



**Eastern Florida State College Student  
Housing Corporation, Inc.**  
**(A Component Unit of Eastern Florida State College)**  
**FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2022 and 2021**



**CRI** CARR  
RIGGS &  
INGRAM  
CPAs and Advisors

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**Eastern Florida State College Student Housing Corporation, Inc.**  
**(A Component Unit of Eastern Florida State College)**  
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**For the years ended June 30, 2022 and June 30, 2021**



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**Eastern Florida State College Student Housing Corporation, Inc.**  
**(A Component Unit of Eastern Florida State College)**  
**Executive Board of Trustees**  
**June 30, 2022**

**Chair**

Alan H. Landman

**Treasurer**

Dr. James H. Richey

**President of EFSC**

Dr. James H. Richey

**Board Member**

Scott Glover

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees  
Eastern Florida State College Student Housing Corporation, Inc.

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of Eastern Florida State College Student Housing Corporation, Inc. (a component unit of Eastern Florida State College) (the "Corporation"), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Corporation, as of June 30, 2022 and 2021, and the respective changes in financial position, and, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation 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 Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Corporation'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 Corporation'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 the management's discussion and analysis on pages 11-16 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge

we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2022, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation'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 Corporation's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

Melbourne, Florida  
September 26, 2022

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**Eastern Florida State College Student Housing Corporation, Inc.**  
**(A Component Unit of Eastern Florida State College)**  
**Management Discussion and Analysis**

**Management’s Discussion and Analysis**

The management’s discussion and analysis (MD&A) provides an overview of the financial position and activities of the Corporation for the fiscal year ended June 30, 2022 and should be read in conjunction with the financial statements and notes thereto. This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, Basic Financial Statements— and Management’s Discussion and Analysis—for Governmental Entities, as amended by GASB Statements Nos. 37 and 38. The MD&A, and financial statements and notes thereto, are the responsibility of management.

**Financial Highlights**

The Corporation’s net position increased by \$242 thousand for the year ended June 30, 2022. The increase was primarily due to an increase in investment income, operating revenues exceeding operating and non-operating expenses from a good operational year. The Corporation’s net position increased by \$473 thousand for the year ended June 30, 2021. The increase was due to the Corporation being fully operational during fiscal year 2020-21. The Corporation’s net position decreased by \$49 thousand for the year ended June 30, 2020. The decrease in net position was primarily due to organizational and financing costs to create the Corporation and commence financing and construction activities.

One of the most important questions asked about the Corporation’s finances is, “Is the Eastern Florida State College Student Housing Corporation as a whole, better or worse off as a result of the year’s activities?” The statement of net position and the statement of revenues, expenses, and changes in net position report information on the Corporation as a whole and on its activities in a way that helps answer this question. When revenues and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenues and expenses may be thought of as the Corporation’s operating results.

These two statements report the Corporation’s net position and changes in them. You can think of the Corporation’s net position, the difference between assets and liabilities, as one way to measure the Corporation’s financial health, or financial position. Over time, increases or decreases in the Corporation’s net position are one indication of whether its financial health is improving or deteriorating.

**Statement of Net Position:** The Statement of Net Position presents the assets, liabilities and net position of the Corporation at the end of each fiscal year. The purpose of this statement is to present a snapshot of the financial condition of the organization. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

Total net position, which is the difference between total assets and total liabilities, is one of the indicators of the current financial condition of the Corporation.

**Eastern Florida State College Student Housing Corporation, Inc.**  
**(A Component Unit of Eastern Florida State College)**  
**Management Discussion and Analysis**

Assets and liabilities are categorized between current and non-current. Current assets and liabilities are those that are expected to mature or become payable within the 12 month operating cycle. Non-current assets and liabilities are expected to mature or become payable after 12 months.

The following is a summarized version of the Corporation's Statement of Net Position as of June 30, 2022:

**EASTERN FLORIDA STATE COLLEGE STUDENT HOUSING CORPORATION**  
**CONDENSED STATEMENT OF NET POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2022, 2021 AND 2020**  
**In Thousands**

<b>ASSETS</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Current Assets	\$ 763.1	\$ 547.0	\$ 0.4
Noncurrent Assets	5,485.7	5,429.1	4,782.4
<b>Total Assets</b>	<b>6,248.8</b>	<b>5,976.1</b>	<b>4,782.8</b>
<b>LIABILITIES</b>			
Current Liabilities	242.3	230.4	857.8
Noncurrent Liabilities	5,340.5	5,321.8	3,974.0
<b>Total Liabilities</b>	<b>5,582.8</b>	<b>5,552.2</b>	<b>4,831.8</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	(91.4)	(92.8)	(49.4)
Restricted – Renewal and Replacement	39.3	19.3	0.0
Unrestricted	718.1	497.4	0.4
<b>Total Net Position</b>	<b>\$ 666.0</b>	<b>\$ 423.9</b>	<b>(\$ 49.0)</b>
<b>Increase/(Decrease) in Net Position</b>	<b>\$ 242.1</b>	<b>\$ 472.9</b>	<b>(\$ 49.0)</b>

