State of Florida Auditor General

Financial Audit

Report No. 2023-096
January 2023

FLORIDA GATEWAY COLLEGE

For the Fiscal Year Ended
June 30, 2022

Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the 2021-22 fiscal year, Dr. Lawrence M. Barrett served as President of Florida Gateway College and the following individuals served as Members of the Board of Trustees:

	County
John D. Crawford, Chair from 8-12-21, Vice Chair through 8-11-21	Baker
Carolyn Renae Allen, Vice Chair from 8-12-21	Union
Dr. Miguel J. Tepedino, Chair through 8-11-21	Columbia
Robert C. Brannan III	Baker
Lindsey Lander	Gilchrist
Kathryn L. McInnis	Dixie
Suzanne M. Norris	Columbia
Dr. James Surrency	Gilchrist

Note: One Trustee position was vacant for the entire fiscal year.

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

The team leader was Samantha M. Palaigos, CPA, and the audit was supervised by Glenda K. Hart, CPA.

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

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State of Florida Auditor General

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FLORIDA GATEWAY COLLEGE

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SUMMARY

Summary of Report on the Audit of the Financial Statements

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

Summary of Report on Internal Control and Compliance

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

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

Audit Objectives and Scope

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

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

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

Audit Methodology

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

Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL
STATE OF FLORIDA

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

Phone: (850) 412-2722
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The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of Florida Gateway College, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of Florida Gateway College and of its discretely presented component unit as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 2. to the financial statements, the College adopted new accounting guidance Governmental Accounting Standards Board Statement No. 87, *Leases*, which is a change in accounting principle that addresses accounting and financial reporting for leases. This affects the comparability of amounts reported for the 2021-22 fiscal year with amounts reported for the 2020-21 fiscal year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2023, on our consideration of the Florida Gateway College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
January 23, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the College for the fiscal year ended June 30, 2022, and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto, are the responsibility of College management. The MD&A contains financial activity of the College for the fiscal years ended June 30, 2022, and June 30, 2021, and its component unit, The Foundation for Florida Gateway College, Inc. for the fiscal years ended March 31, 2022, and March 31, 2021.

FINANCIAL HIGHLIGHTS

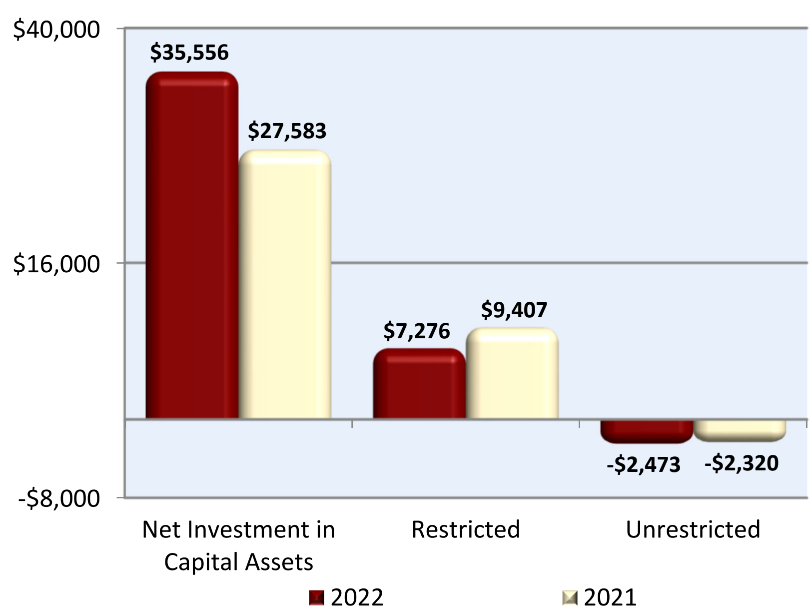
The College's assets totaled $60.2 million at June 30, 2022. This balance reflects a $3.8 million, or 6.8 percent, increase as compared to the 2020-21 fiscal year, resulting from an increase in depreciable capital assets. While assets grew, liabilities decreased by $9.4 million, or 36.8 percent, totaling $16.2 million at June 30, 2022, resulting primarily from a decrease in net pension liability. As a result, the College's net position increased by $5.7 million, resulting in a year-end balance of $40.4 million.

The College's operating revenues totaled $4.6 million for the 2021-22 fiscal year, representing a 10.8 percent increase compared to the 2020-21 fiscal year due mainly to an increase in tuition and fees revenues as well as an increase in auxiliary revenue related to the residence hall. Operating expenses totaled $32.2 million for the 2021-22 fiscal year, representing a decrease of 1.4 percent as compared to the 2020-21 fiscal year due mainly to a decrease in pension expense.

Net position represents the residual interest in the College's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The College's comparative total net position by category for the fiscal years ended June 30, 2022, and June 30, 2021, is shown in the following graph:

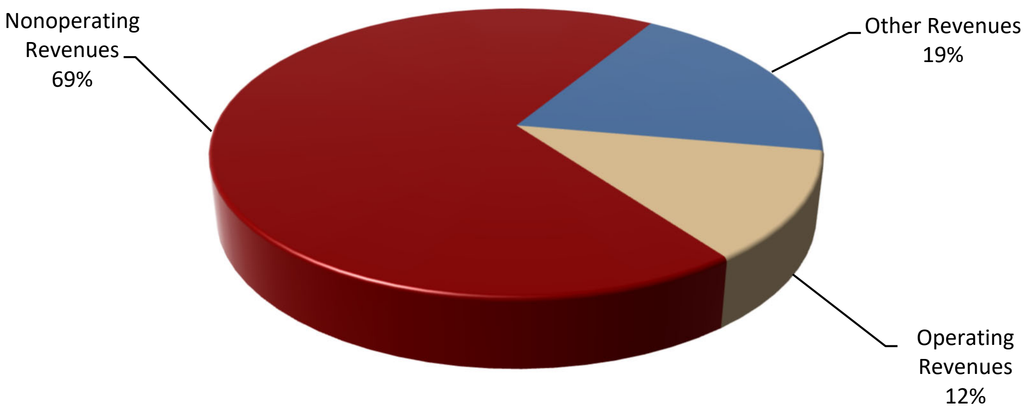
Net Position

(In Thousands)



The following chart provides a graphical presentation of College revenues by category for the 2021-22 fiscal year:

Total Revenues
2021-22 Fiscal Year



OVERVIEW OF FINANCIAL STATEMENTS

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

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

The Statement of Net Position

The statement of net position reflects the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the College, using the accrual basis of accounting, and presents the financial position of the College at a specified time. Assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, equals net position, which is one indicator of the College's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the College's financial condition.

