STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

Report No. 2023-108
January 2023

STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA

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. Carol Probstfeld served as President of State College of Florida, Manatee-Sarasota, 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 Joey Chen, 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.

This report and other reports prepared by the Auditor General are available at:

FLAuditor.gov

Printed copies of our reports may be requested by contacting us at:

State of Florida Auditor General

Claude Pepper Building, Suite G74 · 111 West Madison Street · Tallahassee, FL 32399-1450 · (850) 412-2722

STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA

TABLE OF CONTENTS

	Page No.
SUMMARY	i
INDEPENDENT AUDITOR'S REPORT	1
Report on the Audit of the Financial Statements	1
Other Reporting Required by *Government Auditing Standards*	3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	14
Statement of Revenues, Expenses, and Changes in Net Position	17
Statement of Cash Flows	18
Notes to Financial Statements	20
OTHER REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Changes in the College's Total Other Postemployment Benefits Liability and Related Ratios	43
Schedule of the College's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan	44
Schedule of College Contributions – Florida Retirement System Pension Plan	44
Schedule of the College's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan....	46
Schedule of College Contributions – Health Insurance Subsidy Pension Plan	46
Notes to Required Supplementary Information	48
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*	49
Report on Internal Control Over Financial Reporting	49
Report on Compliance and Other Matters	50
Purpose of this Report	50

SUMMARY

Summary of Report on the Audit of the Financial Statements

Our audit disclosed that the basic financial statements of State College of Florida, Manatee-Sarasota (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.

AUDITOR GENERAL
STATE OF FLORIDA

Sherrill F. Norman, CPA
Auditor General

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

Phone: (850) 412-2722
Fax: (850) 488-6975

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

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

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

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 3. to the financial statements, the College adopted new accounting guidance Governmental Accounting Standards Board Statement No. 87, *Leases*, which is a change in accounting principle that addresses accounting and financial reporting for leases. This affects the comparability of amounts reported for the 2021-22 fiscal year with amounts reported for the 2020-21 fiscal year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS**, the **Schedule of Changes in the College's Total Other Postemployment Benefits Liability and Related Ratios**, **Schedule of the College's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan**, **Schedule of College Contributions – Florida Retirement System Pension Plan**, **Schedule of the College's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan**, **Schedule of College Contributions – Health Insurance Subsidy Pension Plan**, and **Notes to Required Supplementary Information**, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 30, 2023, on our consideration of the State College of Florida, Manatee-Sarasota'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 30, 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.

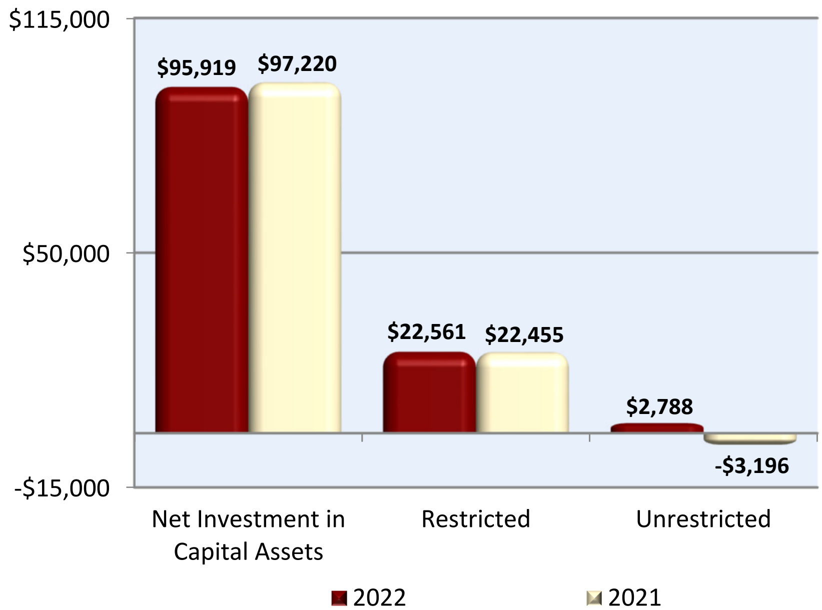
FINANCIAL HIGHLIGHTS

The College's assets and deferred outflows of resources totaled $161.8 million at June 30, 2022. This balance reflects a $3.6 million, or 2.3 percent, increase as compared to the 2020-21 fiscal year, resulting from increases of cash and cash equivalents and in construction in progress, offset by decreases in depreciable capital assets and due from other governmental agencies. While assets and deferred outflows of resources grew, liabilities and deferred inflows of resources decreased by $1.2 million, or 2.9 percent, totaling $40.6 million at June 30, 2022, resulting largely from changes in the College's proportionate share of State of Florida pension obligations. As a result, the College's net position increased by $4.8 million, resulting in a year-end balance of $121.3 million.

The College's operating revenues totaled $20.4 million for the 2021-22 fiscal year, representing a 5.1 percent decrease compared to the 2020-21 fiscal year due mainly to decreased student enrollment and associated tuition revenue. Operating expenses totaled $79.8 million for the 2021-22 fiscal year, representing a decrease of 3.6 percent as compared to the 2020-21 fiscal year due mainly to a decrease in current year pension expense.

