STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

Report No. 2023-136
March 2023

TALLAHASSEE COMMUNITY COLLEGE

For the Fiscal Year Ended
June 30, 2022

Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the 2021-22 fiscal year, Dr. James T. Murdaugh served as President of Tallahassee Community College and the following individuals served as Members of the Board of Trustees:

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

The team leader was Craig Pohlmann, CPA, and the audit was supervised by Maria G. Loar, CPA.

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

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TALLAHASSEE COMMUNITY COLLEGE

TABLE OF CONTENTS

SUMMARY

Summary of Report on the Audit of the Financial Statements

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

Summary of Report on Internal Control and Compliance

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

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

Audit Objectives and Scope

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

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

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

Audit Methodology

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

Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL
STATE OF FLORIDA

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

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

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

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

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

Basis for Opinions

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

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

As discussed in Note 3. to the financial statements, the College adjusted beginning net position to correct certain previously reported capital asset, depreciation expense, and accumulated depreciation errors. This matter 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 March 3, 2023, on our consideration of the Tallahassee Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
March 3, 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

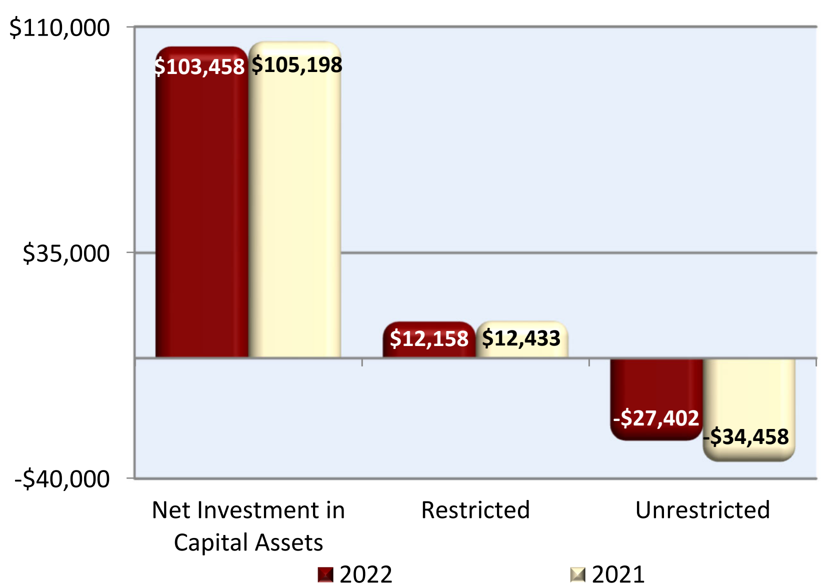
The College's assets and deferred outflows of resources totaled $180.8 million at June 30, 2022. This balance reflects a $11.2 million, or 6.6 percent, increase as compared to the 2020-21 fiscal year, resulting primarily from an increase in current assets. Liabilities and deferred inflows of resources increased by $6.1 million, or 7.1 percent, totaling $92.6 million at June 30, 2022, resulting from increases in deferred inflows and current liabilities. As a result, the College's net position increased by $5 million, resulting in a year-end balance of $88.2 million.

The College's operating revenues totaled $40.6 million for the 2021-22 fiscal year, representing a 7.5 percent decrease compared to the 2020-21 fiscal year due mainly to a decrease in student tuition and fees, and grants and contracts. Operating expenses totaled $129.9 million for the 2021-22 fiscal year, representing an increase of 11.1 percent, as compared to the 2020-21 fiscal year due mainly to increases in contractual services and materials and supplies.

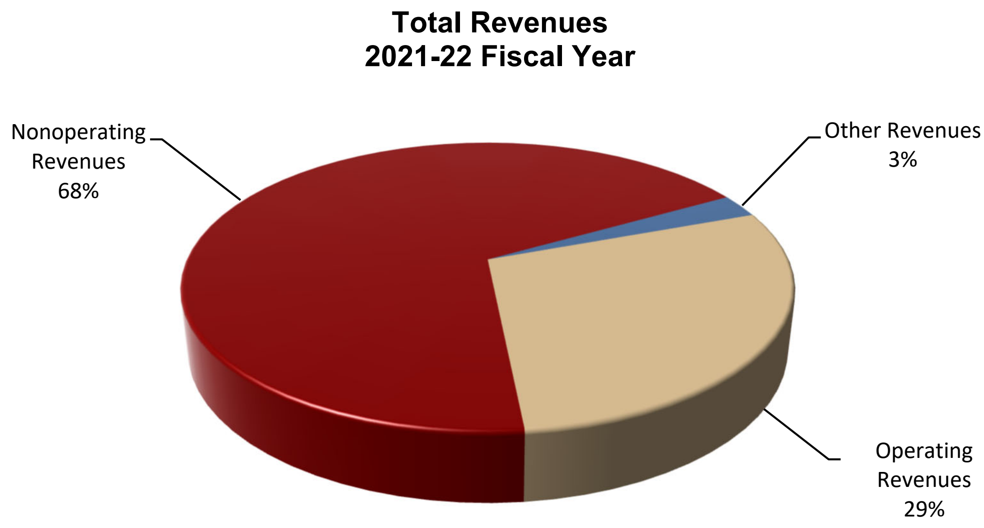
Net position represents the residual interest in the College's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The College's comparative total net position by category for the fiscal years ended June 30, 2022, and June 30, 2021, is shown in the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

Net Position

(In Thousands)



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



OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to the Governmental Accounting Standards Board (GASB) Statement No. 35, the College's financial report consists of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The financial statements, and notes thereto, encompass the College and its component units. These component units include: Tallahassee Community College Foundation, Inc. (Foundation) and Public Safety Academy Housing, Inc. (PSAH). Based on the application of the criteria for determining component units, the Foundation and the PSAH are included within the College reporting entity as discretely presented component units.

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

The Statement of Net Position

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

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

Condensed Statement of Net Position at June 30

(In Thousands)

	2022	2021
Assets		
Current Assets	$ 39,746	$ 23,464
Capital Assets, Net	117,689	118,609
Other Noncurrent Assets	7,578	7,582
Total Assets	165,013	149,655
Deferred Outflows of Resources	15,801	19,971
Liabilities		
Current Liabilities	21,584	8,191
Noncurrent Liabilities	41,426	72,530
Total Liabilities	63,010	80,721
Deferred Inflows of Resources	29,590	5,732
Net Position		
Net Investment in Capital Assets	103,458	105,198
Restricted	12,158	12,433
Unrestricted	(27,402)	(34,458)
Total Net Position	$ 88,214	$ 83,173

Current assets increased primarily due to a $8 million increase in cash and cash equivalents due to student auxiliary services and State contracts, $6.4 million increase in accounts receivable for student tuition and fees, and $4.8 million increase in due from other governmental agencies mainly due to an increase in aid through the Higher Education Emergency Relief Fund (HEERF). Current liabilities increased primarily due to a $9.2 million recognition of unearned revenue for the Fall 2022 Semester's tuition. Historically the College posted Fall Semester fees after July 1. This procedure was changed to allow Fall Semester fee payments upon early registration, resulting in unearned revenue, and related accounts receivable for student tuition and fees recognized in the 2021-22 fiscal year. Noncurrent liabilities decreased primarily due to a $29.4 million decrease in pension liability.