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

Condensed Statement of Net Position for the Fiscal Years Ended

(In Thousands)

	College		Component Unit	
	6-30-22	**6-30-21**	**3-31-22**	**3-31-21**
Assets				
Current Assets	$ 16,116	$ 19,627	$ 20,191	$ 17,394
Capital Assets, Net	43,138	35,217	188	826
Other Noncurrent Assets	981	1,582	5,498	4,978
Total Assets	60,235	56,426	25,877	23,198
Deferred Outflows of Resources	3,694	4,715	-	-
Liabilities				
Current Liabilities	2,530	2,970	87	121
Noncurrent Liabilities	13,624	22,583	-	-
Total Liabilities	16,154	25,553	87	121
Deferred Inflows of Resources	7,416	918	-	-
Net Position				
Net Investment in Capital Assets	35,556	27,583	188	826
Restricted	7,276	9,407	24,227	20,955
Unrestricted	(2,473)	(2,320)	1,375	1,296
Total Net Position	$ 40,359	$ 34,670	$ 25,790	$ 23,077

Total assets for the College increased by $3.8 million primarily due to an increase in net capital assets, due to the effect of current year additions and deletions, partially offset by a decrease in due from other governmental agencies related to Public Education Capital Outlay (PECO) appropriations.

The Statement of Revenues, Expenses, and Changes in Net Position

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

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

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

(In Thousands)

	College		Component Unit	
	6-30-22	**6-30-21**	**3-31-22**	**3-31-21**
Operating Revenues	$ 4,582	$ 4,137	$ 1,506	$ 867
Less, Operating Expenses	32,187	32,641	1,870	1,181
Operating Loss	(27,605)	(28,504)	(364)	(314)
Net Nonoperating Revenues	26,073	25,899	2,784	5,000
Income (Loss) Before Other Revenues	(1,532)	(2,605)	2,420	4,686
Other Revenues	7,221	8,442	293	227
Net Increase In Net Position	5,689	5,837	2,713	4,913
Net Position, Beginning of Year	34,670	28,833	23,077	18,164
Net Position, End of Year	$ 40,359	$ 34,670	$ 25,790	$ 23,077

Operating Revenues

GASB Statement No. 35 categorizes revenues as either operating or nonoperating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either gives or receives something of equal or similar value.

The following summarizes the operating revenues by source for the College and its component unit that were used to fund operating activities for the respective years ended:

Operating Revenues
For the Fiscal Years Ended

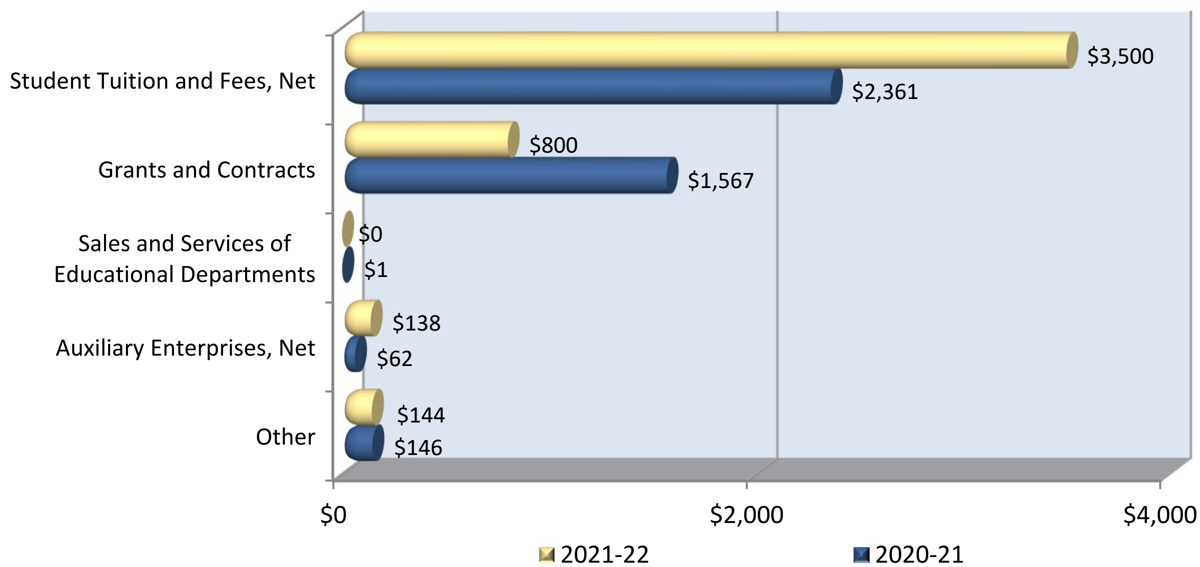
(In Thousands)

	College		Component Unit	
	6-30-22	**6-30-21**	**3-31-22**	**3-31-21**
Student Tuition and Fees, Net	$ 3,500	$ 2,361	$ -	$ -
Grants and Contracts	800	1,567	-	-
Sales and Services of Educational Departments	-	1	-	-
Auxiliary Enterprises, Net	138	62	-	-
Other	144	146	1,506	867
Total Operating Revenues	$ 4,582	$ 4,137	$ 1,506	$ 867

The following chart presents the College's operating revenues for the 2021-22 and 2020-21 fiscal years:

Operating Revenues

(In Thousands)



College operating revenue changes were the result of an increase in student tuition and fees associated with an increase in enrollment from the Covid-19 pandemic, and a decrease in Federal grants and contracts and nongovernmental grants.

Operating Expenses

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

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

Operating Expenses
For the Fiscal Years Ended

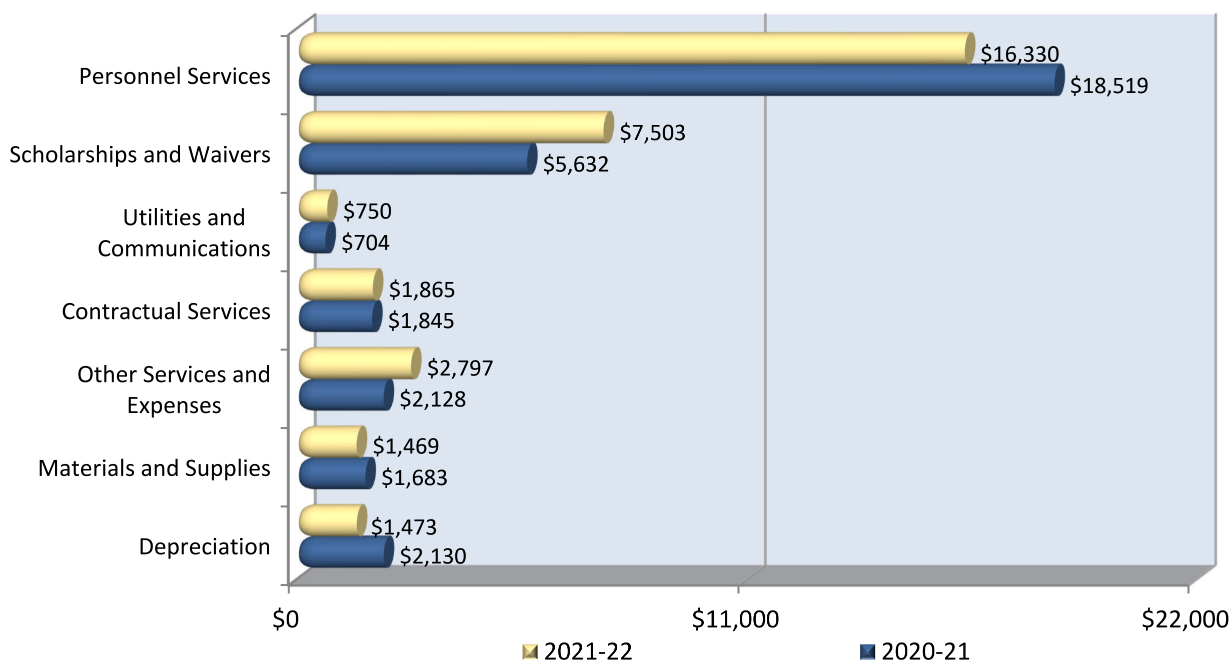
(In Thousands)

