

# STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

Report No. 2024-155  
March 2024

## SANTA FE COLLEGE

For the Fiscal Year Ended  
June 30, 2023



Sherrill F. Norman, CPA  
Auditor General

## Board of Trustees and President

During the 2022-23 fiscal year, Dr. Paul Broadie II served as President of Santa Fe College and the following individuals served as Members of the Board of Trustees:

	<u>County</u>
Michael M. Goldwire, Chair	Bradford
Robert L. Woody, Vice Chair	Alachua
G.W. "Blake" Fletcher	Alachua
Emery A. Gainey	Alachua
Caridad E. Lee	Alachua
Jeffrey L. Oody	Bradford

Note: Two Trustee positions were vacant for the entire period.

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 Hongmei Lin, CPA, and the audit was supervised by Denita K. Tyre, CPA.

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

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**SANTA FE COLLEGE**  
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## SUMMARY

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### SUMMARY OF REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our audit disclosed that the basic financial statements of Santa Fe 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

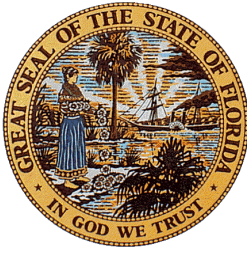
Our audit objectives were to obtain reasonable assurance about whether the financial statements as a whole were free from material misstatements, whether due to fraud or error, and to issue an auditor's report that included our opinion. In doing so we:

- 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 Santa Fe College, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of Santa Fe College and of its discretely presented component unit as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the discretely presented component unit, which represent 100 percent of the transactions and account balances of the discretely presented component unit columns as of June 30, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors.

#### **Basis for Opinions**

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

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

### ***Emphasis of Matter***

As discussed in Note 2. to the financial statements, the College adopted new accounting guidance Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, which is a change in accounting principle that addresses accounting and financial reporting for subscription-based information technology arrangements. This affects the comparability of amounts reported for the 2022-23 fiscal year with amounts reported for the 2021-22 fiscal year. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2024, on our consideration of the Santa Fe 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 College's internal control over financial

reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Respectfully submitted,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
March 13, 2024



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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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, 2023, 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 and the Florida College System Risk Management Consortium (Consortium) for the fiscal years ended June 30, 2023, and June 30, 2022, and the College's component unit, the Santa Fe College Foundation, Inc., for the fiscal years ended December 31, 2022, and December 31, 2021. To better distinguish the activities of the College and Consortium within the primary government, the financial information relating to the Consortium is separately identified.

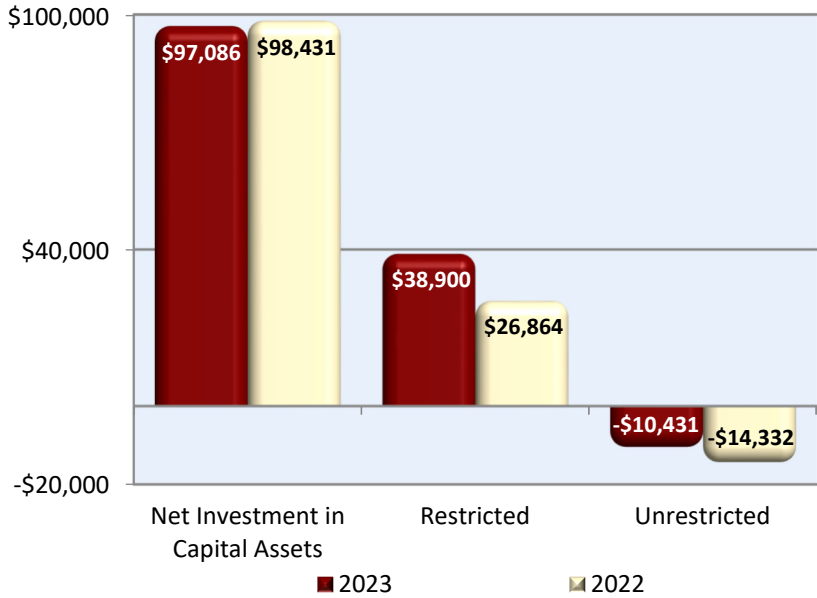
### **FINANCIAL HIGHLIGHTS**

The College's assets totaled \$185.9 million at June 30, 2023. This balance reflects a \$15.5 million, or 9.1 percent, increase as compared to the 2021-22 fiscal year, resulting primarily from an increase in the amount due from other governmental agencies (\$12.9 million), an increase in cash and cash equivalents (\$4.2 million); offset by a decrease in capital assets (\$2.7 million). Deferred outflows of resources at June 30, 2023, totaled \$16.5 million, an increase of \$1.1 million, or a 7.1 percent increase over the prior fiscal year. While assets increased, liabilities also increased by \$25.3 million, or 53.1 percent, totaling \$72.9 million at June 30, 2023, primarily for increased net pension liabilities (\$25.3 million). Deferred inflows of resources at June 30, 2023, totaled \$3.9 million, a decrease of \$23.3 million, or an 85.6 percent decrease from the prior fiscal year. As a result, the College's net position increased by \$14.6 million, resulting in a year-end balance of \$125.6 million.

The College's operating revenues totaled \$32.8 million for the 2022-23 fiscal year, representing a 5.2 percent increase compared to the 2021-22 fiscal year due mainly to an increase in grants and contracts (\$2.5 million). Operating expenses totaled \$131 million for the 2022-23 fiscal year, representing an increase of 6.3 percent as compared to the 2021-22 fiscal year due mainly to increases in personnel services (\$12.6 million) and other services and expenses (\$1.2 million), offset by a decrease in contractual services (\$7.1 million).

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, 2023, and June 30, 2022, is shown in the following graph:

**Net Position**  
(In Thousands)



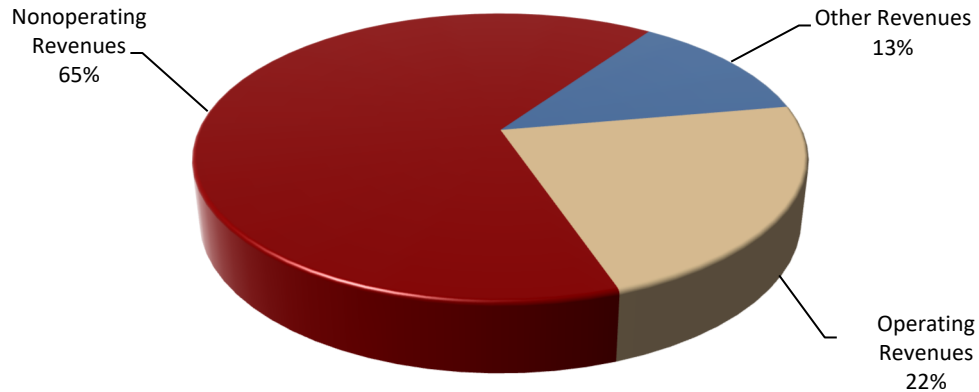
The College’s net investment in capital assets represents capital assets, net of accumulated depreciation and outstanding debt principal attributable to the acquisition, construction, or improvement of those assets.

Restricted net position is subject to externally imposed restriction governing their use. The increase in restricted net position of \$12 million, or 44.8 percent, was primarily due to the increase in the amount of restricted expendable capital funding for the construction of new facilities as well as the renovation and remodeling of existing structures. Variances from year to year for capital funding are expected based on the methods the State Legislature uses to allocate capital appropriations. Therefore, this portion of the restricted net position will continue to fluctuate each year.

Unrestricted net position is not subject to externally imposed restrictions. The College reports liabilities for accrued leave, postemployment healthcare and life insurance benefits, and the College’s proportionate share of the net pension liability for the Florida Retirement System (FRS) and Health Insurance Subsidy (HIS) pension plans, totaling \$58.7 million; however, State appropriations fund only the portion of accrued leave and postemployment benefits that are paid in the current fiscal year (see the notes to the financial statements for further details).

As more fully described in the Operating Expenses and the Revenues sections which follow, College revenues and other support exceeded expenses in the fiscal year ended June 30, 2023. The following chart provides a graphical presentation of College revenues by category for the 2022-23 fiscal year:

## Total Revenues 2022-23 Fiscal Year



Annual State appropriations are classified as nonoperating revenues according to generally accepted accounting principles, although State-appropriated funds are used to support the operations of the College. Net nonoperating revenues included State noncapital appropriations, Federal Pell grant revenue, State scholarship revenue, revenues received from agreements between local school boards and the College for high school programs, and investment income all of which supported the operating expenses of the College. Operating revenues, comprising 22 percent of total revenues, consisted primarily of student tuition and fees, grants and contracts, sales and services of educational departments, and auxiliary enterprises. Other revenues, comprising of 13 percent of total revenues, consist of State capital appropriations and capital grants, contracts, gifts, and fees designated for capital projects.

The component unit expenses exceeded revenues during the 2022 calendar year, resulting in a decrease in net position of \$6.2 million, compared to a \$5.2 million increase in the prior year. The net position decrease during the 2022 calendar year was primarily due to net investment loss (\$10.5 million) offset by an increase in other revenues (\$4.6 million).

