12,047,548	63,937
Depreciation	12,301,129	477,799
Total Operating Expenses	150,491,469	13,109,089
Operating Loss	(124,559,592)	(15,362,034)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	56,103,447	-
Federal and State Student Financial Aid	33,057,717	-
Gifts and Grants	29,286,994	-
Investment Income	1,006,303	-
Gain (Loss) on Disposal of Capital Assets	(4,553,534)	3,806,879
Interest on Capital Asset-Related Debt	(256,246)	(73,934)
Net Nonoperating Revenues	114,644,681	3,732,945
Loss Before Other Revenues	(9,914,911)	(11,629,089)
State Capital Appropriations	632,597	-
Capital Grants, Contracts, Gifts, and Fees	30,231,426	-
Additions to Endowments	-	740,518
Total Other Revenues	30,864,023	740,518
Increase (Decrease) in Net Position	20,949,112	(10,888,571)
Net Position, Beginning of Year	260,699,925	163,593,690
Net Position, End of Year	$ 281,649,037	$ 152,705,119

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

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

For the Fiscal Year Ended June 30, 2023

	College
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	$ 16,509,066
Grants and Contracts	1,791,096
Payments to Suppliers	(29,602,769)
Payments for Utilities and Communications	(5,094,422)
Payments to Employees	(58,277,367)
Payments for Employee Benefits	(17,951,178)
Payments for Scholarships	(25,279,400)
Auxiliary Enterprises, Net	6,022,196
Sales and Services of Educational Departments	2,287
Other Receipts	421,871
Net Cash Used by Operating Activities	(111,458,620)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	56,103,446
Federal and State Student Financial Aid	43,672,133
Federal Direct Loan Program Receipts	2,557,910
Federal Direct Loan Program Disbursements	(2,557,910)
Gifts and Grants Received for Other Than Capital or Endowment Purposes	29,286,994
Net Cash Provided by Noncapital Financing Activities	129,062,573
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	4,183,135
Capital Grants and Gifts	14,559,885
Purchases of Capital Assets	(36,314,596)
Principal Paid on Capital Debt and Leases	(917,766)
Interest Paid on Capital Debt and Leases	(256,246)
Net Cash Used by Capital and Related Financing Activities	(18,745,588)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	14,329,160
Purchases of Investments	(14,422,288)
Investment Income	1,000,775
Net Cash Provided by Investing Activities	907,647
Net Decrease in Cash and Cash Equivalents	(233,988)
Cash and Cash Equivalents, Beginning of Year	25,299,709
Cash and Cash Equivalents, End of Year	$ 25,065,721

	College
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (124,559,592)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	12,301,129
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	(1,817,186)
Due from Other Governmental Agencies	(510,755)
Deposits Receivable	(649)
Inventories	94,048
Prepaid Expenses	123,240
Leases Receivable	(538,855)
Accounts Payable	864,940
Salaries and Payroll Taxes Payable	994,911
Unearned Revenue	1,095,170
Deposits Held for Others	357,923
Compensated Absences Payable	(887,755)
Other Postemployment Benefits Payable	(511,525)
Net Pension Liability	28,864,667
Deferred Outflows of Resources Related to Other Postemployment Benefits	69,608
Deferred Inflows of Resources Related to Other Postemployment Benefits	434,050
Deferred Outflows of Resources Related to Pensions	(801,579)
Deferred Inflows of Resources Related to Pensions	(27,516,830)
Deferred Inflows of Resources Related to Leases	486,420
NET CASH USED BY OPERATING ACTIVITIES	$ (111,458,620)
SUPPLEMENTAL DISCLOSURE OF CAPITAL FINANCING ACTIVITIES	
Donations of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	$ 11,047,700
Loss on disposal of capital assets was recognized on the statement of revenues, expenses, and changes in net position, but is not a cash transaction for the statement of cash flows.	$ (4,553,534)

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 Indian River State College, a component unit of the State of Florida, is the College Board of Trustees. The Board of Trustees constitutes a corporation and is composed of 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 Martin, St. Lucie, Indian River, and Okeechobee Counties.