	College		**Component Unit**	
	6-30-22	**6-30-21**	**3-31-22**	**3-31-21**
Personnel Services	$ 16,330	$ 18,519	$ -	$ -
Scholarships and Waivers	7,503	5,632	749	624
Utilities and Communications	750	704	-	-
Contractual Services	1,865	1,845	831	276
Other Services and Expenses	2,797	2,128	278	272
Materials and Supplies	1,469	1,683	-	-
Depreciation	1,473	2,130	12	9
Total Operating Expenses	$ 32,187	$ 32,641	$ 1,870	$ 1,181

The following chart presents the College's operating expenses for the 2021-22 and 2020-21 fiscal years:

Operating Expenses

(In Thousands)



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

- Scholarships and waivers increased $1.9 million primarily due to CARES Act and Higher Education Emergency Relief Funds (HEERF I & II) awarded to students.
- Personnel services decreased $2.2 million primarily due to a reduction in pension expense associated with GASB Statement No. 68.

Nonoperating Revenues and Expenses

Certain revenue sources that the College relies on to provide funding for operations, including State noncapital appropriations, Federal and State student financial aid, certain gifts and grants, and investment income are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets. The following summarizes the College's nonoperating revenues and expenses for the 2021-22 and 2020-21 fiscal years:

Nonoperating Revenues (Expenses)
For the Fiscal Years

(In Thousands)

	2021-22	**2020-21**
State Noncapital Appropriations	$ 15,258	$ 14,996
Federal and State Student Financial Aid	8,952	8,227
Gifts and Grants	1,816	2,741
Investment Income	16	44
Other Nonoperating Revenues	144	141
Interest on Capital Asset-Related Debt	(237)	(250)
Gain on Disposal of Capital Assets	124	-
Net Nonoperating Revenues	$ 26,073	$ 25,899

The College's net nonoperating revenues remained relatively consistent with the prior fiscal year.

Other Revenues

This category is composed of State capital appropriations and capital grants, contracts, gifts, and fees. The following summarizes the College's other revenues for the 2021-22 and 2020-21 fiscal years:

Other Revenues
For the Fiscal Years

(In Thousands)

	2021-22	**2020-21**
State Capital Appropriations	$ 5,637	$ 6,237
Capital Grants, Contracts, Gifts, and Fees	1,584	2,205
Total	$ 7,221	$ 8,442

State capital appropriations decreased $0.6 million due to a prior year PECO appropriation. Capital grants, contracts, gifts and fees decreased $0.6 million related to a decrease in construction grants.

The Statement of Cash Flows

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

The following summarizes the College's cash flows for the 2021-22 and 2020-21 fiscal years:

Condensed Statement of Cash Flows
For the Fiscal Years

(In Thousands)

	2021-22	**2020-21**
Cash Provided (Used) by:		
Operating Activities	$(26,236)	$(25,916)
Noncapital Financing Activities	26,067	26,010
Capital and Related Financing Activities	(836)	(2,476)
Investing Activities	16	4,044
Net Increase (Decrease) in Cash and Cash Equivalents	(989)	1,662
Cash and Cash Equivalents, Beginning of Year	11,426	9,764
Cash and Cash Equivalents, End of Year	$ 10,437	$ 11,426

Major sources of funds came from State noncapital appropriations ($15.3 million), State capital appropriations ($7.8 million), Federal and State student financial aid program receipts ($8.9 million), net student tuition and fees ($3.5 million), and grants and contracts ($1.9 million). Major uses of funds were for payments to employees and for employee benefits ($17.4 million), disbursements to students for scholarships ($7.5 million), payments to providers of goods and services ($6.3 million), and purchases of capital assets ($9.1 million).

Cash and cash equivalents decreased by $1 million during the 2021-22 fiscal year, primarily due to expenditures for on-going capital projects.

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the College had $84.3 million in capital assets, less accumulated depreciation of $41.2 million, for net capital assets of $43.1 million. Depreciation charges for the current fiscal year totaled $1.5 million. The following table summarizes the College's capital assets, net of accumulated depreciation, at June 30:

Capital Assets, Net at June 30

(In Thousands)

	2022	**2021**
Land	$ 492	$ 408
Construction in Progress	10,248	6,537
Buildings	25,942	21,719
Other Structures and Improvements	944	706
Furniture, Machinery, and Equipment	5,400	5,666
Lease Assets	94	154
Software	18	27
Capital Assets, Net	$ 43,138	$ 35,217

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

Capital Expenses and Commitments

Major capital expenses through June 30, 2022, were incurred for the construction of a STEM building. The College's major construction commitment at June 30, 2022, is as follows:

	Amount
Total Committed	$ 10,605,221
Completed to Date	10,247,715
Balance Committed	$ 357,506

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

Debt Administration

As of June 30, 2022, the College had $7.2 million in outstanding long-term debt. This debt consists of a note payable issued to finance an energy performance contract and leases used to fund College server upgrades. Additional information about the College's long-term debt is presented in the notes to financial statements.

Economic Factors That Will Affect the Future

The College's economic condition is closely tied to that of the State of Florida. Other than State appropriations, the College receives the majority of its other operating funds from student tuition and fees. While the 2022-23 fiscal year budget was based upon a flat enrollment level as compared to previous fiscal years, the Covid-19 pandemic is expected to further affect College enrollment levels. Despite the potential enrollment declines, the College has adequate reserves coupled with budgetary reduction plans to help cover pandemic-related economic issues. Additionally, since March 2020, the College has been awarded $11.2 million in Federal CARES Act funds, which will continue to assist students in the form of emergency grant aid and also assist in enhancing online learning initiatives, cover certain technology needs, and address safety issues resulting from the pandemic. The College's current financial and capital plans indicate that the infusion of additional financial resources from an increase in tuition rates will be necessary to maintain its present level of services.