Current Assets - Current assets consist of cash and cash equivalents, accounts receivable, prepaid expenses, investments in Florida State Treasury Pool and other short-term investments. Surplus cash not needed for operations is deposited into a Special Purpose Investment Account (SPIA). Investment earnings are used to support unrestricted activities of the Corporation.

During fiscal year 2021-22, the Corporation's receivables decreased by approximately \$6 thousand and is a result of a decrease in student accounts receivables. For the year ended June 30, 2021, the Corporation's receivables increased by approximately \$10 thousand and is a result of an increase in student accounts receivables. For the year ended June 30, 2020, the Corporation had no receivables due to not being operational during the fiscal year.

**Eastern Florida State College Student Housing Corporation, Inc.**  
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**Management Discussion and Analysis**

Non-current Assets – As of June 30, 2022, the Corporation had depreciable capital assets totaling \$5.3 million and \$194 thousand for construction in progress for the start of constructing the second student housing building. For the year ended June 30, 2021, the Corporation added the building to depreciable capital assets totaling \$5.4 million as construction was completed on the Corporation’s building. For the year ended June 30, 2020, the Corporation has capitalized construction in progress expenditures totaling \$4.8 million reported as a non-depreciable capital asset. These expenditures were incurred for constructing the student housing building.

Liabilities – During fiscal year 2021-22, the Corporation’s liabilities increased \$31 thousand and is a result of an increase of \$6 thousand in accounts payable and \$26 thousand in notes payable net of a decrease of \$1 thousand in accrued compensated absences. For fiscal year 2020-21, the Corporation’s liabilities increased \$720 thousand and is a result of a decrease of \$317 thousand in accounts payable, \$269 thousand in due to College net of increases of \$1,302 million in notes payable and accrued compensated absences of \$5 thousand. For fiscal year 2019-20, the Corporation’s current liabilities increased approximately \$858 thousand and is comprised of \$324 thousand for end of year accruals for construction costs, \$269 thousand in due to the college for working capital, and \$265 thousand in loan proceeds to cover FY 2021-21 initial debt service payment. Noncurrent liabilities increased approximately \$4 million for capital financing for building construction costs.

Net Position - Net position is presented in three major categories. The three categories are Net Investment in Capital Assets, which represents the Corporation’s equity in its property, plant and equipment, Unrestricted and Restricted for Renewal and Replacement.

The unrestricted net position represents those balances from operational activities that have not been restricted by parties external to the Corporation. This includes funds that have been designated by the Board of Directors for specific purposes as well as amounts that have been contractually committed for goods and services that have not been received.

Statement of Revenues, Expenses and Changes in Net Position: The Statement of Revenues, Expenses and Changes in Net Position presents the financial results of operations for the year. Activities are reported as either operating or non-operating. Operating Revenues of the Corporation include rents and application fees. The utilization of long-lived assets, referred to as Net Investment in Capital Assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

**Eastern Florida State College Student Housing Corporation, Inc.**  
**(A Component Unit of Eastern Florida State College)**  
**Management Discussion and Analysis**

The following is a summarized version of the Corporations revenues, expenses and changes in net position for the fiscal year ended June 30, 2022:

**EASTERN FLORIDA STATE COLLEGE STUDENT HOUSING CORPORATION**  
**CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR FISCAL YEARS ENDED JUNE 30, 2022, 2021 AND 2020**  
**In Thousands**

	<b>2022</b>	<b>2021</b>	<b>2020</b>
Operating Revenues	\$ 786.1	\$ 859.1	\$ 10.6
Operating Expenses	372.3	237.2	58.7
<b>Operating Income (Loss)</b>	<b>413.8</b>	<b>621.9</b>	<b>(48.1)</b>
Nonoperating Revenues (Expenses)	(171.7)	(149.0)	(0.9)
<b>Total Increase (Decrease) in Net Position</b>	<b>242.1</b>	<b>472.9</b>	<b>(49.0)</b>
Net Position at Beginning of Year	423.9	(49.0)	0.0
<b>Net Position at End of Year</b>	<b>\$ 666.0</b>	<b>\$ 423.9</b>	<b>\$ (49.0)</b>

Application and housing fees were the Corporations primary source of operating revenues for the year.

