STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

Report No. 2024-180
March 2024

FLORIDA GATEWAY 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. Lawrence M. Barrett served as President of Florida Gateway College and the following individuals served as Members of the Board of Trustees:

	County
John D. Crawford, Chair	Baker
Carolyn Renae Allen, Vice Chair	Union
Robert C. Brannan III	Baker
Lindsey Lander	Gilchrist
Kathryn L. McInnis	Dixie
Suzanne M. Norris	Columbia
Dr. James Surrency	Gilchrist
Dr. Miguel J. Tepedino	Columbia

Note: One Trustee position was vacant for the entire period.

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

The team leader was Patricia A. Tindel, CPA, and the audit was supervised by Glenda K. Hart, CPA.

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

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FLORIDA GATEWAY COLLEGE

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SUMMARY

Summary of Report on the Audit of the Financial Statements

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

Summary of Report on Internal Control and Compliance

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

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

Audit Objectives and Scope

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

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

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

Audit Methodology

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

Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL
STATE OF FLORIDA

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

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

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of Florida Gateway 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 Florida Gateway College and of its discretely presented component unit as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2024, on our consideration of the Florida Gateway 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 College's 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 26, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

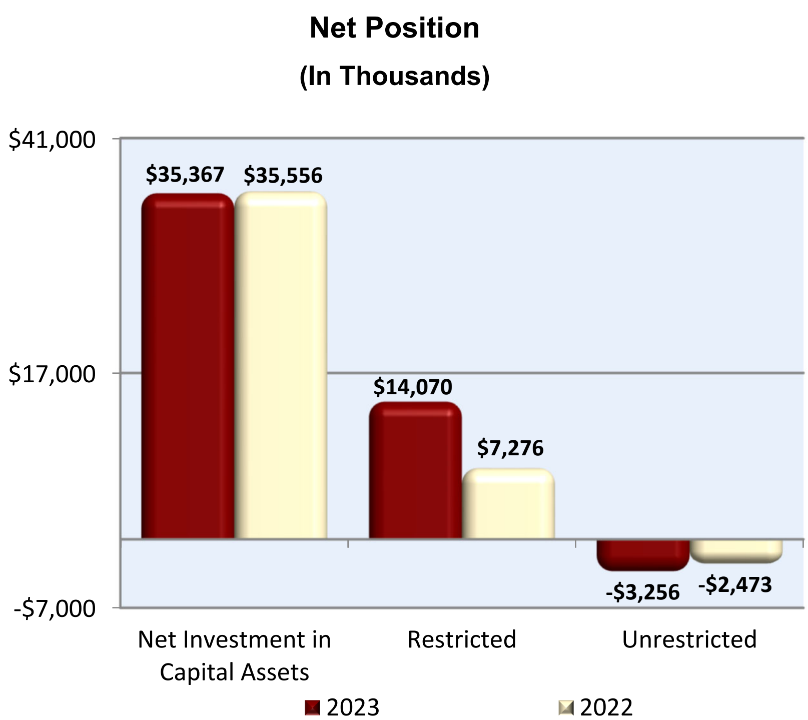
Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the College for the fiscal year ended June 30, 2023, and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto, are the responsibility of College management. The MD&A contains financial activity of the College for the fiscal years ended June 30, 2023, and June 30, 2022, and its component unit, The Foundation for Florida Gateway College, Inc. for the fiscal years ended March 31, 2023, and March 31, 2022.

Financial Highlights

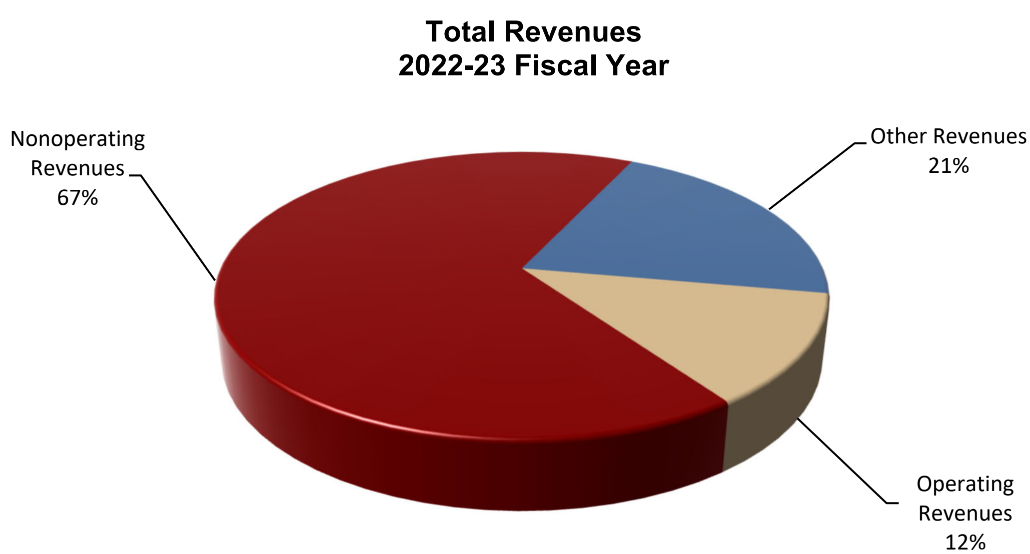
The College's assets and deferred outflows of resources totaled $69.6 million at June 30, 2023. This balance reflects a $5.7 million, or 8.9 percent, increase as compared to the 2021-22 fiscal year, resulting from a receivable from the State of Florida for deferred maintenance projects and the receipt of funding for construction of College facilities. While assets and deferred outflows of resources grew, liabilities and deferred inflows of resources decreased by $0.1 million, or 0.6 percent, totaling $23.4 million at June 30, 2023, resulting primarily from a reduction in deferred inflows of resources buffered by an increase in net pension liability. As a result, the College's net position increased by $5.8 million, resulting in a year-end balance of $46.2 million.

The College's operating revenues totaled $5.2 million for the 2022-23 fiscal year, representing a 14.6 percent increase compared to the 2021-22 fiscal year due mainly to an increase in grants and contracts revenue. Operating expenses totaled $36.7 million for the 2022-23 fiscal year, representing an increase of 14 percent as compared to the 2021-22 fiscal year due mainly to an increase in pension expense.