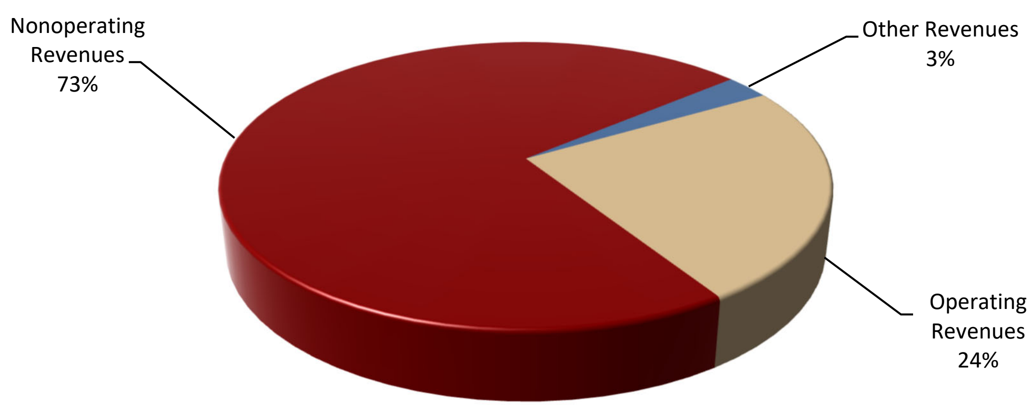
Net position represents the residual interest in the College's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The College's comparative total net position by category for the fiscal years ended June 30, 2022, and June 30, 2021, is shown in the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

Net Position
(In Thousands)



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

Total Revenues
2021-22 Fiscal Year



OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to the Governmental Accounting Standards Board (GASB) Statement No. 35, the College's financial report consists of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The financial statements, and notes thereto, encompass the College and its component unit, State College of Florida Foundation, Inc. (Foundation). Based on the application of the criteria for determining component units, the Foundation is included within the College reporting entity as a discretely presented component unit.

Information regarding this component unit is presented in the notes to financial statements. This MD&A focuses on the College, excluding the discretely presented component unit.

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	$ 38,291	$ 33,448
Capital Assets, Net	96,044	97,220
Other Noncurrent Assets	18,142	17,793
Total Assets	152,477	148,461
Deferred Outflows of Resources	9,348	9,769
Liabilities		
Current Liabilities	7,297	6,942
Noncurrent Liabilities	17,894	33,310
Total Liabilities	25,191	40,252
Deferred Inflows of Resources	15,366	1,499
Net Position		
Net Investment in Capital Assets	95,919	97,220
Restricted	22,561	22,455
Unrestricted	2,788	(3,196)
Total Net Position	$ 121,268	$ 116,479

The increase of $4 million in the College's total assets is primarily due to increased cash and cash equivalent holdings. The decrease of $15.1 million in the College's total liabilities is primarily due to a decrease in the College's net pension liability, offset by an increase of $13.4 million in the College's deferred inflows of resources related to pensions. The above-mentioned changes, along with others, caused an increase of $4.8 million in total net position.

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

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

The following summarizes the 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	$ 20,415	$ 21,517
Less, Operating Expenses	79,773	82,760
Operating Loss	(59,358)	(61,243)
Net Nonoperating Revenues	61,508	58,641
Income (Loss) Before Other Revenues	2,150	(2,602)
Other Revenues	2,328	5,149
Net Increase In Net Position	4,478	2,547
Net Position, Beginning of Year	116,479	113,932
Adjustment to Beginning Net Position (1)	311	-
Net Position, Beginning of Year, as Restated	116,790	113,932
Net Position, End of Year	$ 121,268	$ 116,479

(1) For the 2021-22 fiscal year, the College's beginning net position was increased due to the implementation of GASB Statement No. 87, *Leases*.

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

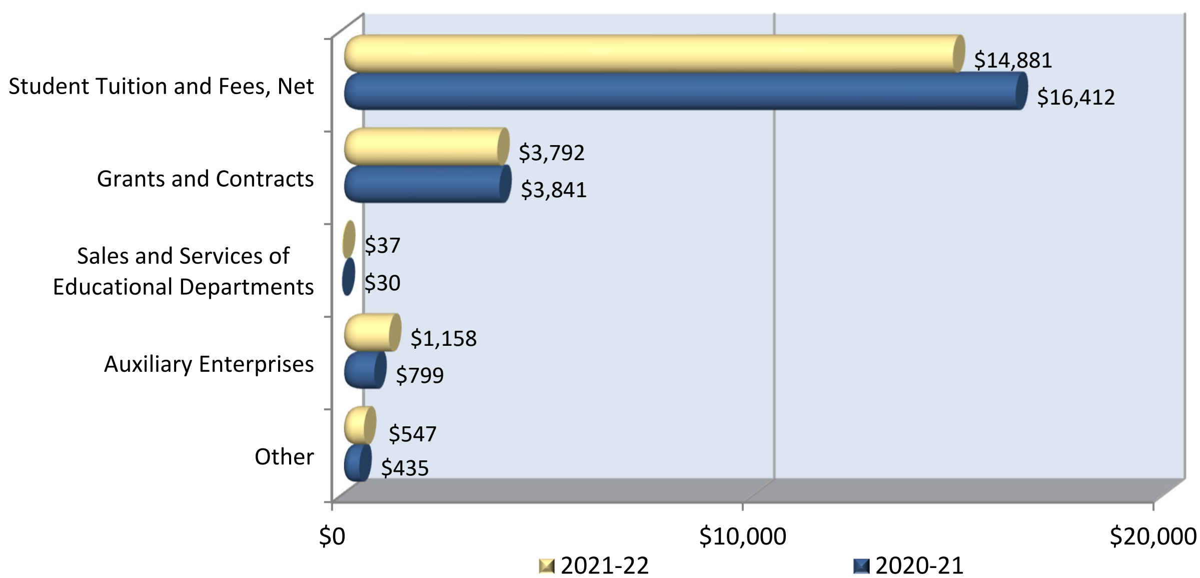
(In Thousands)

	2021-22	**2020-21**
Student Tuition and Fees, Net	$ 14,881	$ 16,412
Grants and Contracts	3,792	3,841
Sales and Services of Educational Departments	37	30
Auxiliary Enterprises	1,158	799
Other	547	435
Total Operating Revenues	$ 20,415	$ 21,517

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

Operating Revenues

(In Thousands)



For the 2021-22 fiscal year, College operating revenue decreased $1.1 million over the 2020-21 fiscal year mainly due to a $1.5 million decrease in net student tuition and fees, offset by an $0.4 million increase in auxiliary enterprises.