### 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, provide information on the College as a whole, present a long-term view of the College's finances, and include the activities of the following entities:

#### *Primary Government*

- Santa Fe College (College) – Most of the programs and services generally associated with a college fall into this category, including instruction, public service, and support services.
- Florida College System Risk Management Consortium (Consortium), a Statewide college system risk management program created by mutual agreement of the Florida College System District Board of Trustees – The College is the fiscal administrator for the program and is required to report certain financial activities to the State of Florida. The required financial information reported

includes the assets of cash and cash equivalents and investments, with a corresponding liability representing that the assets are held in custody by the College for the Consortium.

#### *Component Unit*

- Santa Fe College Foundation, Inc. (Component Unit) – Although legally separate, this component unit is important because the College is financially accountable for it, as the College reports its financial activities to the State of Florida.

### **The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position**

One of the most important questions asked about the College's finances is, "Is Santa Fe College, as a whole, better off or worse off as a result of the year's activities?" The statement of net position and the statement of revenues, expenses, and changes in net position report information on the College as a whole and on its activities in a way that helps answer this question. When revenues and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenues and expenses may be thought of as Santa Fe College's operating results.

These two statements report Santa Fe College's net position and changes in them. You can think of the College's net position (assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources) as one way to measure the College's current financial health, or financial position. Over time, increases or decreases in the College's net position are one indication of whether its financial health is improving or deteriorating. You need to consider many other nonfinancial factors, such as certain trends, student retention, condition of the buildings, and safety of the campus, to assess the College's overall financial health.

These statements include all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current year's revenues and expenses are taken into account when earned or incurred, regardless of when cash is received or paid.

A condensed statement of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the College, Consortium, and its component unit for the respective fiscal years are shown in the following table:

## Condensed Statement of Net Position at June 30

(In Thousands)

	Primary Government				Component Unit	
	College		Consortium (1)		12-31-22	12-31-21
	6-30-23	6-30-22	6-30-23	6-30-22		
<b>Assets</b>						
Current Assets	\$ 57,992	\$ 38,456	\$ 126,541	\$ 98,192	\$ 22,809	\$ 16,626
Capital Assets, Net	101,534	104,197	-	-	14,340	8,985
Other Noncurrent Assets	26,328	27,699	18,231	18,198	63,007	79,739
<b>Total Assets</b>	<u>185,854</u>	<u>170,352</u>	<u>144,772</u>	<u>116,390</u>	<u>100,156</u>	<u>105,350</u>
<b>Deferred Outflows of Resources</b>	<u>16,510</u>	<u>15,419</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Liabilities</b>						
Current Liabilities	12,310	12,315	126,541	98,192	876	92
Noncurrent Liabilities	60,583	35,281	18,231	18,198	581	286
<b>Total Liabilities</b>	<u>72,893</u>	<u>47,596</u>	<u>144,772</u>	<u>116,390</u>	<u>1,457</u>	<u>378</u>
<b>Deferred Inflows of Resources</b>	<u>3,916</u>	<u>27,212</u>	<u>-</u>	<u>-</u>	<u>394</u>	<u>454</u>
<b>Net Position</b>						
Net Investment in Capital Assets	97,086	98,431	-	-	14,007	8,985
Restricted	38,900	26,864	-	-	48,547	54,521
Unrestricted	(10,431)	(14,332)	-	-	35,751	41,012
<b>Total Net Position</b>	<u>\$ 125,555</u>	<u>\$ 110,963</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,305</u>	<u>\$ 104,518</u>
<b>Increase in Net Position</b>	<u>\$ 14,592</u>	13.2%	<u>\$ -</u>		<u>\$ (6,213)</u>	-5.9%

(1) The financial information reported for the Consortium includes the assets of restricted cash and cash equivalents and investments with a corresponding liability representing that the assets are held in custody by the College for the Consortium.

Revenue and expenses of the College and its component unit (the College does not include operating results of the Consortium in its statements) for the respective fiscal years ended are shown in the following table:

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

(In Thousands)

	<u>College</u>		<u>Component Unit</u>	
	<u>6-30-23</u>	<u>6-30-22</u>	<u>12-31-22</u>	<u>12-31-21</u>
<b>Operating Revenues</b>				
Student Tuition and Fees, Net of Scholarship Allowances	\$ 23,194	\$ 24,335	\$ -	\$ -
Federal Grants and Contracts	5,087	4,198	-	-
State and Local Grants and Contracts	1,452	742	-	-
Nongovernmental Grants and Contracts	1,088	227	724	779
Sales and Services of Educational Departments	1,005	820	-	-
Auxiliary Enterprises	630	617	-	-
Other Operating Revenues	351	250	1,264	1,123
<b>Total Operating Revenues</b>	<b>32,807</b>	<b>31,189</b>	<b>1,988</b>	<b>1,902</b>
Less, Operating Expenses	130,985	123,265	3,340	2,552
<b>Operating Loss</b>	<b>(98,178)</b>	<b>(92,076)</b>	<b>(1,352)</b>	<b>(650)</b>
<b>Nonoperating Revenues (Expenses)</b>				
State Noncapital Appropriations	49,994	46,247	-	-
Federal and State Grants	26,153	31,676	-	-
Gifts, Grants, and Contracts	15,520	12,609	-	-
Other Nonoperating Revenues (Expenses), Net	2,810	(912)	(10,493)	4,984
<b>Net Nonoperating Revenues (Expenses)</b>	<b>94,477</b>	<b>89,620</b>	<b>(10,493)</b>	<b>4,984</b>
<b>Income (Loss) Before Other Revenues, Expenses, Gains, or Losses</b>				
	(3,701)	(2,456)	(11,845)	4,334
State Capital Appropriations	15,539	2,805	-	-
Endowment Principal Additions	-	-	999	778
Capital Grants, Contracts, Gifts, and Fees	2,754	7,407	-	-
Other Revenues	-	-	4,633	122
<b>Net Increase (Decrease) In Net Position</b>	<b>14,592</b>	<b>7,756</b>	<b>(6,213)</b>	<b>5,234</b>
Net Position, Beginning of Year	110,963	103,207	104,518	99,284
<b>Net Position, End of Year</b>	<b>\$ 125,555</b>	<b>\$ 110,963</b>	<b>\$ 98,305</b>	<b>\$ 104,518</b>

**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. Certain revenue sources that the College relies on to provide funding for operations, including State appropriations, certain grants, and investment income, are defined by GASB as nonoperating. College net revenues increased by \$14.6 million, or 11.1 percent, as compared to the prior fiscal year as a result of the following factors:

### *Operating Revenues:*

- Net student tuition and fee revenue decreased by \$1.1 million, or 4.7 percent, as a result of a decrease in enrollment coupled with an increase in the scholarship allowance.
- Grants and contracts increased by \$2.5 million, or 47.6 percent, primarily due to an increase in Federal grants and contracts.

### *Nonoperating and Other Revenues and Grants:*

- State noncapital appropriations increased by \$3.7 million, or 8.1 percent, primarily due to increased funding in the Florida College System Program Fund.
- Federal and State student financial aid decreased by \$5.5 million, or 17.4 percent, due primarily to decreases in student aid through the Higher Education Emergency Relief Fund (HEERF) funds.
- Other gifts, grants, and contracts increased by \$2.9 million, or 23.1 percent, as a result of an increase in HEERF funds and other gifts.
- Investment income increased by \$3.7 million, or 548.4 percent, principally due to an increase in unrealized gain on investments and interest earned.
- State capital appropriations increased by \$12.7 million. This was due to increased Public Education Capital Outlay funding from the prior fiscal year.
- Capital grants, contracts, gifts, and fees decreased by \$4.7 million, or 62.8 percent, primarily due to a decrease in Federal grant funding for construction.

Component unit net revenues decreased by \$10.7 million, or 136.9 percent, as compared to the prior fiscal year as a result of the following factors:

- Net nonoperating revenues decreased by \$15.5 million, primarily from a decrease in investment income and unrealized losses on securities and real estate investments.
- Other revenues increased \$4.5 million due to an increase in capital assets donated to the Foundation.

### **Expenses**

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

The following summarizes operating expenses by natural classification for the College (none are reported for the Consortium) and its component unit for the respective fiscal years ended:

**Operating Expenses  
For the Fiscal Years Ended**

	(In Thousands)			
	College		Component Unit	
	6-30-23	6-30-22	12-31-22	12-31-21
Personnel Services	\$ 77,870	\$ 65,318	\$ -	\$ -
Scholarships and Waivers	15,874	15,638	1,195	1,016
Utilities and Communications	3,473	2,674	-	-
Contractual Services	8,970	16,051	-	-
Other Services and Expenses	7,085	5,864	1,870	1,261
Materials and Supplies	11,548	12,339	-	-
Depreciation	6,165	5,381	275	275
<b>Total Operating Expenses</b>	<b>\$130,985</b>	<b>\$123,265</b>	<b>\$ 3,340</b>	<b>\$ 2,552</b>

College total operating expenses increased by \$7.7 million, or 6.3 percent, as compared to the prior fiscal year as a result of the following factors:

- The College implemented part of the faculty salary study that was performed for full-time faculty and department chairs. Additionally, the College provided a 1.5 percent salary increase and a \$500 increase to base salary for full-time staff. The College personnel services costs also increased due to a \$25.3 million increase in net pension liabilities. These increases were offset with a recording of a net decrease in deferred inflows of resources related to other postemployment benefits (OPEB), and pensions totaling \$23.3 million. As a result, personnel services increased by \$12.6 million, or 19.2 percent, from the prior fiscal year.
- Contractual services decreased by \$7.1 million, or 44.1 percent, primarily due to a decrease in contractual and technology services.
- Other services and expenses increased by \$1.2 million, or 20.8 percent, primarily due to the return of normal on-site operations of the College.