Requests for Information

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

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FLORIDA GATEWAY COLLEGE
A Component Unit of the State of Florida
Statement of Net Position

June 30, 2022

	College	Component Unit
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 9,236,020.94	$ 126,790.00
Restricted Cash and Cash Equivalents	219,381.79	-
Investments	-	19,819,180.00
Property Held for Investment	-	195,073.00
Accounts Receivable, Net	78,703.71	49,928.00
Due from Other Governmental Agencies	6,457,177.49	-
Due from Component Unit	16,399.64	-
Inventories	91,911.03	-
Prepaid Expenses	16,456.19	-
Deposits	200.00	-
Total Current Assets	16,116,250.79	20,190,971.00
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	981,151.85	-
Restricted Investments	-	5,423,897.00
Depreciable Capital Assets, Net	32,398,425.45	87,950.00
Nondepreciable Capital Assets	10,739,796.00	100,214.00
Other Assets	-	74,001.00
Total Noncurrent Assets	44,119,373.30	5,686,062.00
TOTAL ASSETS	60,235,624.09	25,877,033.00
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	162,707.00	-
Pensions	3,531,289.00	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,693,996.00	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	228,803.79	236.00
Salary and Payroll Taxes Payable	1,134,833.43	-
Retainage Payable	357,506.00	-
Due to College	-	86,453.00
Unearned Revenue	62.68	-
Deposits Held for Others	151,226.63	-
Long-Term Liabilities - Current Portion:		
Note Payable	362,737.76	-
Leases Payable	56,101.97	-
Special Termination Benefits Payable	58,243.35	-
Compensated Absences Payable	162,694.08	-
Net Pension Liability	18,078.20	-
Total Current Liabilities	2,530,287.89	86,689.00

	College	Component Unit
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Note Payable	6,765,329.44	-
Leases Payable	40,257.30	-
Special Termination Benefits Payable	52,610.43	-
Compensated Absences Payable	1,221,767.42	-
Other Postemployment Benefits Payable	118,489.00	-
Net Pension Liability	5,425,188.80	-
Total Noncurrent Liabilities	13,623,642.39	-
TOTAL LIABILITIES	16,153,930.28	86,689.00
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	321,010.00	-
Pensions	7,095,211.00	-
TOTAL DEFERRED INFLOWS OF RESOURCES	7,416,221.00	-
NET POSITION		
Net Investment in Capital Assets	35,556,288.98	188,164.00
Restricted:		
Nonexpendable:		
Endowment	-	5,423,897.00
Expendable:		
Endowment	-	18,803,462.00
Grants and Loans	283,608.32	-
Scholarships	103,323.66	-
Capital Projects	6,889,047.48	-
Unrestricted	(2,472,799.63)	1,374,821.00
TOTAL NET POSITION	$ 40,359,468.81	$ 25,790,344.00

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

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

For the Fiscal Year Ended June 30, 2022

	College	Component Unit
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $2,105,325.11	$ 3,500,249.70	$ -
Federal Grants and Contracts	522,253.18	-
State and Local Grants and Contracts	79,142.50	-
Nongovernmental Grants and Contracts	197,945.03	-
Sales and Services of Educational Departments	132.00	-
Auxiliary Enterprises, Net of Scholarship Allowances of $63,850.43	138,199.71	-
Other Operating Revenues	144,568.42	1,506,363.00
Total Operating Revenues	4,582,490.54	1,506,363.00
EXPENSES		
Operating Expenses:		
Personnel Services	16,329,814.75	-
Scholarships and Waivers	7,502,842.34	749,635.00
Utilities and Communications	750,170.11	-
Contractual Services	1,865,123.07	830,790.00
Other Services and Expenses	2,797,120.49	278,252.00
Materials and Supplies	1,468,878.58	-
Depreciation	1,473,312.06	11,961.00
Total Operating Expenses	32,187,261.40	1,870,638.00
Operating Loss	(27,604,770.86)	(364,275.00)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	15,258,304.00	-
Federal and State Student Financial Aid	8,951,530.39	-
Gifts and Grants Received for Other Than Capital or Endowment Purposes	1,816,054.44	-
Investment Income	15,997.04	475,161.00
Net Gain on Investments	-	2,369,645.00
Other Nonoperating Revenues	144,052.16	-
Gain on Disposal of Capital Assets	123,886.71	-
Interest on Capital Asset-Related Debt	(237,237.31)	-
Other Nonoperating Expenses	-	(60,559.00)
Net Nonoperating Revenues	26,072,587.43	2,784,247.00
Income (Loss) Before Other Revenues	(1,532,183.43)	2,419,972.00
State Capital Appropriations	5,637,369.00	-
Capital Grants, Contracts, Gifts, and Fees	1,584,184.06	292,928.00
Total Other Revenues	7,221,553.06	292,928.00
Increase in Net Position	5,689,369.63	2,712,900.00
Net Position, Beginning of Year	34,670,099.18	23,077,444.00
Net Position, End of Year	$ 40,359,468.81	$ 25,790,344.00

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

FLORIDA GATEWAY COLLEGE
A Component Unit of the State of Florida
Statement of Cash Flows

For the Fiscal Year Ended June 30, 2022

	College
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	$ 3,501,575.83
Grants and Contracts	1,862,557.03
Payments to Suppliers	(6,331,406.33)
Payments for Utilities and Communications	(750,170.11)
Payments to Employees	(13,311,586.99)
Payments for Employee Benefits	(4,101,852.73)
Payments for Scholarships	(7,502,842.34)
Auxiliary Enterprises, Net	138,199.71
Sales and Services of Educational Departments	132.00
Other Receipts	259,278.84
Net Cash Used by Operating Activities	(26,236,115.09)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	15,258,304.00
Federal and State Student Financial Aid	8,851,784.83
Federal Direct Loan Program Receipts	1,798,558.65
Federal Direct Loan Program Disbursements	(1,802,034.00)
Gifts and Grants Received for Other Than Capital or Endowment Purposes	1,816,054.44
Other Nonoperating Receipts	144,052.16
Net Cash Provided by Noncapital Financing Activities	26,066,720.08
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	7,833,083.09
Capital Grants and Gifts	925,548.20
Proceeds from Sale of Capital Assets	123,886.71
Purchases of Capital Assets	(9,072,059.94)
Principal Paid on Capital Debt and Leases	(409,219.90)
Interest Paid on Capital Debt and Leases	(237,237.31)
Net Cash Used by Capital and Related Financing Activities	(835,999.15)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	15,997.04
Net Cash Provided by Investing Activities	15,997.04
Net Decrease in Cash and Cash Equivalents	(989,397.12)
Cash and Cash Equivalents, Beginning of Year	11,425,951.70
Cash and Cash Equivalents, End of Year	$ 10,436,554.58

	College
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (27,604,770.86)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	1,473,312.06
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	1,326.13
Inventories	(25,363.05)
Prepaid Expenses	(8,618.42)
Accounts Payable	(121,040.50)
Salaries and Payroll Taxes Payable	(63,819.33)
Unearned Revenue	62.68
Due from Other Governmental Agencies	1,049,089.10
Due from Component Unit	14,065.54
Deposits Held for Others	69,447.20
Special Termination Benefits Payable	51,223.75
Compensated Absences Payable	(69,785.39)
Other Postemployment Benefits Payable	(268,317.00)
Net Pension Liability	(8,251,784.00)
Deferred Outflows of Resources Related to Other Postemployment Benefits	48,651.00
Deferred Inflows of Resources Related to Other Postemployment Benefits	247,165.00
Deferred Outflows of Resources Related to Pensions	972,293.00
Deferred Inflows of Resources Related to Pensions	6,250,748.00
NET CASH USED BY OPERATING ACTIVITIES	$ (26,236,115.09)
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL FINANCING ACTIVITIES	
Donations of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	$ 658,635.86

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

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Reporting Entity. The governing body of Florida Gateway College, a component unit of the State of Florida, is the College Board of Trustees. The Board of Trustees constitutes a corporation and is composed of nine members appointed by the Governor and confirmed by the Senate. The Board of Trustees is under the general direction and control of the Florida Department of Education, Division of Florida Colleges, and is governed by State law and State Board of Education (SBE) rules. However, the Board of Trustees is directly responsible for the day-to-day operations and control of the College within the framework of applicable State laws and SBE rules. The College serves Baker, Columbia, Dixie, Gilchrist, and Union Counties.