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

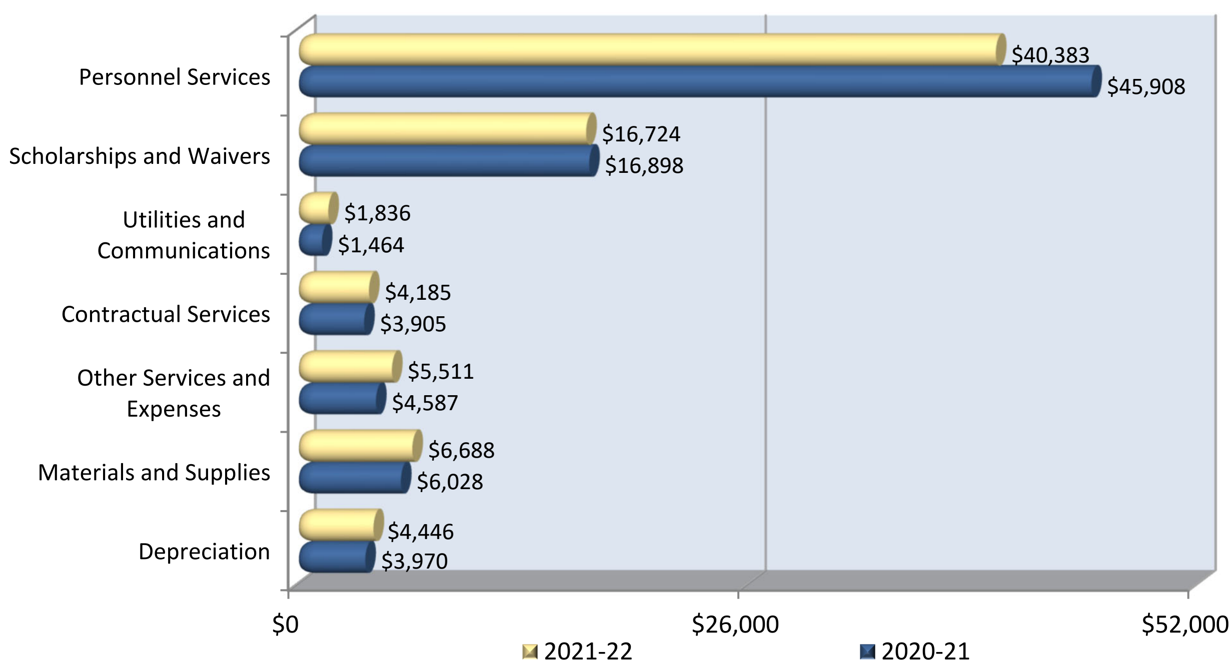
(In Thousands)

	2021-22	2020-21
Personnel Services	$ 40,383	$ 45,908
Scholarships and Waivers	16,724	16,898
Utilities and Communications	1,836	1,464
Contractual Services	4,185	3,905
Other Services and Expenses	5,511	4,587
Materials and Supplies	6,688	6,028
Depreciation	4,446	3,970
Total Operating Expenses	$ 79,773	$ 82,760

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

Operating Expenses

(In Thousands)



For the 2021-22 fiscal year, College operating expenses decreased $3 million over the 2020-21 fiscal year mainly due to a $5.5 million decrease in personnel services, offset by a $0.9 million increase in other services and expenses, a $0.7 million increase in materials and supplies, a $0.5 million increase in depreciation expenses, and a $0.4 million increase in utilities expenses.

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	$ 26,625	$ 26,223
Federal and State Student Financial Aid	20,778	20,310
Gifts and Grants	13,934	12,004
Investment Income	168	93
Other Nonoperating Revenues	8	11
Interest on Capital Asset-Related Debt	(5)	-
Net Nonoperating Revenues	$ 61,508	$ 58,641

Overall, nonoperating revenue increased by $2.9 million, primarily due to a $1.9 million increase in gifts and grants due mainly to Higher Education Emergency Relief Fund (HEERF) institutional grants, a $0.5 million increase in Federal and State student financial aid, and a $0.4 million increase in State noncapital appropriations.

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	$ 530	$ 467
Capital Grants, Contracts, Gifts, and Fees	1,798	4,682
Total	$ 2,328	$ 5,149

Capital grants, contracts, gifts and fees decreased by $2.9 million as major capital projects funded through the Foundation were largely completed in the prior fiscal year.

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	$(54,991)	$(54,358)
Noncapital Financing Activities	61,405	58,650
Capital and Related Financing Activities	(1,072)	(4,441)
Investing Activities	164	93
Net Increase (Decrease) in Cash and Cash Equivalents	5,506	(56)
Cash and Cash Equivalents, Beginning of Year	44,389	44,445
Cash and Cash Equivalents, End of Year	$ 49,895	$ 44,389

Major sources of funds came from State noncapital appropriations ($26.6 million), Federal and State student financial aid ($20.7 million), net student tuition and fees ($14.9 million), and gifts and grants received for other than capital or endowment purposes ($13.9 million). Major uses of funds were for payments to employees and for employee benefits ($42.6 million), for scholarships ($16.7 million), and to suppliers ($16.4 million).

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

- The $0.6 million increase in cash used by operating activities is primarily the result of the following:
  - $2.5 million decrease in net tuition and fees received from students;
  - $0.5 million increase in salary and benefits paid to employees;
  - $1.7 million decrease in payments to suppliers;
  - $1.9 million increase in grants and contracts revenue received; and
  - $0.8 million increase in other receipts.
- The $2.8 million increase in cash provided by noncapital financing activities is primarily the result of a $1.9 million increase in noncapital gifts and grants and a $0.8 million decrease in Federal Direct Loan disbursements.
- The $3.4 million decrease in cash used by capital and related financing activities is primarily the result of a $11.5 million decrease in capital asset purchases, offset by a $5.3 million decrease in State capital appropriations, and a decrease of $2.8 million in capital gifts and grants.