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

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

The Foundation is also a direct-support organization, as defined in Section 1004.70, Florida Statutes, and although legally separate from the College, is financially accountable to the College. The Foundation is managed independently, outside the College's budgeting process, and its powers generally are vested in a governing board pursuant to various State statutes. The Foundation receives, holds, invests, and administers property, and makes expenditures to or for the benefit of the College.

The Foundation is audited by other auditors pursuant to Section 1004.70(6), Florida Statutes. The Foundation's audited financial statements are available to the public and can be obtained from the Vice President of Administration and Finance, CFO, Indian River State College, 3209 Virginia Avenue, Fort Pierce, Florida 34981. The financial data reported on the accompanying financial statements was derived from the Foundation's audited financial statements for the fiscal year ended March 31, 2023.

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

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

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

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

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

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

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

The statement of revenues, expenses, and changes in net position is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the difference between the stated charge for goods and services provided by the College and the amount that is actually paid by the student or the third party making payment on behalf of the student. The College determines its scholarship allowance by determining through its accounting records, those transactions where the student's classes and books were paid by an applicable financial aid resource. To the extent that these resources are used to pay student charges, the College records a scholarship allowance against tuition and fees and auxiliary revenue.

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

Cash and Cash Equivalents. The amount reported as cash and cash equivalents consist of cash on hand, cash in demand accounts, and cash invested with the State Board of Administration (SBA) Florida PRIME investment pool. For reporting cash flows, the College considers all highly liquid investments with original maturities of 3 months or less, that are not held solely for income or profit, to be cash equivalents. Under this definition, the College considers amounts invested in the SBA Florida PRIME investment 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, 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 $948 in the Florida PRIME investment pool administered by the SBA pursuant to Section 218.405, Florida Statutes. The College's investments in the Florida PRIME investment pool, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The Florida PRIME investment pool carried a credit rating of AAAm by Standard & Poor's and had a weighted-average days to maturity (WAM) of 37 days as of June 30, 2023. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating-rate instruments. WAM measures the sensitivity of the Florida PRIME investment pool to interest rate changes. The investments in the Florida PRIME investment pool are reported at amortized cost.

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

Capital Assets. College capital assets consist of land, licenses, construction in progress, buildings, other structures and improvements, furniture, machinery, and equipment, lease assets, and subscription-based information technology arrangements. 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 (excluding disaster restoration). Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 40 to 50 years
- Other Structures and Improvements – 10 years
- Furniture, Machinery, and Equipment:
  - Computer Equipment – 3 years
  - Vehicles, Office Machines, and Educational Equipment – 5, 7, or 10 years
  - Furniture – 7 or 10 years
- Lease Assets – 2 to 20 years
- Subscription-Based Information Technology Arrangements – 2 to 10 years

Land, buildings, and equipment of the College's component unit are stated at cost except for donated property which is stated at fair market value at the date of the donation, and is net of accumulated depreciation of $6,254,885. The College's component unit depreciates buildings and equipment using the straight-line method over estimated life ranging from 5 to 40 years.

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

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

2. Reporting Change

For the 2022-23 fiscal year, the College implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA), which changes the accounting and financial reporting for subscription-based technology arrangements for colleges. This statement requires the College to recognize certain subscription-based technology arrangements assets and liabilities that previously were classified as operating expenses. This statement establishes a right to use the subscription asset (intangible asset), a corresponding subscription liability, provides capitalization criteria for outlays other than subscription payments, including implementation costs and requires note disclosures thereby enhancing the relevance and consistency of information about the College's activities. The standards of SBITA are based on the standards established in GASB Statement No. 87, *Leases*, as amended. There was no effect to beginning net position.