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	$ 40,586	$ 43,861
Less, Operating Expenses	129,886	116,929
Operating Loss	(89,300)	(73,068)
Net Nonoperating Revenues	95,496	64,959
Income (Loss) Before Other Revenues	6,196	(8,109)
Other Revenues	3,643	3,909
Net Increase (Decrease) In Net Position	9,839	(4,200)
Net Position, Beginning of Year	83,173	87,373
Adjustment to Beginning Net Position (1)	(4,798)	-
Net Position - Beginning, as Restated	78,375	87,373
Net Position, End of Year	$ 88,214	$ 83,173

(1) Adjustments to beginning net position are due to College's decision to correct certain previously reported capital asset, depreciation expense, and accumulated depreciation errors.

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

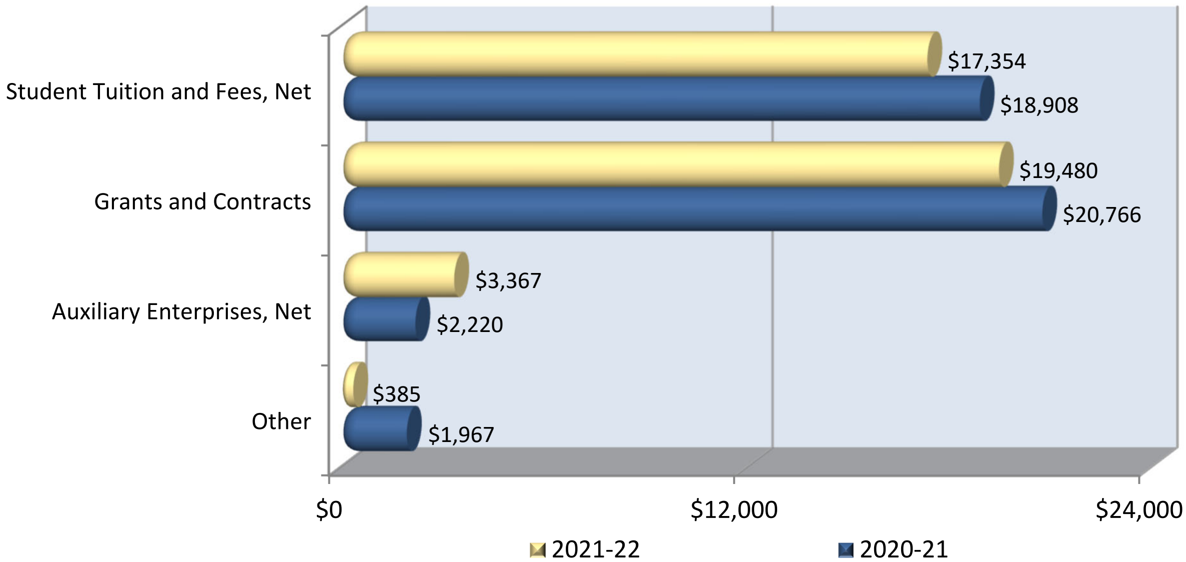
(In Thousands)

	2021-22	2020-21
Student Tuition and Fees, Net	$ 17,354	$ 18,908
Grants and Contracts	19,480	20,766
Auxiliary Enterprises, Net	3,367	2,220
Other	385	1,967
Total Operating Revenues	$ 40,586	$ 43,861

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

Operating Revenues

(In Thousands)



College operating revenues decreased by $3.3 million primarily as a result of a $1.6 million decrease in tuition revenue due to an increase in scholarship allowance, a $2.2 million decrease in State contracts, and a $1.1 million increase in auxiliary enterprises as activity increased with the easing of the coronavirus pandemic during the 2021-22 fiscal year.

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.

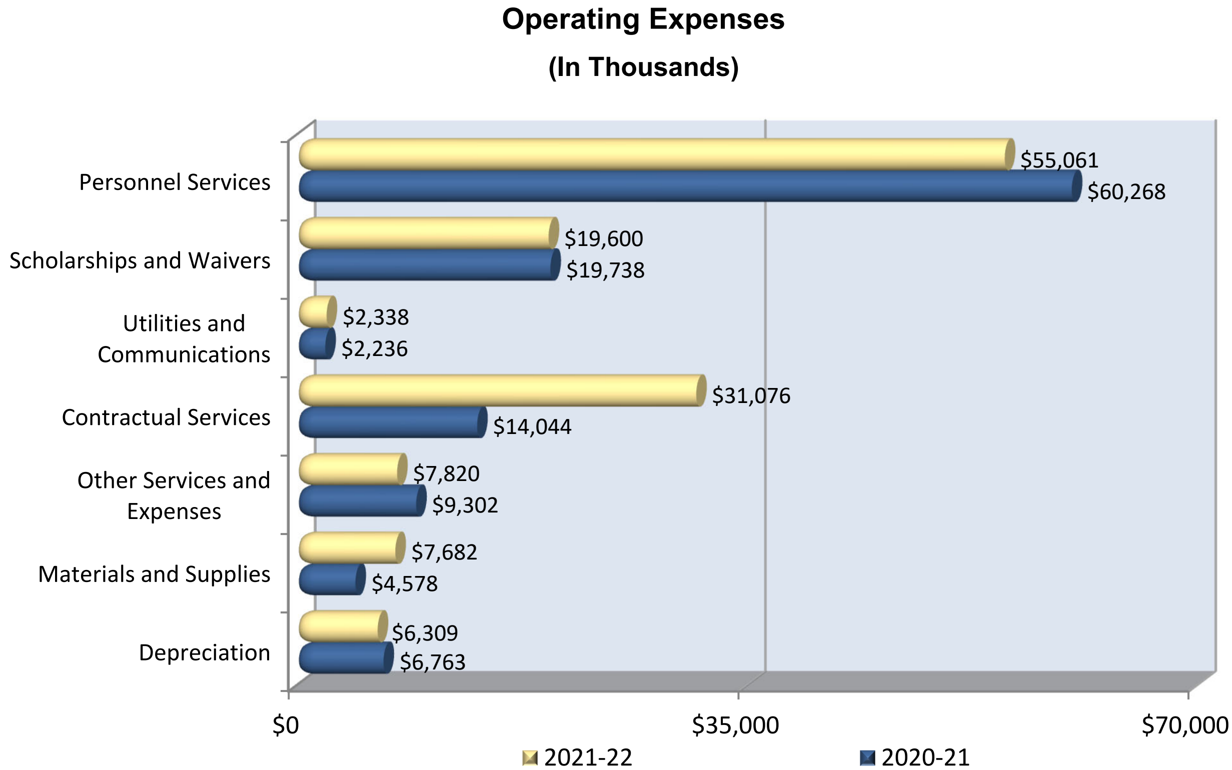
The following summarizes operating expenses by natural classification for the 2021-22 and 2020-21 fiscal years:

Operating Expenses
For the Fiscal Years

(In Thousands)

	2021-22	2020-21
Personnel Services	$ 55,061	$ 60,268
Scholarships and Waivers	19,600	19,738
Utilities and Communications	2,338	2,236
Contractual Services	31,076	14,044
Other Services and Expenses	7,820	9,302
Materials and Supplies	7,682	4,578
Depreciation	6,309	6,763
Total Operating Expenses	$ 129,886	$ 116,929

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



College operating expense increase of $13 million was primarily due to increases of $17 million and $3.1 million in contractual services, and materials and supplies, respectively, mainly due to an increase in participant support costs funded through contracts and grants, and a $5.2 million decrease in personnel services mainly due to a decrease in pension expense.

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	$ 36,319	$ 34,768
Federal and State Student Financial Aid	42,773	25,244
Gifts and Grants	16,804	5,354
Investment Income	23	25
Other Nonoperating Revenues	-	68
Interest on Capital Asset-Related Debt	(339)	(500)
Other Nonoperating Expenses	(84)	-
Net Nonoperating Revenues	$ 95,496	$ 64,959

College nonoperating revenues increase of $30.5 million is primarily due to a $17.5 million increase in Federal and State student financial aid due to increases in HEERF student awards, and an $11.5 million increase in gift and grants due to increases in HEERF institutional awards.

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	$ 476	$ 716
Capital Grants, Contracts, Gifts, and Fees	3,167	3,193
Total	$ 3,643	$ 3,909

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	$ (85,340)	$ (68,853)
Noncapital Financing Activities	95,911	65,294
Capital and Related Financing Activities	(5,254)	(270)
Investing Activities	23	22
Net Increase (Decrease) in Cash and Cash Equivalents	5,340	(3,807)
Cash and Cash Equivalents, Beginning of Year	18,959	22,766
Cash and Cash Equivalents, End of Year	$ 24,299	$ 18,959

Major sources of funds came from Federal and State student financial aid ($42.8 million), State noncapital appropriations ($36.3 million), grants and contracts ($17.7 million), Federal Direct Loan program receipts ($14.3 million), net student tuition and fees ($15.7 million), and auxiliary enterprise receipts ($3.5 million). Major uses of funds were for payments to employees and for employee benefits ($55.9 million), payments to suppliers ($45.1 million), payments for scholarships ($19.1 million), disbursements to students for the Federal Direct Loan program ($14.3 million), and purchases of capital assets ($6.7 million).

Changes in cash and cash equivalents were the result of the following factors: $17.6 million increase in Federal and State student financial aid, $18.7 million increase in payments to suppliers, and $4.2 million increase in purchase of capital assets.

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the College had $232.9 million in capital assets, less accumulated depreciation of $115.2 million, for net capital assets of $117.7 million. Depreciation charges for the current fiscal year totaled $6.3 million. The following table summarizes the College's capital assets, net of accumulated depreciation, at June 30:

Capital Assets, Net at June 30

(In Thousands)

	2022	2021
Land	$ 9,812	$ 9,556
Construction in Progress	3,715	6,810
Buildings	97,276	96,141
Other Structures and Improvements	604	787
Furniture, Machinery, and Equipment	3,354	278
Assets Under Capital Leases	-	5,037
Leased Assets	2,819	-
Computer Software	109	-
Capital Assets, Net	$117,689	$118,609

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: Student Union ($0.8 million); Center for Innovation Renovations ($0.6 million); and Simulation Lab Expansion ($2.3 million). The College's construction commitments at June 30, 2022, are as follows:

	Amount (In Thousands)
Total Committed	$ 7,021
Completed to Date	3,715
Balance Committed	$ 3,306

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

Debt Administration

As of June 30, 2022, the College had $14 million in outstanding State Board of Education (SBE) capital outlay and capital improvement revenue bonds payable, note payable, installment purchase payable, and leases payable, representing an increase of $1.4 million, or 11.3 percent, from the prior fiscal year. The following table summarizes the outstanding long-term debt by type for the fiscal years ended June 30:

Long-Term Debt at June 30

(In Thousands)

	2022	2021
Florida Department of Education		
Capital Improvement Revenue Bonds	$ 3,940	$ 4,615
SBE Capital Outlay Bonds	1,663	1,825
Note Payable	157	312
Installment Purchase Payable	5,424	-
Capital Leases Payable	-	5,848
Leases Payable	2,834	-
Total	$ 14,018	$ 12,600

The SBE issues capital outlay bonds on behalf of the College. During the 2021-22 fiscal year, there were no bond sales and debt repayments totaled $0.8 million. Additional information about the College's long-term debt is presented in the notes to financial statements.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The College's economic condition is closely tied to that of the State of Florida. Because of limited economic growth and increased demand for State resources, only a modest increase in State funding is anticipated in the 2022-23 fiscal year. Other than the State appropriations, the College receives the majority of its other operating funds from student tuition and fees. The College's current financial and capital plans indicate that the infusion of additional financial resources from an increase in tuition rates will be necessary to maintain its present level of services.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Vice President for Administrative Services, Tallahassee Community College, 444 Appleyard Drive, Tallahassee, Florida 32304.

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TALLAHASSEE COMMUNITY COLLEGE
A Component Unit of the State of Florida
Statement of Net Position

June 30, 2022

	College	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 16,743,152	$ 124,926
Restricted Cash and Cash Equivalents	18,833	-
Investments	584,632	1,641,480
Accounts Receivable, Net	14,300,164	405,247
Due from Other Governmental Agencies	7,954,423	-
Due from Component Units	100,321	-
Inventories	43,876	-
Prepaid Expenses	-	49,752
Deposits Receivables	1,000	-
Total Current Assets	39,746,401	2,221,405
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	7,536,668	448,682
Restricted Investments	41,204	19,184,371
Depreciable Capital Assets, Net	104,161,527	4,950,767
Nondepreciable Capital Assets	13,527,497	-
Other Assets	-	467,726
Total Noncurrent Assets	125,266,896	25,051,546
TOTAL ASSETS	165,013,297	27,272,951
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	4,072,856	-
Pensions	11,728,313	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	15,801,169	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	5,531,914	140,150
Accured Interest Payable	-	5,878
Salary and Payroll Taxes Payable	1,726,528	-
Retainage Payable	213,329	-
Unearned Revenue	10,572,684	-
Deposits Held for Others	101,203	-
Long-Term Liabilities - Current Portion:		
Bonds Payable	883,000	-
Notes Payable	157,000	678,747
Installment Purchase Payable	400,792	-
Leases Payable	829,310	-
Special Termination Benefits Payable	76,280	-
Compensated Absences Payable	912,132	-
Other Postemployment Benefits Payable	116,716	-
Net Pension Liability	63,610	-
Total Current Liabilities	21,584,498	824,775