The Corporation's fiscal year 2021-22 operating expenses increased \$135 thousand and is primarily due to an increase of \$69 thousand for a full year of depreciation, \$28 thousand for utilities and communications, \$23 thousand for other services and expenses, \$11 thousand for contractual services, \$3 thousand for salaries and \$1 thousand for materials and supplies. Operating expenses for fiscal year 2020-21 increased \$179 thousand and is primarily due to an increase of \$73 thousand in salaries due to a full operating year and an increase of \$106 thousand for contractual, materials, and supplies. Operating expenses for fiscal year 2019-20 were \$59 thousand primarily for organizational and financing costs.

Statement of Cash Flows: Another important factor to consider when evaluating financial viability is the Corporation's ability to meet financial obligations as they mature. The Statement of Cash Flows presents the information related to cash inflows and outflows summarized by operating, capital and noncapital financing and investing activities.

The Statement of Cash Flows helps users assess:

- The Corporation's ability to generate future cash inflows
- The ability to meet obligations as they come due
- The need for external financing

**Eastern Florida State College Student Housing Corporation, Inc.**  
**(A Component Unit of Eastern Florida State College)**  
**Management Discussion and Analysis**

**EASTERN FLORIDA STATE COLLEGE STUDENT HOUSING CORPORATION**  
**CONDENSED STATEMENT OF CASH FLOWS**  
**FOR FISCAL YEARS ENDED JUNE 30, 2022, 2021 AND 2020**  
**In Thousands**

<b>CASH AND CASH EQUIVALENTS PROVIDED/(USED) BY:</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Operating Activities	\$ 552.3	\$ 700.2	\$ (57.3)
Capital and Related Financing Activities	(313.8)	(166.8)	57.7
Noncapital Financing Activities	(21.2)	0.0	0.0
Investing Activities	73.2	(517.3)	0.0
	<hr/>	<hr/>	<hr/>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>290.5</b>	<b>16.1</b>	<b>0.4</b>
	<hr/>	<hr/>	<hr/>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>16.5</b>	<b>0.4</b>	<b>0.0</b>
	<hr/>	<hr/>	<hr/>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 307.0</b>	<b>\$ 16.5</b>	<b>\$ 0.4</b>

The Corporation's cash receipts from operating activities consist of application and housing fees. Cash outlays include payments to employees, suppliers, and utility providers.

For the year ended June 30, 2022, loan proceeds were the sole source of capital financing inflows. Net cash flows used in capital financing activities totaled \$314 thousand and were comprised of inflows of \$250,000 thousand, purchases of capital assets of \$184 thousand and repayment of capital debt and accrued interest totaling \$380 thousand were the sources of cash outflows.

For the year ended June 30, 2021, loan proceeds were the sole source of capital financing inflows. Net cash flows used in capital financing activities totaled \$167 thousand and were comprised of inflows of \$1,547 million, purchases of capital assets of \$1,317 million and repayment of capital debt and accrued interest totaling \$397 thousand were the sources of cash outflows.

For the year ended June 30, 2020, loan proceeds were the sole source of capital financing inflows. Net cash flows from capital financing activities totaled \$57.7 thousand and were comprised of inflows of \$4.2 million. Capital construction costs of \$4.2 million were the sole cash outflow.

Economic Factors that will Affect the Future

The Eastern Florida State College Housing Corporation's economic condition is closely tied to that of the Eastern Florida State College and to the State of Florida. While the State of Florida and Brevard County have experienced positive financial growth in the last year, the College faces financial challenges in the near term.

Eastern Florida State College's State noncapital appropriations increased by \$4.6 million for the 2022-23 fiscal year. Capital appropriations were funded this year with \$19.7 million for a Center for

**Eastern Florida State College Student Housing Corporation, Inc.**  
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**Management Discussion and Analysis**

Innovative Technology Education (CITE) Building on the Melbourne Campus and \$17.6 million in deferred maintenance funded from the Federal Coronavirus Fiscal Recovery Fund. Funding for the maintenance, renovation, and construction of facilities is needed to maintain the quality of programs offered at the college; enhance the student experience; incorporate measures that support campus safety; address critical deferred maintenance issues; and provide long-term utilities and infrastructure stability. With these capital appropriations, College operating funds needed to maintain aging facilities in need of renovation will be supported for a short period.

The College received \$34.8 million in Federal Higher Education Emergency Relief Funds (HEERF) to assist the College with the extraordinary costs related to the COVID-19 pandemic. As of June 30, 2022, \$16.8 million has been expended for cleaning, personal protective equipment, social distancing, facilities modifications, information technology infrastructure improvements, and to recover lost revenue. Included in this amount is an estimated \$36 thousand for a COVID social distancing suite in the Student Housing Corporation.

