

**FLORIDA SOUTHWESTERN STATE COLLEGE
FINANCING CORPORATION**

BASIC FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2024



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**FLORIDA SOUTHWESTERN STATE COLLEGE FINANCING CORPORATION
TABLE OF CONTENTS
YEAR ENDED MARCH 31, 2024**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	8
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	9
STATEMENT OF CASH FLOWS	10
NOTES TO BASIC FINANCIAL STATEMENTS	11
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 <i>GOVERNMENT AUDITING STANDARDS</i>	22



INDEPENDENT AUDITORS' REPORT

Board of Directors
Florida SouthWestern State College Financing Corporation
Fort Myers, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Florida SouthWestern State College Financing Corporation (the Financing Corporation), a component unit of Florida SouthWestern State College, as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the Financing 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 financial position of the Financing Corporation as of March 31, 2024, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Financing 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 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 Financing 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 auditors' 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Financing 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 Financing 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 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2024, on our consideration of the Financing 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 Financing 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 Financing Corporation's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Fort Myers, Florida
July 15, 2024

**FLORIDA SOUTHWESTERN STATE COLLEGE FINANCING CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED MARCH 31, 2024**

Overview of the Financial Statements and Financial Analysis

This section of the Florida SouthWestern State College Financing Corporation (the Financing Corporation) annual financial report presents a discussion and analysis of the financial performance of the Financing Corporation for the year ended March 31, 2024. The emphasis of discussions about these statements will be on current year activities, resulting change, and current known facts. The discussion should be read in conjunction with the basic financial statements and related notes. Responsibility for the completeness and fairness of this information rests with the Financing Corporation's management.

The annual report consists of a series of financial statements, prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, as amended. The Financing Corporation is considered a Business-Type Activity under the provisions and reporting model of GASB Statement No. 34.

Financial Highlights

On December 21, 2017, the Financing Corporation issued the Series 2017A, Series 2017B, and Series 2017C Refunding Bank Loans in the par amounts of \$10,000,000, \$10,000,000, and \$2,879,067, respectively. The notes were issued for the purpose of currently refunding the outstanding Series 2010 Industrial Development Revenue Bond. The final maturity of the refunding notes is October 1, 2040, with interest rates of 3%, 2.96%, and 3%, respectively.

On April 3, 2008, the Florida SouthWestern State College's (the College) District Board of Trustees approved Policy 6Hx6:1.07 which allows the transfer of "legally available auxiliary enterprise funds" to the Financing Corporation in order to operate or administer contracts for the College's auxiliary enterprises on behalf of the College. Legally available funds is defined as all funds that are not: a) derived from tuition revenues; b) appropriated for designated purposes; c) pledged to secure obligations of the College, or if pledged, are in excess of amounts necessary to pay such obligations in the current fiscal year; or d) otherwise legally or contractually restricted as to use.

The Financing Corporation maintains an agreement with the College to collect lease revenues from the Florida SouthWestern Collegiate High Schools (the Charter Schools) located on the Lee and Charlotte campuses of the College. The Charter Schools are a component unit of the College. The Financing Corporation records the revenue from this lease agreement as nonoperating revenues from auxiliary operations of the College. A total of \$400,000 and \$375,000 was recognized as nonoperating revenues from the Charter Schools for the years ended March 31, 2024 and 2023, respectively. See Note 6 for additional information.

**FLORIDA SOUTHWESTERN STATE COLLEGE FINANCING CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED MARCH 31, 2024**

Statement of Net Position

The statement of net position reflects the assets and liabilities of the Financing Corporation using the accrual basis of accounting and presents the financial position of the Financing Corporation at a specified time. Net position, the difference between total assets, plus deferred outflows of resources, and total liabilities, is one indicator of the Financing Corporation's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the Financing Corporation's financial condition.

The following table presents a condensed summary of the Financing Corporation's net position as of March 31.