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

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

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

The Foundation is audited by other auditors pursuant to Section 1004.70(6), Florida Statutes. The Foundation's audited financial statements are available to the public and can be obtained from the Vice President for Business Services, Florida Gateway College, 149 SE College Place, Lake City, Florida 32025. The financial data reported on the accompanying financial statements was derived from the Foundation's audited financial statements for the fiscal year ended March 31, 2022.

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

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

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

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

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

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

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

The statement of revenues, expenses, and changes in net position is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the difference between the stated charge for goods and services provided by the College and the amount that is actually paid by the student or the third party making payment on behalf of the student. The College applied the “Alternate Method” as prescribed in NACUBO Advisory Report 2000-05 to determine the reported net tuition scholarship allowances. Under this method, the College computes these amounts by allocating the cash payments to students, excluding payments for services, using a ratio of total aid to aid not considered third-party aid.

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

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

College cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by the Federal Deposit Insurance Corporation, up to specified limits, or collateralized with securities held in Florida’s multiple financial institution collateral pool required by Chapter 280, Florida Statutes. Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets are classified as restricted.

At June 30, 2022, the College reported as cash equivalents at fair value $25,182.35 in the State Treasury SPIA investment pool representing ownership of a share of the pool, not the underlying securities (Level 3 inputs, as discussed in Note 4.). Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The State Treasury SPIA investment pool carried a credit rating of AA-f by Standard & Poor’s, had an effective duration of 2.66 years and fair value factor of 0.9479 at June 30, 2022. Participants contribute to the State Treasury SPIA investment pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool’s total fair value by the pool participant’s total cash balance. The fair value factor is the ratio used to determine the fair value of an individual participant’s pool balance. The College relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury SPIA investment pool are included in the notes to financial statements of the State’s Annual Comprehensive Financial Report.

At June 30, 2022, the College reported as cash equivalents $20,045.16 in the Florida PRIME investment pool administered by the SBA pursuant to Section 218.405, Florida Statutes. The College’s investments in the Florida PRIME investment pool, which the SBA indicates is a Securities and Exchange

Commission Rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The Florida PRIME investment pool carried a credit rating of AAAm by Standard & Poor's and had a weighted-average days to maturity (WAM) of 28 days as of June 30, 2022. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating-rate instruments. WAM measures the sensitivity of the Florida PRIME investment pool to interest rate changes. The investments in the Florida PRIME investment pool are reported at amortized cost.

Section 218.409(8)(a), Florida Statutes, provides that "the principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board [State Board of Administration] can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days." As of June 30, 2022, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

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

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

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

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

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

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

2. Reporting Change

The College implemented GASB Statement No. 87, *Leases*. The statement addresses accounting and financial reporting for leases by Colleges. This statement requires the College to recognize certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this statement, a lessee is required to recognize a lease liability and an intangible right to use the leased asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the College's leasing activities.

3. Deficit Net Position in Individual Funds

The College reported an unrestricted net position which included a deficit in the current funds - unrestricted, as shown below. This deficit can be attributed to the full recognition of long-term liabilities (i.e., compensated absences payable, other postemployment benefits payable, and net pension liabilities) in the current unrestricted funds.

Fund	Net Position
Current Funds - Unrestricted	$ (3,925,805.90)
Auxiliary Funds	1,453,006.27
Total	$ (2,472,799.63)

4. Investments

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

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

Component Unit Investments. The Foundation investments are managed by investment brokerage houses. There are no legal restrictions on the types of investments that can be made. The Foundation's investment policy provides that investments are to be limited to premium investment grade mutual funds, equity securities, debt securities from companies and funds located throughout the United States. The policy also provides that debt securities are normally maintained up to 30 percent of the total investment portfolio. The finance and audit committee has the authority to invest up to 70 percent of the portfolio in equities and up to 20 percent in alternative investments. Foundation investments at March 31, 2022, are recorded at fair value based on quoted market prices as follows:

Investment Type	Market Price
Commonfund:	
Multi-Strategy Bond Funds	$ 4,682,678
Multi-Strategy Equity Funds	13,920,521
Treasury Investment Pool	2,598,589
Non Marketable Private Equity	4,041,289
Total Component Unit Investments	$ 25,243,077

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. The duration method and the weighted average method are used to determine the interest rate risk for the Commonfund Multi-Strategy bond fund. At March 31, 2022, the total effective duration period for the Commonfund Multi-Strategy bond fund was 6.7 years and the yield to maturity was 4 percent. The duration method is used for the Treasury Investment Pool. The effective duration period of the Treasury Investment Pool at March 31, 2022, is 2.62 years.

Credit Risk: Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The Foundation has no formal policy on credit risk. As of March 31, 2022, the credit quality for the Commonfund Multi-Strategy bond fund and Treasury Investment Pool was A+ and AA-f, respectively using the Standard & Poor's rating scale.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in corporate stocks are held in counterparty accounts as custodian for the Foundation.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the Foundation's investments in a single issuer. The Foundation's investment policy does not limit the amount that may be invested in any type of investments.

Fair Value Measurements – Component Unit. The Foundation categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Foundation has the following recurring fair value measurements as of March 31, 2022:

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

State Treasury SPIA investments: Valued based on the ownership of a share of a pool, not the underlying securities. Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. Participants contribute to the Treasury Investment Pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participants' total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. The fair value factor is 0.9988 as of March 31, 2022.

The Foundation investments for which fair values are determined on a recurring basis as of March 31, 2022, are as follows:

		Fair Value Measurements Using		
Investments by fair value level	**Fair Value**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
State Treasury Special Purpose Investment Account	$ 2,598,589	$ -	$ -	$ 2,598,589
Total investments by fair value level	2,598,589	$ -	$ -	$ 2,598,589
Investments measured at the net asset value (NAV)				
Multi-Strategy Bond Fund (1)	4,682,678			
Multi-Strategy Equity Fund (1)	13,920,521			
Private Equity Investments (1)	4,041,289			
Total investments measured at NAV	22,644,488			
Total investments measured at fair value	$ 25,243,077			

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

The Foundation has a total commitment of $4 million to an investment in four private equity funds. As of March 31, 2022, $1,295,500 was unfunded. The commitment will be funded by reallocated current endowment related investments or funded with new capital gifts. Redemptions do not apply; these are limited partnership investments.