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



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



Overview of Financial Statements

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

- Florida Gateway College (Primary Institution) – Most of the programs and services generally associated with a college fall into this category, including instruction, public service, and support services.
- The Foundation for Florida Gateway College, Inc. (Component Unit) – Although legally separate, this component unit is important because the College is financially accountable for it, as the College reports its financial activities to the State of Florida. The Foundation's fiscal year differs from the College and covers the period April through March.

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 assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the College and its component unit for the respective fiscal years ended:

Condensed Statement of Net Position at June 30

(In Thousands)

	College		Component Unit	
	6-30-23	**6-30-22**	**3-31-23**	**3-31-22**
Assets				
Current Assets	$ 21,986	$ 16,116	$ 3,488	$ 20,191
Capital Assets, Net	42,206	43,138	196	188
Other Noncurrent Assets	1,451	981	20,820	5,498
Total Assets	65,643	60,235	24,504	25,877
Deferred Outflows of Resources	3,963	3,694	-	-
Liabilities				
Current Liabilities	2,424	2,530	452	87
Noncurrent Liabilities	19,548	13,624	-	-
Total Liabilities	21,972	16,154	452	87
Deferred Inflows of Resources	1,453	7,416	-	-
Net Position				
Net Investment in Capital Assets	35,367	35,556	196	188
Restricted	14,070	7,276	22,488	24,227
Unrestricted	(3,256)	(2,473)	1,368	1,375
Total Net Position	$ 46,181	$ 40,359	$ 24,052	$ 25,790

Total assets for the College increased by $5.4 million primarily due to an increase in due from other governmental agencies, partially offset by a decrease in capital assets.

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

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

(In Thousands)

	College		Component Unit	
	6-30-23	**6-30-22**	**3-31-23**	**3-31-22**
Operating Revenues	$ 5,249	$ 4,582	$ 1,143	$ 1,506
Less, Operating Expenses	36,683	32,187	1,518	1,870
Operating Loss	(31,434)	(27,605)	(375)	(364)
Net Nonoperating Revenues (Expenses)	28,492	26,073	(1,423)	2,784
Income (Loss) Before Other Revenues	(2,942)	(1,532)	(1,798)	2,420
Other Revenues	8,764	7,221	60	293
Net Increase (Decrease) In Net Position	5,822	5,689	(1,738)	2,713
Net Position, Beginning of Year	40,359	34,670	25,790	23,077
Net Position, End of Year	$ 46,181	$ 40,359	$ 24,052	$ 25,790

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

Operating Revenues
For the Fiscal Years Ended

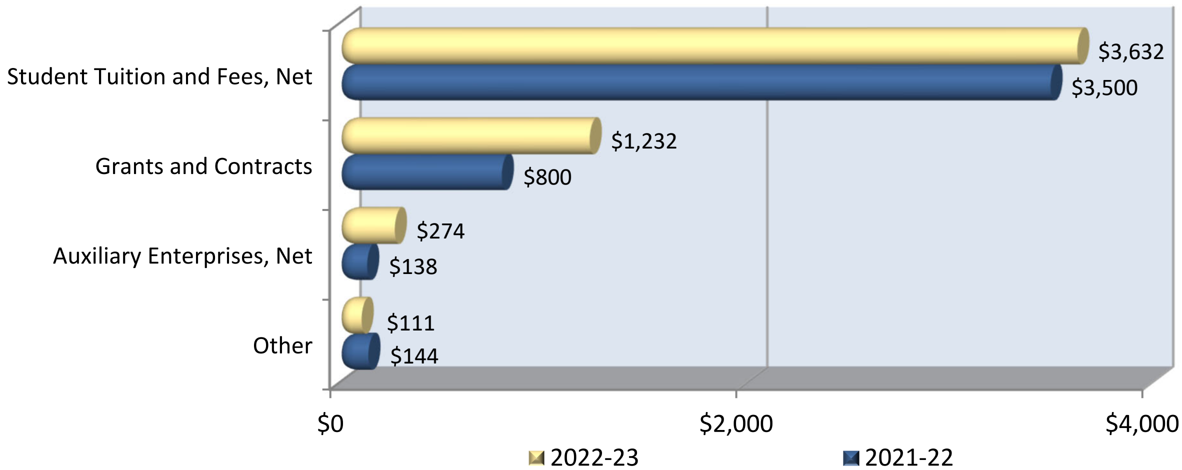
(In Thousands)

	College		Component Unit	
	6-30-23	**6-30-22**	**3-31-23**	**3-31-22**
Student Tuition and Fees, Net	$ 3,632	$ 3,500	$ -	$ -
Grants and Contracts	1,232	800	-	-
Auxiliary Enterprises, Net	274	138	-	-
Other	111	144	1,143	1,506
Total Operating Revenues	$ 5,249	$ 4,582	$ 1,143	$ 1,506

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

Operating Revenues

(In Thousands)



College operating revenue changes were primarily the result of an increase in grants and contracts revenue.

Operating Expenses

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

The following summarizes operating expenses by natural classification for the College and its component unit for the respective fiscal years ended:

Operating Expenses
For the Fiscal Years Ended

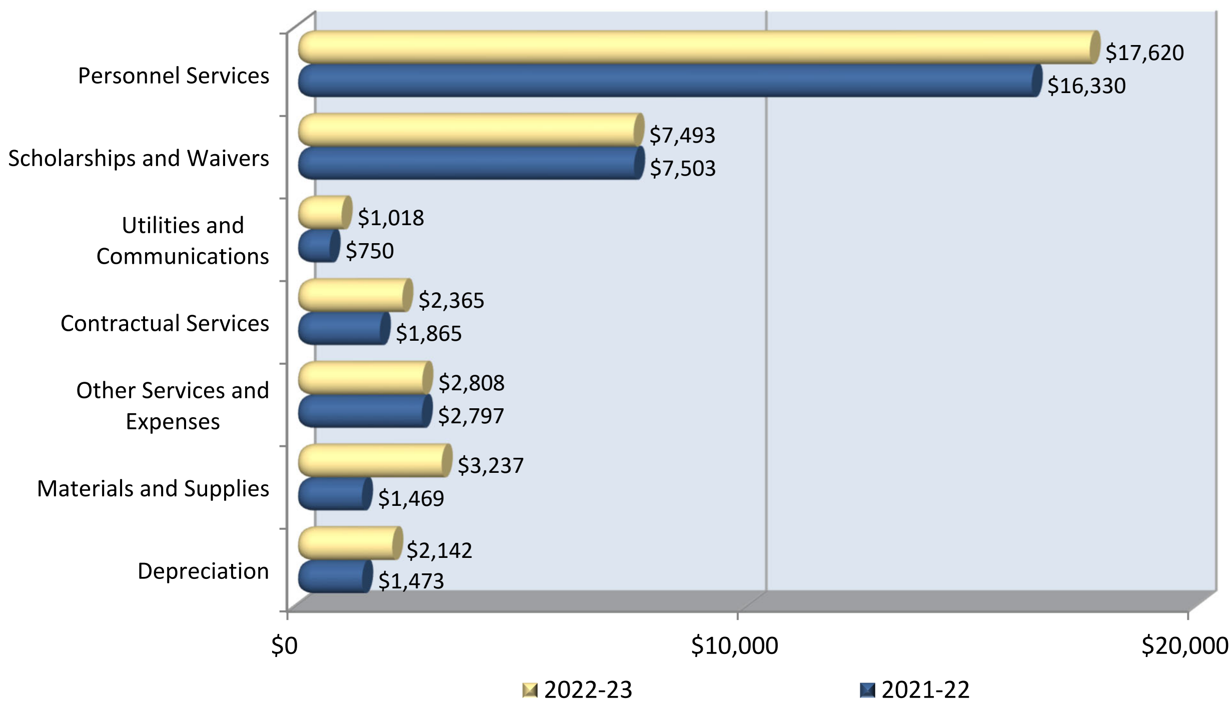
(In Thousands)

	College		Component Unit	
	6-30-23	**6-30-22**	**3-31-23**	**3-31-22**
Personnel Services	$ 17,620	$ 16,330	$ -	$ -
Scholarships and Waivers	7,493	7,503	865	749
Utilities and Communications	1,018	750	-	-
Contractual Services	2,365	1,865	361	831
Other Services and Expenses	2,808	2,797	286	278
Materials and Supplies	3,237	1,469	-	-
Depreciation	2,142	1,473	6	12
Total Operating Expenses	$ 36,683	$ 32,187	$ 1,518	$ 1,870

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

Operating Expenses

(In Thousands)



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

- Personnel services increased primarily due to an increase in actuarily determined pension expenses.
- Materials and supplies increased $1.8 million primarily due to a refresh of educational materials and supplies that were at the end of their useful life.

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	$ 17,605	$ 15,258
Federal and State Student Financial Aid	9,087	8,952
Gifts and Grants	1,779	1,816
Investment Income	90	16
Other Nonoperating Revenues	156	144
Interest on Capital Asset-Related Debt	(226)	(237)
Gain on Disposal of Capital Assets	1	124
Net Nonoperating Revenues	$ 28,492	$ 26,073

Net Nonoperating revenues increased by $2.4 million primarily due to a $2.3 million increase in State noncapital appropriations.

Other Revenues

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

Other Revenues
For the Fiscal Years

(In Thousands)

	2022-23	**2021-22**
State Capital Appropriations	$ 1,321	$ 5,637
Capital Grants, Contracts, Gifts, and Fees	7,443	1,584
Total	$ 8,764	$ 7,221

State capital appropriations decreased $4.3 million due to a prior year Public Education Capital Outlay (PECO) appropriation. Capital grants, contracts, gifts and fees increased $5.9 million related to Deferred Maintenance State funding for the 2022-23 fiscal year.

The Statement of Cash Flows

The statement of cash flows provides information about the College's financial results by reporting the major sources and uses of cash and cash equivalents. This statement will assist in evaluating the College's ability to generate net cash flows, its ability to meet its financial obligations as they come due, and its need for external financing. Cash flows from operating activities show the net cash used by the operating activities of the College. Cash flows from capital financing activities include all plant funds and related long-term debt activities. Cash flows from investing activities show the net source and use of cash related to purchasing or selling investments, and earning income on those investments. Cash flows from noncapital financing activities include those activities not covered in other sections.

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

Condensed Statement of Cash Flows
For the Fiscal Years

(In Thousands)

	2022-23	**2021-22**
Cash Provided (Used) by:		
Operating Activities	$ (29,061)	$ (26,236)
Noncapital Financing Activities	28,839	26,067
Capital and Related Financing Activities	220	(836)
Investing Activities	90	16
Net Increase (Decrease) in Cash and Cash Equivalents	88	(989)
Cash and Cash Equivalents, Beginning of Year	10,437	11,426
Cash and Cash Equivalents, End of Year	$ 10,525	$ 10,437

Major sources of funds came from State noncapital appropriations ($17.6 million), Federal and State student financial aid program receipts ($9.2 million), and net student tuition and fees ($3.5 million). Major uses of funds were for payments to employees and for employee benefits ($17.3 million), disbursements to students for scholarships ($7.5 million), and to providers of goods and services ($8.4 million).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, the College had $85.2 million in capital assets, less accumulated depreciation of $43 million, for net capital assets of $42.2 million. Depreciation charges for the current fiscal year totaled $2.1 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	$ 492	$ 492
Construction in Progress	-	10,248
Buildings	35,407	25,942
Other Structures and Improvements	1,012	944
Furniture, Machinery, and Equipment	5,212	5,400
Lease Assets	73	94
Software	10	18
Capital Assets, Net	$ 42,206	$ 43,138

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

Debt Administration

As of June 30, 2023, the College had $6.8 million in outstanding long-term debt. This debt consists of a note payable issued to finance an energy performance contract and leases used to fund College server upgrades. Additional information about the College's long-term debt is presented in the notes to financial statements.

Economic Factors That Will Affect the Future

The College's economic condition is closely tied to that of the State of Florida. Other than State appropriations, the College receives the majority of its other operating funds from student tuition and fees. While the 2023-24 fiscal year budget was based upon a flat enrollment level as compared to previous fiscal years, the Covid-19 pandemic is expected to further affect College enrollment levels. Despite the potential enrollment declines, the College has adequate reserves coupled with budgetary reduction plans to help cover pandemic-related economic issues. Additionally, since March 2020, the College has been awarded $11.2 million in Federal Coronavirus Aid, Relief, and Economic Security Act funds, which will continue to assist students in the form of emergency grant aid and also assist in enhancing online learning initiatives, cover certain technology needs, and address safety issues resulting from the pandemic. The College's current financial and capital plans indicate that the infusion of additional financial resources from an increase in tuition rates will be necessary to maintain its present level of services.