	College	Component Units
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Bonds Payable	4,720,000	-
Notes Payable	-	1,592,275
Installment Purchase Payable	5,023,467	-
Leases Payable	2,004,363	-
Special Termination Benefits Payable	277,114	-
Compensated Absences Payable	3,936,459	-
Other Postemployment Benefits Payable	6,531,089	-
Net Pension Liability	18,933,597	-
Total Noncurrent Liabilities	41,426,089	1,592,275
TOTAL LIABILITIES	63,010,587	2,417,050
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	4,619,245	-
Pensions	24,970,518	-
TOTAL DEFERRED INFLOWS OF RESOURCES	29,589,763	-
NET POSITION		
Net Investment in Capital Assets	103,457,763	2,673,867
Restricted:		
Nonexpendable:		
Endowment	-	17,884,736
Expendable:		
Grants and Loans	3,189,186	-
Scholarships	147,840	3,045,654
Capital Projects	8,750,505	-
Debt Service	70,546	-
Unrestricted	(27,401,724)	1,251,644
TOTAL NET POSITION	$ 88,214,116	$ 24,855,901

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

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

For the Fiscal Year Ended June 30, 2022

	College	Component Units
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $11,867,769	$ 17,353,734	$ -
Federal Grants and Contracts	6,840,545	-
State and Local Grants and Contracts	11,125,830	-
Nongovernmental Grants and Contracts	1,514,018	-
Sales and Services of Educational Departments	2,929	-
Auxiliary Enterprises	3,367,115	-
Other Operating Revenues	382,039	3,197,437
Total Operating Revenues	40,586,210	3,197,437
EXPENSES		
Operating Expenses:		
Personnel Services	55,060,943	412,226
Scholarships and Waivers	19,600,068	708,478
Utilities and Communications	2,338,202	-
Contractual Services	31,076,251	400,389
Other Services and Expenses	7,819,542	1,419,062
Materials and Supplies	7,681,927	200,788
Depreciation	6,308,683	240,466
Total Operating Expenses	129,885,616	3,381,409
Operating Loss	(89,299,406)	(183,972)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	36,319,356	-
Federal and State Student Financial Aid	42,772,595	-
Gifts and Grants Received for Other Than Capital or Endowment Purposes	16,804,140	-
Investment Income	22,840	1,143,353
Interest on Capital Asset-Related Debt	(339,224)	(78,400)
Other Nonoperating Expenses	(84,071)	-
Net Nonoperating Revenues	95,495,636	1,064,953
Income Before Other Revenues	6,196,230	880,981
State Capital Appropriations	475,952	-
Capital Grants, Contracts, Gifts, and Fees	3,166,577	-
Total Other Revenues	3,642,529	-
Increase in Net Position	9,838,759	880,981
Net Position, Beginning of Year	83,172,969	23,974,920
Adjustment to Beginning Net Position	(4,797,612)	-
Net Position, Beginning of Year, as Restated	78,375,357	23,974,920
Net Position, End of Year	$ 88,214,116	$ 24,855,901

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

TALLAHASSEE COMMUNITY COLLEGE
A Component Unit of the State of Florida
Statement of Cash Flows

For the Fiscal Year Ended June 30, 2022

	College
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	$ 15,688,572
Grants and Contracts	17,748,582
Payments to Suppliers	(45,052,315)
Payments for Utilities and Communications	(2,338,202)
Payments to Employees	(42,953,064)
Payments for Employee Benefits	(12,918,910)
Payments for Scholarships	(19,061,593)
Loans Issued to Students	(45,960)
Collection on Loans to Students	57,677
Auxiliary Enterprises	3,453,535
Sales and Services of Educational Departments	2,929
Other Receipts	78,236
Net Cash Used by Operating Activities	(85,340,513)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	36,319,356
Federal and State Student Financial Aid	42,827,140
Federal Direct Loan Program Receipts	14,277,491
Federal Direct Loan Program Disbursements	(14,316,908)
Gifts and Grants Received for Other Than Capital or Endowment Purposes	16,804,140
Net Cash Provided by Noncapital Financing Activities	95,911,219
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	673,125
Capital Grants and Gifts	3,166,577
Purchases of Capital Assets	(6,710,145)
Principal Paid on Capital Debt and Leases	(2,044,102)
Interest Paid on Capital Debt and Leases	(339,224)
Net Cash Used by Capital and Related Financing Activities	(5,253,769)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	22,840
Net Cash Provided by Investing Activities	22,840
Net Increase in Cash and Cash Equivalents	5,339,777
Cash and Cash Equivalents, Beginning of Year	18,958,876
Cash and Cash Equivalents, End of Year	$ 24,298,653

	College
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (89,299,406)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	6,308,683
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	(6,039,122)
Notes Receivables	11,717
Due from Other Governmental Agencies	(5,416,918)
Due from Component Units	254,463
Inventories	(4,271)
Accounts Payable	4,734,637
Salaries and Payroll Taxes Payable	60,494
Unearned Revenue	8,222,583
Deposits Held for Others	(303,803)
Special Termination Benefits Payable	(110,050)
Compensated Absences Payable	165,601
Other Postemployment Benefits Payable	(2,525,145)
Net Pension Liability	(29,427,890)
Deferred Outflows of Resources Related to Other Postemployment Benefits	525,696
Deferred Inflows of Resources Related to Other Postemployment Benefits	2,429,213
Deferred Outflows of Resources Related to Pensions	3,644,343
Deferred Inflows of Resources Related to Pensions	21,428,662
NET CASH USED BY OPERATING ACTIVITIES	$ (85,340,513)

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 Tallahassee Community College, a component unit of the State of Florida, is the College Board of Trustees. The Board of Trustees constitutes a corporation and is composed of seven 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 Gadsden, Leon, and Wakulla 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 Units. Based on the application of the criteria for determining component units, the following component units are included within the College's reporting entity:

- Tallahassee Community College Foundation, Inc. (Foundation): This legally separate organization provides funding and services to support and foster the pursuit of higher education at the College and is governed by a separate board.
- Public Safety Academy Housing, Inc. (PSAH): This legally separate organization was established to obtain financing to construct a 200-room housing facility for students at the College's Florida Public Safety Institute. The housing facility was completed on January 4, 2006. Upon completion, PSAH executed an agreement with the College whereby the College leases the housing facility from PSAH and is responsible for operating and maintaining the facility. In exchange, PSAH receives a monthly lease payment in the amount of its mortgage payments and operating expenses. During the 2021-22 fiscal year, the lease and note transactions accounted for substantially all of the PSAH financial activity.