3. 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	$ (43,215,955)
Auxiliary Funds	15,664,003
Total	$ (27,551,952)

4. Investments

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

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

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

Significant College investments were classified as Level 2 and these securities are valued daily by a pricing service that uses an evaluated pricing application which incorporates available market information. Available market information is also applied through benchmarking processes, sector groupings, and matrix pricing (Level 2 inputs).

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

		Fair Value Measurements Using		
Investments by fair value level	**Amount**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
SBA Debt Service Accounts	$ 563	$ 563	$ -	$ -
Obligations of United States Government				
Agencies and Instrumentalities	9,900,244	-	9,900,244	-
Municipal Obligations	333,074	-	333,074	-
Bonds and Notes:				
Corporate Bonds and Notes	3,044,125	-	3,044,125	-
Foreign Bonds - Notes and Debentures	2,096,385	-	2,096,385	-
Asset Backed Securities	3,558,102	-	3,558,102	-
Mutual Funds:				
Bonds	10,183	10,183	-	-
Total investments by fair value level	$ 18,942,676	$ 10,746	$ 18,931,930	$ -
Investments measured at the net asset value (NAV)				
Money Market Funds	40,917			
Total investments measured at fair value	$ 18,983,593			

<u>Managed Investments</u>. The College's other investments totaling $18,983,030 at June 30, 2023, are reported at fair value and are managed by a contracted investment management firm. The following risks apply to other College investments:

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. The College's investment policy provides that the maximum effective maturity of the type of security will not be greater than 5.5 years, and limits the maximum allocation to all corporate and bank credit instruments to 50 percent combined. The maximum exposure to any one Federal agency investment is 40 percent and the maturity limit for mortgage-backed and asset-backed securities is based on the expected average life at the time of purchase. At June 30, 2023, the College had $8,864,911 in United States Treasury bonds with final maturity dates between August 2024 and June 2026, $1,035,333 in Federal Agency bonds with final maturity dates between November 2023 and July 2035, and $333,074 in municipal obligations with final maturity dates between July 2023 and March 2025. The College's investment in corporate securities totaled $3,044,125 with final maturity dates between March 2024 and January 2027, and foreign securities totaled $2,096,385 with final maturity dates between October 2023 and January 2026. The College's investment in asset-backed securities totaling $3,558,102 have final maturity dates between

July 2023 and March 2025. The College's investments in mutual funds totaled $10,183 and money market funds totaled $40,917.

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

- United States Treasury bills, notes, bonds, strips, and other obligations whose principal and interest is fully guaranteed by the United States of America, any of its agencies or instrumentalities.
- Government Sponsored Enterprises: Federal Farm Credit Bank (FFCB), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Bank (FHLB), Student Loan Marketing Association (SLMA), Financing Corporation (FICO), the Resolution Funding Corporation (REFCO), Farm Credit System Financial Assistance Corporation, the Federal Housing Finance Board, and all other government-sponsored agencies and enterprises.
- Repurchase agreements rated at least "A1/P1" or the equivalent.
- Nonnegotiable certificates of deposit and savings account in State-certified qualified public depositories.
- Agency mortgage-backed securities guaranteed by the United States Government or a Federal agency.
- Money market funds, including, but not limited to, commercial paper, time deposits and bankers' acceptances, rated at least "AAAm/Aaa-mf" or the equivalent by Standard & Poor's, Moody's Investors Service, and all other nationally recognized credit rating organizations.
- Corporate bonds and notes with an "A-/A3" rating.
- Supranationals where United States is a shareholder and voting member with a rating of "A 1+/P-1, AAA/Aaa" or equivalent.
- Asset Backed Securities with a rating of "A-1+/P-1, AAA/Aaa" or equivalent.
- Any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01, Florida Statutes, which maintains a similar investment objective.