Total operating expenses for the component unit increased \$788 thousand, or 30.9 percent, primarily due to the increase in academic program support expenses and increases in scholarships and waivers.

**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 and Consortium's cash flows for the 2022-23 and 2021-22 fiscal years:



**Condensed Statement of Cash Flows  
For the Fiscal Years**

(In Thousands)

	College		Consortium	
	2022-23	2021-22	2022-23	2021-22
Cash Provided (Used) by:				
Operating Activities	\$ (91,979)	\$ (95,564)	\$ 28,608	\$ 15,294
Noncapital Financing Activities	91,742	90,464	-	-
Capital and Related Financing Activities	693	78	-	-
Investing Activities	2,923	(392)	(99)	922
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	3,379	(5,414)	28,509	16,216
Cash and Cash Equivalents, Beginning of Year	47,519	52,933	96,332	80,116
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 50,898</u>	<u>\$ 47,519</u>	<u>\$ 124,841</u>	<u>\$ 96,332</u>

The College's cash and cash equivalents increased during the 2022-23 fiscal year. The following discussion amplifies the overview of cash flows:

- Cash outflows for operating activities decreased \$3.6 million as compared to the prior fiscal year. The primary components of this change were increases in cash inflows for grants and contracts (\$5.5 million), decreased payments to suppliers (\$6.6 million) and other disbursements (\$1.1 million), offset by an increase in payments to employees and for employee benefits (\$7.6 million) and a decrease in cash inflows from student tuition and fees (\$1.3 million).
- The primary sources of cash inflows in noncapital financing activities are State noncapital appropriations (\$50 million) and Federal and State student financial aid (\$26.2 million). Cash inflows from noncapital financing increased \$1.3 million, as compared to the prior fiscal year, predominately due to increases in State noncapital appropriations (\$3.7 million) and gifts, grants and contracts (\$2.9 million), offset by a decrease in Federal and State student financial aid (\$5.5 million).
- The primary sources of cash inflows of capital and related financing activities are capital grants and gifts (\$4.3 million) and State capital appropriations (\$1.1 million). Net cash inflows for capital and related financing activities increased (\$615 thousand) as compared to the prior fiscal year, primarily due to a decrease in the purchase of capital assets (\$8.8 million), offset by a decrease in State capital appropriations (\$6.7 million) and capital gifts and grants (\$1.5 million).
- Cash inflows for investing activities of the College increased by \$3.3 million primarily due to an increase in investment income net of realized and unrealized capital gains and losses.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2023, the College had \$242.1 million in capital assets, less accumulated depreciation of \$140.6 million, for net capital assets of \$101.5 million. Depreciation charges for the current fiscal year totaled \$6.2 million. The following table summarizes the College's capital assets, net of accumulated depreciation, at June 30:

### Capital Assets, Net at June 30: College

(In Thousands)

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
Land	\$ 7,104	\$ -	\$ -	\$ 7,104
Artwork and Artifacts	18	-	-	18
Buildings	148,886	32,440	-	181,326
Other Structures and Improvements	37,709	277	-	37,986
Furniture, Machinery, and Equipment	12,703	2,028	326	14,405
Lease Assets	246	-	-	246
Construction in Progress	32,274	744	32,716	302
SBITA in Progress	-	729	-	729
<b>Total</b>	<b>238,940</b>	<b>36,218</b>	<b>33,042</b>	<b>242,116</b>
Less, Accumulated Depreciation:				
Buildings	89,896	3,978	-	93,874
Other Structures and Improvements	34,225	752	-	34,977
Furniture, Machinery, and Equipment	10,573	1,386	326	11,633
Lease Assets	49	49	-	98
<b>Total Accumulated Depreciation</b>	<b>134,743</b>	<b>6,165</b>	<b>326</b>	<b>140,582</b>
<b>Capital Assets, Net</b>	<b>\$ 104,197</b>	<b>\$ 30,053</b>	<b>\$ 32,716</b>	<b>\$ 101,534</b>

The component unit had \$21.6 million in capital assets, less accumulated depreciation of \$7.3 million, for net capital assets of \$14.3 million. Depreciation expenses for the current fiscal year totaled \$275 thousand. Details of the component unit's capital assets activity for the fiscal year ended December 31, 2022, are shown in the following table:

### Capital Assets, Net at December 31: Component Unit

(In Thousands)

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
Land	\$ 2,606	\$ -	\$ -	\$ 2,606
Art Collection	774	5,634	4	6,404
Equipment	4	-	-	4
Buildings and Improvements	11,603	-	-	11,603
Film Costs (Depreciable)	1,005	-	-	1,005
<b>Total</b>	<b>15,992</b>	<b>5,634</b>	<b>4</b>	<b>21,622</b>
Less, Accumulated Depreciation	7,007	275	-	7,282
<b>Capital Assets, Net</b>	<b>\$ 8,985</b>	<b>\$ 5,359</b>	<b>\$ 4</b>	<b>\$ 14,340</b>

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

## **Debt Administration**

As of June 30, 2023, the College had \$3.8 million in outstanding capital improvement bonds payable and lease payable versus \$4.6 million at the end of the prior fiscal year, representing a decrease of \$853 thousand, or 18.3 percent from the prior fiscal year. Proceeds from bonds were used to construct and renovate College facilities.

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 the economic growth due to Federal economic stimulus and the increase in the State's economy due to higher sales tax revenue, the prospect of increased State funding was anticipated in the 2022-23 fiscal year. The increase in State funding and economic stimulus helped to offset revenue declines due to lower enrollment. The College's current financial and capital plans indicate that there are adequate financial resources to maintain its present level of services in the short-term. The College expects to revise its budgets based upon student tuition and State resources available to fund operations in the next fiscal year.

On-going efforts to develop new revenue sources and contain costs continue to serve the College well in its commitment to the growth of educational programs, improved student access, and overall excellence in service to its students and communities. The conservative budgetary stance taken by the College provides a framework for a focused response in support of our educational mission and provides financial stability in the face of limited economic growth and increased demand for State resources.

The component unit's reliance on charitable giving is also affected by the general state of the economy as well as by the health of the stock market and prospective donors' perception of the benefiting organization. Toward this latter factor, the College has historically enjoyed a very positive reputation in the communities it serves. While economic factors do affect charitable giving in general, the Foundation has a history of very steady growth regardless of changes in these factors.

### **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 Affairs/CFO, Santa Fe College, 3000 Northwest 83rd Street, Gainesville, Florida 32606.

# BASIC FINANCIAL STATEMENTS

## SANTA FE COLLEGE A Component Unit of the State of Florida Statement of Net Position

June 30, 2023

	College	Component Unit
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 31,276,472	\$ 1,263,377
Restricted Cash and Cash Equivalents	-	2,889,417
Investments	3,106,708	8,452,273
Restricted Investments	-	10,123,659
Accounts Receivable, Net	935,802	80,505
Leases Receivable	19,027	-
Due from Other Governmental Agencies	21,465,462	-
Due from Component Unit	636,143	-
Inventories	100,165	-
Prepaid Expenses	452,335	-
Risk Management Consortium:		
Restricted Cash and Cash Equivalents	124,840,194	-
Restricted Investments	1,700,630	-
<b>Total Current Assets</b>	<b>184,532,938</b>	<b>22,809,231</b>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	20,462,061	-
Investments	5,835,926	26,677,706
Restricted Investments	-	7,173,969
Leases Receivable	29,833	-
Endowment Investments	-	29,155,354
Depreciable Capital Assets, Net	93,379,842	5,326,704
Nondepreciable Capital Assets	8,153,779	9,013,269
Risk Management Consortium:		
Restricted Deposit	2,567,541	-
Restricted Investments	15,663,171	-
<b>Total Noncurrent Assets</b>	<b>146,092,153</b>	<b>77,347,002</b>
<b>TOTAL ASSETS</b>	<b>330,625,091</b>	<b>100,156,233</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Other Postemployment Benefits	369,301	-
Pensions	16,140,712	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>16,510,013</b>	<b>-</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Temporary Cash Overdraft	839,435	-
Accounts Payable	1,679,574	805,261
Salary and Payroll Taxes Payable	5,136,503	-
Retainage Payable	27,517	-
Due to Other Governmental Agencies	525,888	-
Unearned Revenue	1,086,554	-
Annuity Trust Obligations	-	70,275
Deposits Held for Others	1,136,403	-
Long-Term Liabilities - Current Portion:		
Bonds Payable	845,000	-
Leases Payable	49,148	-
Compensated Absences Payable	894,607	-
Other Postemployment Benefits Payable	89,469	-
Risk Management Consortium:		
Deposits Held for Others	126,540,824	-
<b>Total Current Liabilities</b>	<b>138,850,922</b>	<b>875,536</b>