The Foundation and PSAH are also direct-support organizations, as defined in Section 1004.70, Florida Statutes, and although legally separate from the College, are financially accountable to the College. The Foundation and PSAH are 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 and PSAH receive, hold, invest, and administer property, and make expenditures to or for the benefit of the College.

The Foundation and PSAH are audited by other auditors pursuant to Section 1004.70(6), Florida Statutes. The Foundation's and the PSAH's audited financial statements are available to the public and can be obtained from the College. The financial data reported on the accompanying financial statements was derived from the Foundation's and PSAH's audited financial statements for the fiscal year ended March 31, 2022. Additional condensed financial statements for the College's component units are included in a subsequent note.

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

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

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

The College's component units use the economic resources measurement focus and the accrual basis of accounting, and the Foundation follows FASB standards of accounting and financial reporting for not-for-profit organizations. The PSAH follows GASB standards of accounting and financial reporting.

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

The College's principal operating activity is instruction. Operating revenues and expenses generally include all fiscal transactions directly related to instruction as well as administration, academic support, student services, physical plant operations, and depreciation of capital assets. Nonoperating revenues include State noncapital appropriations, Federal and State student financial aid, and investment income (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 calculated the scholarship allowance by determining the total financial aid received for the fiscal year, then excluding all loan assistance from this total. The College then applied the average for scholarship allowance percentage to tuition and fees for the previous 5 years to the current year tuition and fees, then applied the product as the current year scholarship allowance.

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

Cash and Cash Equivalents. The amount reported as cash and cash equivalents consists of cash on hand, cash in demand accounts, and cash invested 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 pools to be cash equivalents.

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

At June 30, 2022, the College reported as cash equivalents at fair value $57,311 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, construction in progress, buildings, other structures and improvements, furniture, machinery, and equipment, leased assets, and computer software. These assets are capitalized and recorded at cost at the date of acquisition or at acquisition value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The College has a capitalization threshold of $5,000 for tangible personal property and $25,000 to $65,000 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
- Leased Assets – 5 to 16 years
- Computer Software – 5 to 7 years

Land, buildings, and equipment of the College's component units are stated at cost, except for donated property, which is stated at fair market value at the date of donation and is net of accumulated depreciation of $4,133,673. The College's component units depreciated buildings and equipment over an estimated useful life of 39 years for buildings and improvements and from 5 to 7 years for furniture and equipment.

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

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

2. Reporting Change

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

3. Adjustments to Beginning Net Position

The following is a summary of adjustments to the beginning net position of the College reported in the statement of revenues, expenses, and changes in net position to correct prior year accounting errors:

Description	College
To Decrease Beginning Net Position Balance for Prior Year Understatement of Accumulated Depreciation	$ (6,588,920)
To Increase Beginning Net Position Balance to Correct Certain Previously Reported Capital Asset, Depreciation Expense, and Accumulated Depreciation Errors	1,791,308
Total	$ (4,797,612)

4. 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	$ (31,526,599)
Auxiliary Funds	4,124,875
Total	$ (27,401,724)

5. Investments

The Board of Trustees has adopted a written investment policy providing that surplus funds of the College shall be invested in those institutions and instruments permitted under the provisions of Florida Statutes.

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

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

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

The College's investments at June 30, 2022, are reported as follows:

Investments by fair value level	Amount	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)
SBA Debt Service Accounts	$ 41,204	$ 41,204
Certificates of Deposit	584,632	584,632
Total investments measured at fair value	$ 625,836	$ 625,836

State Board of Administration Debt Service Accounts. The College reported investments totaling $41,204 at June 30, 2022, in the SBA Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the SBE for the benefit of the College. The College's investments consist of United States Treasury securities, with maturity dates of 6 months or less, and are reported at fair value. The College relies on policies developed by the SBA for managing interest rate risk and credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

Certificates of Deposit. The College reported investments totaling $584,632 at June 30, 2022, in certificates of deposits (CDs) with two banks. The investments in these CDs were fully insured by the

Federal Deposit Insurance Corporation, with the exception of $122,629. The CDs carry original maturity dates of 12 months with annual percentage interest rates between 0.20 and 1.50 percent.

Component Units Investments. Investments reported by the College's component units consisted of those held by the Foundation at March 31, 2022, and are reported at fair value as follows:

Investment Type	Net Position
Mutual Funds	$ 19,184,371
Money Market Funds	1,641,480
Total	$ 20,825,851

6. Accounts Receivable

Accounts receivable represent amounts for student fee deferments, various student services provided by the College, uncollected commissions for food service and vending machine sales, unused credit memos, and contract and grant reimbursements due from third parties. The accounts receivable are reported net of a $311,189 allowance for doubtful accounts.

7. Due From Other Governmental Agencies

The amount due from other governmental agencies consists of $114,609 of Public Education Capital Outlay allocations due from the State for construction of College facilities and $7,839,814 due from Federal and State agencies for contracts and grants and other services.

8. Due From Component Units

The $100,321 reported as due from component units consists of amounts owed by the Foundation to the College for the Fine and Performing Arts Center gallery improvements. The amounts were invoiced to the component unit in June 2022.

The College's financial statements are reported for the fiscal year ended June 30, 2022. The component units' financial statements are reported for the fiscal year ended March 31, 2022. Accordingly, amounts reported as due from component units on the statement of net position do not have a corresponding amount reported as due to College by the component units.

9. Capital Assets

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

Description	Beginning Balance (1)	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 9,556,301	$ 256,586	$ -	$ 9,812,887
Construction in Progress	1,556	4,712,454	999,400	3,714,610
Total Nondepreciable Capital Assets	$ 9,557,857	$ 4,969,040	$ 999,400	$ 13,527,497
Depreciable Capital Assets:				
Buildings	$ 175,341,190	$ 7,804,004	$ -	$ 183,145,194
Other Structures and Improvements	14,147,553	-	-	14,147,553
Furniture, Machinery, and Equipment	9,932,541	1,901,272	-	11,833,813
Assets Under Capital Leases (2)	7,031,697	-	7,031,697	-
Leased Assets (3)	-	3,461,883	-	3,461,883
Computer Software	6,807,904	-	-	6,807,904
Total Depreciable Capital Assets	213,260,885	13,167,159	7,031,697	219,396,347
Less, Accumulated Depreciation:				
Buildings	79,200,108	6,669,391	-	85,869,499
Other Structures and Improvements	13,360,097	183,058	-	13,543,155
Furniture, Machinery, and Equipment	7,781,607	698,421	-	8,480,028
Assets Under Capital Leases (2)	1,995,405	-	1,995,405	-
Leased Assets (3)	-	643,019	-	643,019
Computer Software	6,588,920	110,199	-	6,699,119
Total Accumulated Depreciation	108,926,137	8,304,088	1,995,405	115,234,820
Total Depreciable Capital Assets, Net	$ 104,334,748	$ 4,863,071	$ 5,036,292	$ 104,161,527

(1) A prior period adjustment was made to correct beginning balances for construction in progress, furniture, machinery, and equipment, computer software, and accumulated depreciation errors as discussed in Note 3. of the notes to financial statements.