United States Government obligations are not considered to have credit risk. As of June 30, 2023, the College's investments in Federal agency obligations (Government sponsored enterprises) are rated AA+ by Standard & Poor's. Corporate notes are investment grade debt securities which have credit quality ratings given by Standard & Poor's and are available for purchase in the United States and are issued or guaranteed by a corporation or a financial institution.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the College will not be able to recover that value of investments or collateral securities that are in the possession of an outside party. The College's investment policy addresses this by requiring that all securities purchased shall be properly designated as an asset of the College and held in safe keeping by a third-party custodial bank or institution. Further, the policy states that no withdrawal of securities, in whole or in part, shall be made from safekeeping except those designated within the Investment Management and Custodial Agreement between the Custodian and the College. The

College's investments of $18,983,030 as of June 30, 2023, are all held by the safekeeping agent in the name of the College.

Component Unit Investments. Investments held by the Indian River State College Foundation, Inc. at March 31, 2023, are reported as follows.

		Fair Value Measurements Using		
Investments by fair value level	**Amount**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Exchange Traded Funds	$ 6,090,610	$ 6,090,610	$ -	$ -
Mutual Funds:				
Domestic Equities	64,881,500	64,881,500	-	-
Foreign Equities	19,831,008	19,831,008	-	-
Fixed Income	22,673,736	22,673,736	-	-
Total investments by fair value level	$ 113,476,854	$ 113,476,854	$ -	$ -
Investments measured at the net asset value (NAV)	15,197,165			
Money Market Funds	6,510,060			
Total investments measured at fair value	$ 135,184,079			

5. Accounts Receivable

Accounts receivable represent amounts for student fee deferments, uncollected commissions for food service and vending machine sales, unused credit memos, and contract and grant reimbursements due from third parties. The accounts receivable are reported net of a $233,400 allowance for doubtful accounts.

6. Due From Other Governmental Agencies

The amount due from other governmental agencies primarily consists of $18,166,196 of Public Education Capital Outlay allocations due from the State for construction, remodeling, and renovation of College facilities, and $5,861,710 for Federal restricted grants and contracts.

7. Due From Component Unit

The College recorded an amount of $12,250,657 representing scholarships and funding for renovation of College facilities that will be reimbursed by the Foundation, pursuant to agreements between the College and the Foundation. The College's financial statements are reported for the fiscal year ended June 30, 2023. The College's component unit's financial statements are reported as of March 31, 2023. Accordingly, amounts reported by the College as due from the component unit on the statement of net position do not agree with amounts reported by the component unit as due to the College.

8. Inventories

Inventories consist of items for resale by the campus bookstore and items for resale by the Treasure Coast Public Safety Institute department, and are valued using the last invoice cost, which approximates the first-in, first-out method of inventory valuation.

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	$ 24,114,438	$ 14,780,164	$ -	$ 38,894,602
Licenses - Perpetual	824,665	-	-	824,665
Construction in Progress	19,470,413	28,554,765	23,863,829	24,161,349
Total Nondepreciable Capital Assets	$ 44,409,516	$ 43,334,929	$ 23,863,829	$ 63,880,616
Depreciable Capital Assets:				
Buildings	$ 298,147,714	$ 19,659,368	$ -	$ 317,807,082
Other Structures and Improvements	19,940,060	4,204,461	-	24,144,521
Furniture, Machinery, and Equipment	19,017,836	3,963,050	390,274	22,590,612
Computer Software	11,256,368	-	11,256,368	-
Lease Assets	7,584,295	402,264	6,649	7,979,910
Subscription-Based Information Technology Arrangement	-	2,130,546	-	2,130,546
Total Depreciable Capital Assets	355,946,273	30,359,689	11,653,291	374,652,671
Less, Accumulated Depreciation:				
Buildings	130,710,271	6,578,567	-	137,288,838
Other Structures and Improvements	16,350,379	2,151,349	-	18,501,728
Furniture, Machinery, and Equipment	14,594,984	1,177,380	335,841	15,436,523
Computer Software	6,724,537	-	6,724,537	-
Lease Assets	632,170	973,469	-	1,605,639
Subscription-Based Information Technology Arrangement	-	1,420,364	-	1,420,364
Total Accumulated Depreciation	169,012,341	12,301,129	7,060,378	174,253,092
Total Depreciable Capital Assets, Net	$ 186,933,932	$ 18,058,560	$ 4,592,913	$ 200,399,579

10. Unearned Revenue

As of June 30, 2023, the College reported unearned revenue of $3,697,462 for restricted grants and contracts received prior to fiscal year end related to subsequent accounting periods.