CAPITAL ASSETS AND CAPITAL EXPENSES AND COMMITMENTS

Capital Assets

At June 30, 2022, the College had $177.3 million in capital assets, less accumulated depreciation of $81.2 million, for net capital assets of $96 million. Depreciation charges for the current fiscal year totaled $4.4 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	$ 4,831	$ 4,831
Artwork/Artifacts	40	40
Construction in Progress	2,358	804
Buildings	84,982	87,121
Other Structures and Improvements	1,559	2,111
Furniture, Machinery, and Equipment	2,159	2,313
Lease Assets	115	-
Capital Assets, Net	$96,044	$97,220

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

Capital Expenses and Commitments

Major capital expenses through June 30, 2022, were incurred on the following projects: Building 6 IT Renovations – Bradenton Campus ($0.4 million), Baseball and Softball batting cages – Bradenton Campus ($0.3 million), and the Venice Collegiate School Building Renovation – Venice Campus ($0.5 million). The College's construction commitments at June 30, 2022, are as follows:

	Amount (In Thousands)
Total Committed	$ 11,383
Completed to Date	2,358
Balance Committed	$ 9,025

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

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The College was awarded a total of $35.9 million of HEERF grants established by Coronavirus Aid, Relief, and Economic Security Act, Coronavirus Response and Relief Supplemental Appropriations Act, and the American Rescue Plan since April 2020. The HEERF grants have provided the College resources to assist students in the forms of emergency grant aid and assist enhancing online learning initiatives, cover certain technology needs, address life safety and air quality issues, and recover loss of tuition, fees, and auxiliary revenues resulting from the pandemic. The HEERF grants will be exhausted during the 2022-23 fiscal year. The College's economic condition is closely tied to that of the State of Florida. Other than State appropriations, the College receives most of its other operating funds from student tuition and fees. The 2022-23 fiscal year budget was based upon a decline in enrollment levels from the prior fiscal year, as the negative economic impacts of COVID-19 pandemic, as well as competition with employers for potential students, affects enrollment levels. The College has adequate reserves coupled with budgetary reduction plans to help cover pandemic-related economic issues.

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 Financial Services, State College of Florida, Manatee-Sarasota, 5840 26th Street West, Bradenton, Florida 34207.

STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA
A Component Unit of the State of Florida
Statement of Net Position

June 30, 2022

	College	Component Unit
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 24,213,928	$ 1,589,435
Restricted Cash and Cash Equivalents	8,302,866	-
Accounts Receivable, Net	2,163,309	-
Leases Receivable	47,348	-
Due from Other Governmental Agencies	2,029,204	-
Due from Component Unit	290,447	-
Inventories	13,471	-
Prepaid Expenses and Deposits	1,230,395	28,377
Total Current Assets	38,290,968	1,617,812
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	17,378,007	-
Investments	-	76,900,538
Leases Receivable	759,514	-
Depreciable Capital Assets, Net	88,816,251	-
Nondepreciable Capital Assets	7,228,278	-
Other Assets	4,307	2,982,902
Total Noncurrent Assets	114,186,357	79,883,440
TOTAL ASSETS	152,477,325	81,501,252
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	721,345	-
Pensions	8,626,788	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	9,348,133	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	2,496,480	66,926
Accrued Interest Payable	263	-
Salary and Payroll Taxes Payable	3,162,306	-
Retainage Payable	72,786	1,013,929
Due to Other Governmental Agencies	99	40,239
Unearned Revenue	122,933	-
Deposit Held for Others	1,136,456	-
Long-Term Liabilities - Current Portion:		
Leases Payable	69,221	-
Special Termination Benefits Payable	87,130	-
Compensated Absences Payable	61,576	-
Other Postemployment Benefits Payable	43,557	-
Net Pension Liability	43,968	-
Total Current Liabilities	7,296,775	1,121,094

	College	Component Unit
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Leases Payable	56,510	-
Special Termination Benefits Payable	140,548	-
Compensated Absences Payable	3,174,150	-
Other Postemployment Benefits Payable	1,877,688	-
Net Pension Liability	12,645,425	-
Total Noncurrent Liabilities	17,894,321	-
TOTAL LIABILITIES	25,191,096	1,121,094
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	362,866	-
Pensions	14,515,237	-
Lease Agreements	488,217	-
TOTAL DEFERRED INFLOWS OF RESOURCES	15,366,320	-
NET POSITION		
Net Investment in Capital Assets	95,918,535	-
Restricted:		
Nonexpendable:		
Endowment	-	12,559,120
Expendable:		
Endowment	-	45,339,668
Grants and Loans	4,720,866	-
Scholarships	-	8,514,374
Capital Projects	17,840,133	-
Unrestricted	2,788,508	13,966,996
TOTAL NET POSITION	$ 121,268,042	$ 80,380,158

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

THIS PAGE INTENTIONALLY LEFT BLANK

STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA
A Component Unit of the State of Florida
Statement of Revenues, Expenses, and Changes in Net Position

For the Fiscal Year Ended June 30, 2022

	College	Component Unit
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $6,750,057	$ 14,880,701	$ -
Federal Grants and Contracts	2,306,325	-
State and Local Grants and Contracts	1,000,789	-
Nongovernmental Grants and Contracts	485,048	683,580
Sales and Services of Educational Departments	37,350	-
Auxiliary Enterprises	1,157,536	-
Other Operating Revenues	546,836	190,360
Total Operating Revenues	20,414,585	873,940
EXPENSES		
Operating Expenses:		
Personnel Services	40,383,213	754,175
Scholarships and Waivers	16,723,901	2,591,657
Utilities and Communications	1,836,263	-
Contractual Services	4,185,108	7,392
Other Services and Expenses	5,511,264	3,934,320
Materials and Supplies	6,687,733	44,452
Depreciation	4,445,791	-
Total Operating Expenses	79,773,273	7,331,996
Operating Loss	(59,358,688)	(6,458,056)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	26,625,410	-
Federal and State Student Financial Aid	20,777,658	-
Gifts and Grants	13,935,233	4,320,031
Private Gifts for Endowment Purposes	-	1,811,163
Investment Income	167,823	13,307,098
Other Nonoperating Revenues	8,300	-
Interest on Capital Asset-Related Debt	(5,356)	-
Total Nonoperating Revenues	61,509,068	19,438,292
Income Before Other Revenues	2,150,380	12,980,236
State Capital Appropriations	529,884	-
Capital Grants, Contracts, Gifts, and Fees	1,797,705	-
Total Other Revenues	2,327,589	-
Increase in Net Position	4,477,969	12,980,236
Net Position, Beginning of Year	116,478,886	67,399,922
Adjustment to Beginning Net Position	311,187	-
Net Position, Beginning of Year, as Restated	116,790,073	67,399,922
Net Position, End of Year	$ 121,268,042	$ 80,380,158