The College also received \$25.3 million to provide Emergency Financial Aid Grants to Students to assist with expenses due to the disruption of campus operations. As of June 30, 2022, \$25.2 million in HEERF grants were disbursed to students.

The College Board of Trustees elected again to continue the 2011-12 fiscal year tuition rates into the 2020-21 fiscal year. Enrollment since the start of the pandemic, however, has declined 20% from 2019. The need for financial support of students from Foundation scholarships will become greater as Federal pandemic relief funds expire.

The College's current financial and capital plans indicate that the resources from cost savings and increased efficiencies will enable it to maintain consistent services over the coming year.

The College has returned to on-campus/online instruction for the Fall 2020 semester, while adjusting classroom capacities to maintain CDC recommended social distancing. Despite the impact of the pandemic on College operations, the newly constructed housing facility opened for students in August 2020. The facility is fully occupied less one suite held vacant to house residents which may become infected. In the Fall of 2023, the second housing facility will open to students. With occupancy currently exceeding initial projections, management projects the Corporation will be able to operate both facilities and meet all debt obligations and debt coverage ratios as required by the lender.

**Requests for Information:**

Questions about this report or requests for additional financial information should be addressed to:

Eastern Florida State College Corporation  
1519 Clearlake Road  
Cocoa, FL 32922  
321-632-1111

**Eastern Florida State College Student Housing Corporation, Inc.**  
**(A Component Unit of Eastern Florida State College)**  
**Statement of Net Position**

<i>June 30,</i>	<b>2022</b>	2021
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 307,068	\$ 16,462
Accounts receivable	4,357	9,970
Due from College	451,662	519,741
Prepaid expenses	-	872
Total current assets	<b>763,087</b>	547,045
Noncurrent assets:		
Nondepreciable capital assets	194,082	-
Depreciable capital assets, net	5,291,633	5,429,078
Total noncurrent assets	<b>5,485,715</b>	5,429,078
<b>Total assets</b>	<b>\$ 6,248,802</b>	\$ 5,976,123
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 11,666	\$ 6,166
Notes payable	230,587	224,242
Total current liabilities	<b>242,253</b>	230,408
Noncurrent liabilities:		
Accrued compensated absences	4,221	4,938
Notes payable	5,336,312	5,316,898
Total noncurrent liabilities	<b>5,340,533</b>	5,321,836
<b>Total liabilities</b>	<b>5,582,786</b>	5,552,244
<b>NET POSITION</b>		
Net investment in capital assets	<b>(91,405)</b>	(92,776)
Restricted for:		
Renewal and replacement	39,297	19,286
Unrestricted	718,124	497,369
<b>Total net position</b>	<b>666,016</b>	423,879
<b>Total liabilities and net position</b>	<b>\$ 6,248,802</b>	\$ 5,976,123

*The accompanying footnotes are an integral part of these financial statements.*

**Eastern Florida State College Students Housing Corporation, Inc.**  
**(A Component Unit of Eastern Florida State College)**  
**Statement of Revenues, Expenses and Changes in Net Position**

<i>For the year ended June 30,</i>	<b>2022</b>	<b>2021</b>
<b>Operating revenues</b>		
Charges for service	\$ 786,148	\$ 859,105
<b>Total operating revenues</b>	<b>786,148</b>	<b>859,105</b>
<b>Operating expenses</b>		
Personnel services	75,968	72,974
Utilities and communications	103,052	75,353
Contractual services	22,909	11,451
Other services and expenses	29,971	6,748
Materials and supplies	2,974	1,961
Depreciation	137,445	68,723
<b>Total operating expenses</b>	<b>372,319</b>	<b>237,210</b>
<b>Operating income</b>	<b>413,829</b>	<b>621,895</b>
<b>Nonoperating revenues (expenses)</b>		
Investment income	5,144	2,488
Other nonoperating expenses	(21,169)	-
Interest and fiscal charges	(155,667)	(151,459)
<b>Total nonoperating revenues (expenses)</b>	<b>(171,692)</b>	<b>(148,971)</b>
<b>Change in net position</b>	<b>242,137</b>	<b>472,924</b>
<b>Net position, beginning of year</b>	<b>423,879</b>	<b>(49,045)</b>
<b>Net position, end of year</b>	<b>\$ 666,016</b>	<b>\$ 423,879</b>

*The accompanying footnotes are an integral part of these financial statements.*

**Eastern Florida State College Student Housing Corporation, Inc.**  
**(A Component Unit of Eastern Florida State College)**  
**Statement of Cash Flows**

