Report No. 2023-104
January 2023

STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

EASTERN FLORIDA STATE 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. James H. Richey served as President of Eastern Florida State College and the following individuals served as Members of the Board of Trustees:

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 Jamie L. Wilson, and the audit was supervised by Jeffrey M. Brizendine, 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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EASTERN FLORIDA STATE 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 Eastern Florida State College (a component unit of the State of Florida) were presented fairly, in all material respects, in accordance with prescribed financial reporting standards.

Summary of Report on Internal Control and Compliance

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

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

Audit Objectives and Scope

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

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

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

Audit Methodology

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

Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL
STATE OF FLORIDA

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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 Eastern Florida State College, a component unit of the State of Florida, and its aggregate discretely presented component units 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 reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of Eastern Florida State College and of its aggregate discretely presented component units 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 aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units columns. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the reports 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.

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 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 25, 2023, on our consideration of the Eastern Florida State 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 25, 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.

FINANCIAL HIGHLIGHTS

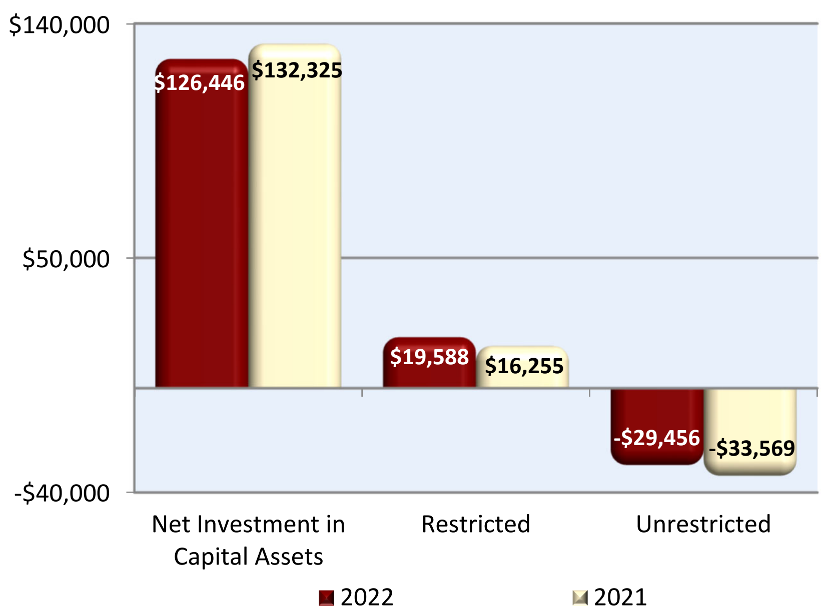
The College's assets and deferred outflows of resources totaled $211.2 million at June 30, 2022. This balance reflects a $3.1 million, or 1.4 percent, decrease as compared to the 2020-21 fiscal year, resulting from a decrease in deferred outflows. Liabilities and deferred inflows of resources decreased by $4.6 million, or 4.6 percent, totaling $94.6 million at June 30, 2022, resulting from decreases in accounts payable and net pension liabilities, offset by increases in deferred inflows. As a result, the College's net position increased by $1.6 million, resulting in a year-end balance of $116.6 million.

The College's operating revenues totaled $21.9 million for the 2021-22 fiscal year, representing a $1.4 million decrease compared to the 2020-21 fiscal year due mainly to decreases in Federal, State and local grants and contracts. Operating expenses totaled $121.2 million for the 2021-22 fiscal year, representing a decrease of 2.4 percent as compared to the 2020-21 fiscal year due mainly to a decrease in personnel services.

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:

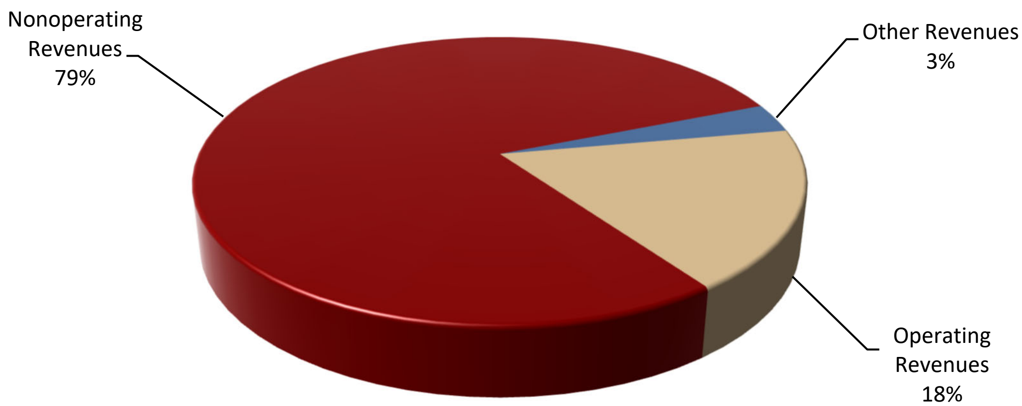
Net Position

(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 units. These component units include: Eastern Florida State College Foundation, Inc. (Foundation) and Eastern Florida State College Student Housing Corporation, Inc. (Housing Corporation). Based on the application of the criteria for determining component units, the Foundation and Housing Corporation are included within the College reporting entity as discretely presented component units.

Information regarding these component units, including summaries of the discretely presented component units' separately issued financial statements, is presented in the notes to financial statements. This MD&A focuses on the College, excluding the discretely presented component units. The component units report under GASB standards, and their MD&A information is included in their separately issued audit reports.

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 College's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30:

Condensed Statement of Net Position at June 30

(In Thousands)

	2022	2021
Assets		
Current Assets	$ 28,189	$ 31,264
Capital Assets, Net	141,848	141,388
Other Noncurrent Assets	28,927	23,932
Total Assets	198,964	196,584
Deferred Outflows of Resources	12,230	17,659
Liabilities		
Current Liabilities	10,395	13,112
Noncurrent Liabilities	48,604	82,086
Total Liabilities	58,999	95,198
Deferred Inflows of Resources	35,617	4,034
Net Position		
Net Investment in Capital Assets	126,446	132,325
Restricted	19,588	16,255
Unrestricted	(29,456)	(33,569)
Total Net Position	$116,578	$115,011

The College's overall net position increased by $1.6 million, or 1.4 percent, due primarily to changes in the valuation of the pension liability from the prior fiscal year.