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

STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA
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	$ 14,938,420
Grants and Contracts	5,038,032
Payments to Suppliers	(16,411,344)
Payments for Utilities and Communications	(1,836,263)
Payments to Employees	(32,297,670)
Payments for Employee Benefits	(10,271,814)
Payments for Scholarships	(16,723,901)
Auxiliary Enterprises	1,388,713
Sales and Services of Educational Departments	37,350
Other Receipts	1,147,491
Net Cash Used by Operating Activities	(54,990,986)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	26,625,410
Federal and State Student Financial Aid	20,689,185
Federal Direct Loan Program Receipts	4,903,064
Federal Direct Loan Program Disbursements	(4,747,432)
Gifts and Grants	13,935,233
Net Cash Provided by Noncapital Financing Activities	61,405,460
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Capital Debt	5,602
State Capital Appropriations	193,241
Capital Grants and Gifts	1,701,346
Proceeds from Sale of Capital Assets	8,300
Purchases of Capital Assets	(2,868,979)
Principal Paid on Capital Debt and Leases	(106,142)
Interest Paid on Capital Debt and Leases	(5,356)
Net Cash Used by Capital and Related Financing Activities	(1,071,988)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	163,599
Net Cash Provided by Investing Activities	163,599
Net Increase in Cash and Cash Equivalents	5,506,085
Cash and Cash Equivalents, Beginning of Year	44,388,716
Cash and Cash Equivalents, End of Year	$ 49,894,801

	College
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (59,358,688)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	4,445,791
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	205,248
Lease Receivables, Net	(806,862)
Due from Other Governmental Agencies	1,631,860
Due from Component Unit	(83,046)
Due to Other Governmental Agencies	(25,335)
Inventories	272
Prepaid Expenses	(41,015)
Accounts Payable	62,147
Salaries and Payroll Taxes Payable	(467,068)
Unearned Revenue	54,351
Deposits Held for Others	625,586
Special Termination Benefits Payable	3,105
Compensated Absences Payable	(18,069)
Other Postemployment Benefits Payable	785,177
Net Pension Liability	(16,293,039)
Deferred Inflows of Resources Related to Leases	488,217
Deferred Outflows of Resources Related to Other Postemployement Benefits	(678,682)
Deferred Inflows of Resources Related to Other Postemployment Benefits	(59,518)
Deferred Outflows of Resources Related to Pensions	1,099,704
Deferred Inflows of Resources Related to Pensions	13,438,878
NET CASH USED BY OPERATING ACTIVITIES	$ (54,990,986)
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL FINANCING ACTIVITIES	
Donations of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	$ 96,359

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

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

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

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

The Foundation is audited by other auditors pursuant to Section 1004.70(6), Florida Statutes. The Foundation's audited financial statements are available to the public at the College. The financial data reported on the accompanying financial statements was derived from the Foundation's audited financial statements for the fiscal year ended September 30, 2021.

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

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

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

The College’s component unit uses the economic resources measurement focus and the accrual basis of accounting, and follows FASB standards of accounting and financial reporting for not-for-profit organizations.

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 (net of unrealized gains or losses on investments). 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 computes its scholarship allowances by determining through its accounting records, the cash payments to students.

To the extent that these resources are used to pay student charges, the College records a scholarship allowance against tuition and fee revenue.

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, a money market fund, and cash placed with the State Board of Administration (SBA) Florida PRIME investment pool. 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 SBA Florida PRIME 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 $39,165,068 in the Florida PRIME investment pool administered by the SBA pursuant to Section 218.405, Florida Statutes. The College's investments in the Florida PRIME investment pool, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The Florida PRIME investment pool carried a credit rating of AAAm by Standard & Poor's and had a weighted-average days to maturity (WAM) of 28 days as of June 30, 2022. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating-rate instruments. WAM measures the sensitivity of the Florida PRIME investment pool to interest rate changes. The investments in the Florida PRIME investment pool are reported at amortized cost.

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

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

- Buildings – 40 years
- Other Structures and Improvements – 10 years
- Furniture, Machinery, and Equipment:
  - Computer Equipment – 3 years
  - Vehicles, Office Machines, and Educational Equipment – 5 years
  - Furniture – 7 years
  - Portables – 10 years
- Lease Assets – 2 to 9 years

Leases. The College is a lessee for noncancellable leases of printers, mail machines, and office space. The College recognizes a lease liability and lease assets in the statement of net position. The College recognizes lease liabilities with an initial, individual value of $5,000 or more. The College is lessor of two cell phone towers.

At the commencement of a lease as lessee, the College initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

At the commencement of a lease as lessor, the College initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases include how the College determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The College uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the College generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the College is reasonably certain to exercise. In addition, the College includes any other payments and amounts due depending on the specific lease contracts.

The College monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with depreciable capital assets and lease liabilities are reported with long-term debt on the statement of net position.

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

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

2. 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	$ (4,116,703)
Auxiliary Funds	6,905,211
Total	$ 2,788,508

3. Reporting Change

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

4. Adjustment to Beginning Net Position

The beginning net position of the College was increased by $311,187 due to implementation of GASB Statement No. 87, *Leases*, which resulted in the reclassification of leases assets and liabilities and included amortization of assets formerly under operating leases less than amounts that previously had been expensed on the operating leases.