	<u>College</u>	<u>Component Unit</u>
<b>LIABILITIES (Continued)</b>		
Noncurrent Liabilities:		
Bonds Payable	2,800,000	-
Leases Payable	100,892	-
Compensated Absences Payable	10,471,124	-
Other Postemployment Benefits Payable	1,327,084	-
Net Pension Liability	45,883,623	-
Other Noncurrent Liabilities	-	581,119
Risk Management Consortium:		
Deposits Held for Others	18,230,712	-
<b>Total Noncurrent Liabilities</b>	<u>78,813,435</u>	<u>581,119</u>
<b>TOTAL LIABILITIES</b>	<u>217,664,357</u>	<u>1,456,655</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Other Postemployment Benefits	440,200	-
Pensions	3,426,508	-
Lease Agreements	48,860	-
Deferred Amounts Related to Irrevocable Split-Interest Agreements	-	394,121
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>3,915,568</u>	<u>394,121</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	97,086,276	14,006,639
Restricted:		
Nonexpendable:		
Endowment	-	37,315,756
Expendable:		
Grants	1,962,528	-
Loans	590,295	-
Scholarships	372,871	5,262,480
Capital Projects	35,974,259	-
Other	-	5,969,726
Unrestricted	<u>(10,431,050)</u>	<u>35,750,856</u>
<b>TOTAL NET POSITION</b>	<u>\$ 125,555,179</u>	<u>\$ 98,305,457</u>

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

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**SANTA FE 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, 2023**

	<u>College</u>	<u>Component Unit</u>
<b>REVENUES</b>		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of \$9,393,694	\$ 23,194,464	\$ -
Federal Grants and Contracts	5,087,011	-
State and Local Grants and Contracts	1,452,292	-
Nongovernmental Grants and Contracts	1,088,250	724,078
Sales and Services of Educational Departments	1,005,140	-
Auxiliary Enterprises	629,586	-
Other Operating Revenues	349,945	1,263,564
<b>Total Operating Revenues</b>	<b>32,806,688</b>	<b>1,987,642</b>
<b>EXPENSES</b>		
Operating Expenses:		
Personnel Services	77,869,801	-
Scholarships and Waivers	15,874,054	1,195,061
Utilities and Communications	3,473,485	-
Contractual Services	8,969,866	-
Other Services and Expenses	7,085,219	1,869,937
Materials and Supplies	11,547,817	-
Depreciation	6,164,910	275,085
<b>Total Operating Expenses</b>	<b>130,985,152</b>	<b>3,340,083</b>
<b>Operating Loss</b>	<b>(98,178,464)</b>	<b>(1,352,441)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State Noncapital Appropriations	49,993,741	-
Federal and State Student Financial Aid	26,152,601	-
Gifts and Grants, and Contracts	15,520,493	-
Investment Income (Loss)	2,994,571	(10,492,517)
Gain on Disposal of Capital Assets	6,424	-
Interest Paid on Capital Asset-Related Debt	(225,971)	-
Other Nonoperating Revenues	35,448	-
<b>Net Nonoperating Revenues (Expenses)</b>	<b>94,477,307</b>	<b>(10,492,517)</b>
<b>Loss Before Other Revenues</b>	<b>(3,701,157)</b>	<b>(11,844,958)</b>
State Capital Appropriations	15,539,025	-
Capital Grants, Contracts, Gifts, and Fees	2,754,029	-
Endowment Principal Additions	-	998,908
Other Revenues	-	4,633,527
<b>Total Other Revenues</b>	<b>18,293,054</b>	<b>5,632,435</b>
<b>Increase (Decrease) in Net Position</b>	<b>14,591,897</b>	<b>(6,212,523)</b>
Net Position, Beginning of Year	110,963,282	104,517,980
<b>Net Position, End of Year</b>	<b>\$ 125,555,179</b>	<b>\$ 98,305,457</b>

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

**SANTA FE COLLEGE**  
**A Component Unit of the State of Florida**  
**Statement of Cash Flows**

**For the Fiscal Year Ended June 30, 2023**

	<b>College</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Student Tuition and Fees, Net	\$ 23,104,821
Grants and Contracts	7,017,442
Payments to Suppliers	(27,611,069)
Payments for Utilities and Communications	(3,473,485)
Payments to Employees	(59,056,841)
Payments for Employee Benefits	(17,159,572)
Payments for Scholarships	(15,874,054)
Auxiliary Enterprises	635,408
Sales and Services of Educational Departments	1,005,140
Other Disbursements	(566,521)
Risk Management Consortium:	
Other Receipts	28,608,242
	<b>(63,370,489)</b>
<b>Net Cash Used by Operating Activities</b>	
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State Noncapital Appropriations	49,993,741
Federal and State Student Financial Aid	26,152,601
Federal Direct Loan Program Receipts	9,547,596
Federal Direct Loan Program Disbursements	(9,508,158)
Gifts, Grants, and Contracts	15,520,493
Other Nonoperating Receipts	35,448
	<b>91,741,721</b>
<b>Net Cash Provided by Noncapital Financing Activities</b>	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
State Capital Appropriations	1,081,145
Capital Grants and Gifts	4,341,880
Proceeds from Sale of Capital Assets	6,424
Purchases of Capital Assets	(3,657,182)
Principal Paid on Capital Debt and Leases	(853,303)
Interest Paid on Capital Debt and Leases	(225,971)
	<b>692,993</b>
<b>Net Cash Provided by Capital and Related Financing Activities</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from Sales and Maturities of Investments	5,371,853
Purchases of Investments	(4,294,620)
Investment Income	1,845,583
Risk Management Consortium:	
Proceeds from Sales and Maturities of Investments	7,031,171
Purchases of Investments	(7,130,557)
	<b>2,823,430</b>
<b>Net Cash Provided by Investing Activities</b>	
<b>Net Increase in Cash and Cash Equivalents</b>	<b>31,887,655</b>
Cash and Cash Equivalents, Beginning of Year	143,851,637
	<b>\$ 175,739,292</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 175,739,292</b>



	<u>College</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>	
Operating Loss	\$ (98,178,464)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	6,164,910
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	(109,772)
Due from Other Governmental Agencies	(53,410)
Due from Component Unit	(469,892)
Inventories	(8,167)
Prepaid Expenses	(391,819)
Accounts Payable	71,411
Salary and Payroll Taxes Payable	108,910
Due to Other Governmental Agencies	501,932
Unearned Revenue	(60,858)
Deposits Held for Others	(1,097,990)
Compensated Absences Payable	819,539
Other Postemployment Benefits Payable	(156,322)
Net Pension Liability	25,268,270
Deferred Outflows of Resources Related to Other Postemployment Benefits	28,886
Deferred Inflows of Resources Related to Other Postemployment Benefits	147,547
Deferred Outflows of Resources Related to Pensions	(1,119,878)
Deferred Inflows of Resources Related to Pensions	(23,423,943)
Deferred Inflows of Resources Related to Lease Agreement	(19,621)
Risk Management Consortium:	
Restricted Deposit	227,238
Deposits Held for Others	28,381,004
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u>\$ (63,370,489)</u>

**SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND  
CAPITAL FINANCING ACTIVITIES**

Unrealized gains on investments were recognized as an addition to investment income on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	\$ 1,122,683
Donation of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but the entire amount is not a cash transaction for the statement of cash flows.	\$ 12,114

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

# **NOTES TO FINANCIAL STATEMENTS**

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## **1. Summary of Significant Accounting Policies**

**Reporting Entity.** The governing body of Santa Fe 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 eight 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 Alachua and Bradford Counties.

Reported within the College's financial statements are certain assets and liabilities of the Florida College System Risk Management Consortium (Consortium). The College is the fiscal agent for the Consortium, which is the administrator of an Employee Benefit Plan and a Property and Casualty Plan for participating Florida colleges. As fiscal agent, the College is responsible for receiving, disbursing, and administering all moneys due to or payable from the Consortium and for personnel functions (hiring, records maintenance, etc.) of the Consortium. The financial information reported for the Consortium includes restricted cash and cash equivalents, restricted deposits, and restricted investments with a corresponding liability representing that the assets are held in custody by the College for the Consortium. Annual audits of the Consortium employee benefit plans and property and casualty plan for the fiscal years ended December 31, 2022, and February 28, 2023, respectively, were conducted by independent certified public accountants and are available at the College.

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

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

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

The Foundation is audited by other auditors pursuant to Section 1004.70(6), Florida Statutes. The Foundation's audited financial statements are available to the public and can be obtained from the Vice

President for Advancement, Santa Fe College, 3000 NW 83rd Street, Gainesville, Florida 32606. The financial data reported on the accompanying financial statements was derived from the Foundation's audited financial statements for the fiscal year ended December 31, 2022.

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

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

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

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

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

The College's principal operating activity is instruction. Operating revenues and expenses generally include all fiscal transactions directly related to instruction as well as administration, academic support, student services, physical plant operations, and depreciation of capital assets. Nonoperating revenues include State noncapital appropriations; Federal and State student financial aid; gifts, grants and contracts; 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 identifies within its accounting system amounts paid for tuition and fees from grants, loans, or others providing financial aid sources. The total amount of these payments is deducted from student tuition and fees.

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 amounts reported as cash and cash equivalents consist of cash on hand, cash in demand accounts, and cash invested with the State Treasury Special Purpose Investment Account (SPIA) and the State Board of Administration (SBA) Florida PRIME investment pools. For reporting cash flows, the College and Consortium consider 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 and Consortium consider amounts invested in the State Treasury SPIA and SBA Florida PRIME investment pools to be cash equivalents.

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

At June 30, 2023, the College and Consortium reported as cash equivalents at fair value \$11,695,708 and \$18,769,694, respectively, in the State Treasury SPIA investment pool representing ownership of a share of the pool, not the underlying securities (Level 3 inputs, as discussed in Note 5.). Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The State Treasury SPIA investment pool carried a credit rating of AA-f by Standard & Poor's, had an effective duration of 3.02 years and fair value factor of 0.9667 at June 30, 2023. Participants contribute to the State Treasury SPIA investment pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balance.