5. Accounts Receivable

Accounts receivable represent amounts for student fee deferments, various student services provided by the College, uncollected commissions for food service and vending machine sales, unused credit memos, and contract and grant reimbursements due from third parties. The accounts receivable are reported net of a $46,859.39 allowance for doubtful accounts.

6. Due From Other Governmental Agencies

The amount due from other governmental agencies primarily consists of $6,011,015.11 of Public Education Capital Outlay allocations due from the State for construction of College facilities.

7. Due From Component Unit

The amount due from component unit consists of amounts owed to the College by the Foundation for scholarships and student aid. The College's financial statements are reported for the fiscal year ended June 30, 2022. The Foundation's financial statements are reported for the fiscal year ended March 31, 2022. Accordingly, amounts reported by the College as due from component unit on the statement of net position do not agree with amounts reported by the component unit as due to the College.

8. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2022, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 407,508.33	$ 84,573.00	$ -	$ 492,081.33
Construction in Progress	6,536,678.57	6,887,051.63	3,176,015.53	10,247,714.67
Total Nondepreciable Capital Assets	$ 6,944,186.90	$ 6,971,624.63	$ 3,176,015.53	$ 10,739,796.00
Depreciable Capital Assets:				
Buildings	$ 47,206,956.81	$ 4,749,563.82	$ 174,421.85	$ 51,782,098.78
Other Structures and Improvements	8,062,015.09	505,059.24	-	8,567,074.33
Furniture, Machinery, and Equipment	11,947,539.14	453,787.67	905,821.80	11,495,505.01
Lease Assets	273,278.20	-	-	273,278.20
Software	1,515,339.25	-	-	1,515,339.25
Total Depreciable Capital Assets	69,005,128.49	5,708,410.73	1,080,243.65	73,633,295.57
Less, Accumulated Depreciation:				
Buildings	25,487,558.45	527,309.49	174,420.95	25,840,446.99
Other Structures and Improvements	7,355,820.13	266,665.20	-	7,622,485.33
Furniture, Machinery, and Equipment	6,281,526.72	611,171.52	796,738.35	6,095,959.89
Lease Assets	119,232.01	60,246.12	-	179,478.13
Software	1,488,580.05	7,919.73	-	1,496,499.78
Total Accumulated Depreciation	40,732,717.36	1,473,312.06	971,159.30	41,234,870.12
Total Depreciable Capital Assets, Net	$ 28,272,411.13	$ 4,235,098.67	$ 109,084.35	$ 32,398,425.45

9. Long-Term Liabilities

Long-term liabilities activity for the fiscal year ended June 30, 2022, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Note from Direct Borrowings	$ 7,479,600.18	$ -	$ 351,532.98	$ 7,128,067.20	$ 362,737.76
Leases Payable	154,046.19	-	57,686.92	96,359.27	56,101.97
Special Termination Benefits Payable	59,630.03	109,705.99	58,482.24	110,853.78	58,243.35
Compensated Absences Payable	1,454,246.89	98,183.73	167,969.12	1,384,461.50	162,694.08
Other Postemployment Benefits Payable	386,806.00	34,659.00	302,976.00	118,489.00	-
Net Pension Liability	13,695,051.00	3,297,991.00	11,549,775.00	5,443,267.00	18,078.20
Total Long-Term Liabilities	$ 23,229,380.29	$ 3,540,539.72	$ 12,488,422.26	$ 14,281,497.75	$ 657,855.36

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

The College's outstanding note from direct borrowings of $7,128,067.20 contains provisions that in the event of default allow exercise of any one or more of the following provisions: (1) by written notice, declare an amount equal to all amounts outstanding immediately due and payable; (2) by written notice, demand the prompt return of all equipment at the College's expense; (3) at lessor's option and without notice, enter upon the College premises and take immediate possession of and remove the equipment; (4) sell, lease, or otherwise dispose of the equipment, in whole or in part, in public or private transactions for the account of the College, holding the College liable for all payments due during the fiscal year in effect when the default occurs; (5) terminate any unfunded commitments to College; and (6) exercise any other right, remedy or privilege which may be available under applicable law or by court action at law or in equity to enforce the terms of or to rescind the lease.

The College has no unused lines of credit as of June 30, 2022.

Annual requirements to amortize the outstanding note as of June 30, 2022, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2023	$ 362,737.76	$ 220,277.28	$ 583,015.04
2024	374,299.69	208,715.35	583,015.04
2025	386,230.12	196,784.92	583,015.04
2026	398,540.84	184,474.20	583,015.04
2027	411,243.95	171,771.09	583,015.04
2028-2032	2,261,398.38	653,676.82	2,915,075.20
2033-2037	2,645,516.82	269,558.38	2,915,075.20
2038	288,099.64	3,407.62	291,507.26
Total	$ 7,128,067.20	$ 1,908,665.66	$ 9,036,732.86

Leases Payable. Information technology equipment in the amount of $273,278.20 is being acquired under lease agreements with Dell Financial Services, Inc. and NetApp Capital Solutions. The imputed interest rates are 3.43 and 6 percent, respectively. Future minimum payments under the lease agreements and the present value of the minimum payments as of June 30, 2022, are as follows:

Fiscal Year Ending June 30	Amount
2023	$ 58,944.05
2024	40,951.57
Total Minimum Payments	99,895.62
Less, Amount Representing Interest	3,536.35
Present Value of Minimum Payments	$ 96,359.27

Special Termination Benefits Payable. Under a Board-established Retirement Incentive Program, employees who are at least 55 years old and have at least 10 years of work experience at the College, are eligible to receive paid medical insurance coverage for 3 years. The College reported a special termination benefits payable of $110,853.78 as of June 30, 2022, for four employees who gave notice to retire under the Retirement Incentive Program, of which $58,243.35 represents the current portion.

Compensated Absences Payable. College employees may accrue annual and sick leave based on length of service, subject to certain limitations regarding the amount that will be paid upon termination. The College reports a liability for the accrued leave; however, State noncapital appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the College expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. At June 30, 2022, the estimated liability for compensated absences, which includes the College's share of the Florida Retirement System and FICA contributions, totaled $1,384,461.50. The current portion of the compensated absences liability, $162,694.08, is the amount expected to be paid in the coming fiscal year and represents a historical percentage of leave used applied to total accrued leave liability.

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

General Information about the OPEB Plan

Plan Description. The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the Florida College System Risk Management Consortium that provides OPEB for all employees who satisfy the College's retirement eligibility provisions. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the College are eligible to participate in the College's health and hospitalization plan for medical and prescription drug coverage. The College subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. Additionally, certain retirees receive insurance coverage at a lower (explicitly subsidized) premium rate than active employees. Under this retirement incentive, the retiree receives paid individual medical insurance coverage for 3 years following their date of retirement. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible. The OPEB Plan contribution requirements and benefit terms of the College and the OPEB Plan members are established and may be amended by action from the Board. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided. The OPEB Plan provides healthcare benefits for retirees and their dependents. The OPEB Plan only provides an implicit and explicit subsidy as described above.

Employees Covered by Benefit Terms. At June 30, 2021, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	23
Active Employees	183
Total	206

Total OPEB Liability

The College's total OPEB liability of $118,489 was measured as of June 30, 2021, and was determined by an actuarial valuation as of that date.