<i>For the year ended June 30,</i>	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>		
Payments to suppliers	\$ (59,703)	\$ (14,867)
Payments to utilities	(103,052)	(75,353)
Payments to employees	(76,686)	(68,036)
Cash received for services provided, and other sources	791,761	858,416
Net cash provided by operating activities	<b>552,320</b>	700,160
<b>Cash flows from non-capital financing activities:</b>		
Other nonoperating activities	(21,169)	-
Net cash used in non-capital financing activities	<b>(21,169)</b>	-
<b>Cash flows from capital and related activities:</b>		
Proceeds from capital debt	250,000	1,547,280
Purchases of capital assets	(183,861)	(1,317,464)
Repayment of capital related debt	(224,241)	(245,189)
Interest paid on capital debt	(155,667)	(151,459)
Net cash used in capital and related activities	<b>(313,769)</b>	(166,832)
<b>Cash flows from investing activities:</b>		
Interest on investments	5,144	2,488
Purchase of investments	-	(519,741)
Proceeds from sale of investments	68,080	-
Net cash provided by (used in) investing activities	<b>73,224</b>	(517,253)
<b>Net increase in cash and cash equivalents</b>	<b>290,606</b>	16,075
<b>Net cash and cash equivalents at the beginning of the year</b>	<b>16,462</b>	387
<b>Net cash and cash equivalents at the end of the year</b>	<b>\$ 307,068</b>	<b>\$ 16,462</b>

*The accompanying footnotes are an integral part of these financial statements.*

**Eastern Florida State College Student Housing Corporation, Inc.**  
**(A Component Unit of Eastern Florida State College)**  
**Statement of Cash Flows (Continued)**

<i>For the years ended June 30,</i>	<b>2022</b>	<b>2021</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET</b>		
<b>CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income	\$ 413,829	\$ 621,895
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	137,445	68,723
Changes in net position		
Decrease (increase) in accounts receivable	5,613	(9,970)
Decrease (increase) in prepaid expenses	872	(872)
Increase (decrease) in accounts payable	(5,439)	11,103
Increase in due to College	-	9,281
Net cash provided by operating activities	\$ 552,320	\$ 700,160

*The accompanying footnotes are an integral part of these financial statements.*

**Eastern Florida State College Student Housing Corporation, Inc.**  
**(A Component Unit of Eastern Florida State College)**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

The Eastern Florida State College Student Housing Corporation, Inc. (the "Corporation") is a Florida not-for-profit corporation. It is also designated as a component unit and a direct-support organization of Eastern Florida State College (the "College") under Section 1004.70, Florida Statutes. As such, the Student Housing Corporation is organized to provide a means for the development, financing, acquisition and construction of the College's student housing facilities.

**B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The Corporation follows GASB No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*.

GASB Statements No. 34 and 35 establish standards for external financial reporting, which includes a statement of net position, a statement of revenues, expenses and changes in net position and a statement of cash flows using the direct method. GASB Statements No. 34 and 35 also include a requirement that management provide a discussion and analysis of the basic financial statements and it requires the classification of net position into three components – net investment in capital assets, restricted and unrestricted.

The Corporation uses the proprietary fund basis for the presentation of its financial statements. Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are reported when a liability is incurred, regardless of the timing of the related cash flows.

The Corporation functions as an enterprise fund that accounts for the operations of the Corporation. An enterprise fund is a type of proprietary fund that provides services to the general public. This fund is used to account for the operations of governmental facilities and services, which are entirely or predominantly self-supported.

When both restricted and unrestricted resources are available for use, it is the Corporation's policy to use restricted resources first, then unrestricted resources as they are needed.

**C. ASSETS, LIABILITIES AND NET POSITION**

***Cash and Cash Equivalents***

The Corporation's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**Eastern Florida State College Student Housing Corporation, Inc.**  
**(A Component Unit of Eastern Florida State College)**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Capital Assets***

Capital assets are defined by the Corporation as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are recorded at cost, if purchased and at fair market value at date of gift, if donated. Depreciation is recognized on the straight-line method or double declining balance over the estimated useful lives of the assets. The estimated useful lives of the buildings are 40 years and other estimated useful lives range between 5 to 10 years. Land, buildings and equipment held for sale are not depreciated.

***Long-Term Obligations***

In the financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and are recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section 130: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

***Categories and Classification of Net Position***

Net position flow assumption – Sometimes the Corporation will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted and as net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Corporations' policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

The provisions of GASB Codification P80 *Proprietary Fund Accounting and Financial Reporting*, specifies the following classifications:

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Restricted net position are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – Unrestricted net position is the residual classification.

