



**Eastern Florida State College Student
Housing Corporation, Inc.**
(A Component Unit of Eastern Florida State College)
FINANCIAL STATEMENTS
For the Years Ended June 30, 2024 and 2023

THIS PAGE IS INTENTIONALLY LEFT BLANK.

Eastern Florida State College Student Housing Corporation, Inc.
(A Component Unit of Eastern Florida State College)
Table of Contents
For the years ended June 30, 2024 and 2023



INTRODUCTORY SECTION

Title Page	1
Table of Contents	3
Executive Board of Trustees	5

REPORT

Independent Auditor’s Report.....	7
Management Discussion and Analysis	11

BASIC FINANCIAL STATEMENTS

Statements of Net Position.....	17
Statements of Revenues, Expenses and Changes in Net Position	18
Statements of Cash Flows.....	19
Notes to Financial Statements.....	21
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	35

THIS PAGE IS INTENTIONALLY LEFT BLANK.

Eastern Florida State College Student Housing Corporation, Inc.
(A Component Unit of Eastern Florida State College)
Executive Board of Trustees
June 30, 2024

Chair

Laura Moody

Vice Chair

Scott Glover

Treasurer

Dr. James H. Richey

President of EFSC

Dr. James H. Richey

THIS PAGE IS INTENTIONALLY LEFT BLANK.



Carr, Riggs & Ingram, LLC
215 Baytree Drive
Melbourne, Florida 32940

321.255.0088
386.336.4189 (fax)
CRLcpa.com

INDEPENDENT AUDITOR'S 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, 2024 and 2023, 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, 2024 and 2023, 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 audits 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 Auditor's 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

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 opinion. 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 audits 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 audits 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 August 26, 2024, 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

August 26, 2024

THIS PAGE IS INTENTIONALLY LEFT BLANK.

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, 2024 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 \$465 thousand for the year ended June 30, 2024. The increase was primarily due to an increase in investment income, operating revenues, and operating and non-operating expenses. The Corporation’s net position increased by \$82 thousand for the year ended June 30, 2023. The increase was primarily due to an increase in investment income, operating revenues, and operating and non-operating expenses. 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 and non-operating expenses net of a decrease in operating revenue.

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.

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

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.

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, 2024:

EASTERN FLORIDA STATE COLLEGE STUDENT HOUSING CORPORATION
CONDENSED STATEMENT OF NET POSITION
FOR THE YEARS ENDED JUNE 30, 2024, 2023, AND 2022
In Thousands

ASSETS	2024	2023	2022
Current assets	\$2,404.0	\$840.5	\$763.1
Noncurrent assets	11,429.5	10,222.5	5,485.7
Total Assets	13,833.5	11,063.0	6,248.8
LIABILITIES			
Current liabilities	629.5	1,601.9	242.3
Noncurrent liabilities	11,990.8	8,713.2	5,340.5
Total Liabilities	12,620.3	10,315.1	5,582.8
NET POSITION			
Net investment in capital assets	(1,144.5)	(84.5)	(91.4)
Restricted – renewal and replacement	103.4	59.3	39.3
Unrestricted	2,254.3	773.1	718.1
Total Net Position	\$1,213.2	\$747.9	\$666.0

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 2023-24, the Corporation's receivables increased \$36 thousand and is a result of an increase in student accounts receivable. For the year ended June 30, 2023, the Corporation's receivables increased \$3 thousand and is a result of an increase in student accounts receivable. For the year ended June 30, 2022, the Corporation's receivables decreased by approximately \$6 thousand and is a result of a decrease in student accounts receivables.

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

Non-current Assets – As of June 30, 2024, the Corporation had depreciable capital assets totaling \$5.0 million and \$6.4 million in non-depreciable capital assets for construction in progress for the second student housing building. For the year ended June 30, 2023, the Corporation had depreciable capital assets totaling \$5.2 million and \$5.1 million in non-depreciable capital assets for construction in progress for the second student housing building. For the year ended 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.

Liabilities – During fiscal year 2023-24, the Corporation’s liabilities increased \$2.3 million and is a result of an increase of \$3.4 million in notes payable for building construction costs, \$33 thousand in housing deposits, net of a decrease of \$1.2 million in accounts and retainage payable. For fiscal year 2022-23, the Corporation’s liabilities increased \$4.7 million and is a result of an increase of \$1.2 million in accounts and retainage payable and \$3.4 million in notes payable for building construction costs. For 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.