Requests for Information

Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to Michelle Holloway, the Vice President for Business Services, Florida Gateway College, 149 SE College Place, Lake City, Florida 32025.

FLORIDA GATEWAY 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	$ 8,767,583.59	$ 1,729,790.00
Restricted Cash and Cash Equivalents	306,398.70	1,513,564.00
Property Held for Investment	-	195,073.00
Accounts Receivable, Net	113,119.06	50,024.00
Due from Other Governmental Agencies	12,678,733.78	-
Due from Component Unit	15,539.77	-
Inventories	84,482.83	-
Prepaid Expenses	20,154.76	-
Deposits	200.00	-
Total Current Assets	21,986,212.49	3,488,451.00
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	1,450,602.36	-
Restricted Investments	-	20,784,741.00
Depreciable Capital Assets, Net	41,713,969.40	96,052.00
Nondepreciable Capital Assets	492,081.33	100,214.00
Other Assets	-	34,721.00
Total Noncurrent Assets	43,656,653.09	21,015,728.00
TOTAL ASSETS	65,642,865.58	24,504,179.00
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	144,600.00	-
Pensions	3,818,086.00	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,962,686.00	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	303,951.57	10.00
Salary and Payroll Taxes Payable	1,403,182.89	-
Due to other Governmental Agencies	3.86	-
Due to College	-	451,792.00
Deposits Held for Others	38,643.27	-
Long-Term Liabilities - Current Portion:		
Note Payable	374,299.69	-
Leases Payable	47,711.57	-
Special Termination Benefits Payable	65,391.71	-
Compensated Absences Payable	190,322.46	-
Total Current Liabilities	2,423,507.02	451,802.00

	College	Component Unit
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Note Payable	6,391,029.75	-
Leases Payable	26,384.49	-
Special Termination Benefits Payable	31,967.01	-
Compensated Absences Payable	1,261,641.11	-
Other Postemployment Benefits Payable	98,714.00	-
Net Pension Liability	11,738,123.00	-
Total Noncurrent Liabilities	19,547,859.36	-
TOTAL LIABILITIES	21,971,366.38	451,802.00
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	319,555.00	-
Pensions	1,133,394.00	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,452,949.00	-
NET POSITION		
Net Investment in Capital Assets	35,366,625.23	196,266.00
Restricted:		
Nonexpendable:		
Endowment	-	5,634,077.00
Expendable:		
Investments	-	16,854,077.00
Grants and Loans	258,243.37	-
Scholarships	89,050.38	-
Capital Projects	13,723,421.63	-
Unrestricted	(3,256,104.41)	1,367,957.00
TOTAL NET POSITION	$ 46,181,236.20	$ 24,052,377.00

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

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

For the Fiscal Year Ended June 30, 2023

	College	Component Unit
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $2,401,104.46	$ 3,632,161.50	$ -
Federal Grants and Contracts	631,237.66	-
State and Local Grants and Contracts	276,546.32	-
Nongovernmental Grants and Contracts	323,234.58	-
Auxiliary Enterprises, Net of Scholarship Allowances of $100,165.74	274,423.26	-
Other Operating Revenues	111,436.08	1,143,249.00
Total Operating Revenues	5,249,039.40	1,143,249.00
EXPENSES		
Operating Expenses:		
Personnel Services	17,619,890.46	-
Scholarships and Waivers	7,493,335.88	865,868.00
Utilities and Communications	1,017,342.66	-
Contractual Services	2,365,155.32	360,891.00
Other Services and Expenses	2,808,439.97	286,127.00
Materials and Supplies	3,236,949.32	-
Depreciation	2,142,117.42	5,678.00
Total Operating Expenses	36,683,231.03	1,518,564.00
Operating Loss	(31,434,191.63)	(375,315.00)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	17,604,836.00	-
Federal and State Student Financial Aid	9,087,142.97	-
Gifts and Grants Received for Other Than Capital or Endowment Purposes	1,779,208.27	-
Investment Income	90,117.91	348,529.00
Net Loss on Investments	-	(1,717,649.00)
Other Nonoperating Revenues	155,266.00	-
Gain on Disposal of Capital Assets	1,325.00	-
Interest on Capital Asset-Related Debt	(225,920.36)	-
Other Nonoperating Expenses	-	(53,712.00)
Net Nonoperating Revenues (Expenses)	28,491,975.79	(1,422,832.00)
Loss Before Other Revenues	(2,942,215.84)	(1,798,147.00)
State Capital Appropriations	1,321,084.00	-
Capital Grants, Contracts, Gifts, and Fees	7,442,899.23	60,180.00
Total Other Revenues	8,763,983.23	60,180.00
Increase (Decrease) in Net Position	5,821,767.39	(1,737,967.00)
Net Position, Beginning of Year	40,359,468.81	25,790,344.00
Net Position, End of Year	$ 46,181,236.20	$ 24,052,377.00

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

FLORIDA GATEWAY 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	$ 3,530,656.16
Grants and Contracts	1,327,895.49
Payments to Suppliers	(8,417,262.81)
Payments for Utilities and Communications	(1,017,342.66)
Payments to Employees	(13,162,507.63)
Payments for Employee Benefits	(4,120,372.77)
Payments for Scholarships	(7,493,335.88)
Auxiliary Enterprises, Net	291,971.07
Other Payments	(1,143.42)
Net Cash Used by Operating Activities	(29,061,442.45)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	17,604,836.00
Federal and State Student Financial Aid	9,219,962.64
Federal Direct Loan Program Receipts	2,663,346.35
Federal Direct Loan Program Disbursements	(2,583,029.00)
Gifts and Grants Received for Other Than Capital or Endowment Purposes	1,779,208.27
Other Nonoperating Receipts	155,266.00
Net Cash Provided by Noncapital Financing Activities	28,839,590.26
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	1,680,816.04
Capital Grants and Gifts	666,959.23
Proceeds from Sale of Capital Assets	1,325.00
Purchases of Capital Assets	(1,516,116.87)
Principal Paid on Capital Debt and Leases	(387,243.32)
Interest Paid on Capital Debt and Leases	(225,920.36)
Net Cash Provided by Capital and Related Financing Activities	219,819.72
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	90,062.54
Net Cash Provided by Investing Activities	90,062.54
Net Increase in Cash and Cash Equivalents	88,030.07
Cash and Cash Equivalents, Beginning of Year	10,436,554.58
Cash and Cash Equivalents, End of Year	$ 10,524,584.65