**Eastern Florida State College Student Housing Corporation, Inc.**  
**(A Component Unit of Eastern Florida State College)**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. REVENUE AND EXPENDITURES/EXPENSES**

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Corporation are the revenues related to application fees and housing rentals. Operating expenses include contractual, materials, supplies, and other costs to operate the Corporation. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued and determined there were no events that occurred that required disclosure.

***Recently Implemented Accounting Pronouncements***

The Corporation implemented GASB 89, *Accounting for Interest Cost before the End of a Construction Period*, which requires such interest to be recognized as an expense in the period in which that cost is incurred for financial statements prepared using the economic resources measurement focus for the year ending June 30, 2021. The statement was implemented prospectively.

**Note 2: DEPOSITS**

At June 30, 2022 and June 30, 2021, the Corporation's carrying amount of cash deposits was \$307,068 and \$16,462, respectively, and bank balance was \$444,167 and \$209,395, respectively. The Corporation's cash deposits are covered 100% by federal depository insurance (FDIC). The Corporation maintains cash accounts at financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2022 and June 30, 2021, there was \$0 in excess of federal-insurance limits.

**Eastern Florida State College Student Housing Corporation, Inc.**  
**(A Component Unit of Eastern Florida State College)**  
**Notes to Financial Statements**

**Note 3: CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Capital assets, not being depreciated:</b>				
Construction in progress	\$ -	\$ 194,082	\$ -	\$ 194,082
<b>Total capital assets, not being depreciated</b>	<b>-</b>	<b>194,082</b>	<b>-</b>	<b>194,082</b>
<b>Capital assets, being depreciated:</b>				
Buildings	5,497,801	-	-	5,497,801
<b>Total capital assets being depreciated</b>	<b>5,497,801</b>	<b>-</b>	<b>-</b>	<b>5,497,801</b>
<b>Less accumulated depreciation for:</b>				
Buildings	(68,723)	(137,445)	-	(206,168)
<b>Total accumulated depreciation</b>	<b>(68,723)</b>	<b>(137,445)</b>	<b>-</b>	<b>(206,168)</b>
<b>Total capital assets, being depreciated, net</b>	<b>5,429,078</b>	<b>(137,445)</b>	<b>-</b>	<b>5,291,633</b>
<b>Capital assets, net</b>	<b>\$ 5,429,078</b>	<b>\$ 56,637</b>	<b>\$ -</b>	<b>\$ 5,485,715</b>

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Capital assets, not being depreciated:</b>				
Construction in progress	\$ 4,782,419	\$ 715,382	\$ (5,497,801)	\$ -
<b>Total capital assets, not being depreciated</b>	<b>4,782,419</b>	<b>715,382</b>	<b>(5,497,801)</b>	<b>-</b>
<b>Capital assets, being depreciated:</b>				
Buildings	-	5,497,801	-	5,497,801
<b>Total capital assets being depreciated</b>	<b>-</b>	<b>5,497,801</b>	<b>-</b>	<b>5,497,801</b>
<b>Less accumulated depreciation for:</b>				
Buildings	-	(68,723)	-	(68,723)
<b>Total accumulated depreciation</b>	<b>-</b>	<b>(68,723)</b>	<b>-</b>	<b>(68,723)</b>
<b>Total capital assets, being depreciated, net</b>	<b>-</b>	<b>5,429,078</b>	<b>-</b>	<b>5,429,078</b>
<b>Capital assets, net</b>	<b>\$ 4,782,419</b>	<b>\$ 6,144,460</b>	<b>\$ (5,497,801)</b>	<b>\$ 5,429,078</b>

Depreciation expense was \$137,445 for the year ended June 30, 2022 and \$68,723 for the year ended June 30, 2021. Additionally, the Corporation capitalized interest costs of \$0 for the years ended June 30, 2022 and 2021.

**Eastern Florida State College Student Housing Corporation, Inc.**  
**(A Component Unit of Eastern Florida State College)**  
**Notes to Financial Statements**

**Note 4: LONG-TERM DEBT AND LIABILITIES**

On August 12, 2019, the Corporation borrowed a principal sum not to exceed of \$7,000,000 through a local bank for the purpose of constructing a student housing facility for the College. Interest is a fixed rate of 2.81% and is paid semi-annually on every June 30 and December 31, commencing December 31, 2019 until the note is paid in full. Principal on the note shall be paid in semi-annual installments beginning December 31, 2020, and each June 30 and December 31 thereafter. The note is secured solely by net revenues and matures on June 30, 2040. As of June 30, 2022 and 2021, the principal outstanding and accrued interest on the note was \$5,316,899 and \$5,541,140, respectively.