<u>The Statement of Revenues, Expenses, and Changes in Net Position</u>

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 College's activity for the 2021-22 and 2020-21 fiscal years:

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

(In Thousands)

	2021-22	2020-21
Operating Revenues	$ 21,941	$ 23,300
Less, Operating Expenses	121,173	124,241
Operating Loss	(99,232)	(100,941)
Net Nonoperating Revenues	96,805	92,059
Loss Before Other Revenues	(2,427)	(8,882)
Other Revenues	3,994	4,298
Net Increase (Decrease) In Net Position	1,567	(4,584)
Net Position, Beginning of Year	115,011	119,595
Net Position, End of Year	$ 116,578	$ 115,011

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 that were used to fund operating activities for the 2021-22 and 2020-21 fiscal years:

Operating Revenues
For the Fiscal Years

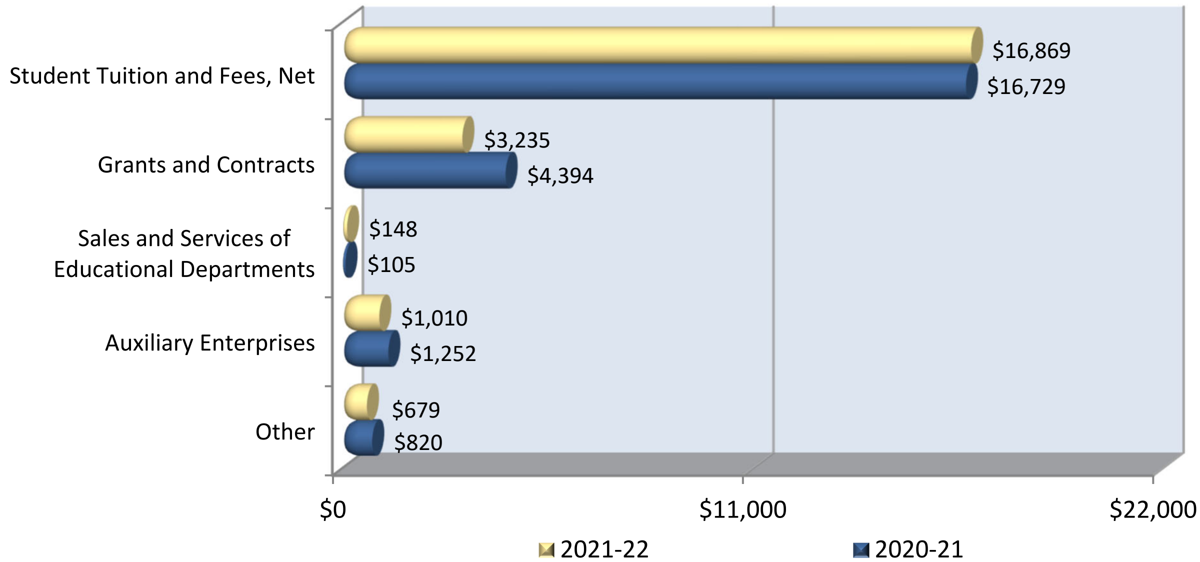
(In Thousands)

	2021-22	2020-21
Student Tuition and Fees, Net	$ 16,869	$ 16,729
Grants and Contracts	3,235	4,394
Sales and Services of Educational Departments	148	105
Auxiliary Enterprises	1,010	1,252
Other	679	820
Total Operating Revenues	$ 21,941	$ 23,300

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

Operating Revenues

(In Thousands)



The reduction in College operating revenue was primarily because grants and contracts decreased $1.2 million due to a decrease in spending related to Florida Quick Response Training grants and the Governor's Emergency Education Relief grant.

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.

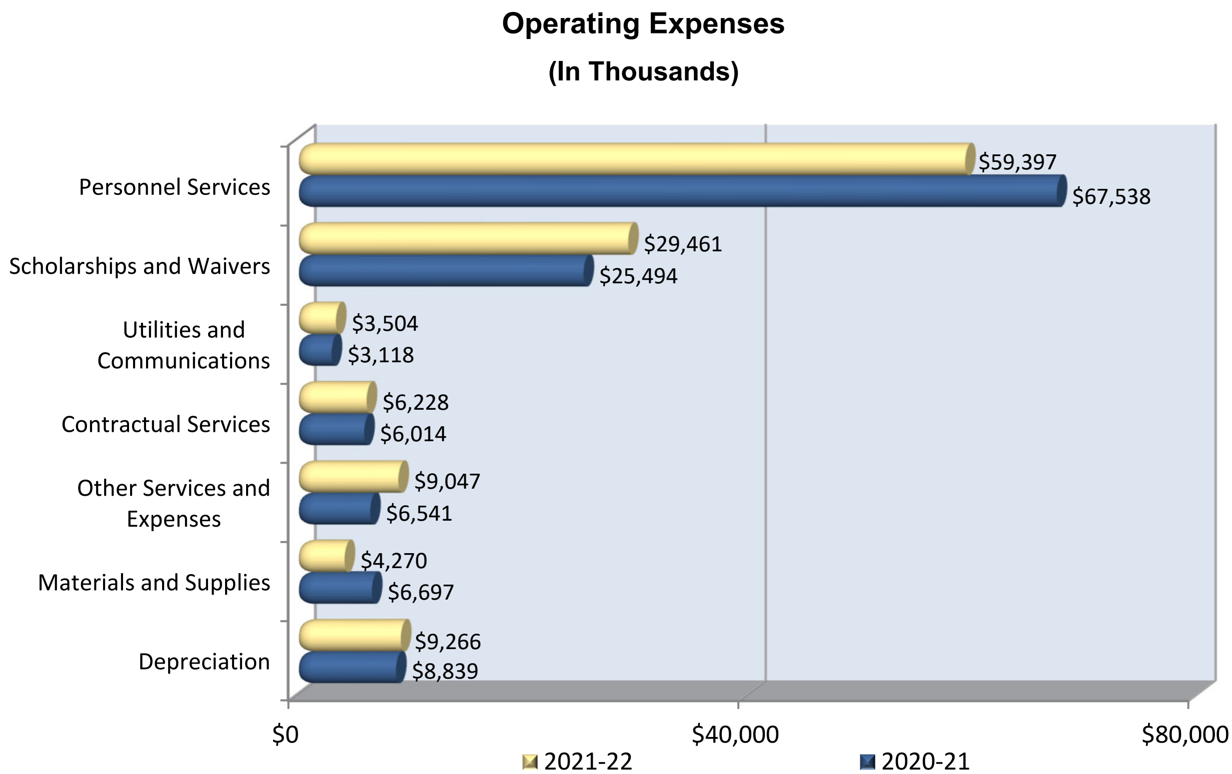
The following summarizes operating expenses by natural classification for the 2021-22 and 2020-21 fiscal years:

Operating Expenses
For the Fiscal Years

(In Thousands)

	2021-22	2020-21
Personnel Services	$ 59,397	$ 67,538
Scholarships and Waivers	29,461	25,494
Utilities and Communications	3,504	3,118
Contractual Services	6,228	6,014
Other Services and Expenses	9,047	6,541
Materials and Supplies	4,270	6,697
Depreciation	9,266	8,839
Total Operating Expenses	$ 121,173	$ 124,241

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



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

- Personnel services decreased by $8.1 million primarily as a result in a decrease in net pension liability and vacant positions not filled with their associated benefits.
- Scholarships and waivers increased by $4 million due to an increase in Higher Education Emergency Relief Fund (HEERF) grants to students.
- Other services and expenses increased by $2.5 million due to increases in travel expenses as the College returned to more normal operations, increases in service contracts relating to equipment purchases under the HEERF grant in prior fiscal years, and an increase in other expenses as a result of using HEERF grant funding to discharge student debt for student reengagement.
- Materials and supplies expenses decreased by $2.4 million due to a decrease in spending of HEERF grant funding from the prior fiscal year.