	College
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (31,434,191.63)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	2,142,117.42
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	(109,657.37)
Inventories	7,428.20
Prepaid Expenses	(3,698.57)
Accounts Payable	(11,845.73)
Salaries and Payroll Taxes Payable	268,349.46
Due from Other Governmental Agencies	94,649.39
Due from Component Unit	859.87
Due to Other Governmental Agencies	3.86
Deposits Held for Others	(112,583.36)
Special Termination Benefits Payable	(13,495.06)
Compensated Absences Payable	67,502.07
Other Postemployment Benefits Payable	(19,775.00)
Net Pension Liability	6,294,856.00
Deferred Outflows of Resources Related to Other Postemployment Benefits	18,107.00
Deferred Inflows of Resources Related to Other Postemployment Benefits	(1,455.00)
Deferred Outflows of Resources Related to Pensions	(286,797.00)
Deferred Inflows of Resources Related to Pensions	(5,961,817.00)
NET CASH USED BY OPERATING ACTIVITIES	$ (29,061,442.45)
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL FINANCING ACTIVITIES	
Donation 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.	$ 35,595.00

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 Florida Gateway 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 Baker, Columbia, Dixie, Gilchrist, and Union 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 Foundation for Florida Gateway College , 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 for Business Services, Florida Gateway College, 149 SE College Place, Lake City, Florida 32025. 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 entity wide 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 applied the “Alternate Method” as prescribed in NACUBO Advisory Report 2000-05 to determine the reported net tuition scholarship allowances. Under this method, the College computes these amounts by allocating the cash payments to students, excluding payments for services, using a ratio of total aid to aid not considered third-party aid.

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

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

College cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by the Federal Deposit Insurance Corporation, 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 $25,470.91 in the State Treasury SPIA investment pool representing ownership of a share of the pool, not the underlying securities (Level 3 inputs, as discussed in Note 3.). Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The State Treasury SPIA investment pool carried a credit rating of AA-f by Standard & Poor’s, had an effective duration of 3.02 years and fair value factor of 0.9667 at June 30, 2023. Participants contribute to the State Treasury SPIA investment pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool’s total fair value by the pool participant’s total cash balance. The fair value factor is the ratio used to determine the fair value of an individual participant’s pool balance. The College relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury SPIA investment pool are included in the notes to financial statements of the State’s Annual Comprehensive Financial Report.

At June 30, 2023, the College reported as cash equivalents $20,674.47 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.

Inventories. Inventories consist of various types of centrally stored consumable teaching materials and other materials and supplies, which are valued using the average costs or last invoice price, which approximates the first-in, first-out method of inventory valuation.

Capital Assets. College capital assets consist of land, buildings, other structures and improvements, furniture, machinery and equipment, lease assets, and software. These assets are capitalized and recorded at cost at the date of acquisition or at acquisition value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The College has a capitalization threshold of $5,000 for tangible personal property and $25,000 for buildings and other structures and improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 40 years
- Other Structures and Improvements – 10 years
- Furniture, Machinery, and Equipment:
  - Computer Equipment – 3 years
  - Vehicles, Office Machines, and Educational Equipment – 5 years

  - Furniture – 7 years
  - Energy Management Equipment – 20 years
- Lease Assets – 5 years
- Software – 5 years

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

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

2. 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	$ (4,619,177.34)
Auxiliary Funds	1,363,072.93
Total	$ (3,256,104.41)

3. Investments

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

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

Component Unit Investments. The Foundation investments are managed by investments brokerage houses. There are no legal restrictions on the types of investments that can be made. The Foundation's investment policy provides that investments are to be limited to premium investment grade mutual funds, equity securities, debt securities from companies and funds located throughout the United States. The policy also provides that debt securities are normally maintained up to 30 percent of the total investment portfolio. The finance and audit committee has the authority to invest up to 70 percent of the portfolio in equities and up to 20 percent in alternative investments. Foundation investments at March 31, 2023, are recorded at fair value based on quoted market prices as follows:

Investment Type	Market Price
Commonfund:	
Multi-Strategy Bond Funds	$ 4,204,220
Multi-Strategy Equity Funds	12,434,070
Treasury Investment Pool	101,748
Non Marketable Private Equity	4,044,703
Total Component Unit Investments	$ 20,784,741

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 duration method and the weighted average method are used to determine the interest rate risk for the Commonfund Multi-Strategy bond fund. At March 31, 2023, the total effective duration period for the Commonfund Multi-Strategy bond fund was 6.2 years and the yield to maturity was 5.2 percent. The duration method is used for the Treasury investment Pool. The effective duration period of the Treasury Investment Pool at March 31, 2023, is 2.67 years.

Custodial Credit Risk: Custodial credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The average quality rating of the fixed-income investments of the Commonfund Multi-Strategy bond fund and Treasury Investment Pool at March 31, 2023, was A+ and AA-f, respectively using the Standard & Poor's rating scale.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. All securities in the account are denominated in U.S. dollars. Investments are managed by investment brokerage houses. Due to the implementation of GASB Statement No. 31, investments in equity securities with a readily determinable fair market quotation are stated at fair value. All other investments purchased by the Foundation are stated at cost or fair value or appraised value at date of receipt for those investments received as donations.

Fair Value Measurements – Component Unit. The Foundation categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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; Level 3 inputs are significant unobservable inputs.

The Foundation has the following recurring fair value measurements as of March 31, 2023:

Private equity investments: Valued at the net asset value (NAV) of the units held, as reported by the fund advisor using the most recent valuation available which may differ from year-end. NAV is used as a practical expedient, and the estimated value is subject to uncertainty and therefore may differ from the value that would have been used had been a readily available market for such investments existed, and differences could be material.