The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. The College relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury SPIA investment pool are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

At June 30, 2023, the College and Consortium reported as cash equivalents \$33,272,194 and \$84,221,393, respectively, in the Florida PRIME investment pool administered by the SBA pursuant to Section 218.405, Florida Statutes. The 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 37 days as of June 30, 2023. 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, 2023, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

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

- Buildings – 40 years

- Other Structures and Improvements – 10 years
- Furniture, Machinery, and Equipment:
  - Computer Equipment – 3 years
  - Vehicles, Office Machines, and Educational Equipment – 5 years
  - Furniture and Pianos – 7 years
- Lease Assets – 5 years

**Capital Assets – Component Unit.** Property and equipment acquisitions of the College’s component unit are recorded at cost, if purchased. Contributed property and equipment are recorded at estimated value, as determined by the donor or the component unit, at the date of receipt. Capitalized assets have a useful life greater than 1 year and an original cost of \$500 or greater. Buildings and equipment are depreciated using the straight-line method, based on a 40-year useful life for buildings, 5 to 7 years’ useful life for equipment, and 10 years for film production costs.

**Noncurrent Liabilities.** Noncurrent liabilities include bonds payable, leases payable, compensated absences payable, other postemployment benefits (OPEB) 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. 96, *Subscription-Based Information Technology Arrangements*. The statement addresses accounting and financial reporting for Subscription-Based Information Technology Arrangements (SBITAs). This statement requires the College to recognize a right-to-use asset and a corresponding subscription liability for the SBITAs that were previously recognized as operating expenses under contracts. There was no effect for beginning net position.

**3. Deficit Net Position in Individual Funds**

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

<b>Fund</b>	<b>Net Position</b>
Current Funds - Unrestricted	\$ (18,185,768)
Auxiliary Funds	7,754,718
<b>Total</b>	<b>\$ (10,431,050)</b>

#### 4. Restricted Deposits

The Consortium has restricted deposits of \$2,567,541 held by third-party administrators for workers' compensation insurance claims, pursuant to collateral agreements. Although the Consortium is required to reimburse the administrators for claims paid, the administrators are authorized to use the collateral to pay any and all of the Consortium's obligations owed under the agreements.

#### 5. Investments

**College and Consortium.** The College's Board of Trustees and the Consortium have adopted written investment policies providing that surplus funds of the College and the Consortium 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.

The general investment policy of both the College and the Consortium is to apply the prudent person rule: investments are made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence would exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment. In addition to the investments allowed by Section 218.415(6), Florida Statutes, the investment policies of the College and the Consortium authorize investments in repurchase agreements, corporate notes, and money market instruments. The Consortium also includes asset-backed securities as an authorized investment.

**Fair Value Measurement.** The College and the Consortium categorize their 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.

All of the College's and the Consortium's recurring fair value measurements as of June 30, 2023, are valued using a matrix pricing model (Level 2 inputs), with the exception of United States Treasury Notes which are valued using quoted market prices (Level 1 inputs).

The College's and the Consortium's investments at June 30, 2023, are reported as follows:

	Amount	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<b>Investments by fair value level - College</b>			
United States Treasury Notes	\$ 5,756,330	\$ 5,756,330	\$ -
Obligations of United States Government and Government-Sponsored Enterprises	1,929,568	-	1,929,568
Federal Agency Collateralized Mortgage Obligations	916,730	-	916,730
Mortgage-Backed Pass-Throughs	291,476	-	291,476
Money Market Mutual Funds	48,530	-	48,530
Total investments by fair value level - College	8,942,634	5,756,330	3,186,304
<b>Investments by fair value level - Consortium</b>			
United States Treasury Notes	5,517,888	5,517,888	-
Obligations of United States Government and Government-Sponsored Enterprises	1,696,281	-	1,696,281
Corporate Notes	6,038,419	-	6,038,419
Federal Agency Collateralized Mortgage Obligations	483,884	-	483,884
Foreign Notes	1,706,699	-	1,706,699
Asset-Backed Securities	1,342,158	-	1,342,158
Mortgage-Backed Pass-Throughs	421,524	-	421,524
Municipal Bonds	61,432	-	61,432
Money Market Mutual Funds	95,516	-	95,516
Total investments by fair value level - Consortium	17,363,801	5,517,888	11,845,913
<b>Total investments measured at fair value</b>	<b>\$ 26,306,435</b>	<b>\$ 11,274,218</b>	<b>\$ 15,032,217</b>

**Other Investments.** The College and the Consortium invested in various debt and equity securities and money mutual funds. The following risks apply to College and Consortium investments:

**Interest Rate Risk:** Interest rate risk is the risk that changing interest rates will adversely affect the fair value of an investment. The investment policy of the College limits the maximum average duration of the investment portfolio to no greater than 120 percent of the target benchmarks' average duration. The College's benchmark is the Merrill Lynch 1-3 Year U.S. Treasury Index. The investment policy of the Consortium limits the maximum effective duration of the aggregate portfolio to 3 years. The performance benchmark for the Consortium is the Merrill Lynch 1-5 Year U.S. Treasury Index.

At June 30, 2023, the Merrill Lynch 1-3 and 1-5 Year U.S. Treasury Indexes' effective durations were 1.75 and 2.51 years, respectively. The effective duration of the College's and the Consortium's portfolios at June 30, 2023, were 1.63 and 2.42 years, respectively. Recognizing that market volatility is a function of duration, the investment policies of the College and the Consortium state that the portfolios are to be maintained as short- to intermediary-term duration portfolios. The maximum duration of floating rate and individual securities from date of purchase is 5 years for the College and 5.5 years for the Consortium. At June 30, 2023, the College and Consortium's longest individual security effective duration was



4.31 years and 4.73 years, respectively. Furthermore, the College's investment policy is designed to limit principal fluctuation so that no more than 20 percent of the portfolio has an effective duration greater than 3 years. An additional objective of the College is to provide sufficient liquidity and stability of principal so that no less than 10 percent of the portfolio has an effective duration of 1 year or less.

*Credit Risk:* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The investment policies of the College provide for the following regarding credit risk:

- Repurchase agreements must be fully collateralized at 102 percent by United States Treasuries.
- Money market instruments including, but not limited to, commercial paper, time deposits, and bankers' acceptances, at the time of purchase must, at a minimum, be rated "A1/P1" or the equivalent by Standard & Poor's and/or Moody's and all other nationally recognized credit rating organizations.
- Corporate bonds and notes must have at least an "AAA" rating by at least two of the following three credit rating organizations: Standard & Poor's, Moody's, or Fitch.
- Money market funds must be registered with the SEC with the highest credit quality rating from a nationally recognized rating company.
- A total quality rating of 8 or higher for the College must be maintained using the following scale:
  - United States Government Fully Guaranteed 10
  - Government-Sponsored Enterprises 9
  - "AAA" – Rated Securities 8
  - "AA" – Rated Securities 7
  - "A" – Rated Securities 6

As of June 30, 2023, using the above scale, the College's total quality rating was 8.65.

The investment policies of the Consortium provide the following regarding credit risk:

Sector	Sector Maximum (%)	Per Issuer Maximum (%)	Minimum Ratings Requirement <sup>1</sup>	Maximum Maturity
U.S. Treasury	100%	100%	N/A	5.50 Years (5.50 Years avg. life <sup>2</sup> for GNMA)
Government National Mortgage Association (GNMA)		40%		
Other U.S. Government Guaranteed; (e.g., Agency for International Development, Government Trust Certificates)		10%		
Federal Agency/Government Sponsored Enterprise (GSE): Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Home Loan Banks, Federal Farm Credit Banks	75%	40% <sup>3</sup>	N/A	5.50 Years
Federal Agency/GSE other than those above		10%		
Supranationals where U.S. is a shareholder and voting member	25%	10%	Highest ST or Two Highest LT Rating Categories (A-1/P-1, AA-/Aa3, or equivalent)	5.50 Years
Supranationals other than those above		5%		5.50 Years
Foreign Sovereign Governments (Organization for Economic Cooperation and Development countries only) and Canadian Provinces	10%	5%	Highest ST or Two Highest LT Rating Categories (A-1/P-1, AA-/Aa3, or equivalent)	5.50 Years
Foreign Sovereign Agencies (OECD countries only)	10%	5%	Highest ST or Two Highest LT Rating Categories (A-1/P-1, AA-/Aa3, or equivalent)	5.50 Years
Corporates	50% <sup>4</sup>	5%	Highest ST or Three Highest LT Rating Categories (A-1/P-1, BBB/Baa or equivalent)	5.50 Years
Municipals	25%	5%	Highest ST or Three Highest LT Rating Categories (SP-1/MIG 1, A-/A3, or equivalent)	5.50 Years
Agency Mortgage-Backed Securities (MBS)	25%	40% <sup>3</sup>	N/A	5.50 Years Avg. Life <sup>2</sup>
Asset-Backed Securities (ABS)	25%	5%	Highest ST or LT Rating (A-1+/P-1, AAA/Aaa, or equivalent)	5.50 Years Avg. Life <sup>2</sup>
Non-Negotiable Collateralized Bank Deposits or Savings Accounts	50%	None, if fully collateralized	None, if fully collateralized.	2 Years
Commercial Paper	50% <sup>4</sup>	5%	Highest ST Rating Category (A-1/P-1, or equivalent)	270 Days
Bankers' Acceptances	10% <sup>4</sup>	5%	Highest ST Rating Category (A-1/P-1, or equivalent)	180 Days
Repurchase Agreements	40%	20%	Counterparty (or if the counterparty is not rated by a Nationally Recognized Statistical Rating Organization (NRSRO), then the counterparty's parent) must be rated in the Highest ST Rating Category (A-1/P-1, or equivalent). If the counterparty is a Federal Reserve Bank, no rating is required	1 Year
Money Market Funds	50%	25%	Highest Fund Rating by all NRSROs who rate the fund (AAAm/Aaa-mf, or equivalent)	N/A
Fixed-Income Mutual Funds & Exchange-Traded Funds	20%	10%	N/A	N/A