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	$ 47,524	$ 45,285
Federal and State Student Financial Aid	22,219	26,000
Gifts and Grants	27,660	20,653
Investment Income	510	443
Gain (Loss) on Disposal of Capital Assets	39	(212)
Interest on Capital Asset-Related Debt	(1,147)	(110)
Net Nonoperating Revenues	$ 96,805	$ 92,059

Nonoperating revenues and expenses changes were the result of the following factors:

- State noncapital appropriations increased by $2.2 million due to an increase in funding for the Dual Enrollment Scholarship program and Lottery appropriations.
- Federal and State student financial aid decreased $3.8 million due to declines in enrollment.
- Gifts and grants increased by $7 million due to HEERF grant funds that were allocated to the College in response to the COVID-19 pandemic.
- Interest on capital asset-related debt increased by $1 million due to increasing and refinancing the Collegewide energy performance-based project loan.

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	$ 379	$ 321
Capital Grants, Contracts, Gifts, and Fees	3,615	3,977
Total	$ 3,994	$ 4,298

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	$ (96,527)	$ (88,618)
Noncapital Financing Activities	99,746	91,210
Capital and Related Financing Activities	(10,930)	14,080
Investing Activities	510	8,160
Net Increase (Decrease) in Cash and Cash Equivalents	(7,201)	24,832
Cash and Cash Equivalents, Beginning of Year	51,680	26,848
Cash and Cash Equivalents, End of Year	$ 44,479	$ 51,680

Major sources of funds came from State noncapital appropriations ($47.5 million), noncapital gifts and grants ($26.9 million), Federal and State student financial aid ($22.3 million), net student tuition and fees ($17 million), and Federal Direct Loan program receipts ($15.1 million). Major uses of funds were for payments to employees and for employee benefits ($64.6 million), disbursements to students for scholarships ($29.5 million), payments to suppliers ($20.5 million), purchases of capital assets ($15 million) and disbursements to students for the Federal Direct Loan program ($14.9 million).

Changes in cash and cash equivalents were the result of the following factors:

- Use of cash for operating activities increased $7.9 million due to an increase in cash payments for scholarships primarily due to HEERF grants to students and payments to employees, and a decrease in cash stemming from grants and contracts.
- Cash provided for noncapital financing activities increased $8.5 million due to increased gifts and grants revenue primarily for HEERF grants and other nonoperating revenues.
- Cash used for capital financing activities increased $25 million due to a decrease in proceeds from capital debt and an increase in purchases of capital assets.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the College had $317 million in capital assets, less accumulated depreciation of $175.2 million, for net capital assets of $141.8 million. Depreciation charges for the current fiscal year totaled $9.3 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	$ 6,856	$ 6,856
Construction in Progress	7,153	9,582
Buildings	106,407	107,774
Other Structures and Improvements	16,930	12,143
Furniture, Machinery, and Equipment	3,321	3,338
Assets Under Leases	1,181	1,695
Capital Assets, Net	$141,848	$141,388

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

Debt Administration

As of June 30, 2022, the College had $19.2 million in outstanding notes payable and leases payable, representing an increase of $1.6 million, or 9.4 percent, from the prior fiscal year. The following table summarizes the outstanding long-term debt by type for the fiscal years ended June 30:

Long-Term Debt at June 30

(In Thousands)

	2022	2021
Notes Payable	$ 17,606	$ 15,384
Leases Payable	1,557	2,140
Total	$ 19,163	$ 17,524

Economic Factors That Will Affect the Future

The College's economic condition is closely tied to that of the State of Florida. Because of limited economic growth and increased demand for State resources, only a modest increase in State funding is anticipated in the 2022-23 fiscal year.

Eastern Florida State College's State noncapital appropriations increased by $4.6 million for the 2022-23 fiscal year. Capital appropriations were funded this year with $19.7 million for a Center for Innovative Technology Education (CITE) Building on the Melbourne Campus and $17.6 million in deferred maintenance funded from the Federal Coronavirus Fiscal Recovery Fund. Funding for the maintenance, renovation, and construction of facilities is needed to maintain the quality of programs offered at the College; enhance the student experience; incorporate measures that support campus safety; address critical deferred maintenance issues; and provide long-term utilities and infrastructure stability. With these capital appropriations, College operating funds needed to maintain aging facilities in need of renovation will be supported for a short period.

The College received $34.8 million in HEERF to assist the College with the extraordinary costs related to the COVID-19 pandemic. As of June 30, 2022, $16.8 million has been expended for cleaning, personal protective equipment, social distancing, facilities modifications, information technology infrastructure improvements, and to recover lost revenue.

The College Board of Trustees elected again to continue the 2011-12 fiscal year tuition rates into the 2022-23 fiscal year. Enrollment since the start of the pandemic, however, has declined 20 percent from 2019.

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

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 the Vice President for Operations/Chief Financial Officer, Eastern Florida State College, 1519 Clearlake Road, Cocoa, Florida 32922.