On March 17, 2022, the Corporation was approved to borrow a principal sum not to exceed of \$8,000,000 through a local bank for the purpose of financing the cost to design, build, equip and install a second 96 bed student housing facility, required off site utility improvements and related amenities of the project. The loan is structured as a draw, and all loan proceeds are to be drawn no later than July 31, 2023. The loan is secured by a pledge of net operating revenues of the Corporation and matures on June 30, 2043. Interest is fixed at a rate of 3.05% and is payable semiannually beginning June 30, 2022; followed by level principal and interest payments based on a 20 year amortization commencing December 31, 2023, and each June 30<sup>th</sup> and December 31<sup>st</sup> thereafter. As of June 30, 2022 and 2021, the principal outstanding on the loan was \$250,000 and \$0, respectively.

The following is a summary of notes payable for the year ended June 30, 2022:

<i>Year ending June 30,</i>	Principal	Interest	Total
2023	\$ 230,587	\$ 147,796	\$ 378,383
2024	249,612	141,653	391,265
2025	256,322	134,943	391,265
2026	263,221	128,043	391,264
2027	270,316	120,949	391,265
2028 - 2032	1,465,231	491,093	1,956,324
2033 - 2037	1,675,254	281,070	1,956,324
2038 - 2042	1,143,856	55,700	1,199,556
2043 - 2047	12,500	381	12,881
<b>Total</b>	<b>\$ 5,566,899</b>	<b>\$ 1,501,628</b>	<b>\$ 7,068,527</b>

**Eastern Florida State College Student Housing Corporation, Inc.**  
**(A Component Unit of Eastern Florida State College)**  
**Notes to Financial Statements**

**Note 4: LONG-TERM DEBT AND LIABILITES (Continued)**

Long-term liability activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note payable - Dorm A	\$ 5,541,140	\$ -	\$ (224,241)	\$ 5,316,899	\$ 230,587
Note payable - Dorm B	-	250,000	-	250,000	-
Total notes from direct borrowings	\$ -	\$ 250,000	\$ -	\$ 250,000	\$ -

Long-term liability activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note payable - Dorm A	\$ 4,239,049	\$ 1,547,280	\$ (245,189)	\$ 5,541,140	\$ 224,242
Total notes from direct borrowings	\$ 4,239,049	\$ 1,547,280	\$ (245,189)	\$ 5,541,140	\$ 224,242

**Note 5: NET INVESTMENT IN CAPITAL ASSETS**

The elements of this calculation are as follows:

	2022	2021
Capital assets (net)	\$ 5,485,715	\$ 5,429,078
Unexpended debt proceeds	-	19,286
Capital projects payable	(10,221)	-
Outstanding debt related to capital assets	(5,566,899)	(5,541,140)
Net investment in capital assets	\$ (91,405)	\$ (92,776)

**Note 6: RELATED PARTY TRANSACTIONS**

Use of Property Facilities and Personal Services - Section 1004.70(3)(a), Florida Statutes, authorizes a College board of trustees to permit the use of its property, facilities and personal services by the College's direct support organizations. During the years ended June 30, 2022 and June 30, 2021, the College allowed the Corporation to utilize the services of its employees in the amounts of \$11,220 and \$13,039, respectively.

**Eastern Florida State College Student Housing Corporation, Inc.**  
**(A Component Unit of Eastern Florida State College)**  
**Notes to Financial Statements**

**Note 6: RELATED PARTY TRANSACTIONS (Continued)**

Due to/Due From the College – The Corporation, as a direct support organization of the College, uses the College’s bank account to receipt student resident housing payments and disburse some expenses. An agency account is set up on the books of the College to record this activity and it is reconciled monthly with the accounting records of the Corporation. At June 30, 2022 and 2021, the cash position in the agency account reflected a positive cash balance of \$34,030 and \$32,253, respectively.

The College, in its role as fiscal agent for the Corporation, participates in the Florida Treasury Investment Pool, which combines short and intermediate term fixed income investment strategies. The asset structure is designed to provide strong liquidity using short term, high quality investments and additional investment income using intermediate investments. Funds of organizations can be used if they are participating in the Treasury Special Purpose Investment Accounts (“SPIA”). As of June 30, 2022 and 2021, \$417,632 and \$487,488, respectively, of the Corporation’s funds are included in this account. The total amount due from the College to the Corporation as of June 30, 2022 and 2021 is \$451,662 and \$519,741, respectively.

Interest earnings are allocated to the Corporation in proportion to the amount of Corporation funds to total funds.

During the years ended June 30, 2022 and 2021, the College awarded \$414,500 and \$406,000, respectively, in student athletic scholarships to the Corporation in accordance with the LOI and scholarship agreement.