Sector	Sector Maximum (%)	Per Issuer Maximum (%)	Minimum Ratings Requirement <sup>1</sup>	Maximum Maturity
Intergovernmental Pools	50%	25%	Highest Fund Quality and Volatility Rating Categories by NRSROs who rate the fund (AAAm/AAAf, S1, or equivalent)	N/A

- (1) Rating by at least one SEC-registered NRSRO, unless otherwise noted. ST=Short-term; LT=Long-term.
- (2) The maturity limit for MBS and ABS is based on the expected average life at time of purchase, measured using Bloomberg or other industry standard methods.
- (3) Maximum exposure to any one Federal agency, including the combined holdings of Agency debt and Agency ABS, is 40 percent.
- (4) Maximum allocation to all corporate and bank credit instruments is 50 percent combined.

At June 30, 2023, the investments of the College and the Consortium in obligations of the United States Government and Government-sponsored enterprises, Federal agency collateralized mortgage obligations, corporate notes, mortgage-backed pass-throughs, foreign notes, asset-backed securities, and money market funds were rated by Standard & Poor's as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Quality Rating</u>
<b><u>College</u></b>		
United States Treasury Notes	\$ 5,756,330	AA+
Mortgage-Backed Pass-Throughs	\$ 291,476	AA+
Federal Agency Collateralized Mortgage Obligations	\$ 916,730	N/A
Obligations of United States Government and Government-Sponsored Enterprises	\$ 1,929,568	AA+
Money Market Mutual Funds	\$ 48,530	AAAm
<b><u>Consortium</u></b>		
United States Treasury Notes	\$ 5,517,888	AA+
Mortgage-Backed Pass-Throughs	\$ 421,524	AA+
Federal Agency Collateralized Mortgage Obligations	\$ 483,884	NR to AAA
Obligations of United States Government and Government-Sponsored Enterprises	\$ 1,696,281	AA+
Corporate Notes	\$ 6,038,419	BBB- to AAA
Municipal Bonds	\$ 61,432	AAA
Foreign Notes	\$ 1,706,699	A- to AAA+
Asset-Backed Securities	\$ 1,342,158	NR to AAA
Money Market Mutual Funds	\$ 95,516	AAAm

**Custodial Credit Risk:** Custodial credit risk is the risk that, in the event of failure of the counterparty to a transaction, the College will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments purchased on behalf of the College pursuant to Section 218.415, Florida Statutes, must be properly earmarked and: (1) if registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the College's interest in the security; (2) if in a book entry form, the investment must be held for the credit of the College by a depository chartered by the Federal Government, the State, or any other State or territory

of the United States that has a branch or principal place of business in the State, or by a national association organized and existing under the laws of the United States that is authorized to accept and execute trusts and is doing business in this State, and must be kept by the depository in an account separate and apart from the assets of the financial institution, or (3) if physically issued to the holder but not registered with the issuer or its agents, must be immediately placed for safekeeping in a secured vault. Investment policies of the College and the Consortium require that all securities purchased be properly designated as an asset of the College or the Consortium and held in safekeeping by a third-party custodial bank or other third-party custodial institution. The College's and the Consortium's investments are held by a safekeeping agent in the name of the College or the Consortium.

*Concentration of Credit Risk:* Concentration of credit risk is the risk of loss attributed to the magnitude of the College's investment in a single issuer. The investment policies of the College and the Consortium provide that a maximum of 5 percent of the portfolio's individual corporate exposure may be invested in securities of a single issuer. The maximum corporate exposure at June 30, 2023, was as follows:

- College: 0.00%
- Consortium: 1.95%

**Component Unit Investments.** Mutual Funds and Corporate Common Stocks are valued based on prices quoted in the active markets and are categorized as Level 1 in the fair value hierarchy. Corporate Preferred Stocks, Corporate Bonds, U.S. Federal Agency Bonds, and Municipal Bonds are valued using quoted prices for similar securities in active markets and are categorized as Level 2 in the fair value hierarchy. Real estate is valued using the capitalization rate to determine fair value and is categorized as Level 3 in the fair value hierarchy.

Investments held by the Foundation at December 31, 2022, were reported at fair value as follows:

Investments by fair value level	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds	\$ 2,758,491	\$ 2,758,491	\$ -	\$ -
Corporate Common Stocks	27,613,003	27,613,003	-	-
Corporate Preferred Stocks	1,895,845	-	1,895,845	-
Corporate Bonds	40,135,498	-	40,135,498	-
U.S. Federal Agency Bonds	4,080,188	-	4,080,188	-
Municipal Bonds	21,521	-	21,521	-
Real Estate	5,078,415	-	-	5,078,415
<b>Total Component Unit Investments</b>	<b>\$ 81,582,961</b>	<b>\$ 30,371,494</b>	<b>\$ 46,133,052</b>	<b>\$ 5,078,415</b>

There was \$9,730,100 in unrealized losses in the fair value of investments during the calendar year ended December 31, 2022. The carrying value of investments at December 31, 2022, includes all material changes in fair value, including both realized and unrealized gains and losses that occurred both during the current year and previous years.

The Foundation invested in various debt and equity securities. To smooth distributions from the aggregate portfolio, the Foundation uses the moving average method of determining year-to-year spending. This policy provides for a more consistent and predictable spending for programs, and it allows the Foundation to design an investment strategy that is more consistent with a higher expected average return over time. The following risks apply to the Foundation’s investments:

*Interest Rate Risk:* The Foundation’s investment policy does not limit debt obligation maturities. However, the Foundation manages its exposure to fair value losses arising from increasing interest rates through the segmented-time distribution method. The durations for the Foundation investments as of December 31, 2022, are as follows:

<u>Maturities in Years</u>	<u>% of Total Assets</u>	<u>Total</u>
Less than 1 Year	4.25%	\$ 3,251,766
1 to 2	19.81%	15,158,081
3 to 5	19.50%	14,921,898
6 to 10	10.73%	8,206,453
11 to 15	2.16%	1,653,244
16 to 20	1.72%	1,313,274
21 Plus	1.63%	1,243,245
None	40.20%	30,756,585
<b>Total</b>	<b>100.00%</b>	<b>\$ 76,504,546</b>

*Credit Risk:* The Foundation’s investment policy limits investments to investment grade securities (BBB or higher) issued by banks, corporations, or the Federal Government. Those securities listed at below investment grade have been downgraded subsequent to purchase. In each case, the Foundation’s Board of Directors, through the Finance Committee, has determined that the downgraded security has a reasonable expectation of recovery and has elected to maintain its position. The policy provides the 20 percent of the total investment in securities may be made in preferred corporate securities. Obligations of United States government agencies and instrumentalities, certificates of deposit, and domestic equities do not require disclosure of credit quality. The credit ratings, by nationally recognized rating agencies (e.g., Moody’s Investors Service) of the portfolio held by the Foundation at December 31, 2022, was as follows:

<b>Rating</b>	<b>% of Total Assets</b>	<b>Fair Value</b>
Aaa/AAA	2.36%	\$ 1,923,970
Aa/AA	11.39%	9,290,006
A/A	23.11%	18,855,309
Baa/BBB	18.52%	15,109,636
Below Investment Grade	0.63%	515,752
<b>Total Rated</b>	<b>56.01%</b>	<b>45,694,673</b>
Government Backed	0.33%	263,500
Corporate Stocks	33.85%	27,613,003
Mutual Funds	3.38%	2,758,491
Preferred Stock	0.21%	174,879
Real Estate	6.22%	5,078,415
<b>Total Non-Rated</b>	<b>43.99%</b>	<b>35,888,288</b>
<b>Total Investments</b>	<b>100.00%</b>	<b>\$ 81,582,961</b>

*Custodial Credit Risk:* The Foundation has no formal policy on custodial credit risk. However, all investments are insured, registered, or held in the Foundation's name by a custodial bank as an agent for the Foundation.

*Concentration of Credit Risk:* Composition of the Foundation's investment portfolio is limited by its investment policy, which restricts investment in any one issue to no more than 5 percent of the value of the portfolio. At December 31, 2022, no single issues represented more than 2 percent of the total portfolio value.

## 6. Accounts Receivable

Accounts receivable represent amounts for student fee deferments, Title IV Federal grant and Florida Bright Futures Scholarship Program repayments due from students; agency billings; investment income; and commissions and rent due from vendors under contract for food, vending, and bookstore operations. The receivables for students total \$347,407 and are reported net of a \$269,738 allowance for uncollectible student accounts. Other receivables are considered to be fully collectible.