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, 2024:

EASTERN FLORIDA STATE COLLEGE STUDENT HOUSING CORPORATION			
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION			
FOR FISCAL YEARS ENDED JUNE 30, 2024, 2023, AND 2022			
In Thousands			
	2024	2023	2022
Operating revenues	\$1,472.1	\$796.7	\$786.1
Operating expenses	678.2	517.9	372.3
Operating income (loss)	793.9	278.8	413.8
Nonoperating expenses	(328.6)	(196.9)	(171.7)
Total increase (decrease) in net position	465.3	81.9	242.1
Net position at beginning of year	747.9	666.0	423.9
Net position at end of year	\$1,213.2	\$747.9	\$666.0

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

The Corporation's fiscal year 2023-24 operating expenses increased \$160 thousand and is primarily due to an increase of \$84 thousand in utilities and communications, \$20 thousand in contractual services, \$58 thousand in other services and expenses, and \$5 thousand in materials and supplies net of a decrease of \$7 thousand in personnel services. Operating expenses for fiscal year 2022-23 increased \$146 thousand and is primarily due to an increase of \$2 thousand for personnel services, \$63 thousand for contractual services, \$33 thousand for other services, and \$49 thousand for materials and supplies, net of a decrease of \$1 thousand in utilities. Operating expenses for fiscal year 2021-22 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.

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.

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

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
CONDENSED STATEMENT OF CASH FLOWS
FOR FISCAL YEARS ENDED JUNE 30, 2024, 2023, AND 2022
In Thousands

CASH AND CASH EQUIVALENTS PROVIDED BY/(USED IN):	2024	2023	2022
Operating Activities	\$911.8	\$415.4	\$552.3
Capital and Related Financing Activities	578.7	(356.6)	(313.8)
Noncapital Financing Activities	-	-	(21.2)
Investing Activities	(333.3)	210.6	73.2
	<hr/>	<hr/>	<hr/>
Net Increase in Cash and Cash Equivalents	1,157.2	269.4	290.5
	<hr/>	<hr/>	<hr/>
Cash and Cash Equivalents - Beginning of Year	576.4	307.0	16.5
	<hr/>	<hr/>	<hr/>
Cash and Cash Equivalents - End of Year	<u>\$1,733.6</u>	<u>\$576.4</u>	<u>\$307.0</u>

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, 2024, loan proceeds were the sole source of capital financing inflows. Net cash flows used in capital financing activities totaled \$579 thousand and were comprised of inflows of \$4.0 million, purchases of capital assets of \$2.5 million, and repayment of capital debt and accrued interest totaling \$911 thousand were the sources of cash outflows.

For the year ended June 30, 2023, loan proceeds were the sole source of capital financing inflows. Net cash flows used in capital financing activities totaled \$357 thousand and were comprised of inflows of \$3.8 million, purchases of capital assets of \$3.7 million and repayment of capital debt and accrued interest totaling \$443 thousand were the sources of cash outflows.

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.

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

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 remained relatively level, increasing by only \$173 thousand for the 2024-25 fiscal year. Capital appropriations were funded this year with \$10 million for Phase 2 of the Advanced Technology Center on the Cocoa Campus. The renovation will allow the College to relocate critically needed workforce programs that are currently in areas limited by their structural design. The repurposed facility will allow the creation of larger spaces for expanded classrooms, collaborative workspaces, and better designed labs to accommodate and promote the expansion of a myriad of growing workforce programs.

The College Board of Trustees elected again to continue the 2011-12 fiscal year tuition rates into the 2024-25 fiscal year. Enrollment declined 13% between 2019 and 2023 as a result of the pandemic and now has started to rebound, increasing over 3% during the past year.