(2) Assets under capital leases were reclassified to building and equipment due to the implementation of GASB Statement No. 87, *Leases*, as discussed in Note 2. of the notes to financial statements. Beginning balance was not restated.

(3) Leased assets were added due to implementation of GASB Statement No. 87, *Leases*, as discussed in Note 2. of the notes to financial statements. Beginning balance was not restated.

10. Unearned Revenue

Unearned revenue at June 30, 2022, includes State grants for which the College had not yet earned the revenue, and student tuition and fees assessed 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
Contracts and Grants	$ 769,586
Student Tuition and Fees	9,803,098
Total Unearned Revenue	$ 10,572,684

11. 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
Bonds Payable	$ 6,440,000	$ -	$ 837,000	$ 5,603,000	$ 883,000
Note Payable	312,000	-	155,000	157,000	157,000
Installment Purchases Payable	-	5,848,151	423,892	5,424,259	400,792
Capital Leases Payable (1)	5,848,151	-	5,848,151	-	-
Leases Payable (2)	-	3,461,883	628,210	2,833,673	829,310
Special Termination Benefits Payable	463,444	188,213	298,263	353,394	76,280
Compensated Absences Payable	4,682,990	655,250	489,649	4,848,591	912,132
Other Postemployment Benefits Payable	9,172,950	733,577	3,258,722	6,647,805	116,716
Net Pension Liability	48,425,097	11,652,920	41,080,810	18,997,207	63,610
Total Long-Term Liabilities	$ 75,344,632	$ 22,539,994	$ 53,019,697	$ 44,864,929	$ 3,438,840

(1) Capital Leases Payable were reclassified as Installment Purchases Payable due to the implementation of GASB Statement No. 87, *Leases*, as discussed in Note 2. of the notes to financial statements. Beginning balance was not restated.

(2) Leases Payable were added due to implementation of GASB Statement No. 87, *Leases*, as discussed in Note 2. of the notes to financial statements. Beginning balance was not restated.

Bonds Payable. Various bonds were issued to finance capital outlay projects of the College. The following is a description of the bonded debt issues:

- SBE Capital Outlay Bonds. The State Board of Education (SBE) issues capital outlay bonds on behalf of the College. These bonds mature serially and are secured by a pledge of the College's portion of the State-assessed motor vehicle license tax and by the State's full faith and credit. The SBE and the SBA administer the principal and interest payments, investment of debt service resources, and compliance with reserve requirements.
- Capital Improvement Revenue Bonds, Series 2018A. These bonds are authorized by Article VII, Section 11(d) of the Florida Constitution; Sections 215.57 through 215.83 and 1009.23, Florida Statutes; and other applicable provisions of law. Principal and interest on these bonds were issued to refund the Series 2006A and are secured by and payable solely from a first lien pledge of the capital improvement fees collected pursuant to Section 1009.23(11), Florida Statutes, by the Series 2018A participating colleges on a parity with any additional bonds issued subsequent to the issuance of the Series 2018A bonds. The Series 2006A bonds constitute the first series of bonds to be issued pursuant to a Master Authorizing Resolution. Upon the issuance of additional bonds, all bonds will share a parity first lien on the pledged revenues of all colleges participating in any series of bonds then outstanding. The Series 2018A bonds will share the lien on the revenues pledged by the colleges participating in such additional bonds. The bonds were issued for the new construction and renovation and remodeling of educational facilities.

The College had the following bonds payable at June 30, 2022:

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
SBE Capital Outlay Bonds:			
Series 2019A	$ 1,386,000	5	2029
Series 2020A	277,000	2 - 5	2030
Florida Department of Education Capital Improvement Revenue Bonds:			
Series 2018A	3,940,000	5	2027
Total	$ 5,603,000		

Annual requirements to amortize all bonded debt outstanding as of June 30, 2022, are as follows:

Fiscal Year Ending June 30	SBE Capital Outlay Bonds and Capital Improvement Revenue Bonds		
	Principal	Interest	Total
2023	$ 883,000	$ 279,280	$ 1,162,280
2024	937,000	236,000	1,173,000
2025	996,000	189,150	1,185,150
2026	1,050,000	139,350	1,189,350
2027	1,115,000	86,850	1,201,850
2028-2030	622,000	50,300	672,300
Total	$ 5,603,000	$ 980,930	$ 6,583,930

Mortgage Note Payable – Component Unit. On November 10, 2014, the PSAH refinanced the mortgage payable for $6,017,876 with an interest rate of 2.75 percent, then at 3.34 percent until August 31, 2019, and thereafter a floating rate equal to 70 percent of the prime rate of JPMorgan Chase Bank, with a floor in all cases of 2.45 percent; payable monthly installments of principal and interest, maturing June 1, 2025. The note is collateralized by a leasehold mortgage in real estate and first priority security interest in all personal property located at the facility. The note is also collateralized by the assignment of rents and leases related to the housing facility.

Also, on November 10, 2014, the PSAH executed another mortgage note payable for improvements to the property. The amount of the note is $575,000 with an interest rate of 3.99 percent until August 31, 2019, and thereafter a floating rate equal to 70 percent of the prime rate of JPMorgan Chase Bank, with a floor in all cases of 3.25 percent; payable in monthly installments of principal and interest, maturing June 1, 2025. The note is collateralized by a leasehold mortgage in real estate and first priority security interest in all personal property located at the facility. The note is also collateralized by the assignment of rents and leases related to the housing facility. Annual requirements to amortize the outstanding notes as of March 31, 2022, are as follows:

Fiscal Year Ending March 31	Principal	Interest	Total
2023	$ 678,747	$ 58,192	$ 736,939
2024	698,651	38,190	736,841
2025	719,417	16,947	736,364
2026	174,207	851	175,058
Total	$ 2,271,022	$ 114,180	$ 2,385,202