11. Long-Term Liabilities

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

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable	$ 165,000	$ -	$ 165,000	$ -	$ -
Leases Payable	6,804,752	279,748	752,766	6,331,734	909,717
Subscription-Based Information Technology Arrangement	-	1,052,081	-	1,052,081	1,052,081
Compensated Absences Payable	8,869,772	496,950	1,384,705	7,982,017	341,478
Other Postemployment Benefits Payable	3,467,961	22,261	533,786	2,956,436	161,991
Net Pension Liability	26,657,238	53,179,040	24,314,373	55,521,905	-
Total Long-Term Liabilities	$ 45,964,723	$ 55,030,080	$ 27,150,630	$ 73,844,173	$ 2,465,267

Bonds Payable. SBE issues capital outlay bonds on behalf of the College. These bonds mature serially and are secured by a pledge of the College's portion of the State-assessed motor vehicle license tax and by the State's full faith and credit. The SBE and the SBA administer the principal and interest payments, investment of debt service resources, and compliance with reserve requirements. The College had fully extinguished all bonded debt outstanding as of June 30, 2023.

Leases Payable. Energy, water, and wastewater performance savings equipment in the amount of $7,035,125, vehicles in the amount of $435,517, buildings in the amount of $316,525, and copiers in the amount of $192,742 are recorded as leases. The stated interest rates range from 1.9 percent to 2.88 percent. Future minimum payments under the capital lease agreements and the present value of the minimum payments as of June 30, 2023, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2024	$ 1,084,630	$ 909,717	$ 174,913
2025	1,013,652	866,141	147,511
2026	814,520	690,149	124,371
2027	812,274	708,222	104,052
2028	792,125	708,596	83,529
2029-2032	2,574,410	2,448,909	125,501
Total	$ 7,091,611	$ 6,331,734	$ 759,877

Subscription-Based Information Technology Arrangement. The College has a 2-year SBITA for the right to use Workday Enterprise Resource Planning software, totaling $2,130,546. The College has discounted the future minimum payments using its incremental borrowing rate of 4 percent. Future minimum payments under SBITA and present value of the minimum payments as of June 30, 2023, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2024	$ 1,083,601	$ 1,052,081	$ 31,520

Note Payable – Component Unit. The long-term debt of the component unit as of March 31, 2023, is as follows:

Promissory note to bank secured by all income related to student housing, with $25,932 monthly payments beginning January 1, 2015, including interest at 1.7 percent per annum, maturing April 1, 2038.	$ 4,159,742

Maturities of the long-term debt are as follows:

Fiscal Year Ending June 30	Amount
2024	$ 242,475
2025	246,630
2026	250,855
2027	255,153
2028	259,525
Thereafter	2,905,104
Total Minimum Lease Payments	$ 4,159,742

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 $7,982,017. The current portion of the compensated absences liability, $341,478, is the amount expected to be paid in the coming fiscal year and represents payments for employees in the Deferred Retirement Option Program.

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

Benefits Provided. The OPEB Plan provides healthcare benefits for retirees and their dependents as well as life insurance for retirees. 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	84
DROP Members	51
Active Employees	715
Total	850

Total OPEB Liability

The College's total OPEB liability of $2,956,436 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021.

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

Inflation	2.40 percent
Real wage growth	0.85 percent
Wage inflation	3.25 percent
Salary increases, including wage inflation	Regular Employees 3.40 percent – 7.80 percent Senior Management 4.10 percent – 8.20 percent
Municipal Bond Index Rate	2.16 percent at Prior Measurement Date 3.54 percent at Measurement Date
Healthcare cost trend rates	
Pre-Medicare	7.00 percent for 2021 decreasing to an ultimate rate of 4.400 percent by 2032
Medicare	5.125 percent for 2021 decreasing to an ultimate rate of 4.400 percent by 2025

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index.