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

Inflation	2.40 percent
Real wage growth	0.85 percent
Wage inflation	3.25 percent
Salary increases	3.40 percent to 8.20 percent, including inflation
Discount rate	2.16 percent
Healthcare cost trend rates	
Pre-Medicare	7.00 percent for 2021, decreasing to an ultimate rate of 4.40 percent by 2032
Medicare	5.125 percent for 2021, decreasing to an ultimate rate of 4.40 percent by 2025

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

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

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

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

Changes in the Total OPEB Liability

	Amount
Balance at 6/30/21	$ 386,806
Changes for the year:	
Service Cost	25,816
Interest	8,843
Differences Between Expected and Actual Experience	(114,467)
Changes in Assumptions or Other Inputs	(163,363)
Benefit Payments	(25,146)
Net Changes	(268,317)
Balance at 6/30/22	$ 118,489

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21 percent in 2020 to 2.16 percent in 2021.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16 percent) or 1 percentage point higher (3.16 percent) than the current rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	$151,011	$118,489	$95,604

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following table presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	$85,692	$118,489	$166,555

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2022, the College recognized OPEB expense of $27,499. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 122,823	$ 104,758
Change of assumptions or other inputs	39,884	216,252
Total	$ 162,707	$ 321,010

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Amount
2023	$ (7,160)
2024	(7,160)
2025	(7,160)
2026	(7,160)
2027	(7,225)
Thereafter	(122,438)
Total	$ (158,303)

Net Pension Liability. As a participating employer in the Florida Retirement System (FRS), the College recognizes its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. As of June 30, 2022, the College's proportionate share of the net pension liabilities totaled $5,443,267. Note 10. includes a complete discussion of defined benefit pension plans.

10. Retirement Plans – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS)

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

Essentially all regular employees of the College are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of

Management Services, Division of Retirement, and consists of two cost-sharing multiple-employer defined benefit plans and other nonintegrated programs. An annual comprehensive financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services Web site (www.dms.myflorida.com).

The College's FRS and HIS pension expense totaled $147,136 for the fiscal year ended June 30, 2022.

FRS Pension Plan

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

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

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

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

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

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

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2021-22 fiscal year were:

	Percent of Gross Salary	
Class	Employee	Employer (1)
FRS, Regular	3.00	10.82
FRS, Senior Management Service	3.00	29.01
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	18.34
FRS, Reemployed Retiree	(2)	(2)

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

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

The College's contributions to the Plan totaled $1,006,845 for the fiscal year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2022, the College reported a liability of $1,851,666 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The College's proportionate share of the net pension liability was based on the College's 2020-21 fiscal year contributions relative to the total 2020-21 fiscal year contributions of all participating members. At June 30, 2021, the College's proportionate share was

0.024512826 percent, which was an increase of 0.001284404 from its proportionate share measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the College recognized negative pension expense of $65,758. In addition, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 317,378	$ -
Change of assumptions	1,267,001	-
Net difference between projected and actual earnings on FRS Plan investments	-	6,459,996
Changes in proportion and differences between College FRS contributions and proportionate share of contributions	331,022	285,481
College FRS contributions subsequent to the measurement date	1,006,845	-
Total	$ 2,922,246	$ 6,745,477

The deferred outflows of resources totaling $1,006,845, resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2023	$ (897,596)
2024	(1,015,292)
2025	(1,315,346)
2026	(1,661,671)
2027	59,829
Total	$ (4,830,076)

Actuarial Assumptions. The total pension liability in the July 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	6.80 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.1%	2.1%	1.1%
Fixed Income	20.0%	3.8%	3.7%	3.3%
Global Equity	54.2%	8.2%	6.7%	17.8%
Real Estate (Property)	10.3%	7.1%	6.2%	13.8%
Private Equity	10.8%	11.7%	8.5%	26.4%
Strategic Investments	3.7%	5.7%	5.4%	8.4%
Total	100.0%			
Assumed inflation - Mean			2.4%	1.2%

(1) As outlined in the Plan's investment policy.

Discount Rate. The discount rate used to measure the total pension liability was 6.80 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2021 valuation was unchanged from the previous valuation.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 6.80 percent, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.80 percent) or 1 percentage point higher (7.80 percent) than the current rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
College's proportionate share of the net pension liability	$8,280,772	$1,851,666	$(3,522,347)

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

Payables to the Pension Plan. At June 30, 2022, the College reported a payable of $60,049.58 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2022.

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended June 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement with a minimum HIS payment of $30 and a maximum HIS payment of $150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2022, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The College contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The College's contributions to the HIS Plan totaled $169,035 for the fiscal year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2022, the College reported a net pension liability of $3,591,601 for its proportionate share of the net pension liability. The current portion of the net pension liability is the College's proportionate share of benefit payments expected to be paid within 1 year, net of the College's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, and update procedures were used to determine the net pension liability as of June 30, 2021. The College's proportionate share of the net pension liability was based on the College's 2020-21 fiscal year contributions relative to the total 2020-21 fiscal year contributions of all participating members. At June 30, 2021, the College's proportionate share was 0.029279742 percent, which was a decrease of 0.000429990 from its proportionate share measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the College recognized pension expense of $212,894. In addition, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	$ 282,221	$ 147,983
Difference between expected and actual experience	120,184	1,504
Net difference between projected and actual earnings on HIS Plan investments	3,744	-
Changes in proportion and differences between College HIS contributions and proportionate share of HIS contributions	33,859	200,247
College contributions subsequent to the measurement date	169,035	-
Total	$ 609,043	$ 349,734

The deferred outflows of resources totaling $169,035, resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2023	$ 33,299
2024	(17,412)
2025	8,022
2026	40,147
2027	23,356
Thereafter	2,862
Total	$ 90,274

Actuarial Assumptions. The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Municipal bond rate	2.16 percent

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

While an experience study had not been completed for the HIS Plan, the actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the FRS Plan.

Discount Rate. The discount rate used to measure the total pension liability was 2.16 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate used in the 2021 valuation was updated from 2.21 percent to 2.16 percent.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 2.16 percent, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16 percent) or 1 percentage point higher (3.16 percent) than the current rate:

	1% Decrease (1.16%)	**Current Discount Rate (2.16%)**	**1% Increase (3.16%)**
College's proportionate share of the net pension liability	$4,152,238	$3,591,601	$3,132,283

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

Payables to the Pension Plan. At June 30, 2022, the College reported a payable of $6,108.51 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2022.

11. Retirement Plans – Defined Contribution Pension Plans

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. College employees already participating in the State College System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions rates, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2021-22 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	6.30
FRS, Senior Management Service	7.67

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2022, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the College.

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

The College's Investment Plan pension expense totaled $504,994.36 for the fiscal year ended June 30, 2022.

State College System Optional Retirement Program. Section 1012.875, Florida Statutes, provides for an Optional Retirement Program (Program) for eligible college instructors and administrators. The Program is designed to aid colleges in recruiting employees by offering more portability to employees not expected to remain in the FRS for 8 or more years.