5. Component Unit Investments

The College's component unit (Foundation) 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 measured on quoted prices for similar securities in active markets, and Level 3 inputs are significant unobservable inputs. As of September 30, 2021, investments held by the Foundation are reported at fair value as follows:

		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)**
United States Treasury Securities	$ 950,585	$ 950,585	$ -	$ -
Obligations of United States Government				
Agencies and Instrumentalities	1,518,586	1,518,586	-	-
Bonds and Notes	491,084	491,084	-	-
Stocks and Other Equity Securities	4,420,795	4,420,795	-	-
Alternative Investments	14,976,245	-	-	14,976,245
Mutual Funds				
Domestic Equities	24,038,905	24,038,905	-	-
International Equities	16,959,311	16,959,311	-	-
Bonds	13,545,027	13,545,027	-	-
Total investments by fair value level	$ 76,900,538	$ 61,924,293	$ -	$ 14,976,245

6. Accounts Receivable

Accounts receivable represent amounts for student fee deferments, various student services provided by the College and contract and grant reimbursements due from third parties. The accounts receivable are reported net of a $258,000 allowance for doubtful accounts.

7. Leases Receivable

Leases receivable represent two contracted arrangements for use of the College's assets including land, cell tower equipment, and facility space. 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 are 30 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	$ 71,675	$ 47,348	$ 24,327
2024	74,180	51,322	22,858
2025	76,775	55,507	21,268
2026	79,464	59,915	19,549
2027	84,320	66,651	17,669
2028-2032	375,890	315,428	60,462
2033-2037	224,912	210,691	14,221
Total Minimum Receipts	$ 987,216	$ 806,862	$ 180,354

8. Due From Other Governmental Agencies

The amount due from other governmental agencies consists of $432,973 of Higher Education Emergency Relief Fund (HEERF) institutional and student grants, $480,328 from the Florida Job Growth Grant Fund, $203,515 of Capital Outlay and Debt Service funding from the State of Florida, and $912,388 for various Federal and State operating grants.

9. Due From Component Unit

The $290,447 amount due from component unit consists of amounts owed to the College by the Foundation for scholarships, student aid, and reimbursements. The College's financial statements are reported for the fiscal year ended June 30, 2022. The College's component unit financial statements are reported for the fiscal year ended September 30, 2021. Accordingly, amounts reported by the College as due from component unit on the statement of net position does not agree with the amount reported by the component unit as due from the College.

10. Capital Assets

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

Description	Beginning Balance	Adjustments (1)	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:					
Land	$ 4,830,785	$ -	$ -	$ -	$ 4,830,785
Artwork and Artifacts	39,661	-	-	-	39,661
Construction in Progress	803,670	-	2,422,147	867,985	2,357,832
Total Nondepreciable Capital Assets	$ 5,674,116	$ -	$ 2,422,147	$ 867,985	$ 7,228,278
Depreciable Capital Assets:					
Buildings	$ 133,360,128	$ -	$ 867,985	$ -	$ 134,228,113
Other Structures and Improvements	24,105,663	-	-	-	24,105,663
Furniture, Machinery, and Equipment	10,761,480	-	631,773	253,644	11,139,609
Lease Assets	-	563,805	-	-	563,805
Total Depreciable Capital Assets	168,227,271	563,805	1,499,758	253,644	170,037,190
Less, Accumulated Depreciation:					
Buildings	46,238,659	-	3,006,703	-	49,245,362
Other Structures and Improvements	21,994,755	-	552,152	-	22,546,907
Furniture, Machinery, and Equipment	8,448,067	-	785,519	253,644	8,979,942
Lease Assets	-	347,311	101,417	-	448,728
Total Accumulated Depreciation	76,681,481	347,311	4,445,791	253,644	81,220,939
Total Depreciable Capital Assets, Net	$ 91,545,790	$ 216,494	$ (2,946,033)	$ -	$ 88,816,251

(1) Lease Assets were added due to implementation of GASB Statement No. 87, *Leases*. Beginning balance was not restated.

11. Unearned Revenue

Unearned revenue at June 30, 2022, includes student tuition and fees received prior to fiscal year end related to subsequent accounting periods. As of June 30, 2022, the College reported the following amounts as unearned revenue:

Description	Amount
Student Tuition and Fees	$ 122,933
Total Unearned Revenue	$ 122,933

12. 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
Leases Payable	$ -	$ 231,873	$ 106,142	$ 125,731	$ 69,221
Special Termination Benefits Payable	224,574	106,311	103,207	227,678	87,130
Compensated Absences Payable	3,253,794	1,886,310	1,904,378	3,235,726	61,576
Other Postemployment Benefits Payable	1,136,068	844,907	59,730	1,921,245	43,557
Net Pension Liability	28,982,432	7,933,181	24,226,220	12,689,393	43,968
Total Long-Term Liabilities	$ 33,596,868	$ 11,002,582	$ 26,399,677	$ 18,199,773	$ 305,452

Leases Payable. Printers, a mail machine, and office space in the amount of $563,805 is being acquired under lease agreements. The imputed interest rate is 3.05 percent. 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	Total	Principal	Interest
2023	$ 71,814	$ 69,221	$ 2,593
2024	29,117	27,780	1,337
2025	27,564	27,084	480
2026	1,650	1,646	4
Total Minimum Lease Payments	$ 130,145	$ 125,731	$ 4,414

Special Termination Benefits Payable. On September 21, 2005, the Board of Trustees established the Retirement Enhancement Program (Program) whereby employees meeting certain eligibility guidelines could receive benefits under the Program. For qualifying employees hired prior to October 1, 2005, the Program provides payment of hospitalization coverage (or equivalent Medicare Supplement) at the rate in effect on January 1, 2006, for a period of 5 years, payments for $5,000 Retiree Group Life for a period of 5 years, and 2.5 percent of accumulated sick leave for every year of creditable service beyond 10 years, to a maximum of 20 additional years. For new qualifying employees hired on or after October 1, 2005, the Program provides for payment of hospitalization coverage (or equivalent Medicare Supplement) at a rate in effect on January 1, 2006, for a period of 3 years, payment of $5,000 Retiree Group Life for a period of 3 years, and the standard sick leave payout per College rule. The College recognized a Retirement Enhancement Program payable of $227,678 at June 30, 2022, for 33 employees who gave notice to retire under the Retirement Enhancement Program.

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 $3,235,726. The current portion of the compensated absences liability, $61,576, is the amount expected to be paid in the coming fiscal year and represents a historical percentage of leave used applied to total accrued leave liability.