Mortality rates were based on the PUB-2010 mortality tables, with adjustments for FRS experiences 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	$	3,467,961
Changes for the year:		
Service Cost		147,369
Interest		76,590
Changes in Assumptions or Other Inputs		(595,754)
Benefit Payments		(139,730)
Net Changes		(511,525)
Balance at 6/30/23	$	2,956,436

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 due to a change in the Municipal Bond Index Rate.

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	$3,369,427	$2,956,436	$2,622,866

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	$2,591,694	$2,956,436	$3,443,234

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 $152,124. At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 124,215	$ 582,804
Change of assumptions or other inputs	403,645	658,978
Transactions subsequent to the measurement date	161,991	-
Total	$ 689,851	$ 1,241,782

Of the total amount reported as deferred outflows of resources related to OPEB, $161,991 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	$ (71,835)
2025	(71,835)
2026	(71,835)
2027	(49,767)
2028	(36,991)
Thereafter	(411,659)
Total	$ (713,922)

Net Pension Liability. As a participating employer in the Florida Retirement System (FRS), the College recognizes its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. As of June 30, 2023, the College's proportionate share of the net pension liabilities totaled $55,521,905. Note 12. includes a complete discussion of defined benefit pension plans.

12. Retirement Plans – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS)

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

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

The College's FRS and HIS pension expense totaled $5,874,727 for the fiscal year ended June 30, 2023.

FRS Pension Plan

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

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Senior Management Service Class* – Members in senior management level positions.
- *Special Risk Class* – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of creditable service except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of creditable service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of creditable service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

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

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

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
Senior Management Service Class	2.00
Special Risk Class	3.00

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

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

Class	Percent of Gross Salary Employee	Employer (1)
FRS, Regular	3.00	11.91
FRS, Senior Management Service	3.00	31.57
FRS, Special Risk	3.00	27.83
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	18.60
FRS, Reemployed Retiree	(2)	(2)

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

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

The College's contributions to the Plan totaled $4,572,018 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 $40,851,982 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 0.109793436 percent, which was a decrease of 0.004183972 from its proportionate share measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the College recognized pension expense of $5,549,160. 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	$ 1,940,233	$ -
Change of assumptions	5,031,092	-
Net difference between projected and actual earnings on FRS Plan investments	2,697,451	-
Changes in proportion and differences between College FRS contributions and proportionate share of contributions	1,782,161	2,034,836
College FRS contributions subsequent to the measurement date	4,572,018	-
Total	$ 16,022,955	$ 2,034,836

The deferred outflows of resources totaling $4,572,018, 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	$ 2,241,698
2025	785,785
2026	(926,365)
2027	6,850,062
2028	472,762
Thereafter	(7,841)
Total	$ 9,416,101

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	$70,650,693	$40,851,982	$15,936,713

Pension Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Annual Comprehensive Financial Report.

Payables to the Pension Plan. At June 30, 2023, the College reported a payable of $735,822 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2023.

HIS Pension Plan

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

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

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

The College's contributions to the HIS Plan totaled $830,525 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 $14,669,923 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 0.138505299 percent, which was a decrease of 0.008623345 from its proportionate share measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the College recognized pension expense of $325,567. 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**
Change of assumptions	$ 840,889	$ 2,269,428
Net difference between projected and actual earnings on HIS Plan investments	21,239	-
Difference between expected and actual experience	445,267	64,549
Changes in proportion and differences between College HIS contributions and proportionate share of HIS contributions	55,345	1,984,124
College contributions subsequent to the measurement date	830,525	-
Total	$ 2,193,265	$ 4,318,101

The deferred outflows of resources totaling $830,525, 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	$ (679,213)
2025	(576,495)
2026	(474,567)
2027	(559,937)
2028	(683,518)
Thereafter	18,369
Total	$ (2,955,361)

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	$16,783,597	$14,669,923	$12,920,902

Pension Plan Fiduciary Net Position. Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Annual Comprehensive Financial Report.