SUMMARY OF NET POSITION

	<u>2024</u>	<u>2023</u>
Assets:		
Current and Other Assets	\$ 17,055,907	\$ 16,422,304
Capital Assets	<u>19,327,695</u>	<u>20,171,132</u>
Total Assets	<u>36,383,602</u>	<u>36,593,436</u>
Liabilities:		
Current Liabilities	1,479,045	1,472,189
Noncurrent Liabilities	<u>16,943,203</u>	<u>17,797,697</u>
Total Liabilities	<u>18,422,248</u>	<u>19,269,886</u>
Net Position:		
Net Investment in Capital Assets	4,336,217	4,421,778
Unrestricted	<u>13,625,137</u>	<u>12,901,772</u>
Total Net Position	<u>\$ 17,961,354</u>	<u>\$ 17,323,550</u>

At March 31, 2024, the assets of the Financing Corporation totaled \$36,383,602, as compared to a total of \$36,593,436 at March 31, 2023, or decrease of approximately 0.6%. The increase in current and other assets is primarily due to a gain on investment in the amount of \$459 thousand, an increase in prepaid insurance in the amount of \$93 thousand, and an increase in cash from operating activities in the amount of \$63 thousand. Total assets consist primarily of a 405-bed student residence hall constructed in 2013 and a ball field constructed in 2023. The balance in net position for the Financing Corporation is determined by subtracting total liabilities from total assets. At March 31, 2024, the liabilities of the Financing Corporation totaled \$18,422,248, as compared to a total of \$19,269,886 at March 31, 2023, or a decrease of approximately 4.4%. Total liabilities are primarily comprised of amounts due to the Series 2017 bonds issued for the refinancing of the Series 2010 bonds. Net position totaled \$17,961,354 and consisted primarily of unrestricted net position of \$13,625,137 as of March 31, 2024, for an increase of approximately 5.6% from the prior year.

**FLORIDA SOUTHWESTERN STATE COLLEGE FINANCING CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED MARCH 31, 2024**

Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position presents the Financing Corporation's revenue and expense activity, categorized as operating and nonoperating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

Changes in total net position as presented on the statement of net position are based on the activity presented in the statement of revenues, expenses, and changes in net position. The purpose of the statement is to show the operating and nonoperating revenues received by the Financing Corporation, the operating and nonoperating expenses paid by the Financing Corporation, and any other revenues, expenses, gains, and losses received or spent by the Financing Corporation.

Revenues and expenses of the Financing Corporation for the years ended March 31 are shown in the table below.

SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	<u>2024</u>	<u>2023</u>
Total Operating Revenues	\$ 2,941,498	\$ 2,832,395
Total Nonoperating Revenues, Net	<u>939,516</u>	<u>9,621,759</u>
Total Revenues	3,881,014	12,454,154
Total Operating Expenses	2,672,251	2,056,486
Total Nonoperating Expenses	<u>570,959</u>	<u>859,169</u>
Total Expenses	<u>3,243,210</u>	<u>2,915,655</u>
Change In Net Position	637,804	9,538,499
Net Position - Beginning of Year	<u>17,323,550</u>	<u>7,785,051</u>
Net Position - End of Year	<u>\$ 17,961,354</u>	<u>\$ 17,323,550</u>

Operating revenues totaled \$2,941,498 at March 31, 2024, and reflect an increase of \$109,103, approximately 3.9%, from 2023 primarily due to an increase in housing occupancy. Nonoperating revenues decreased by \$8.7 million resulting from revenues related to the sale of the broadband lease and a property sale contributed by the College in 2023. Operating expenses increased by \$615,766, approximately 29.9%, in 2024 as compared to 2023 mainly due to an increase in depreciation and maintenance expenditures. Nonoperating expenses are comprised of interest expense related to the housing bonds.

**FLORIDA SOUTHWESTERN STATE COLLEGE FINANCING CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED MARCH 31, 2024**

Capital Assets

The following schedule provides a comparative summary of net capital assets by category. Additional information on the Financing Corporation's capital assets can be found in Note 4 on page 19 of this report.

	<u>2024</u>	<u>2023</u>
Buildings	\$ 15,340,540	\$ 15,881,971
Other Structures	3,987,155	4,289,161
Total Capital Assets, Net	<u>\$ 19,327,695</u>	<u>\$ 20,171,132</u>

Depreciation expense for the years ended March 31, 2024 and 2023 totaled \$1,025,289 and \$688,818.

Debt Administration

The following schedule details the Financing Corporation's long-term debt as of March 31. Additional information about the Financing Corporation's long-term debt can be found in Note 5 on pages 19 and 20 of this report.