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing college contributes 5.15 percent of the participant's salary to the participant's account and 4.19 percent to cover the unfunded actuarial liability of the FRS pension plan, for a total of 9.34 percent, and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the college to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

The College's contributions to the Program totaled $41,447.08 and employee contributions totaled $13,312.76 for the 2021-22 fiscal year.

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

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

The College's contributions to the Local Annuity Program totaled $15,633.20 for the 2021-22 fiscal year.

12. Construction Commitment

The College's construction commitment at June 30, 2022, was as follows:

Project Description	Total Commitment	Completed to Date	Balance Committed
STEM Building	$ 10,605,221	$ 10,247,715	$ 357,506

13. Risk Management Programs

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College provided coverage for these risks primarily through the Florida College System Risk Management Consortium (Consortium), which was created under authority of Section 1001.64(27), Florida Statutes, by the boards of trustees of the Florida public colleges for the purpose of joining a cooperative effort to develop, implement, and participate in a coordinated Statewide college risk management program. The Consortium is self-sustaining through member assessments (premiums) and purchases excess insurance through commercial companies for claims in excess of specified amounts. Excess insurance from commercial companies provided coverage of up to $100 million for property insurance. Insurance coverage obtained through the Consortium included fire and extended property, general and automobile liability, workers' compensation, health, life, and other liability coverage. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past 3 fiscal years.

14. Functional Distribution of Operating Expenses

The functional classification of an operating expense (instruction, academic support, etc.) is assigned to a department based on the nature of the activity, which represents the material portion of the activity attributable to the department. For example, activities of an academic department for which the primary departmental function is instruction may include some activities other than direct instruction such as public service. However, when the primary mission of the department consists of instructional program elements, all expenses of the department are reported under the instruction classification. The operating expenses on the statement of revenues, expenses, and changes in net position are presented by natural classifications. The following are those same expenses presented in functional classifications as recommended by NACUBO:

Functional Classification	Amount
Instruction	$ 7,906,581.70
Public Services	11,422.30
Academic Support	3,565,422.61
Student Services	2,732,801.44
Institutional Support	4,863,868.02
Operation and Maintenance of Plant	3,948,955.54
Scholarships and Waivers	7,502,842.34
Depreciation	1,473,312.06
Auxiliary Enterprises	182,055.39
Total Operating Expenses	$ 32,187,261.40

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

	2021	2020	2019	2018	2017
Total OPEB Liability					
Service cost	$ 25,816	$ 25,158	$ 16,325	$ 16,223	$ 16,396
Interest	8,843	16,052	7,467	6,762	5,742
Difference between expected and actual experience	(114,467)	-	175,917	-	-
Changes of assumptions or other inputs	(163,363)	(80,945)	55,736	475	1,445
Benefit Payments	(25,146)	(13,753)	(16,031)	(24,821)	(24,060)
Net change in total OPEB liability	(268,317)	(53,488)	239,414	(1,361)	(477)
Total OPEB Liability - beginning	386,806	440,294	200,880	202,241	202,718
Total OPEB Liability - ending	$ 118,489	$ 386,806	$ 440,294	$ 200,880	$ 202,241
Covered-Employee Payroll	$9,374,558	$9,185,282	$9,185,282	$9,746,919	$9,746,919
Total OPEB Liability as a percentage of covered-employee payroll	1.26%	4.21%	4.79%	2.06%	2.07%

Schedule of the College’s Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan

	2021 (1)	**2020** (1)	**2019** (1)	**2018** (1)
College’s proportion of the FRS net pension liability	0.024512826%	0.023228422%	0.023891051%	0.024420405%
College’s proportionate share of the FRS net pension liability	$ 1,851,665	$ 10,067,541	$ 8,227,745	$ 7,355,553
College’s covered payroll (2)	$ 11,867,343	$ 11,843,685	$ 11,758,477	$ 11,255,850
College’s proportionate share of the FRS net pension liability as a percentage of its covered payroll	15.60%	85.00%	69.97%	65.35%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	96.40%	78.85%	82.61%	84.26%

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

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

Schedule of College Contributions – Florida Retirement System Pension Plan

	2022 (1)	**2021** (1)	**2020** (1)	**2019** (1)
Contractually required FRS contribution	$ 1,006,845	$ 933,833	$ 771,778	$ 740,795
FRS contributions in relation to the contractually required contribution	(1,006,845)	(933,833)	(771,778)	(740,795)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College’s covered payroll (2)	$ 11,577,484	$ 11,867,343	$ 11,843,685	$ 11,758,477
FRS contributions as a percentage of covered payroll	8.70%	7.87%	6.52%	6.30%

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

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

2017 (1)	**2016** (1)	**2015** (1)	**2014** (1)	**2013** (1)
0.025685877%	0.026082766%	0.02825956%	0.027927995%	0.021862005%
$ 7,597,710	$ 6,585,919	$ 3,650,101	$ 1,704,017	$ 3,763,424
$ 11,130,923	$ 10,628,042	$ 10,680,858	$ 10,934,420	$ 11,011,239
68.26%	61.97%	34.17%	15.58%	34.18%
83.89%	84.88%	92.00%	96.09%	88.54%

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

Schedule of the College's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan

	2021 (1)	**2020** (1)	**2019** (1)	**2018** (1)
College's proportion of the HIS net pension liability	0.029279742%	0.029709732%	0.030831611%	0.030370533%
College's proportionate share of the HIS net pension liability	$ 3,591,601	$ 3,627,510	$ 3,449,750	$ 3,214,452
College's covered payroll (2)	$ 11,119,554	$ 11,101,729	$ 11,053,135	$ 10,636,205
College's proportionate share of the HIS net pension liability as a percentage of its covered payroll	32.30%	32.68%	31.21%	30.22%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	3.56%	3.00%	2.63%	2.15%

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

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

Schedule of College Contributions – Health Insurance Subsidy Pension Plan

	2022 (1)	**2021** (1)	**2020** (1)	**2019** (1)
Contractually required HIS contribution	$ 169,035	$ 172,107	$ 171,203	$ 171,205
HIS contributions in relation to the contractually required HIS contribution	(169,035)	(172,107)	(171,203)	(171,205)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 10,884,392	$ 11,119,554	$ 11,101,729	$ 11,053,135
HIS contributions as a percentage of covered payroll	1.55%	1.55%	1.54%	1.55%

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

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

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

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

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

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

Changes of Assumptions. The discount rate decreased from 2.21 percent at the prior measurement date to 2.16 percent at the current measurement date. In addition, the ultimate healthcare cost trend rate decreased from 4.60 to 4.40 percent. The assumed annual rates of pre-Medicare member participation decreased from 70 percent to 50 percent.

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

Changes of Assumptions. In 2021, the maximum amortization period was decreased to 20 years for all current and future amortization bases.

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

Changes of Assumptions. In 2021, the municipal rate used to determine total pension liability decreased from 2.21 percent to 2.16 percent.

Sherrill F. Norman, CPA
Auditor General

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Florida Gateway College, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated January 23, 2023, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
January 23, 2023