Other Postemployment Benefits Payable. The College follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for other postemployment benefits administered by the Florida College System Risk Management Consortium (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 hospitalization plan for medical, prescription drug, and life insurance coverage. The College subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. 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 and life insurance benefits for retirees and their dependents. The OPEB Plan only provides an implicit subsidy as described above. For qualifying employees hired prior to October 1, 2005, the Program provides payment of hospitalization coverage (or equivalent Medicare Supplement) at the rate in effect on January 1, 2006, for a period of 5 years, payments for $5,000 Retiree Group Life for a period of 5 years, and 2.5 percent of accumulated sick leave for every year of creditable service beyond 10 years, to a maximum of 20 additional years. For new qualifying employees hired on or after October 1, 2005, the Program provides for payment of hospitalization coverage (or equivalent Medicare Supplement) at a rate in effect on January 1, 2006, for a period of 3 years, payment of $5,000 Retiree Group Life for a period of 3 years, and the standard sick leave payout per College rule.

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	85
Inactive Employees Entitled to But Not Yet Receiving Benefits	26
Active Employees	451
Total	562

Total OPEB Liability

The College's total OPEB liability of $1,921,245 was measured as of June 30, 2021, and was determined by an actuarial valuation as of that date.

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

Inflation	2.40 percent
Real Wage Growth	0.85 percent
Wage Inflation	3.25 percent
Salary Increases, including wage inflation	
Regular Employees	3.40 percent to 7.80 percent
Senior Management	4.10 percent to 8.20 percent
Discount rate-Municipal Bond Index Rate	
Prior Measurement Date	2.21 percent
Measurement Date	2.16 percent
Healthcare cost trend rates	
Pre-Medicare	7.00 percent for 2021, decreasing to an ultimate rate of 4.40 percent by 2032
Medicare	5.125 percent for 2021, decreasing to an ultimate rate of 4.40 percent by 2025

The College selected a Municipal Bond Index Rate equal to the Bond Buyer 20-year General Obligation Bond Index published at the last Thursday of June by The Bond Buyer, and the Municipal Bond Index Rate as of the measurement date as the discount rate used to measure the TOL.

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

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

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

Changes in the Total OPEB Liability

	Amount
Balance at 6/30/21	$ 1,136,068
Changes for the year:	
Service Cost	71,917
Interest	26,040
Differences Between Expected and Actual Experience	289,378
Changes in Assumptions or Other Inputs	457,572
Benefit Payments	(59,730)
Net Changes	785,177
Balance at 6/30/22	$ 1,921,245

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	$2,188,664	$1,921,245	$1,707,558

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	$1,729,428	$1,921,245	$2,193,206

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 $107,601. 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	$ 262,584	$ 144,036
Change of assumptions or other inputs	415,204	218,830
Transactions subsequent to the measurement date	43,557	-
Total	$ 721,345	$ 362,866

Of the total amount reported as deferred outflows of resources related to OPEB, $43,557 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	$ 9,644
2024	9,644
2025	9,644
2026	10,246
2027	16,623
Thereafter	259,121
Total	$ 314,922

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 $12,689,393. Note 13. includes a complete discussion of defined benefit pension plans.

13. Retirement Plans – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS)

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

Essentially all regular employees of the College are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing multiple-employer defined benefit plans and other nonintegrated programs. An annual comprehensive financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services Web site (www.dms.myflorida.com).

The College's FRS and HIS pension expense totaled $821,369 for the fiscal year ended June 30, 2022.

FRS Pension Plan

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

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

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

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

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

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

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

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

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

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

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

The College's contributions to the Plan totaled $2,184,985 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 $3,954,260 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

0.052347502 percent, which was an increase of 0.005484380 from its proportionate share measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the College recognized pension expense of $202,518. 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	$ 677,766	$ -
Change of assumptions	2,705,701	-
Net difference between projected and actual earnings on FRS Plan investments	-	13,795,415
Changes in proportion and differences between College FRS contributions and proportionate share of contributions	1,539,210	253,153
College FRS contributions subsequent to the measurement date	2,184,985	-
Total	$ 7,107,662	$ 14,048,568

The deferred outflows of resources totaling $2,184,985, 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	$ (1,574,992)
2024	(1,846,464)
2025	(2,569,129)
2026	(3,368,310)
2027	233,004
Total	$ (9,125,891)

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	$17,683,710	$3,954,260	$(7,522,023)

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 $196,704 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 $408,759 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 $8,735,133 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 0.071211269 percent, which was an increase of 0.000192595 from its proportionate share measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the College recognized pension expense of $618,851. 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	$ 292,300	$ 3,659
Change of assumptions	686,386	359,910
Net difference between projected and actual earnings on HIS Plan investments	9,105	-
Changes in proportion and differences between College HIS contributions and proportionate share of HIS contributions	122,576	103,100
College contributions subsequent to the measurement date	408,759	-
Total	$ 1,519,126	$ 466,669

The deferred outflows of resources totaling $408,759, 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	$ 190,893
2024	48,487
2025	122,555
2026	150,111
2027	109,230
Thereafter	22,422
Total	$ 643,698

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	$10,098,660	$8,735,133	$7,618,027

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 $29,392 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2022.

14. 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 $1,016,316 for the fiscal year ended June 30, 2022.

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

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

The College's contributions to the Program totaled $253,017 and employee contributions totaled $62,268 for the 2021-22 fiscal year.

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

The Local Annuity Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the employee. The College contributes 14.28 percent of the employee's salary to the Local Annuity Program. Employees may make contributions toward the Local Annuity Program by way of salary reduction or by deduction of a percentage of the employee's gross compensation not to exceed the percentage contributed by the employer.

The College's contributions to the Local Annuity Program totaled $46,509 for the 2021-22 fiscal year.