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

June 30, 2022

	College	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 16,664,762	$ 1,230,393
Restricted Cash and Cash Equivalents	5,810,548	-
Investments	10,723	-
Accounts Receivable, Net	1,168,961	7,057
Leases Receivable	746,448	-
Due from Other Governmental Agencies	3,668,904	-
Inventories	77,397	-
Prepaid Expenses	39,965	-
Deposits	905	-
Other Assets	-	36,015
Total Current Assets	28,188,613	1,273,465
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	22,003,891	-
Investments	-	24,180,613
Lease Receivable	6,923,330	-
Depreciable Capital Assets, Net	127,838,735	5,292,470
Nondepreciable Capital Assets	14,009,284	357,731
Total Noncurrent Assets	170,775,240	29,830,814
TOTAL ASSETS	198,963,853	31,104,279
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	39,048	-
Pensions	12,191,339	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	12,230,387	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	1,330,862	11,666
Salary and Payroll Taxes Payable	2,517,279	-
Unearned Revenue	1,493,268	-
Deposits Held for Others	3,229,182	-
Long-Term Liabilities - Current Portion:		
Notes Payable	1,147,115	230,587
Leases Payable	529,525	-
Compensated Absences Payable	35,678	-
Other Postemployment Benefits Payable	39,048	-
Net Pension Liability	73,069	-
Total Current Liabilities	10,395,026	242,253

	College	Component Units
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Notes Payable	16,458,909	5,336,312
Leases Payable	1,027,184	-
Compensated Absences Payable	9,287,075	19,048
Other Postemployment Benefits Payable	504,967	-
Net Pension Liability	21,325,972	-
Total Noncurrent Liabilities	48,604,107	5,355,360
TOTAL LIABILITIES	58,999,133	5,597,613
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	222,055	-
Pensions	27,725,097	-
Lease Agreements	7,669,778	-
TOTAL DEFERRED INFLOWS OF RESOURCES	35,616,930	-
NET POSITION		
Net Investment in Capital Assets	126,445,996	73,081
Restricted:		
Nonexpendable:		
Endowment	-	12,711,502
Expendable:		
Grants and Loans	500,505	1,695,551
Scholarships	9,107	7,114,164
Capital Projects	18,682,197	39,297
Debt Service	396,808	-
Unrestricted	(29,456,436)	3,873,071
TOTAL NET POSITION	$ 116,578,177	$ 25,506,666

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

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EASTERN FLORIDA STATE 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 Units
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $8,904,060	$ 16,869,377	$ -
Federal Grants and Contracts	1,549,700	-
State and Local Grants and Contracts	1,192,751	-
Nongovernmental Grants and Contracts	492,239	-
Sales and Services of Educational Departments	147,813	-
Auxiliary Enterprises	1,009,556	-
Other Operating Revenues	679,090	901,239
Total Operating Revenues	21,940,526	901,239
EXPENSES		
Operating Expenses:		
Personnel Services	59,396,804	329,285
Scholarships and Waivers	29,460,828	838,944
Utilities and Communications	3,504,378	104,479
Contractual Services	6,227,815	225,935
Other Services and Expenses	9,046,693	330,108
Materials and Supplies	4,269,814	85,494
Depreciation	9,266,580	139,405
Total Operating Expenses	121,172,912	2,053,650
Operating Loss	(99,232,386)	(1,152,411)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	47,523,615	-
Federal and State Student Financial Aid	22,219,609	-
Gifts and Grants	27,659,897	488,067
Investment Income (Loss)	510,483	(3,497,630)
Gain (Loss) on Disposal of Capital Assets	39,201	(3,000)
Interest on Capital Asset-Related Debt	(1,147,256)	(155,667)
Other Nonoperating Expenses	-	(21,169)
Net Nonoperating Revenues (Expenses)	96,805,549	(3,189,399)
Loss Before Other Revenues	(2,426,837)	(4,341,810)
State Capital Appropriations	378,812	-
Capital Grants, Contracts, Gifts, and Fees	3,614,715	369,419
Total Other Revenues	3,993,527	369,419
Increase (Decrease) in Net Position	1,566,690	(3,972,391)
Net Position, Beginning of Year	115,011,487	29,479,057
Net Position, End of Year	$ 116,578,177	$ 25,506,666

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

EASTERN FLORIDA STATE 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	$ 17,001,168
Grants and Contracts	2,743,130
Payments to Suppliers	(20,522,522)
Payments for Utilities and Communications	(3,435,780)
Payments to Employees	(49,911,965)
Payments for Employee Benefits	(14,737,661)
Payments for Scholarships	(29,464,082)
Auxiliary Enterprises	970,570
Sales and Services of Educational Departments	147,813
Other Receipts	682,575
Net Cash Used by Operating Activities	(96,526,754)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	47,523,615
Federal and State Student Financial Aid	22,271,576
Federal Direct Loan Program Receipts	15,077,709
Federal Direct Loan Program Disbursements	(14,859,357)
Gifts and Grants Received for Other Than Capital or Endowment Purposes	26,894,798
Other Nonoperating Receipts	2,837,299
Net Cash Provided by Noncapital Financing Activities	99,745,640
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Capital Debt	2,222,342
State Capital Appropriations	63,964
Capital Grants and Gifts	3,523,341
Proceeds from Sale of Capital Assets	60,168
Purchases of Capital Assets	(15,036,027)
Principal Paid on Capital Debt and Leases	(616,301)
Interest Paid on Capital Debt and Leases	(1,147,256)
Net Cash Used by Capital and Related Financing Activities	(10,929,769)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Investments	(25)
Investment Income	510,483
Net Cash Provided by Investing Activities	510,458
Net Decrease in Cash and Cash Equivalents	(7,200,425)
Cash and Cash Equivalents, Beginning of Year	51,679,626
Cash and Cash Equivalents, End of Year	$ 44,479,201

	College
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (99,232,386)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	9,266,580
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	92,679
Leases Receivable	(7,669,778)
Due from Other Government Agencies	(824,046)
Inventories	17,212
Prepaid Expenses	101,131
Accounts Payable	(1,031,199)
Salaries and Payroll Taxes Payable	(348,747)
Unearned Revenue	336,097
Special Termination Benefits Payable	(866,502)
Compensated Absences Payable	581,081
Other Postemployment Benefits Payable	(132,183)
Net Pension Liability	(33,828,369)
Deferred Outflows of Resources Related to OPEB	10,805
Deferred Inflows of Resources Related to OPEB	127,288
Deferred Outflows of Resources Related to Pensions	5,418,328
Deferred Inflows of Resources Related to Pensions	23,785,477
Deferred Inflows of Resources Related to Leases	7,669,778
NET CASH USED BY OPERATING ACTIVITIES	$ (96,526,754)

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 Eastern Florida State 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 five 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 Brevard County.

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 Units. Based on the application of the criteria for determining component units, the following component units are included within the College's reporting entity:

- Eastern Florida State College Foundation, Inc. (Foundation): This legally separate organization provides funding and services to support and foster the pursuit of higher education at the College and is governed by a separate board.
- Eastern Florida State College Student Housing Corporation, Inc. (Housing Corporation): This legally separate organization provides a means for the development, financing, acquisition and construction of the College's student housing facilities and is governed by a separate board.

Both the Foundation and Housing Corporation are direct-support organizations, as defined in Section 1004.70, Florida Statutes, and although legally separate from the College, is financially accountable to the College. The Foundation and Housing Corporation are managed independently, outside the College's budgeting process, and their powers are vested in separate governing boards 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 District Board of Trustees of Eastern Florida State College established the Housing Corporation on December 11, 2017, to promote and support the development of student housing facilities and related improvements and infrastructure on College property. The Housing Corporation is authorized to develop, finance, acquire, construct and operate such housing facilities. The Housing Corporation Student Housing Facility, located on the Melbourne Campus, housed students starting for the Fall term in August 2020.