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, Housing Dorm A facility opened for students in August 2020 and despite construction materials and labor shortages, the newly constructed Housing Dorm B opened in Fall 2023. Both facilities are fully occupied. With occupancy exceeding initial projections, management projects the Corporation will be able to operate the 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)
Statements of Net Position

<i>June 30,</i>	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,733,656	\$ 576,401
Accounts receivable	43,136	7,427
Due from College	619,538	256,488
Prepaid expenses	7,696	150
Total current assets	2,404,026	840,466
Noncurrent assets:		
Nondepreciable capital assets	6,412,735	5,068,320
Depreciable capital assets, net	5,016,743	5,154,188
Total noncurrent assets	11,429,478	10,222,508
Total assets	\$ 13,833,504	\$ 11,062,974
LIABILITIES		
Current liabilities:		
Accounts and retainage payable	\$ 51,204	\$ 1,217,709
Housing deposits	32,760	-
Current portion of notes payable	545,520	384,182
Total current liabilities	629,484	1,601,891
Noncurrent liabilities:		
Accrued compensated absences	2,188	4,726
Notes payable due after one year	11,988,597	8,708,473
Total noncurrent liabilities	11,990,785	8,713,199
Total liabilities	12,620,269	10,315,090
NET POSITION		
Net investment in capital assets	(1,144,484)	(84,479)
Restricted for:		
Renewal and replacement	103,365	59,345
Unrestricted	2,254,354	773,018
Total net position	1,213,235	747,884
Total liabilities and net position	\$ 13,833,504	\$ 11,062,974

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)
Statements of Revenues, Expenses and Changes in Net Position

<i>For the years ended June 30,</i>	2024	2023
Operating revenues		
Charges for service	\$ 1,472,075	\$ 796,665
Total operating revenues	1,472,075	796,665
Operating expenses		
Personnel services	71,380	78,256
Utilities and communications	185,871	101,384
Contractual services	106,483	86,185
Other services and expenses	120,699	63,008
Materials and supplies	56,275	51,650
Depreciation	137,445	137,445
Total operating expenses	678,153	517,928
Operating income	793,922	278,737
Nonoperating revenues (expenses)		
Investment income	29,783	15,357
Interest and fiscal charges	(358,354)	(212,226)
Total nonoperating revenues (expenses)	(328,571)	(196,869)
Change in net position	465,351	81,868
Net position, beginning of year	747,884	666,016
Net position, end of year	\$ 1,213,235	\$ 747,884

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)
Statements of Cash Flows

<i>For the years ended June 30,</i>	2024	2023
Cash flows from operating activities:		
Payments to suppliers	\$ (264,760)	\$ (199,061)
Payments to utilities	(185,871)	(101,384)
Payments to employees	(73,918)	(77,751)
Cash received for services provided, and other sources	1,436,366	793,595
Net cash provided by operating activities	911,817	415,399
Cash flows from capital and related activities:		
Proceeds from capital debt	3,993,657	3,756,343
Purchases of capital assets	(2,504,403)	(3,670,127)
Repayment of capital related debt	(552,195)	(230,587)
Interest paid on capital debt	(358,354)	(212,226)
Net cash provided by (used in) capital and related activities	578,705	(356,597)
Cash flows from investing activities:		
Interest on investments	29,783	15,357
Purchase of investments	(363,050)	195,174
Net cash provided by (used in) investing activities	(333,267)	210,531
Net increase in cash and cash equivalents	1,157,255	269,333
Net cash and cash equivalents at the beginning of the year	576,401	307,068
Net cash and cash equivalents at the end of the year	\$ 1,733,656	\$ 576,401

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)
Statements of Cash Flows (Continued)

<i>For the years ended June 30,</i>	2024	2023
RECONCILIATION OF OPERATING INCOME TO NET		
CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 793,922	\$ 278,737
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	137,445	137,445
Changes in net position		
Decrease (increase) in accounts receivable	(35,709)	(3,070)
Decrease (increase) in prepaid expenses	(7,546)	(150)
Increase (decrease) in accounts payable and accrued compensated absences	23,705	2,437
Net cash provided by operating activities	\$ 911,817	\$ 415,399

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)

C. ASSETS, LIABILITIES AND NET POSITION (continued)

Accounts Receivable

Accounts receivable represent amounts owed to the Corporation, which are expected to be collected within twelve months and are presented in the statements of net position.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as expenses when consumed rather than when purchased.

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.

Accrued Compensated Absences

The Corporation's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from college service. The liability for such leave is reported as incurred in the financial statements. The liability for compensated absences includes salary-related benefits, where applicable. Accumulated sick leave lapses when employees leave the employ of the College and, accordingly upon separation from service, no monetary obligation exists.