Payables to the Pension Plan. At June 30, 2023, the College reported a payable of $50,792 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2023.

13. Retirement Plans – Defined Contribution Pension Plans

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

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

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

Class	**Percent of Gross Compensation**
FRS, Regular	9.30
FRS, Senior Management Service	10.67
FRS, Special Risk Regular	17.00

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

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

The College's Investment Plan pension expense totaled $2,417,580 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 $90,636 and employee contributions totaled $52,517 for the 2022-23 fiscal year.

14. Construction Commitment

The College's major construction commitment at June 30, 2023, was as follows:

Project Description	Total Commitment	Completed to Date	Balance Committed
Fort Pierce/Massey Campus Advanced Workforce Building	$ 25,098,655	$ 23,168,330	$ 1,930,325
Total	$ 25,098,655	$ 23,168,330	$ 1,930,325

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.

Life insurance is obtained through purchased commercial insurance.

16. Litigation

The College is involved in several pending and threatened legal actions. The range of potential loss from all such claims and actions, as estimated by the College's legal counsel and management, should not materially affect the College's financial position.

17. 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	$ 43,879,278
Public Services	1,185,719
Academic Support	16,150,935
Student Services	16,075,087
Institutional Support	12,295,936
Operation and Maintenance of Plant	16,540,352
Scholarships and Waivers	25,278,251
Depreciation	12,301,129
Auxiliary Enterprises	6,784,782
Total Operating Expenses	$ 150,491,469

18. Related Party Transactions

As permitted by Section 1004.70, Florida Statutes, the College receives direct and indirect support from its direct-support organization, Indian River State College Foundation, Inc. (Foundation). The Foundation is included within the College's reporting entity as a discretely presented component unit.

In the 2022-23 fiscal year, the lease agreement with the Foundation for the use of classroom and office space for the Indian River Academy was terminated.

In April 1993, the College entered into an agreement with the Foundation to lease 2.5 acres of land to the Foundation for the establishment of student housing. The agreement provided for a lease term of 99 years in consideration of a one-time payment of $99 for the life of the lease.

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	$ 147,369	$ 186,414	$ 152,086	$ 126,309	$ 129,920	$ 140,413
Interest	76,590	90,521	129,502	111,144	102,599	88,176
Difference between expected and actual experience	-	(721,072)	-	221,635	-	-
Changes of assumptions or other inputs	(595,754)	74,197	209,297	350,046	(110,632)	(210,192)
Benefit Payments	(139,730)	(142,509)	(115,869)	(149,949)	(114,339)	(18,218)
Net change in total OPEB liability	(511,525)	(512,449)	375,016	659,185	7,548	179
Total OPEB Liability - beginning	3,467,961	3,980,410	3,605,394	2,946,209	2,938,661	2,938,482
Total OPEB Liability - ending	$ 2,956,436	$ 3,467,961	$ 3,980,410	$ 3,605,394	$ 2,946,209	$ 2,938,661
Covered-Employee Payroll	$ 50,171,164	$ 50,171,164	$ 56,381,445	$ 56,381,445	$ 56,424,195	$ 50,099,666
Total OPEB Liability as a percentage of covered-employee payroll	5.89%	6.91%	7.06%	6.39%	5.22%	5.87%

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	0.109793436%	0.113977408%	0.105793270%	0.110230052%
College's proportionate share of the FRS net pension liability	$ 40,851,982	$ 8,609,698	$ 45,853,399	$ 37,961,695
College's covered payroll (2)	$ 52,425,068	$ 54,356,206	$ 55,434,773	$ 56,381,445
College's proportionate share of the FRS net pension liability as a percentage of its covered payroll	77.92%	15.84%	82.72%	67.33%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	82.89%	96.40%	78.85%	82.61%