The Foundation and Housing Corporation are each audited by other auditors pursuant to Section 1004.70(6), Florida Statutes. The audited financial statements for the Foundation and Housing Corporation are available to the public and can be obtained from the Vice President of Operations/Chief

Financial Officer, Eastern Florida State College, 1519 Clearlake Road, Cocoa, Florida 32922. The financial data reported on the accompanying financial statements was derived from the audited financial statements for the Foundation and Housing Corporation for the fiscal year ended June 30, 2022. Additional condensed financial statements for the College's component units are included in a subsequent note.

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 units use 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, cash with escrow agent or escrow account, and cash with State Treasury Special Purpose Investment Account (SPIA). 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 investment pool 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 $42,552,966 in the State Treasury SPIA investment pool representing ownership of a share of the pool, not the underlying securities (Level 3 inputs, as discussed in Note 3.). Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The State Treasury SPIA investment pool carried a credit rating of AA-f by Standard & Poor's, had an effective duration of 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. 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 restricted cash and cash equivalents totaling $3,130,479 held in escrow for the acquisition and installation of equipment related to an energy performance-based contract. These funds are held in trust be an escrow agent in money market fund subject to the maturity, quality, liquidity and diversification requirements of Rule 2a-7 under the Investment Company with a credit rating of AAm and Aaaa-mf by Standard & Poor's and Moody's Investors Service, respectively, and had a weighted-average days to maturity of 15 days.

Leases Receivable. Lessor arrangements are included in lease receivables and deferred inflows of resources in the statement of net position. Lease receivables represent the College's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term. Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term. The College recognizes payments received for short-time leases with a lease term of 12 months or less as revenue as the payments are received.

Capital Assets. College capital assets consist of land, construction in progress, buildings, other structures and improvements, furniture, machinery, and equipment, and assets under leases. 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
- Special Use Industrial Buildings – 20 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 to 10 years
- Assets Under Leases – 5 to 10 years

Land, buildings, and equipment of the College's component unit, the Eastern Florida State College Foundation, Inc., totaled $118,643 with accumulated depreciation of $117,806. As of June 30, 2022, the Housing Corporation had completed construction of the student housing building in the amount of $5,497,801 with accumulated depreciation of $206,168. Both College component units depreciate buildings and equipment using the straight-line method or double-declining balance over estimated useful lives ranging from 5 to 40 years.

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

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

2. Deficit Net Position in Individual Funds

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

Fund	Net Position
Current Funds - Unrestricted	$ (39,460,114)
Auxiliary Funds	10,003,678
Total	$ (29,456,436)

3. Investments

The Board of Trustees had not adopted a written investment policy. Therefore, pursuant to Section 218.415(17), Florida Statutes, the College is authorized to invest in the Florida PRIME investment pool, administered by the State Board of Administration (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; and direct obligations of the United States Treasury. The Florida Fixed Income Trust (FL FIT) is a series of interlocal government investment pools that was created and authorized pursuant to Section 218.415(17), Florida Statutes.

Investments set aside to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets are classified as restricted.

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

The FL FIT is measured at net asset value of $1 per share. Intergovernmental investment pool funds are held with FL FIT and are valued based on net asset value. This fund has no unfunded commitments and allows unlimited daily redemptions and investments with a 1-day minimum holding period.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the following table:

Investments measured at the NAV	Fair Value
FL FIT - Cash Pool	$ 10,723

Component Unit Investments. The Foundation had the following recurring fair value measurements as of June 30, 2022:

		Fair Value Measurements Using		
Investments by fair value level	Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	$ 15,192,570	$ 15,192,570	$ -	$ -
Fixed Income (Bonds)	8,988,043	8,988,043	-	-
Total investments by fair value level	$ 24,180,613	$ 24,180,613	$ -	$ -

The following risks apply to the Foundation's investment in debt securities:

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 Foundation's investment policy limits interest rate risk by requiring that investment maturities shall not be greater than 15 years at time of purchase.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Foundation's investment policy limits their investment portfolio to have an average credit rating of "A" or better for bonds.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issue. The Foundation's policy does not allow for an investment in any single equity position greater than 10 percent of the Foundation's total equity portfolio per manager. The Foundation's investment policy does not address concentration of credit risk with respect to fixed income investments.

Custodial Credit Risk: Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Foundation will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Foundation's investment policy does not contain requirements that would limit exposure to custodial credit risk for investments.

4. Receivables

Accounts Receivable. Accounts receivable represent amounts for student fee deferments, various student services provided by the College, uncollected commissions, and contract and grant reimbursements due from third parties. The accounts receivable are reported net of a $80,759 allowance for doubtful accounts.

Leases Receivable. Lease receivables represent 6 contracted arrangements for use of the College's land and cell tower equipment. The term of the lease arrangements are determined by evaluating the non-cancelable term length, the optional term length, and assessing the likelihood with reasonable certainty the option to extend the term or terminate the agreement may occur. The term lengths range from 1 to 40 years. Future minimum receipts discounted to present value based on the College's incremental borrowing rate as of June 30, 2022, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2023	$ 997,786	$ 746,448	$ 251,338
2024	1,015,289	735,220	280,069
2025	1,034,714	725,136	309,578
2026	1,054,723	715,346	339,377
2027	748,641	428,005	320,636
2028-2032	3,819,246	2,003,175	1,816,071
2033-2037	4,334,879	1,956,332	2,378,547
2038-2042	673,615	291,630	381,985
2043-2047	153,032	67,444	85,588
2048	2,553	1,042	1,511
Total	$ 13,834,478	$ 7,669,778	$ 6,164,700

The College records leases receivable and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the interest rate charged to the lessee, which may be the interest rate implicit in the lease. Variable payments are excluded from the valuations unless they are fixed in substance. During the 2021-22 fiscal year, the College recognized revenues related to these lease agreements totaling $756,179. Deferred inflows of resources increased $7,669,778 related to leases.

5. Due From Other Governmental Agencies

The amount due from other governmental agencies consists of amounts due for various State and local government student tuition contracts ($1,494,508); amounts due for various Federal grants ($1,735,130); and amounts due from various other State and local contracts ($439,266).