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.

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)

C. ASSETS, LIABILITIES AND NET POSITION (continued)

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.

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.

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)

Subsequent Events

Management has evaluated subsequent events through August 26, 2024, the date that the financial statements were available to be issued, and determined there were no events that occurred that required disclosure.

Recently Issued and Implemented Accounting Pronouncements

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). There were no significant impacts of implementing this Statement.

The Governmental Accounting Standards Board has issued a statement that will become effective in a future year. This statement is as follows:

GASB Statement No. 101, *Compensated Absences*, the objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The Corporation is evaluating the requirements of the above statement and the impact on reporting.

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

Note 2: DEPOSITS

At June 30, 2024 and 2023, the Corporation's carrying amount of cash deposits was \$1,733,656 and \$576,401, respectively, and bank balance was \$2,203,970 and \$630,601, 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, 2024 and 2023, there was \$1,703,970 and \$313,870 in excess of federal-insurance limits, respectively.

Note 3: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	\$ 5,068,320	\$ 1,344,415	\$ -	\$ 6,412,735
Total capital assets, not being depreciated	5,068,320	1,344,415	-	6,412,735
Capital assets, being depreciated:				
Buildings	5,497,801	-	-	5,497,801
Total capital assets being depreciated	5,497,801	-	-	5,497,801
Less accumulated depreciation for:				
Buildings	(343,613)	(137,445)	-	(481,058)
Total accumulated depreciation	(343,613)	(137,445)	-	(481,058)
Total capital assets, being depreciated, net	5,154,188	(137,445)	-	5,016,743
Capital assets, net	\$ 10,222,508	\$ 1,206,970	\$ -	\$ 11,429,478

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

Note 3: CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	\$ 194,082	\$ 4,874,238	\$ -	\$ 5,068,320
Total capital assets, not being depreciated	194,082	4,874,238	-	5,068,320
Capital assets, being depreciated:				
Buildings	5,497,801	-	-	5,497,801
Total capital assets being depreciated	5,497,801	-	-	5,497,801
Less accumulated depreciation for:				
Buildings	(206,168)	(137,445)	-	(343,613)
Total accumulated depreciation	(206,168)	(137,445)	-	(343,613)
Total capital assets, being depreciated, net	5,291,633	(137,445)	-	5,154,188
Capital assets, net	\$ 5,485,715	\$ 4,736,793	\$ -	\$ 10,222,508

Depreciation expense was \$137,445 for both of the years ended June 30, 2024 and 2023.

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 at 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, 2024 and 2023, the principal outstanding on the note was \$4,849,200 and \$5,086,312, 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 30th and December 31st thereafter. As of June 30, 2024 and 2023, the principal outstanding on the loan was \$7,684,917 and \$4,006,343, respectively.

The following is a summary of notes payable for the year ended June 30, 2024:

<i>Years ending June 30,</i>	Note payable - Dorm A		Note payable - Dorm B		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 243,822	\$ 134,562	\$ 301,698	\$ 230,468	\$ 545,520	\$ 365,030
2026	250,721	127,662	310,970	221,196	561,691	348,858
2027	257,816	120,567	320,527	211,639	578,343	332,206
2028	265,112	113,272	330,377	201,789	595,489	315,061
2029	272,614	105,770	340,531	191,636	613,145	297,406
2030 - 2034	1,483,241	408,676	1,866,217	794,614	3,349,458	1,203,290
2035 - 2039	1,705,318	186,599	2,171,161	489,670	3,876,479	676,269
2040 - 2044	370,556	7,828	2,043,436	138,924	2,413,992	146,752
Total	\$ 4,849,200	\$ 1,204,936	\$ 7,684,917	\$ 2,479,936	\$ 12,534,117	\$ 3,684,872

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, 2024, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note payable - Dorm A	\$ 5,086,312	\$ -	\$ (237,112)	\$ 4,849,200	\$ 243,822
Note payable - Dorm B	4,006,343	3,993,657	(315,083)	7,684,917	301,698
Total notes from direct borrowings	\$ 9,092,655	\$ 3,993,657	\$ (552,195)	\$ 12,534,117	\$ 545,520