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

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

Schedule of College Contributions – Florida Retirement System Pension Plan

	2023 (1)	**2022** (1)	**2021** (1)	**2020** (1)
Contractually required FRS contribution	$ 4,572,018	$ 4,758,238	$ 4,342,047	$ 3,515,042
FRS contributions in relation to the contractually required contribution	(4,572,018)	(4,758,238)	(4,342,047)	(3,515,042)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 51,757,162	$ 52,425,068	$ 54,356,206	$ 55,434,773
FRS contributions as a percentage of covered payroll	8.83%	9.08%	7.99%	6.34%

(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)
	0.117216269%	0.114096518%	0.115331804%	0.12362537%	0.124172421%	0.116832507%
	$ 35,306,148	$ 33,748,984	$ 29,121,371	$ 15,967,875	$ 7,576,344	$ 20,112,074
	$ 56,424,195	$ 54,653,302	$ 53,429,522	$ 52,413,012	$ 50,924,935	$ 48,550,130
	62.57%	61.75%	54.50%	30.47%	14.88%	41.43%
	84.26%	83.89%	84.88%	92.00%	96.09%	88.54%

	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
	$ 3,417,927	$ 3,340,570	$ 2,970,213	$ 2,826,006	$ 3,014,092	$ 2,719,903
	(3,417,927)	(3,340,570)	(2,970,213)	(2,826,006)	(3,014,092)	(2,719,903)
	$ -	$ -	$ -	$ -	$ -	$ -
	$ 56,381,445	$ 56,424,195	$ 54,653,302	$ 53,429,522	$ 52,413,012	$ 50,924,935
	6.06%	5.92%	5.43%	5.29%	5.75%	5.34%

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	0.138505299%	0.147128644%	0.152147289%	0.160027058%
College's proportionate share of the HIS net pension liability	$ 14,669,923	$ 18,047,540	$ 18,576,936	$ 17,905,426
College's covered payroll (2)	$ 52,425,068	$ 54,356,206	$ 55,434,773	$ 56,381,445
College's proportionate share of the HIS net pension liability as a percentage of its covered payroll	27.98%	33.20%	33.51%	31.76%
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	$ 830,525	$ 838,994	$ 864,823	$ 876,754
HIS contributions in relation to the contractually required HIS contribution	(830,525)	(838,994)	(864,823)	(876,754)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 51,757,162	$ 52,425,068	$ 54,356,206	$ 55,434,773
HIS contributions as a percentage of covered payroll	1.60%	1.60%	1.59%	1.58%

(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)
0.165109338%	0.163364659%	0.166226524%	0.165712629%	0.163637400%	0.160220204%
$ 17,475,358	$ 17,467,703	$ 19,373,013	$ 16,900,082	$ 15,300,528	$ 13,949,275
$ 56,424,195	$ 54,653,302	$ 53,429,522	$ 52,413,012	$ 50,924,935	$ 48,550,130
30.97%	31.96%	36.26%	32.24%	30.05%	28.73%
2.15%	1.64%	0.97%	0.50%	0.99%	1.78%

2019 (1)	**2018** (1)	**2017** (1)	**2016** (1)	**2015** (1)	**2014** (1)
$ 888,615	$ 895,392	$ 864,573	$ 852,320	$ 633,457	$ 560,568
(888,615)	(895,392)	(864,573)	(852,320)	(633,457)	(560,568)
$ -	$ -	$ -	$ -	$ -	$ -
$ 56,381,445	$ 56,424,195	$ 54,653,302	$ 53,429,522	$ 52,413,012	$ 50,924,935
1.58%	1.59%	1.58%	1.60%	1.21%	1.10%

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

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

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

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

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

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

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

Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL
STATE OF FLORIDA

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

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 Indian River State College, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated March 22, 2024, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
March 22, 2024