6. 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	$ 6,856,466	$ -	$ -	$ 6,856,466
Construction in Progress	9,581,840	8,496,726	10,925,748	7,152,818
Total Nondepreciable Capital Assets	$ 16,438,306	$ 8,496,726	$ 10,925,748	$ 14,009,284
Depreciable Capital Assets:				
Buildings	$ 214,733,467	$ 3,937,180	$ -	$ 218,670,647
Other Structures and Improvements	48,855,117	6,988,568	99,270	55,744,415
Furniture, Machinery, and Equipment	23,766,628	1,218,147	662,107	24,322,668
Assets Under Leases	4,757,504	32,797	449,458	4,340,843
Total Depreciable Capital Assets	292,112,716	12,176,692	1,210,835	303,078,573
Less, Accumulated Depreciation:				
Buildings	106,959,153	5,304,963	-	112,264,116
Other Structures and Improvements	36,712,653	2,201,550	99,269	38,814,934
Furniture, Machinery, and Equipment	20,428,814	1,223,761	651,155	21,001,420
Assets Under Leases	3,062,505	536,306	439,443	3,159,368
Total Accumulated Depreciation	167,163,125	9,266,580	1,189,867	175,239,838
Total Depreciable Capital Assets, Net	$ 124,949,591	$ 2,910,112	$ 20,968	$ 127,838,735

7. 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
Notes Payable	$ 15,383,682	$ 2,225,886	$ 3,544	$ 17,606,024	$ 1,147,115
Leases Payable	2,140,213	32,797	616,301	1,556,709	529,525
Special Termination Benefits Payable	866,502	-	866,502	-	-
Compensated Absences Payable	8,741,672	1,447,696	866,615	9,322,753	35,678
Other Postemployment Benefits Payable	676,198	44,958	177,141	544,015	39,048
Net Pension Liability	55,227,410	11,700,334	45,528,703	21,399,041	73,069
Total Long-Term Liabilities	$ 83,035,677	$ 15,451,671	$ 48,058,806	$ 50,428,542	$ 1,824,435

Notes Payable. On July 21, 2020, the College borrowed $15,383,682, at a stated interest rate of 2.71 percent, to finance the cost of a Collegewide energy performance-based project. On April 18, 2022, the College borrowed an additional $1,586,000 and refinanced into a new agreement for a total of $17,606,024, at a stated interest rate of 2.496 percent. The note matures on April 1, 2042, and principal and interest payments are made quarterly. The note contains a provision that, in an event of default, outstanding amounts become immediately due if the College is unable to make payment. Annual requirements to amortize the outstanding note as of June 30, 2022, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2023	$ 1,147,115	$ 407,819	$ 1,554,934
2024	1,187,474	399,757	1,587,231
2025	487,350	376,637	863,987
2026	525,822	364,115	889,937
2027	566,049	350,616	916,665
2028-2032	3,499,964	1,513,202	5,013,166
2033-2037	4,428,763	1,023,190	5,451,953
2038-2042	5,763,487	385,921	6,149,408
Total	$ 17,606,024	$ 4,821,257	$ 22,427,281

Leases Payable. Athletic equipment, a core router, vehicles, an airport hangar and office, professional grade printers, a mail machine, and a broadcast hangar with transmitter building in the amount of $5,136,806 are being acquired under lease agreements. The imputed interest rates are 1.18, 1.85, 3, 3.89, 4.3, 5.59, 5.7, 7.43, and 10.27 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	Principal	Interest	Total
2023	$ 529,525	$ 96,611	$ 626,136
2024	468,843	87,130	555,973
2025	199,723	70,506	270,229
2026	45,533	37,848	83,381
2027	32,498	32,506	65,004
2028-2032	146,373	183,327	329,700
2033-2037	126,439	204,312	330,751
2038	7,775	14,275	22,050
Total	$ 1,556,709	$ 726,515	$ 2,283,224

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 $9,322,753. The current portion of the compensated absences liability, $35,678, is the amount expected to be paid in the coming fiscal year and represents payment for employees in the final year of the Deferred Retirement Option Program or those known to be retiring during the next fiscal year.

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 (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 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 life insurance benefits. 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. The College does not offer any explicit subsidies for retiree coverage. 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 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	19
Inactive Employees Entitled to But Not Yet Receiving Benefits	30
Active Employees	770
Total	819

Total OPEB Liability

The College's total OPEB liability of $544,015 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
Salary increases	3.40 - 8.20 percent, average, including inflation
Discount rate	2.21 percent at prior measurement date 2.16 percent for 2021
Healthcare cost trend rates	7.00 percent for 2021 to an ultimate rate of 4.40 percent by 2032
Benefit-related costs	5.13 percent for 2021, decreasing to an ultimate rate of 4.40 percent by 2025

The discount rate was based on the Municipal Bond Index Rate equal to the Bond Buyer General Obligation 20-year General Obligation 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, and withdrawal 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	$ 676,198
Changes for the year:	
Service Cost	57,176
Interest	15,660
Differences Between Expected and Actual Experience	(61,555)
Changes in Assumptions or Other Inputs	(93,611)
Benefit Payments	(49,853)
Net Changes	(132,183)
Balance at 6/30/22	$ 544,015

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	$610,401	$544,015	$490,061

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	$471,659	$544,015	$636,956

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 $44,958. 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	$ -	$ 72,920
Change of assumptions or other inputs	-	149,135
Transactions subsequent to the measurement date	39,048	-
Total	$ 39,048	$ 222,055

Of the total amount reported as deferred outflows of resources related to OPEB, $39,048 resulting from benefits paid subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ended June 30, 2023. 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	$ (27,878)
2024	(27,878)
2025	(27,878)
2026	(27,878)
2027	(26,208)
Thereafter	(84,335)
Total	$ (222,055)

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 $21,399,041. Note 8. includes a complete discussion of defined benefit pension plans.

8. 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 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 $81,304 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:

Class	Percent of Gross Salary 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 $3,809,224 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 $6,882,316 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 0.091109880 percent, which was a decrease of 0.000744671 percent 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 $566,917. 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	$ 1,179,640	$ -
Change of assumptions	4,709,222	-
Net difference between projected and actual earnings on FRS Plan investments	-	24,010,670
Changes in proportion and differences between College FRS contributions and proportionate share of contributions	71,895	1,505,560
College FRS contributions subsequent to the measurement date	3,809,224	-
Total	$ 9,769,981	$ 25,516,230

The deferred outflows of resources totaling $3,809,224, 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	$ (3,633,584)
2024	(4,130,898)
2025	(5,269,973)
2026	(6,531,571)
2027	10,553
Total	$ (19,555,473)

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	$30,778,178	$6,882,316	$(13,091,945)

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 $483,621 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 $702,705 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 $14,516,725 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 0.118344442 percent, which was a decrease of 0.007916820 percent from its proportionate share measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the College recognized pension expense of $648,221. 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	$ 485,766	$ 6,080
Change of assumptions	1,140,690	598,126
Net difference between projected and actual earnings on HIS Plan investments	15,133	-
Changes in proportion and differences between College HIS contributions and proportionate share of HIS contributions	77,064	1,604,661
College contributions subsequent to the measurement date	702,705	-
Total	$ 2,421,358	$ 2,208,867

The deferred outflows of resources totaling $702,705, 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	$ (48,759)
2024	(221,196)
2025	(149,631)
2026	(18,404)
2027	(22,109)
Thereafter	(30,115)
Total	$ (490,214)

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	$16,782,740	$14,516,725	$12,660,232

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 $6,629 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2022.