Long-term liability activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note payable - Dorm A	\$ 5,316,899	\$ -	\$ (230,587)	\$ 5,086,312	\$ 237,112
Note payable - Dorm B	250,000	3,756,343	-	4,006,343	147,070
Total notes from direct borrowings	\$ 5,566,899	\$ 3,756,343	\$ (230,587)	\$ 9,092,655	\$ 384,182

Note 5: NET INVESTMENT IN CAPITAL ASSETS

The elements of this calculation are as follows:

	2024	2023
Capital assets (net)	\$ 11,429,478	\$ 10,222,508
Capital projects payable	(39,845)	(923,905)
Retainage payable	-	(290,427)
Outstanding debt related to capital assets	(12,534,117)	(9,092,655)
Net investment in capital assets	\$ (1,144,484)	\$ (84,479)

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, 2024 and June 30, 2023, the College allowed the Corporation to utilize the services of its employees in the amounts of \$11,352 and \$7,712, 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, 2024 and 2023, the cash position in the agency account reflected a positive cash balance of \$238,935 and \$81,345, 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, 2024 and 2023, \$380,603 and \$175,143, 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, 2024 and 2023 is \$619,538 and \$256,488, 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, 2024 and 2023, the College awarded \$529,000 and \$439,000, respectively, in student housing 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).

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, 2024 and 2023, were as follows:

2024	FRS	HIS
Regular class	11.57%	2.00%
2023	FRS	HIS
Regular class	10.25%	1.66%

The employer’s contributions to the FRS for the years ended June 30, 2024 and 2023, were \$5,723 and \$6,046, respectively. The employer’s contributions to the HIS for the years ended June 30, 2024 and 2023, were \$989 and \$979, respectively. The amount of covered payroll for College employees funded by the Corporation for the years ended June 30, 2024 and 2023, was \$49,463 and \$58,986, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2024 and 2023, 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 2024, the total pension liability for each of the defined benefit plans was measured as of June 30, 2023. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2023. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2022. 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	6.70%	N/A
Discount rate	6.70%	3.65%

For fiscal year 2023, the total pension liability for each of the defined benefit plans was measured as of June 30, 2022. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2022. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2021, 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	6.70%	N/A
Discount rate	6.70%	3.54%

Mortality assumptions for both plans were based on the PUB-2010 base tables projected generationally with Scale MP-2018.

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 2023:

- HIS: The discount rate used in calculation of the pension liability increased from 3.54% to 3.65%.
- HIS: Chapter 2023-193, Laws of Florida (Senate Bill 7024), increased the level of monthly benefits from \$5 times years of service to \$7.50, with an increased minimum of \$45 and maximum of \$225. This change applies to all years of service for both members currently receiving benefits and members not yet receiving benefits.

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 2022:

- FRS: The discount rate used to determine the total pension liability decreased from 6.80% to 6.70%.
- HIS: The demographic assumptions for the Special Risk class were updated to reflect plan changes due to HB5007, HB689, and SB838.
- HIS: The election assumption for vested terminated members was updated from 20% to 50% to reflect recent experience.

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, 2023:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1.0%	2.9%	2.9%
Fixed income	19.8%	4.5%	4.4%
Global equity	54.0%	8.7%	7.1%
Real estate (property)	10.3%	7.6%	6.6%
Private equity	11.1%	11.9%	8.8%
Strategic investments	3.8%	6.3%	6.1%
	<u>100.0%</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, 2022:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1.0%	2.6%	2.6%
Fixed income	19.8%	4.4%	4.4%
Global equity	54.0%	8.8%	7.3%
Real estate (property)	10.3%	7.4%	6.3%
Private equity	11.1%	12.0%	8.9%
Strategic investments	3.8%	6.2%	5.9%
	<u>100.0%</u>		

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)

Discount Rate – The discount rate used to measure the total pension liability for the FRS Pension Plan as of June 30, 2023 and 2022 was 6.70% 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.

For fiscal years 2024 and 2023, because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.65% and 3.54%, 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.

THIS PAGE IS INTENTIONALLY LEFT BLANK.

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*

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, 2024, and the related notes to the financial statements, which collectively comprise the Corporation’s basic financial statements, and have issued our report thereon dated August 26, 2024.

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
August 26, 2024