Note Payable. On May 18, 2016, the College borrowed $1,032,000, at a stated interest rate of 2.31 percent, to finance the cost of the advanced manufacturing training facility. The interest rate for this note was reduced to 1.80 percent beginning on April 1, 2017. The note matures on October 1, 2023, and principal and interest payments are made biannually in April and October of each year. The College uses fee sources to pledge to repay the bank note. The note includes provisions that in an event of default, the bank will seek to enforce its rights through legal proceedings to require the Board to meet its obligations under the note agreement. Further, the bank note contains provisions that in the event of default, the bank may accelerate payment for all principal and interest due under the note. Annual requirements to amortize the outstanding note as of June 30, 2022, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2023	$ 157,000	$ 2,124	$ 159,124

Installment Purchase Payable. The College entered into an installment purchase agreement for the purchase of energy saving equipment in the amount of $6,806,160. The stated interest rate is 2.21 percent. Future minimum payments remaining under installment purchase agreements and the present value of the minimum payments as of June 30, 2022, are as follows:

Fiscal Year Ending June 30	Amount
2023	$ 517,394
2024	533,141
2025	549,361
2026	566,067
2027	583,273
2028-2032	3,192,097
2033	170,267
Total Minimum Payments	6,111,600
Less, Amount Representing Interest	(687,341)
Present Value of Minimum Payments	$ 5,424,259

Leases Payable. Commercial office spaces and housing facilities in the amount of $3,461,883 are being utilized under lease agreements. The imputed interest rate for the three leases is 5 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	$ 953,828	$ 829,310	$ 124,518
2024	955,610	873,436	82,174
2025	895,448	857,869	37,579
2026	215,285	204,209	11,076
2027	70,000	68,849	1,151
Total Minimum Lease Payments	$ 3,090,171	$ 2,833,673	$ 256,498

Special Termination Benefits Payable. Under a Board-established Retirement Incentive Program, employees who were hired prior to July 1, 1995, and elect to retire within 36 months from the achievement of normal retirement, as defined in Sections 121.091 and 238.07, Florida Statutes, receive an incentive payment of 10 percent based on their salary at retirement. In addition, the employee receives payment for a maximum of 1,440 hours of sick leave. The College reported a special termination benefits payable of $353,394 as of June 30, 2022, for 9 employees who gave notice to retire under the Retirement Incentive Program, of which $76,280 represents the current portion.

Compensated Absences Payable. College employees may accrue annual and sick leave based on length of service, subject to certain limitations regarding the amount that will be paid upon termination. The College reports a liability for the accrued leave; however, State noncapital appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the College expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. At June 30, 2022, the estimated liability for compensated absences, which includes the College's share of the Florida Retirement System and FICA contributions, totaled $4,848,591. The current portion of the compensated absences liability, $912,132, 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 healthcare 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 benefits for retirees and their dependents. The OPEB Plan only provides an implicit subsidy as described above.

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	40
Inactive Employees Entitled to But Not Yet Receiving Benefits	30
Active Employees	646
Total	716

Total OPEB Liability

The College's total OPEB liability of $6,647,805 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 Employees	4.10 percent to 8.20 percent
Special Risk Employees	4.80 percent to 7.40 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 improvement using Scale MP-2018.

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

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

Changes in the Total OPEB Liability

	Amount
Balance at 6/30/21	$ 9,172,950
Changes for the year:	
Service Cost	521,440
Interest	212,137
Differences Between Expected and Actual Experience	(595,714)
Changes in Assumptions or Other Inputs	(2,471,076)
Benefit Payments	(191,932)
Net Changes	(2,525,145)
Balance at 6/30/22	$ 6,647,805

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	$7,991,775	$6,647,805	$5,586,412

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	$5,362,261	$6,647,805	$8,406,851

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 $738,873. 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	$ 3,042,253	$ 537,311
Change of assumptions or other inputs	913,887	4,081,934
Transactions subsequent to the measurement date	116,716	-
Total	$ 4,072,856	$ 4,619,245

Of the total amount reported as deferred outflows of resources related to OPEB, $116,716 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	$ 584
2024	584
2025	584
2026	584
2027	38,259
Thereafter	(703,700)
Total	$ (663,105)

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 $18,997,207. Note 12. includes a complete discussion of defined benefit pension plans.

12. 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 $45,090 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.
- *Special Risk Class* – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

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, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 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, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 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
Special Risk Class	3.00

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
FRS, Special Risk	3.00	25.89
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	18.34
FRS, Reemployed Retiree	(2)	(2)

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

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

The College's contributions to the Plan totaled $3,502,681 for the fiscal year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2022, the College reported a liability of $6,399,116 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 0.084713150 percent, which was an increase of 0.002777895 from its proportionate share measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the College recognized negative Plan pension expense of $450,008. In addition, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,096,819	$ -
Change of assumptions	4,378,592	-
Net difference between projected and actual earnings on FRS Plan investments	-	22,324,906
Changes in proportion and differences between College FRS contributions and proportionate share of contributions	715,931	1,210,910
College FRS contributions subsequent to the measurement date	3,502,681	-
Total	$ 9,694,023	$ 23,535,816

The deferred outflows of resources totaling $3,502,681, resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2023	$ (3,260,568)
2024	(3,649,390)
2025	(4,687,354)
2026	(5,890,180)
2027	143,018
Total	$ (17,344,474)

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	$28,617,274	$6,399,116	$(12,172,774)

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.

<u>HIS Pension Plan</u>

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 $609,665 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 $12,598,091 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 0.102703191 percent, which was a decrease of 0.003057021 from its proportionate share measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the College recognized pension expense of $495,098. 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	$ 421,564	$ 5,277
Change of assumptions	989,928	519,073
Net difference between projected and actual earnings on HIS Plan investments	13,133	-
Changes in proportion and differences between College HIS contributions and proportionate share of HIS contributions	-	910,352
College contributions subsequent to the measurement date	609,665	-
Total	$ 2,034,290	$ 1,434,702

The deferred outflows of resources totaling $609,665, 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	$ (21,176)
2024	(107,122)
2025	319
2026	72,706
2027	45,688
Thereafter	(492)
Total	$ (10,077)

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	$14,564,613	$12,598,091	$10,986,965

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.

13. 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
FRS, Special Risk Regular	14.00

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 $1,111,124 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 $65,586 and employee contributions totaled $456 for the 2021-22 fiscal year.

14. Construction Commitments

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

Project Description	Total Commitment	Completed to Date	Balance Committed
Student Union	$ 2,586,766	$ 835,404	$ 1,751,362
Center for Innovation Renovations	2,136,612	600,222	1,536,390
Simulation Lab Expansion	2,297,748	2,278,984	18,764
Total	$ 7,021,126	$ 3,714,610	$ 3,306,516

15. 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.