9. 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 $1,221,191 for the fiscal year ended June 30, 2022.

10. 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, and other liability coverage. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past 3 fiscal years. Life, dental, and long-term disability coverage are provided through purchased commercial insurance.

11. 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	$ 36,230,800
Public Services	1,409,958
Academic Support	9,260,928
Student Services	10,568,173
Institutional Support	13,870,764
Operation and Maintenance of Plant	11,104,881
Scholarships and Waivers	29,460,828
Depreciation	9,266,580
Total Operating Expenses	$ 121,172,912

12. Discretely Presented Component Units

The College has two discretely presented component units as discussed in Note 1. These component units represent 100 percent of the transactions and account balances of the aggregate discretely presented component units columns of the financial statements. The following financial information is from the most recently available audited financial statements for the component units:

Condensed Statement of Net Position

	Direct-Support Organizations		
	Eastern Florida State College Foundation, Inc.	Eastern Florida State College Student Housing Corporation, Inc.	Total
Assets:			
Current Assets	$ 510,378	$ 763,087	$ 1,273,465
Capital Assets, Net	164,486	5,485,715	5,650,201
Other Noncurrent Assets	24,180,613	-	24,180,613
Total Assets	24,855,477	6,248,802	31,104,279
Liabilities:			
Current Liabilities	-	242,253	242,253
Noncurrent Liabilities	14,827	5,340,533	5,355,360
Total Liabilities	14,827	5,582,786	5,597,613
Net Position:			
Net Investment in Capital Assets	164,486	(91,405)	73,081
Restricted Nonexpendable	12,711,502	-	12,711,502
Restricted Expendable	8,809,715	39,297	8,849,012
Unrestricted	3,154,947	718,124	3,873,071
Total Net Position	$ 24,840,650	$ 666,016	$ 25,506,666

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

	Direct-Support Organizations		
	Eastern Florida State College Foundation, Inc.	Eastern Florida State College Student Housing Corporation, Inc.	Total
Operating Revenues	$ 115,091	$ 786,148	$ 901,239
Depreciation Expense	1,960	137,445	139,405
Operating Expenses	1,679,371	234,874	1,914,245
Operating Income (Loss)	(1,566,240)	413,829	(1,152,411)
Net Nonoperating Revenues (Expenses):			
Nonoperating Revenues (Expenses)	485,067	(155,667)	329,400
Interest Income (Loss)	(3,502,774)	5,144	(3,497,630)
Other Nonoperating Expenses	-	(21,169)	(21,169)
Net Nonoperating Expenses	(3,017,707)	(171,692)	(3,189,399)
Other Revenues	369,419	-	369,419
Increase (Decrease) in Net Position	(4,214,528)	242,137	(3,972,391)
Net Position, Beginning of Year	29,055,178	423,879	29,479,057
Net Position, End of Year	$ 24,840,650	$ 666,016	$ 25,506,666

13. Current Unrestricted Funds

The Southern Association of Colleges and Schools, Commission on Colleges, which establishes the accreditation requirements for institutions of higher education, requires a disclosure of the financial position of unrestricted net position, exclusive of plant assets and plant-related debt, which represents the change in unrestricted net position. To meet this requirement, statements of net position and revenues, expenses, and changes in net position for the current unrestricted funds are presented as follows:

Statement of Current Unrestricted Funds Net Position

ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 16,664,762
Investments	10,723
Accounts Receivable, Net	1,163,220
Lease Receivable	746,448
Due from Other Governmental Agencies	475,560
Due From Other Funds	4,306,618
Inventories	77,397
Prepaid Expenses	36,948
Deposits	805
Total Current Assets	23,482,481
Noncurrent Assets:	
Lease Receivable	6,923,330
Total Noncurrent Assets	6,923,330
TOTAL ASSETS	30,405,811
DEFERRED OUTFLOWS OF RESOURCES	
Other Postemployment Benefits	39,048
Pensions	12,191,339
TOTAL DEFERRED OUTFLOWS OF RESOURCES	12,230,387
LIABILITIES	
Current Liabilities:	
Accounts Payable	556,933
Salary and Payroll Taxes Payable	1,318,186
Unearned Revenue	200,446
Deposits Held for Others	3,134,330
Compensated Absences Payable	35,678
Other Postemployment Benefits Payable	39,048
Net Pension Liability	73,069
Total Current Liabilities	5,357,690
Noncurrent Liabilities:	
Compensated Absences Payable	9,287,075
Other Postemployment Benefits Payable	504,967
Net Pension Liability	21,325,972
Total Noncurrent Liabilities	31,118,014
TOTAL LIABILITIES	36,475,704
DEFERRED INFLOWS OF RESOURCES	
Other Postemployment Benefits	222,055
Pensions	27,725,097
Lease Agreements	7,669,778
TOTAL DEFERRED INFLOWS OF RESOURCES	35,616,930
TOTAL NET POSITION	$ (29,456,436)

Statement of Current Unrestricted Funds Revenues, Expenses, and Changes in Net Position

REVENUES	
Operating Revenues:	
Student Tuition and Fees (1)	$ 23,391,096
Federal Grants and Contracts	24,980
State and Local Grants and Contracts	(11,816)
Nongovernmental Grants and Contracts	75,000
Sales and Services of Educational Departments	147,813
Auxiliary Enterprises	1,009,556
Other Operating Revenues	629,536
Total Operating Revenues	25,266,165
EXPENSES	
Operating Expenses:	
Personnel Services	55,926,513
Scholarships and Waivers	41,965
Utilities and Communications	3,464,590
Contractual Services	4,049,898
Other Services and Expenses	9,043,172
Materials and Supplies	2,960,938
Total Operating Expenses	75,487,076
Operating Loss	(50,220,911)
NONOPERATING REVENUES	
State Noncapital Appropriations	47,523,615
Gifts and Grants	6,927,258
Investment Income	504,228
Gain on Disposal of Capital Assets	60,168
Net Nonoperating Revenues	55,015,269
Income Before Other Revenues and Expenses	4,794,358
State Capital Appropriations	5,688
Transfers to Other Funds	(687,026)
Total Other Revenues and Expenses	(681,338)
Increase in Net Position	4,113,020
Net Position, Beginning of Year	(33,569,456)
Net Position, End of Year	$ (29,456,436)

(1) Student tuition and fees are reported net of scholarship allowance on the statement of revenues, expenses, and changes in net position, however, scholarship allowances are not reflected in the student tuition and fees revenues for the purpose of this disclosure.