State Treasury SPIA investments: Valued based on the ownership of a share of a pool, not the underlying securities. Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. Participants contribute to the Treasury Pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participants' total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. The fair value factor is 0.9357 as of March 31, 2023.

The following table summarizes the investments of the Foundation for which fair values are determined on a recurring basis as of March 31, 2023:

		Fair Value Measurements Using		
Investments by fair value level	**Fair Value**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
State Treasury Special Purpose Investment Account	$ 101,748	$ -	$ -	$ 101,748
Total investments by fair value level	101,748	$ -	$ -	$ 101,748
Investments measured at the net asset value (NAV)				
Multi-Strategy Bond Fund (1)	4,204,220			
Multi-Strategy Equity Fund (1)	12,434,070			
Private Equity Investments (1)	4,044,703			
Total investments measured at NAV	20,682,993			
Total investments measured at fair value	$ 20,784,741			

(1) In accordance with GASB Statement No. 72, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statement of net position.

The Foundation has a total commitment of $5,500,000 to an investment in four private equity funds. As of March 31, 2023, $2,452,000 was unfunded. The commitment will be funded by reallocated current endowment related investments or funded with new capital gifts. Redemptions do not apply; these are limited partnership investments.

4. Accounts Receivable

Accounts receivable represent amounts for student fee deferments, various student services provided by the College, uncollected commissions for food service and vending machine sales, unused credit memos, and contract and grant reimbursements due from third parties. The accounts receivable are reported net of a $53,059.49 allowance for doubtful accounts.

5. Due From Other Governmental Agencies

The $12,678,733.78 due from other governmental agencies primarily consists of Public Education Capital Outlay allocations due from the State for deferred building maintenance and construction of College facilities.

6. Due From Component Unit

The amount due from component unit consists of $15,539.77 owed to the College by the Foundation for scholarships and student aid. The College's financial statements are reported for the fiscal year ended June 30, 2023. The Foundation's financial statements are reported for the fiscal year ended March 31, 2023. Accordingly, amounts reported by the College as due from component unit on the statement of net position do not agree with amounts reported by the component unit as due to the College.

7. Capital Assets

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

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 492,081.33	$ -	$ -	$ 492,081.33
Construction in Progress	10,247,714.67	-	10,247,714.67	-
Total Nondepreciable Capital Assets	$ 10,739,796.00	$ -	$ 10,247,714.67	$ 492,081.33
Depreciable Capital Assets:				
Buildings	$ 51,782,098.78	$ 10,644,229.13	$ -	$ 62,426,327.91
Other Structures and Improvements	8,567,074.33	311,137.50	-	8,878,211.83
Furniture, Machinery, and Equipment	11,495,505.01	461,308.74	335,507.40	11,621,306.35
Lease Assets	273,278.20	40,986.00	-	314,264.20
Software	1,515,339.25	-	-	1,515,339.25
Total Depreciable Capital Assets	73,633,295.57	11,457,661.37	335,507.40	84,755,449.54
Less, Accumulated Depreciation:				
Buildings	25,840,446.99	1,178,981.61	-	27,019,428.60
Other Structures and Improvements	7,622,485.33	243,540.52	-	7,866,025.85
Furniture, Machinery, and Equipment	6,095,959.89	648,839.15	335,507.40	6,409,291.64
Lease Assets	179,478.13	62,169.74	-	241,647.87
Software	1,496,499.78	8,586.40	-	1,505,086.18
Total Accumulated Depreciation	41,234,870.12	2,142,117.42	335,507.40	43,041,480.14
Total Depreciable Capital Assets, Net	$ 32,398,425.45	$ 9,315,543.95	$ -	$ 41,713,969.40

8. 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
Note from Direct Borowings	$ 7,128,067.20	$ -	$ 362,737.76	$ 6,765,329.44	$ 374,299.69
Leases Payable	96,359.27	40,986.00	63,249.21	74,096.06	47,711.57
Special Termination Benefits Payable	110,853.78	64,668.29	78,163.35	97,358.72	65,391.71
Compensated Absences Payable	1,384,461.50	232,114.00	164,611.93	1,451,963.57	190,322.46
Other Postemployment Benefits Payable	118,489.00	12,142.00	31,917.00	98,714.00	-
Net Pension Liability	5,443,267.00	10,594,656.00	4,299,800.00	11,738,123.00	-
Total Long-Term Liabilities	$ 14,281,497.75	$ 10,944,566.29	$ 5,000,479.25	$ 20,225,584.79	$ 677,725.43

Note from Direct Borrowing. The College entered into an energy savings installment note with a bank in the aggregate principal amount of $8,632,116 on January 13, 2017, under the provisions of Section 1013.23, Florida Statutes. The note included a stated interest rate of 3.15 percent. Proceeds were used to fund an energy performance-based contract for energy management facility upgrade projects. The principal and interest on the note are payable in 80 quarterly installments consisting of 2 payments of accrued interest for 2 quarters, then 78 payments of principal and interest in the amount of $149,319.29, with the first payment commencing on January 13, 2018. The College made an additional principal payment of $197,138.87 during the 2018-19 fiscal year, resulting in a revised principal and interest payment in the amount of $145,753.76 as of April 13, 2019. The note matures on October 13, 2037.

The College's outstanding notes from direct borrowings of $6,765,329.44 contains provisions that in the event of default allow exercise of any one or more of the following provisions: (1) by written notice, declare an amount equal to all amounts outstanding immediately due and payable; (2) by written notice, demand the prompt return of all equipment at the College's expense; (3) at lessor's option and without notice, enter upon the College premises and take immediate possession of and remove the equipment; (4) sell, lease, or otherwise dispose of the equipment, in whole or in part, in public or private transactions for the account of the College, holding the College liable for all payments due during the fiscal year in effect when the default occurs; (5) terminate any unfunded commitments to College; and (6) exercise any other right, remedy or privilege which may be available under applicable law or by court action at law or in equity to enforce the terms of or to rescind the lease.

The College has no unused lines of credit as of June 30, 2023.