16. 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	$ 43,742,307
Academic Support	8,774,240
Student Services	8,733,778
Institutional Support	26,847,591
Operation and Maintenance of Plant	12,069,322
Scholarships and Waivers	19,600,068
Depreciation	6,308,683
Auxiliary Enterprises	3,809,627
Total Operating Expenses	$ 129,885,616

17. Discretely Presented Component Units

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

Condensed Statement of Net Position

	Direct-Support Organizations		
	Tallahassee Community College Foundation, Inc. 3/31/2022	Public Safety Academy Housing, Inc. 3/31/2022	Total
Assets:			
Current Assets	$ 2,152,832	$ 68,573	$ 2,221,405
Capital Assets, Net	-	4,950,767	4,950,767
Other Noncurrent Assets	20,100,779	-	20,100,779
Total Assets	22,253,611	5,019,340	27,272,951
Liabilities:			
Current Liabilities	140,150	684,625	824,775
Noncurrent Liabilities	-	1,592,275	1,592,275
Total Liabilities	140,150	2,276,900	2,417,050
Net Position:			
Net Investment in Capital Assets	-	2,673,867	2,673,867
Restricted Nonexpendable	17,884,736	-	17,884,736
Restricted Expendable	3,045,654	-	3,045,654
Unrestricted	1,183,071	68,573	1,251,644
Total Net Position	$ 22,113,461	$ 2,742,440	$ 24,855,901

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

	Direct-Support Organizations		
	Tallahassee Community College Foundation, Inc. 3/31/2022	Public Safety Academy Housing, Inc. 3/31/2022	Total
Operating Revenues	$ 2,461,937	$ 735,500	$ 3,197,437
Depreciation Expense	-	(240,466)	(240,466)
Operating Expenses	(3,133,600)	(7,343)	(3,140,943)
Operating Income (Loss)	(671,663)	487,691	(183,972)
Net Nonoperating Revenues (Expenses):			
Investment Income	1,143,353	-	1,143,353
Interest Expense	-	(78,400)	(78,400)
Total Nonoperating Revenues (Expenses)	1,143,353	(78,400)	1,064,953
Increase in Net Position	471,690	409,291	880,981
Net Position, Beginning of Year	21,641,771	2,333,149	23,974,920
Net Position, End of Year	$ 22,113,461	$ 2,742,440	$ 24,855,901

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

	2021	2020	2019	2018	2017
Total OPEB Liability					
Service cost	$ 521,440	$ 386,199	$ 268,305	$ 280,611	$ 312,412
Interest	212,137	274,476	192,211	180,752	157,338
Difference between expected and actual experience	(595,714)	-	4,624,012	-	-
Changes of assumptions or other inputs	(2,471,076)	1,140,415	(2,267,626)	(254,088)	(471,395)
Benefit Payments	(191,932)	(166,758)	(485,332)	(153,728)	(143,003)
Net change in total OPEB liability	(2,525,145)	1,634,332	2,331,570	53,547	(144,648)
Total OPEB Liability - beginning	9,172,950	7,538,618	5,207,048	5,153,501	5,298,149
Total OPEB Liability - ending	$ 6,647,805	$ 9,172,950	$ 7,538,618	$ 5,207,048	$ 5,153,501
Covered-Employee Payroll	$33,199,567	$34,393,702	$34,393,702	$34,128,848	$34,128,848
Total OPEB Liability as a percentage of covered-employee payroll	20.02%	26.67%	21.92%	15.26%	15.10%

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	0.084713150%	0.081935255%	0.085751684%	0.087363886%
College's proportionate share of the FRS net pension liability	$ 6,399,116	$ 35,511,947	$ 29,531,686	$ 26,314,455
College's covered payroll (2)	$ 38,408,049	$ 38,774,680	$ 38,673,065	$ 38,545,799
College's proportionate share of the FRS net pension liability as a percentage of its covered payroll	16.66%	91.59%	76.36%	68.27%
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	$ 3,502,681	$ 2,935,995	$ 2,513,296	$ 2,663,149
FRS contributions in relation to the contractually required contribution	(3,502,681)	(2,935,995)	(2,513,296)	(2,663,149)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 38,627,277	$ 38,408,049	$ 38,774,680	$ 38,673,065
FRS contributions as a percentage of covered payroll	9.07%	7.64%	6.48%	6.89%

(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)
0.090978117%	0.093554556%	0.101124645%	0.108531737%	0.107545498%
$ 26,919,953	$ 23,622,599	$ 13,061,604	$ 6,622,032	$ 18,513,367
$ 38,764,986	$ 37,908,655	$ 39,130,532	$ 41,223,425	$ 45,155,227
69.44%	62.31%	33.38%	16.06%	41.00%
83.89%	84.88%	92.00%	96.09%	88.54%

2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
$ 2,491,795	$ 2,392,006	$ 2,281,477	$ 2,465,505	$ 2,377,306
(2,491,795)	(2,392,006)	(2,281,477)	(2,465,505)	(2,377,306)
$ -	$ -	$ -	$ -	$ -
$ 38,545,799	$ 38,764,986	$ 37,908,655	$ 39,130,532	$ 41,223,425
6.46%	6.17%	6.02%	6.30%	5.77%

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	0.102703191%	0.105760212%	0.109619245%	0.111640564%
College's proportionate share of the HIS net pension liability	$ 12,598,091	$ 12,913,150	$ 12,265,297	$ 11,816,163
College's covered payroll (2)	$ 36,582,647	$ 36,813,716	$ 36,648,515	$ 36,354,316
College's proportionate share of the HIS net pension liability as a percentage of its covered payroll	34.44%	35.08%	33.47%	32.50%
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	$ 609,665	$ 607,272	$ 608,396	$ 606,014
HIS contributions in relation to the contractually required HIS contribution	(609,665)	(607,272)	(608,396)	(606,014)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 36,767,321	$ 36,582,647	$ 36,813,716	$ 36,648,515
HIS contributions as a percentage of covered payroll	1.66%	1.66%	1.65%	1.65%

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

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

2017 (1)	**2016** (1)	**2015** (1)	**2014** (1)	**2013** (1)
0.113141780%	0.113921024%	0.119641288%	0.128963797%	0.144080709%
$ 12,097,641	$ 13,277,023	$ 12,201,529	$ 12,058,430	$ 12,544,120
$ 36,600,741	$ 37,908,655	$ 39,130,532	$ 41,223,425	$ 45,155,227
33.05%	35.02%	31.18%	29.25%	27.78%
1.64%	0.97%	0.50%	0.99%	1.78%

2018 (1)	**2017** (1)	**2016** (1)	**2015** (1)	**2014** (1)
$ 603,482	$ 600,208	$ 583,918	$ 457,343	$ 441,787
(603,482)	(600,208)	(583,918)	(457,343)	(441,787)
$ -	$ -	$ -	$ -	$ -
$ 36,354,316	$ 36,600,741	$ 37,908,655	$ 39,130,532	$ 41,223,425
1.66%	1.64%	1.54%	1.17%	1.07%

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

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

Changes of Assumptions. 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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Tallahassee Community College, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated March 3, 2023, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
March 3, 2023