14. Joint Participation Agreement

Eastern Florida State College entered into a joint participation agreement with Daytona State College to provide for the transition of both Colleges to digital transmission capabilities for their respective public television stations. The Colleges agreed to submit a joint application for the Federal funds that were combined with funding from other sources to finance the project.

The joint participation agreement provides for conversion of master control facilities for each College, the installment of a joint-use digital antenna, and to jointly lease the tower space. The College will share equally the lease payment and other obligations contained in the tower lease agreement. Also, the Colleges agreed to equally share the cost of maintenance and repair of the equipment and facilities and common expenses relating to the joint use of the leased tower, digital antenna, transmission lines, and consulting fees as may be occasioned for the common benefit of the Colleges.

Daytona State College has been designated as the fiscal agent and, in accordance with the agreement, will act for the benefit of both Colleges. Daytona State College will serve as the owner of record of the digital antenna, transmission lines and associated equipment acquired with Federal and State grants.

15. Related Party Transactions

As permitted by Section 1004.70, Florida Statutes, the College receives direct and indirect support from a direct-support organization that does not meet the criteria in the College's financial statements as a component unit of the College. This organization is the Maxwell C. King Center for the Performing Arts, Inc. Information for the direct-support organization based on its financial statements as of June 30, 2022, is summarized in the following table:

	Maxwell C. King Center for the Performing Arts, Inc.
Assets	$ 10,137,230
Liabilities	1,838,782
Revenues	8,075,584
Expenses	6,024,976

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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	$ 57,176	$ 50,068	$ 45,397	$ 45,586	$ 47,095
Interest	15,660	24,883	26,643	24,443	20,430
Difference between expected and actual experience	(61,555)	-	(25,638)	-	-
Changes of assumptions or other inputs	(93,611)	(39,257)	(23,374)	(11,955)	(22,131)
Benefit Payments	(49,853)	(40,404)	(60,582)	(51,997)	(23,325)
Net change in total OPEB liability	(132,183)	(4,710)	(37,554)	6,077	22,069
Total OPEB Liability - beginning	676,198	680,908	718,462	712,385	690,316
Total OPEB Liability - ending	$ 544,015	$ 676,198	$ 680,908	$ 718,462	$ 712,385
Covered-Employee Payroll	$ 34,977,019	$ 36,361,602	$ 36,361,602	$ 36,473,895	$ 36,473,895
Total OPEB Liability as a percentage of covered-employee payroll	1.56%	1.86%	1.87%	1.97%	1.95%

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	0.091109880%	0.091854551%	0.095446291%	0.098124550%
College's proportionate share of the FRS net pension liability	$ 6,882,316	$ 39,811,116	$ 32,870,374	$ 29,555,623
College's covered payroll (2)	$ 41,867,593	$ 44,052,448	$ 43,663,527	$ 43,775,543
College's proportionate share of the FRS net pension liability as a percentage of its covered payroll	16.44%	90.37%	75.28%	67.52%
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, 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	$ 3,809,224	$ 3,558,443	$ 2,772,693	$ 2,995,281
FRS contributions in relation to the contractually required contribution	(3,809,224)	(3,558,443)	(2,772,693)	(2,995,281)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 42,347,684	$ 41,867,593	$ 44,052,448	$ 43,663,527
FRS contributions as a percentage of covered payroll	9.00%	8.50%	6.29%	6.86%

(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 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)
	0.103486159%	0.101365406%	0.108591433%	0.112278807%	0.100509538%
	$ 30,610,512	$ 25,594,845	$ 14,026,040	$ 6,850,658	$ 17,302,165
	$ 45,337,454	$ 42,469,356	$ 42,430,592	$ 42,727,570	$ 42,125,389
	67.52%	60.27%	33.06%	16.03%	41.07%
	83.89%	84.88%	92.00%	96.09%	88.54%

	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
	$ 2,833,772	$ 2,694,000	$ 2,471,957	$ 2,647,551	$ 2,459,382
	(2,833,772)	(2,694,000)	(2,471,957)	(2,647,551)	(2,459,382)
	$ -	$ -	$ -	$ -	$ -
	$ 43,775,543	$ 45,337,454	$ 42,469,356	$ 42,430,592	$ 42,727,570
	6.47%	5.94%	5.82%	6.24%	5.76%

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	0.118344442%	0.126261262%	0.130385529%	0.133851585%
College's proportionate share of the HIS net pension liability	$ 14,516,725	$ 15,416,294	$ 14,588,836	$ 14,167,002
College's covered payroll (2)	$ 41,867,593	$ 44,052,448	$ 43,663,527	$ 43,775,543
College's proportionate share of the HIS net pension liability as a percentage of its covered payroll	34.67%	35.00%	33.41%	32.36%
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	$ 702,705	$ 693,368	$ 728,008	$ 720,832
HIS contributions in relation to the contractually required HIS contribution	(702,705)	(693,368)	(728,008)	(720,832)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 42,347,684	$ 41,867,593	$ 44,052,448	$ 43,663,527
HIS contributions as a percentage of covered payroll	1.66%	1.66%	1.65%	1.65%

(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)
	0.140670174%	0.138108722%	0.139183202%	0.143599139%	0.145005705%
	$ 15,041,104	$ 16,095,999	$ 14,194,497	$ 13,426,870	$ 12,624,653
	$ 45,337,454	$ 42,469,356	$ 42,430,592	$ 42,727,570	$ 42,125,389
	33.18%	37.90%	33.45%	31.42%	29.97%
	1.64%	0.97%	0.50%	0.99%	1.78%

	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
	$ 722,149	$ 744,467	$ 707,895	$ 532,045	$ 491,922
	(722,149)	(744,467)	(707,895)	(532,045)	(491,922)
	$ -	$ -	$ -	$ -	$ -
	$ 43,775,543	$ 45,337,454	$ 42,469,356	$ 42,430,592	$ 42,727,570
	1.65%	1.64%	1.67%	1.25%	1.15%

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

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

Changes of Assumptions. The long-term rate of return, using the Municipal Bond Index Rate, decreased from 2.21 percent at the prior measurement date to 2.16 percent at the current measurement date. In 2021, the ultimate healthcare cost trend rate decreased from 6.06 percent to 5.91 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 Eastern Florida State College, a component unit of the State of Florida, and its aggregate discretely presented component units 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 25, 2023, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, 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 25, 2023