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

Fiscal Year Ending June 30	Principal	Interest	Total
2024	$ 374,299.69	$ 208,715.35	$ 583,015.04
2025	386,230.12	196,784.92	583,015.04
2026	398,540.84	184,474.20	583,015.04
2027	411,243.95	171,771.09	583,015.04
2028	424,351.97	158,663.07	583,015.04
2029-2033	2,333,478.30	581,596.90	2,915,075.20
2034-2038	2,437,184.57	186,382.85	2,623,567.42
Total	$ 6,765,329.44	$ 1,688,388.38	$ 8,453,717.82

Leases Payable. Information technology equipment in the amount of $273,278.20 is being acquired under lease agreements with Dell Financial Services, Inc. and NetApp Capital Solutions. The imputed interest rate is 3.43 and 6 percent. On July 15, 2022, the College entered into a lease agreement with KS State Bank for gym equipment. The imputed interest rate is 8.18 percent and is payable over 60 monthly payments of $829. Future minimum payments under the lease agreements and the present value of the minimum payments as of June 30, 2023, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2024	$ 50,899.57	$ 47,711.57	$ 3,188.00
2025	9,948.74	8,088.49	1,860.25
2026	9,948.00	8,775.00	1,173.00
2027	9,948.32	9,521.00	427.32
Total Minimum Lease Payments	$ 80,744.63	$ 74,096.06	$ 6,648.57

Special Termination Benefits Payable. Under a Board-established Retirement Incentive Program, employees who are at least 55 years old and have at least 10 years of work experience at the College, are eligible to receive paid medical insurance coverage for 3 years. The College reported a special termination benefits payable of $97,358.72 as of June 30, 2023, for seven employees who gave notice to retire under the Retirement Incentive Program, of which $65,391.71 represents the current portion.

Compensated Absences Payable. College employees may accrue annual and sick leave based on length of service, subject to certain limitations regarding the amount that will be paid upon termination. The College reports a liability for the accrued leave; however, State noncapital appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the College expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. 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 $1,451,963.57. The current portion of the compensated absences liability, $190,322.46, is the amount expected to be paid in the coming fiscal year and represents a historical percentage of leave used applied to total accrued leave liability.

Other Postemployment Benefits Payable. The College follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for other postemployment benefits administered by the Florida College System Risk Management Consortium.

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 Florida College System Risk Management Consortium that provides OPEB for all employees who satisfy the College's retirement eligibility provisions. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the College are eligible to participate in the College's health and hospitalization plan for medical and prescription drug 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. Additionally, certain retirees receive insurance coverage at a lower (explicitly subsidized) premium rate than active employees. Under this retirement incentive, the retiree receives paid individual medical insurance coverage for 3 years following their date of retirement. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible. The OPEB Plan contribution requirements and benefit terms of the College and the OPEB Plan members are established and may be amended by action from the Board. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided. The OPEB Plan provides healthcare benefits for retirees and their dependents. The OPEB Plan provides an implicit and explicit 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	23
Active Employees	183
Total	206

Total OPEB Liability

The College's total OPEB liability of $98,714 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	3.40 percent to 7.80 percent, including inflation
Municipal Bond Index Rate	
Prior Measurement Date	2.16 percent
Measurement Date	3.54 percent
Healthcare cost trend rates	
Pre-Medicare	7.00 percent for 2021, decreasing to an ultimate rate of 4.40 percent by 2032
Medicare	5.125 percent for 2021, decreasing to an ultimate rate of 4.40 percent by 2025

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

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

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

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

Changes in the Total OPEB Liability

	Amount
Balance at 6/30/22	$ 118,489
Changes for the year:	
Service Cost	9,380
Interest	2,762
Changes in Assumptions or Other Inputs	(31,917)
Net Changes	(19,775)
Balance at 6/30/23	$ 98,714

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

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

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	$120,286	$98,714	$83,186

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	$75,067	$98,714	$132,424

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 $2,275. 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	$ 105,125	$ 95,049
Change of assumptions or other inputs	34,077	224,506
Transactions subsequent to the measurement date	5,398	-
Total	$ 144,600	$ 319,555

Of the total amount reported as deferred outflows of resources related to OPEB, $5,398 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	$ (9,867)
2025	(9,867)
2026	(9,867)
2027	(9,932)
2028	(10,033)
Thereafter	(130,787)
Total	$ (180,353)

Net Pension Liability. As a participating employer in the FRS, the College recognizes its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. As of June 30, 2023, the College's proportionate share of the net pension liabilities totaled $11,738,123. Note 9. includes a complete discussion of defined benefit pension plans.

9. 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 $1,239,916 for the fiscal year ended June 30, 2023.

FRS Pension Plan

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

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

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

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

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

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

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

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

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

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

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

The College's contributions to the Plan totaled $1,020,377 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 $8,779,270 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 0.023595091 percent, which was a decrease of 0.000917735 from its proportionate share measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the College recognized pension expense of $1,148,164. 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	$ 416,965	$ -
Change of assumptions	1,081,204	-
Net Difference between projected and actual earnings on FRS Plan Investments	579,694	-
Changes in proportion and differences between College FRS contributions and proportionate share of contributions	260,592	382,243
College FRS contributions subsequent to the measurement date	1,020,377	-
Total	$ 3,358,832	$ 382,243

The deferred outflows of resources totaling $1,020,377, 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	$ 442,758
2025	154,874
2026	(177,476)
2027	1,479,998
2028	56,058
Total	$ 1,956,212

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 if future experience follows assumptions and the Actuarially Determined Contribution is contributed in full each year. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The 6.70 percent reported investment return assumption used in the June 30, 2022, calculations was determined by the consulting actuary, Milliman, to be reasonable and appropriate per Actuarial Standard of Practice Number 27. The 6.70 percent reported investment return assumption is the same as investment return assumption chosen by the 2022 FRS Actuarial Assumption Conference for funding policy purposes.

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	$15,183,144	$8,779,270	$3,424,870

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

<u>HIS Pension Plan</u>

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

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

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

The College's contributions to the HIS Plan totaled $173,305 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 $2,958,853 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 0.027935840 percent, which was a decrease of 0.001343902 from its proportionate share measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the College recognized pension expense of $91,752. 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	$ 169,603	$ 457,732
Difference between expected and actual experience	89,808	13,019
Net difference between projected and actual earnings on HIS Plan investments	4,284	-
Changes in proportion and differences between College HIS contributions and proportionate share of HIS contributions	22,254	280,400
College contributions subsequent to the measurement date	173,305	-
Total	$ 459,254	$ 751,151

The deferred outflows of resources totaling $173,305, 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	$ (113,436)
2025	(89,102)
2026	(57,674)
2027	(73,751)
2028	(93,045)
Thereafter	(38,194)
Total	$ (465,202)

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	$3,385,169	$2,958,853	$2,606,083

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.