	<u>2024</u>	<u>2023</u>
Bonds Payable	<u>\$ 17,797,698</u>	<u>\$ 18,627,201</u>

Request for Information

This financial report is designed to provide the reader an overview of the Financing Corporation. Questions regarding any information provided in this report should be directed to:

Dr. Gina Doeble, CPA
Senior Vice President/Chief Operating Officer
Florida SouthWestern State College
8099 College Parkway
Fort Myers, Florida 33919

FLORIDA SOUTHWESTERN STATE COLLEGE FINANCING CORPORATION
STATEMENT OF NET POSITION
MARCH 31, 2024

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 4,116,225
Investments	2,061,438
Due from College	64,291
Prepaid Expenses	145,958
Total Current Assets	6,387,912

Noncurrent Assets:

Investments	7,671,337
Restricted Cash and Cash Equivalents	2,996,658
Capital Assets, Net	19,327,695
Total Noncurrent Assets	29,995,690

Total Assets	36,383,602
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LIABILITIES

Current Liabilities:

Accounts Payable	144,286
Rent Received in Advance	303,324
Interest Payable	176,940
Bonds Payable - Current	854,495
Total Current Liabilities	1,479,045

Noncurrent Liabilities:

Bonds Payable - Noncurrent	16,943,203
Total Liabilities	18,422,248

NET POSITION

Net Investment in Capital Assets	4,336,217
Unrestricted	13,625,137

Total Net Position	\$ 17,961,354
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See accompanying Notes to Basic Financial Statements.

**FLORIDA SOUTHWESTERN STATE COLLEGE FINANCING CORPORATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED MARCH 31, 2024**

OPERATING REVENUES	
Student Rent and Fees	\$ 2,941,498
Total Operating Revenues	<u>2,941,498</u>
OPERATING EXPENSES	
General and Administrative	2,672,251
Total Operating Expenses	<u>2,672,251</u>
OPERATING INCOME	269,247
NONOPERATING REVENUES (EXPENSES)	
Florida SouthWestern State College - Charter School Leases	400,000
Florida SouthWestern State College - Other Nonoperating Revenue	10,901
Interest Income	400,406
Contribution to Florida SouthWestern State College	(22,125)
Net Increase in Fair Value of Investments	128,209
Interest Expense	<u>(548,834)</u>
Net Nonoperating Revenues	<u>368,557</u>
CHANGE IN NET POSITION	637,804
Net Position - Beginning of Year	<u>17,323,550</u>
NET POSITION - END OF YEAR	<u><u>\$ 17,961,354</u></u>

See accompanying Notes to Basic Financial Statements.

FLORIDA SOUTHWESTERN STATE COLLEGE FINANCING CORPORATION
STATEMENT OF CASH FLOWS
MARCH 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Students for Housing	\$ 2,920,498
Cash Paid to Suppliers for Goods/Services/Utilities	<u>(1,656,715)</u>
Net Cash Provided by Operating Activities	1,263,783
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Receipts from Florida SouthWestern State College - Charter School Leases	400,000
Receipts from Florida SouthWestern State College - Other Nonoperating Revenue	10,901
Payments for Noncapital Activities	<u>(22,125)</u>
Net Cash Provided by Noncapital Financing Activities	388,776
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal Paid on Bonds	(829,503)
Interest Paid on Bonds	(557,080)
Acquisition of Capital Assets	<u>(241,015)</u>
Net Cash Used by Capital and Related Financing Activities	(1,627,598)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	393,466
Purchases of Securities for Long-Term Investments	(7,952,421)
Proceeds from Sales and Maturities of Investments	<u>5,566,955</u>
Net Cash Used by Investing Activities	<u>(1,992,000)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(1,967,039)
Cash and Cash Equivalents - Beginning of Year	<u>9,079,922</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 7,112,883</u></u>
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION	
Current Cash and Cash Equivalents	\$ 4,116,225
Current Cash and Cash Equivalents - Restricted	<u>2,996,658</u>
Cash and Cash Equivalents - March 31, 2024	<u><u>\$ 7,112,883</u></u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES	
Change in Fair Value of Investments	<u><u>\$ 74,060</u></u>
Retainage Payable	<u><u>\$ (59,163)</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 269,247
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	1,025,289
Decrease in Due from College	13,548
Increase in Prepaid Expenses	(93,575)
Increase in Accounts Payable	83,822
Decrease in Rent Received in Advance	<u>(34,548)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 1,263,783</u></u>