**Note 7: RETIREMENT PLAN**

As a direct support organization of the College, all regular employees of the Corporation participate in the Florida Retirement System (“System”). The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services’ website ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

**Eastern Florida State College Student Housing Corporation, Inc.**  
**(A Component Unit of Eastern Florida State College)**  
**Notes to Financial Statements**

**Note 7: RETIREMENT PLAN (Continued)**

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

*Benefits Provided* – Benefits under the FRS Pension 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 five highest fiscal years’ earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight 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 the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

*Contributions* – The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The employer’s contribution rates as of June 30, 2022 and 2021, were as follows:

2022	FRS	HIS
Regular class	9.16%	1.66%
2021	FRS	HIS
Regular class	8.34%	1.66%

The employer’s contributions to the FRS for the years ended June 30, 2022 and 2021, were \$5,192 and \$4,589, respectively. The employer’s contributions to the HIS for the years ended June 30, 2022 and 2021, were \$941 and \$913, respectively. The amount of covered payroll for College employees funded by the Corporation for the years ended June 30, 2022 and 2021, was \$56,677 and \$55,026, respectively.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions* – At June 30, 2022 and 2021, the Corporation reported a liability of \$0 for its proportionate share of the Pension Plan’s net pension liability. Employees eligible to participate in the system are employed by the College and therefore none of the net pension liability is allocated to the Corporation.

**Eastern Florida State College Student Housing Corporation, Inc.**  
**(A Component Unit of Eastern Florida State College)**  
**Notes to Financial Statements**

**Note 7: RETIREMENT PLAN (Continued)**

*Actuarial Assumptions* – For fiscal year 2022, the total pension liability for each of the defined benefit plans was measured as of June 30, 2021. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2021. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2020 and using standard actuarial procedures to determine the liability at July 1, 2021. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.80%	N/A
Discount rate	6.80%	2.16%

For fiscal year 2021, the total pension liability for each of the defined benefit plans was measured as of June 30, 2020. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2020. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2019, rolled-forward using standard actuarial procedures. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.80%	N/A
Discount rate	6.80%	2.21%

Mortality assumptions for the FRS Pension Plan was based on the PUB-2010 with projected generations with scale MP-2018. Mortality assumptions for the HIS Pension Plan was based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The following changes in key actuarial assumptions occurred in 2021:

FRS: Decreasing the maximum amortization period to 20 years for all current and future amortization bases.

HIS: The municipal bond rate used to determine total pension liability was decreased from 2.21% to 2.16%.

**Eastern Florida State College Student Housing Corporation, Inc.**  
**(A Component Unit of Eastern Florida State College)**  
**Notes to Financial Statements**

**Note 7: RETIREMENT PLAN (Continued)**

The following changes in key actuarial assumptions occurred in 2020:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 6.90% to 6.80%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 3.50% to 2.21%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation measured as of June 30, 2021:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1.00%	2.10%	2.10%
Fixed income	20.00%	3.80%	3.70%
Global equity	54.20%	8.20%	6.70%
Real estate (property)	10.30%	7.10%	6.20%
Private equity	10.80%	11.70%	8.50%
Strategic investments	3.70%	5.70%	5.40%
	<u>100%</u>		

For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation measured as of June 30, 2020:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1.00%	2.20%	2.20%
Fixed income	19.00%	3.00%	2.90%
Global equity	54.20%	8.00%	6.70%
Real estate (property)	10.00%	6.40%	5.80%
Private equity	11.00%	10.80%	8.10%
Strategic investments	5.00%	5.50%	5.30%
	<u>100%</u>		

*Discount Rate* – The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.80% for both years. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

**Eastern Florida State College Student Housing Corporation, Inc.**  
**(A Component Unit of Eastern Florida State College)**  
**Notes to Financial Statements**

**Note 7: RETIREMENT PLAN (Continued)**

For fiscal years 2022 and 2021, because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 2.16% and 2.21%, respectively, was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

*Pension Plans' Fiduciary Net Position* – Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

**Note 8: RECLASSIFICATION**

Certain amounts were reclassified on the statement of revenues, expenses and changes in net position to conform with the current year presentation.

**Note 9: UNCERTAINTY**

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Corporation. The occurrence and extent of such an impact will depend on future developments, including: (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

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**INDEPENDENT AUDITORS' 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***

To the Board of Trustees  
Eastern Florida State College Student Housing Corporation, Inc.

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, the financial statements of Eastern Florida State College Student Housing Corporation, Inc. (a component unit of Eastern Florida State College) (the "Corporation"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated September 26, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Corporation'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 entity'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 Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Carr, Riggs & Ingram, L.L.C.*

Melbourne, Florida  
September 26, 2022