## 7. Due From Other Governmental Agencies

The amount due from other governmental agencies primarily consists of \$14,843,803 of Public Education Capital Outlay and deferred maintenance allocations due from the State for construction of College facilities, and \$6,071,201 of Federal grant allocations due from the Federal Government primarily for the following grants:

- Higher Education Emergency Relief Fund (HEERF) – U.S. Department of Education
- Expanding Early Career and Technical Education – U.S. Department of Education
- Expansion of Apprenticeship and Pre-Apprenticeship Grant (ERAP) – U.S. Department of Education
- TRIO Federal Outreach and Student Service Program – U.S. Department of Education

- Perkins – U.S. Department of Education

## 8. Due From Component Unit

The \$636,143 reported as due from component unit includes the remaining amount owed to the College by the Foundation for contributed and matching funds. The College's financial statements are reported for the fiscal year ended June 30, 2023. The College's component unit's financial statements are reported for the calendar year ended December 31, 2022, and there is no amount reported as due to the College by the Foundation.

## 9. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2023, is shown in the following table:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets:				
Land	\$ 7,104,300	\$ -	\$ -	\$ 7,104,300
Artwork and Artifacts	18,000	-	-	18,000
Construction in Progress	32,274,271	744,746	32,716,122	302,895
SBITA in Progress	-	728,584	-	728,584
<b>Total Nondepreciable Capital Assets</b>	<b>\$ 39,396,571</b>	<b>\$ 1,473,330</b>	<b>\$ 32,716,122</b>	<b>\$ 8,153,779</b>
Depreciable Capital Assets:				
Buildings	\$ 148,886,404	\$ 32,439,234	\$ -	\$ 181,325,638
Other Structures and Improvements	37,709,114	276,889	-	37,986,003
Furniture, Machinery, and Equipment	12,702,563	2,028,237	326,108	14,404,692
Lease Assets	245,815	-	-	245,815
<b>Total Depreciable Capital Assets</b>	<b>199,543,896</b>	<b>34,744,360</b>	<b>326,108</b>	<b>233,962,148</b>
Less, Accumulated Depreciation:				
Buildings	89,897,064	3,978,162	-	93,875,226
Other Structures and Improvements	34,224,775	752,073	-	34,976,848
Furniture, Machinery, and Equipment	10,572,502	1,385,512	326,108	11,631,906
Lease Assets	49,163	49,163	-	98,326
<b>Total Accumulated Depreciation</b>	<b>134,743,504</b>	<b>6,164,910</b>	<b>326,108</b>	<b>140,582,306</b>
<b>Total Depreciable Capital Assets, Net</b>	<b>\$ 64,800,392</b>	<b>\$ 28,579,450</b>	<b>\$ -</b>	<b>\$ 93,379,842</b>

Capital assets activity of the College's component unit for the fiscal year ended December 31, 2022, is shown in the following table:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets:				
Land	\$ 2,605,303	\$ -	\$ -	\$ 2,605,303
Art Collection	773,975	5,633,527	3,911	6,403,591
Equipment	4,375	-	-	4,375
<b>Total Nondepreciable Capital Assets</b>	<b>\$ 3,383,653</b>	<b>\$ 5,633,527</b>	<b>\$ 3,911</b>	<b>\$ 9,013,269</b>
Depreciable Capital Assets:				
Buildings and Improvements	\$ 11,604,167	\$ -	\$ -	\$ 11,604,167
Film Costs	1,004,645	-	-	1,004,645
<b>Total Depreciable Capital Assets</b>	<b>12,608,812</b>	<b>-</b>	<b>-</b>	<b>12,608,812</b>
Less, Accumulated Depreciation:				
Buildings and Improvements	6,036,501	270,820	-	6,307,321
Film Costs	970,522	4,265	-	974,787
<b>Total Accumulated Depreciation</b>	<b>7,007,023</b>	<b>275,085</b>	<b>-</b>	<b>7,282,108</b>
<b>Total Depreciable Capital Assets, Net</b>	<b>\$ 5,601,789</b>	<b>\$ (275,085)</b>	<b>\$ -</b>	<b>\$ 5,326,704</b>

## 10. Temporary Cash Overdraft

The College maintained an account with a local bank that processes all transactions. Restricted funds temporarily borrow from unrestricted funds to cover their expenditures until cash being drawn restores the cash of the unrestricted funds. As a result, the College's records showed a temporary cash overdraft for the amount \$839,435 as of June 30, 2023. This did not, however, represent an overdraft in the College's depository account.

## 11. Unearned Revenue

Unearned revenue at June 30, 2023, includes student tuition and fees, and grant and contract revenue received prior to fiscal year end related to subsequent accounting periods. As of June 30, 2023, the College reported the following amounts as unearned revenue:

<u>Description</u>	<u>Amount</u>
Student Tuition and Fees	\$ 1,074,714
Grant and Contract Revenue	11,840
<b>Total Unearned Revenue</b>	<b>\$ 1,086,554</b>

## 12. Long-Term Liabilities

Long-term liabilities activity of the College for the fiscal year ended June 30, 2023, is shown in the following table:



<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bonds Payable	\$ 4,450,000	\$ -	\$ 805,000	\$ 3,645,000	\$ 845,000
Leases Payable	198,343	-	48,303	150,040	49,148
Compensated Absences Payable	10,546,192	1,714,013	894,474	11,365,731	894,607
Other Postemployment Benefits Payable	1,572,875	115,085	271,407	1,416,553	89,469
Net Pension Liability	20,615,353	40,856,754	15,588,484	45,883,623	-
<b>Total Long-Term Liabilities</b>	<b>\$ 37,382,763</b>	<b>\$ 42,685,852</b>	<b>\$ 17,607,668</b>	<b>\$ 62,460,947</b>	<b>\$ 1,878,224</b>

**Bonds Payable.** The SBA, Division of Bond Finance issues Capital Improvement Revenue Bonds on behalf of the College. These bonds are authorized by Article VII, Section 11(d) of the Florida Constitution; Sections 215.57 through 215.86 and Section 1009.23, Florida Statutes; and other applicable provisions of law. Principal and interest on these bonds 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 Series 2018A bonds. The Series 2018A bonds were issued for the purpose of refunding the outstanding Series 2006A bonds. 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 of such additional bonds on the Series 2018A pledged revenues and on the revenues pledged by the colleges participating in such additional bonds.

The College had the following bonds payable at June 30, 2023:

<u>Bond Type</u>	<u>Amount Outstanding</u>	<u>Interest Rate (Percent)</u>	<u>Annual Maturity To</u>
Florida Department of Education Capital Improvement Revenue Bonds: Series 2018A	<u>\$ 3,645,000</u>	5.00	2027

Annual requirements to amortize all bonded debt outstanding as of June 30, 2023, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Capital Improvement Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 845,000	\$ 182,250	\$ 1,027,250
2025	890,000	140,000	1,030,000
2026	935,000	95,500	1,030,500
2027	975,000	48,750	1,023,750
<b>Total</b>	<u>\$ 3,645,000</u>	<u>\$ 466,500</u>	<u>\$ 4,111,500</u>

**Leases Payable.** The College entered into lease agreements with Santa Fe College Foundation, Inc. for the following properties:

- Andrew Center – Started on October 1, 1993
- Davis Center – Started on August 1, 2003

- Downtown Center Phase 1 – Started on October 1, 1993
- Downtown Center Phase 3 – Started on July 1, 2001
- Stump Center – Started on June 17, 2003
- Watson Center – Started on January 4, 2005

All of the lease agreements renew automatically for 1-year increments and the properties shall be used to promote, support, and facilitate the educational activities of Santa Fe College in providing educational opportunities to the citizens of Alachua and Bradford Counties. Future minimum lease payments as of June 30, 2023, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Leases Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 49,148	\$ 2,626	\$ 51,774
2025	50,008	1,766	51,774
2026	50,884	890	51,774
<b>Total Minimum Lease Payments</b>	<b>\$ 150,040</b>	<b>\$ 5,282</b>	<b>\$ 155,322</b>

**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, 2023, the estimated liability for compensated absences, which includes the College’s share of the Florida Retirement System and FICA contributions, totaled \$11,365,731. The current portion of the compensated absences liability, \$894,607, is the amount expected to be paid in the coming fiscal year based upon the College’s prior experience.

**Other Postemployment Benefits Payable.** The College follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for OPEB administered by the 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. Neither the College nor the Consortium issue a stand-alone annual report for the OPEB Plan and the OPEB Plan is not included in the annual report of a public employee retirement system or another entity. 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.

*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	44
Inactive Employees Entitled to But Not Yet Receiving Benefits	48
Active Employees	678
<b>Total</b>	<u>770</u>

**Total OPEB Liability**

The College’s total OPEB liability of \$1,416,553 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021.