10. Retirement Plans – Defined Contribution Pension Plans

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

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

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

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

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

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

The College's Investment Plan pension expense totaled $580,820.92 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 $35,179.21 and employee contributions totaled $11,251.35 for the 2022-23 fiscal year.

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

The Local Annuity Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the employee. The College contributes 6.27 percent of the employee's salary to the Local Annuity Program. Employees may make contributions toward the Local Annuity Program by way of salary reduction or by deduction of a percentage of the employee's gross compensation not to exceed the percentage contributed by the employer.

The College's contributions to the Local Annuity Program totaled $15,735.03 for the 2022-23 fiscal year.

11. 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.

12. 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	$ 11,005,870.64
Public Services	14,544.88
Academic Support	1,682,154.86
Student Services	3,109,888.87
Institutional Support	6,114,751.06
Operation and Maintenance of Plant	3,829,784.92
Scholarships and Waivers	8,618,742.26
Depreciation	2,142,117.42
Auxiliary Enterprises	165,376.12
Total Operating Expenses	$ 36,683,231.03

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	$ 9,380	$ 25,816	$ 25,158	$ 16,325	$ 16,223	$ 16,396
Interest	2,762	8,843	16,052	7,467	6,762	5,742
Difference between expected and actual experience	-	(114,467)	-	175,917	-	-
Changes of assumptions or other inputs	(31,917)	(163,363)	(80,945)	55,736	475	1,445
Benefit Payments	-	(25,146)	(13,753)	(16,031)	(24,821)	(24,060)
Net change in total OPEB liability	(19,775)	(268,317)	(53,488)	239,414	(1,361)	(477)
Total OPEB Liability - beginning	118,489	386,806	440,294	200,880	202,241	202,718
Total OPEB Liability - ending	$ 98,714	$ 118,489	$ 386,806	$ 440,294	$ 200,880	$ 202,241
Covered-Employee Payroll	$9,374,558	$9,374,558	$9,185,282	$9,185,282	$9,746,919	$9,746,919
Total OPEB Liability as a percentage of covered-employee payroll	1.05%	1.26%	4.21%	4.79%	2.06%	2.07%

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	0.023595091%	0.024512826%	0.023228422%	0.023891051%
College's proportionate share of the FRS net pension liability	$ 8,779,270	$ 1,851,665	$ 10,067,541	$ 8,227,745
College's covered payroll (2)	$ 11,577,484	$ 11,867,343	$ 11,843,685	$ 11,758,477
College's proportionate share of the FRS net pension liability as a percentage of its covered payroll	75.83%	15.60%	85.00%	69.97%
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	$ 1,020,377	$ 1,006,845	$ 933,833	$ 771,778
FRS contributions in relation to the contractually required contribution	(1,020,377)	(1,006,845)	(933,833)	(771,778)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 11,689,189	$ 11,577,484	$ 11,867,343	$ 11,843,685
FRS contributions as a percentage of covered payroll	8.73%	8.70%	7.87%	6.52%

(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)
0.024420405%	0.025685877%	0.026082766%	0.02825956%	0.027927995%	0.021862005%
$ 7,355,553	$ 7,597,710	$ 6,585,919	$ 3,650,101	$ 1,704,017	$ 3,763,424
$ 11,255,850	$ 11,130,923	$ 10,628,042	$ 10,680,858	$ 10,934,420	$ 11,011,239
65.35%	68.26%	61.97%	34.17%	15.58%	34.18%
84.26%	83.89%	84.88%	92.00%	96.09%	88.54%

2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
$ 740,795	$ 695,962	$ 668,667	$ 636,070	$ 688,992	$ 611,742
(740,795)	(695,962)	(668,667)	(636,070)	(688,992)	(611,742)
$ -	$ -	$ -	$ -	$ -	$ -
$ 11,758,477	$ 11,255,850	$ 11,130,923	$ 10,628,042	$ 10,680,858	$ 10,934,420
6.30%	6.18%	6.01%	5.98%	6.45%	5.59%

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	0.027935840%	0.029279742%	0.029709732%	0.030831611%
College's proportionate share of the HIS net pension liability	$ 2,958,853	$ 3,591,601	$ 3,627,510	$ 3,449,750
College's covered payroll (2)	$ 10,884,392	$ 11,119,554	$ 11,101,729	$ 11,053,135
College's proportionate share of the HIS net pension liability as a percentage of its covered payroll	27.18%	32.30%	32.68%	31.21%
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	$ 173,305	$ 169,035	$ 172,107	$ 171,203
HIS contributions in relation to the contractually required HIS contribution	(173,305)	(169,035)	(172,107)	(171,203)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 11,063,186	$ 10,884,392	$ 11,119,554	$ 11,101,729
HIS contributions as a percentage of covered payroll	1.57%	1.55%	1.55%	1.54%

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

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

2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)	2013 (1)
0.030370533%	0.031818177%	0.032044835%	0.031664488%	0.032235466%	0.031785278%
$ 3,214,452	$ 3,402,147	$ 3,734,694	$ 3,229,280	$ 3,014,095	$ 2,767,326
$ 10,636,205	$ 10,416,343	$ 10,160,290	$ 10,193,547	$ 10,298,141	$ 10,155,067
30.22%	32.66%	36.76%	31.68%	29.27%	27.25%
2.15%	1.64%	0.97%	0.50%	0.99%	1.78%

2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
$ 171,205	$ 164,700	$ 168,391	$ 164,250	$ 121,041	$ 110,428
(171,205)	(164,700)	(168,391)	(164,250)	(121,041)	(110,428)
$ -	$ -	$ -	$ -	$ -	$ -
$ 11,053,135	$ 10,636,205	$ 10,416,343	$ 10,160,290	$ 10,193,547	$ 10,298,141
1.55%	1.55%	1.62%	1.62%	1.19%	1.07%

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

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

Changes of Assumptions. The long-term rate of return, using the Municipal Bond Index Rate, increased from 2.16 percent at the prior measurement date to 3.54 percent at the current measurement date.

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 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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Florida Gateway 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 26, 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 26, 2024