15. Construction Commitments

The College's construction commitments at June 30, 2022, were as follows:

Project Description	Total Commitment	Completed to Date	Balance Committed
HVAC Upgrades	$ 3,070,385	$ 205,826	$ 2,864,559
Venice Campus Water Chiller	1,607,295	155,161	1,452,134
Bradenton Campus Water Chiller	1,228,262	83,808	1,144,454
Neal Auditorium Sprinkler Upgrade	727,322	-	727,322
Dental Hygiene Upgrades	1,200,000	180,845	1,019,155
Subtotal	7,833,264	625,640	7,207,624
Other Projects (1)	3,550,003	1,732,192	1,817,811
Total	$ 11,383,267	$ 2,357,832	$ 9,025,435

(1) Individual projects with a current balance committed of less than $500,000 at June 30, 2022.

16. Risk Management Programs

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

17. 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	$ 25,891,109
Academic Support	3,429,642
Student Services	6,289,325
Institutional Support	14,960,555
Operation and Maintenance of Plant	7,672,157
Scholarships and Waivers	16,723,901
Depreciation	4,445,791
Auxiliary Enterprises	360,793
Total Operating Expenses	$ 79,773,273

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	$ 71,917	$ 61,569	$ 79,438	$ 80,458	$ 84,471
Interest	26,040	39,563	56,576	53,069	46,775
Difference between expected and actual experience	289,378	-	(209,686)	-	(3,063)
Changes of assumptions or other inputs	457,572	(20,098)	(236,910)	(30,087)	(56,392)
Benefit Payments	(59,730)	(27,300)	(136,672)	(127,969)	(142,252)
Net change in total OPEB liability	785,177	53,734	(447,254)	(24,529)	(70,461)
Total OPEB Liability - beginning	1,136,068	1,082,334	1,529,588	1,554,117	1,624,578
Total OPEB Liability - ending	$ 1,921,245	$ 1,136,068	$ 1,082,334	$ 1,529,588	$ 1,554,117
Covered-Employee Payroll	$ 24,108,929	$ 21,218,541	$ 21,218,541	$ 21,456,488	$ 21,456,488
Total OPEB Liability as a percentage of covered-employee payroll	7.97%	5.35%	5.10%	7.13%	7.24%

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	0.052347502%	0.046863122%	0.047605611%	0.048438610%
College's proportionate share of the FRS net pension liability	$ 3,954,260	$ 20,311,168	$ 16,394,711	$ 14,589,960
College's covered payroll (2)	$ 27,410,882	$ 26,724,338	$ 26,041,469	$ 25,882,975
College's proportionate share of the FRS net pension liability as a percentage of its covered payroll	14.43%	76.00%	62.96%	56.37%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	96.40%	78.85%	82.61%	84.26%

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

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

Schedule of College Contributions – Florida Retirement System Pension Plan

	2022 (1)	**2021** (1)	**2020** (1)	**2019** (1)
Contractually required FRS contribution	$ 2,184,985	$ 2,011,571	$ 1,310,373	$ 1,476,117
FRS contributions in relation to the contractually required contribution	(2,184,985)	(2,011,571)	(1,310,373)	(1,476,117)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 26,698,137	$ 27,410,882	$ 26,724,338	$ 26,041,469
FRS contributions as a percentage of covered payroll	8.18%	7.34%	4.90%	5.67%

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

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

2017 (1)	2016 (1)	2015 (1)	2014 (1)	2013 (1)
0.046557966%	0.046860018%	0.050122319%	0.051729462%	0.049115172%
$ 13,771,534	$ 11,832,191	$ 6,473,970	$ 3,156,258	$ 8,454,907
$ 25,200,557	$ 25,307,019	$ 23,869,764	$ 23,897,709	$ 24,494,086
54.65%	46.75%	27.12%	13.21%	34.52%
83.89%	84.88%	92.00%	96.09%	88.54%

2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
$ 1,380,461	$ 1,212,018	$ 1,142,756	$ 1,222,025	$ 1,133,095
(1,380,461)	(1,212,018)	(1,142,756)	(1,222,025)	(1,133,095)
$ -	$ -	$ -	$ -	$ -
$ 25,882,975	$ 25,200,557	$ 25,307,019	$ 23,869,764	$ 23,897,709
5.33%	4.81%	4.52%	5.12%	4.74%

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	0.071211269%	0.071018674%	0.071431035%	0.071495416%
College's proportionate share of the HIS net pension liability	$ 8,735,133	$ 8,671,264	$ 7,992,418	$ 7,567,155
College's covered payroll (2)	$ 25,249,431	$ 24,675,821	$ 23,908,927	$ 23,368,637
College's proportionate share of the HIS net pension liability as a percentage of its covered payroll	34.96%	35.14%	33.43%	32.38%
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	$ 408,759	$ 419,141	$ 409,618	$ 396,888
HIS contributions in relation to the contractually required HIS contribution	(408,759)	(419,141)	(409,618)	(396,888)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 24,624,016	$ 25,249,431	$ 24,675,821	$ 23,908,927
HIS contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%

(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)
	0.070143514%	0.072255548%	0.069465990%	0.071007249%	0.072933436%
	$ 7,500,068	$ 8,421,085	$ 7,084,438	$ 6,639,351	$ 6,349,815
	$ 25,200,557	$ 25,307,019	$ 23,869,764	$ 23,897,709	$ 24,494,086
	29.76%	33.28%	29.68%	27.78%	25.92%
	1.64%	0.97%	0.50%	0.99%	1.78%

	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
	$ 387,721	$ 371,220	$ 366,231	$ 265,542	$ 243,247
	(387,721)	(371,220)	(366,231)	(265,542)	(243,247)
	$ -	$ -	$ -	$ -	$ -
	$ 23,368,637	$ 25,200,557	$ 25,307,019	$ 23,869,764	$ 23,897,709
	1.66%	1.47%	1.45%	1.11%	1.02%

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. In 2021, the Municipal Bond Index Rate used to determine other postemployment benefit plan liability decreased from 2.21 percent to 2.16 percent, and the medical trend and anticipated plan participation were updated. Demographical assumptions were also updated to the more recent results of the actuarial experience study adopted by the FRS.

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

AUDITOR GENERAL
STATE OF FLORIDA

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

Phone: (850) 412-2722
Fax: (850) 488-6975

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 State College of Florida, Manatee-Sarasota, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated January 30, 2023, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
January 30, 2023