*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 inflation	
Regular Employees	3.40 – 7.80 percent
Senior Management	4.10 – 8.20 percent
Special Risk	4.80 – 7.40 percent
Discount rate	
Prior Measurement Date	2.16 percent
Current Measurement Date	3.54 percent
Healthcare cost trend rates	
Pre-Medicare	7.00 percent for 2021, decreasing to an ultimate rate of 4.40 percent for 2032
Medicare	5.125 percent for 2021, decreasing to an ultimate rate of 4.40 percent by 2025

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

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

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

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

**Changes in the Total OPEB Liability**

	<b>Amount</b>
<b>Balance at 6/30/22</b>	<u>\$ 1,572,875</u>
<b>Changes for the year:</b>	
Service Cost	80,126
Interest	34,959
Changes in Assumptions or Other Inputs	(202,005)
Benefit Payments	<u>(69,402)</u>
<b>Net Changes</b>	<u>(156,322)</u>
<b>Balance at 6/30/23</b>	<u><u>\$ 1,416,553</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16 percent in 2021 to 3.54 percent in 2022 due to a change in the Municipal Bond Index Rate.

*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 (2.54 percent) or 1 percentage point higher (4.54 percent) than the current rate:

	<u>1% Decrease (2.54%)</u>	<u>Current Discount Rate (3.54%)</u>	<u>1% Increase (4.54%)</u>
Total OPEB liability	\$1,557,932	\$1,416,553	\$1,296,606

*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:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$1,237,194	\$1,416,553	\$1,641,194

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

For the fiscal year ended June 30, 2023, the College recognized OPEB expense of \$109,580. At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 173,434	\$ 186,783
Change of assumptions or other inputs	106,398	253,417
Transactions subsequent to the measurement date	89,469	-
<b>Total</b>	<b>\$ 369,301</b>	<b>\$ 440,200</b>

Of the total amount reported as deferred outflows of resources related to OPEB, \$89,469 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 fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2024	\$ (5,505)
2025	(5,505)
2026	(4,493)
2027	643
2028	3,068
Thereafter	(148,576)
<b>Total</b>	<b>\$ (160,368)</b>

**Net Pension Liability.** As a participating employer in the 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, 2023, the College’s proportionate share of the net pension liabilities totaled \$45,883,623. Note 13. includes a complete discussion of defined benefit pension plans.

**13. Retirement Plans – Defined Benefit Pension Plans**

**General Information about the Florida Retirement System (FRS)**

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 121, Florida Statutes, also provides for nonintegrated, optional retirement programs in lieu of the FRS to certain members of the Senior Management Service Class employed by the State and faculty and specified employees of State

colleges. Chapter 112, Florida Statutes, established the HIS Program, a cost-sharing multiple-employer defined benefit pension plan to assist retired members of any State-administered retirement system in paying the costs of health insurance.

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

The College's FRS and HIS pension expense totaled \$5,569,964 for the fiscal year ended June 30, 2023.

### **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* – 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:

<b><u>Class, Initial Enrollment, and Retirement Age/Years of Service</u></b>	<b><u>% Value</u></b>
<b>Regular Class members initially enrolled before July 1, 2011</b>	
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
<b>Regular Class members initially enrolled on or after July 1, 2011</b>	
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
<b>Senior Management Service Class</b>	2.00
<b>Special Risk Class</b>	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 2022-23 fiscal year were:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	11.91
FRS, Senior Management Service	3.00	31.57
FRS, Special Risk	3.00	27.83
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	18.60
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 \$4,152,668 for the fiscal year ended June 30, 2023.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2023, the College reported a liability of \$34,317,780 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The College's proportionate share of the net pension liability was based on the College's 2021-22 fiscal year contributions relative to the total 2021-22 fiscal year contributions of all participating members. At June 30, 2022, the College's proportionate share was 0.092232172 percent, which was a decrease of 0.001082794 from its proportionate share measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the College recognized pension expense of \$4,980,387. In addition, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,629,896	\$ -
Change of assumptions	4,226,378	-
Net difference between projected and actual earnings on FRS Plan investments	2,265,998	-
Changes in proportion and differences between College FRS contributions and proportionate share of contributions	1,757,118	1,085,432
College FRS contributions subsequent to the measurement date	4,152,668	-
<b>Total</b>	<b>\$ 14,032,058</b>	<b>\$ 1,085,432</b>

The deferred outflows of resources totaling \$4,152,668, 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:



<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2024	\$ 2,134,648
2025	861,575
2026	(510,091)
2027	6,026,217
2028	281,609
<b>Total</b>	<b>\$ 8,793,958</b>

*Actuarial Assumptions.* The total pension liability in the July 1, 2022, 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	6.70 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, 2022, 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:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.6%	2.6%	1.1%
Fixed Income	19.8%	4.4%	4.4%	3.2%
Global Equity	54.0%	8.8%	7.3%	17.8%
Real Estate (Property)	10.3%	7.4%	6.3%	15.7%
Private Equity	11.1%	12.0%	8.9%	26.3%
Strategic Investments	3.8%	6.2%	5.9%	7.8%
<b>Total</b>	<b>100.0%</b>			
Assumed inflation - Mean			2.4%	1.3%

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

*Discount Rate.* The discount rate used to measure the total pension liability was 6.70 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 2022 valuation was updated from 6.80 percent to 6.70 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 6.70 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 (5.70 percent) or 1 percentage point higher (7.70 percent) than the current rate:

	<u>1% Decrease (5.70%)</u>	<u>Current Discount Rate (6.70%)</u>	<u>1% Increase (7.70%)</u>
College’s proportionate share of the net pension liability	\$59,350,241	\$34,317,780	\$13,387,664

*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.

**HIS Pension Plan**

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

*Benefits Provided.* For the fiscal year ended June 30, 2023, 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, 2023, 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 \$692,847 for the fiscal year ended June 30, 2023.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2023, the College reported a net pension liability of \$11,565,843 for its proportionate share of the net pension liability. The net pension liability was measured

as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The College's proportionate share of the net pension liability was based on the College's 2021-22 fiscal year contributions relative to the total 2021-22 fiscal year contributions of all participating members. At June 30, 2022, the College's proportionate share was 0.109198288 percent, which was a decrease of 0.001399392 from its proportionate share measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the College recognized pension expense of \$589,577. In addition, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 351,051	\$ 50,891
Change of assumptions	662,962	1,789,228
Net difference between projected and actual earnings on HIS Plan investments	16,745	-
Changes in proportion and differences between College HIS contributions and proportionate share of HIS contributions	385,049	500,957
College contributions subsequent to the measurement date	692,847	-
<b>Total</b>	<u>\$ 2,108,654</u>	<u>\$ 2,341,076</u>

The deferred outflows of resources totaling \$692,847, 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2024	\$ (184,571)
2025	(105,018)
2026	(97,258)
2027	(153,198)
2028	(263,364)
Thereafter	(121,860)
<b>Total</b>	<u>\$ (925,269)</u>

*Actuarial Assumptions.* The total pension liability in the July 1, 2022, 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	3.54 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 3.54 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 2022 valuation was updated from 2.16 percent to 3.54 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 3.54 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 (2.54 percent) or 1 percentage point higher (4.54 percent) than the current rate:

	<b>1% Decrease (2.54%)</b>	<b>Current Discount Rate (3.54%)</b>	<b>1% Increase (4.54%)</b>
College’s proportionate share of the net pension liability	\$13,232,274	\$11,565,843	\$10,186,906

*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.

#### **14. Retirement Plans – Defined Contribution Pension Plans**

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. College employees already participating in the State College System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member’s account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions rates, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and

account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2022-23 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	9.30
FRS, Senior Management Service	10.67
FRS, Special Risk Regular	17.00

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, 2023, 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 \$925,733 for the fiscal year ended June 30, 2023.

**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 4.23 percent to cover the unfunded actuarial liability of the FRS pension plan, for a total of 9.38 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 \$521,080 and employee contributions totaled \$166,657 for the 2022-23 fiscal year.

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

The Local Annuity Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the employee. The College contributes 9.65 percent and employees contribute 3 percent of the employee's salary to the Local Annuity Program. The participants may make contributions toward the Local Annuity Program by way of salary reduction or by deduction of a percentage of the employee's gross compensation not to exceed the percentage contributed by the employer. These contributions are invested in the companies selected by the employee to create a fund for the purchase of annuities at retirement.

The College's contributions to the Local Annuity Program totaled \$35,472 and employee contributions totaled \$11,028 for the 2022-23 fiscal year.

## **15. Construction Commitments**

The College's capitalized and noncapitalized construction commitments at June 30, 2023, were as follows:

<u>Project Description</u>	<u>Total Commitment</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
<b>Capitalized:</b>			
Ralph W. Cellon Institute of Technology & Manufacturing:			
Architect and Engineer	\$ 817,205	\$ 262,340	\$ 554,865
Construction Manager	59,965	9,094	50,871
General Contractor	2,091	1,014	1,077
Generator Addition U-Bldg:			
Architect and Engineer	12,100	9,680	2,420
General Contractor	171,496	20,767	150,729
ERP System Workday:			
General Contractor	10,523,125	728,584	9,794,541
<b>Total Capitalized Projects</b>	<b>11,585,982</b>	<b>1,031,479</b>	<b>10,554,503</b>
<b>Noncapitalized:</b>			
Blount Center Expansion Project:			
Architect and Engineer	2,252,593	2,244,524	8,069
General Contractor	32,099	-	32,099
Access Controls Projects:			
Architect and Engineer	3,500	2,200	1,300
General Contractor	174,710	20,268	154,442
Classroom Renovation M, N, X and W Bldgs:			
General Contractor	509,981	189,815	320,166
NW Campus Clock Tower Structural Repairs:			
Construction Manager	69,787	-	69,787
Elevator Cab Modernization A, B, K, L, R Bldgs:			
Architect and Engineer	37,525	7,127	30,398
Construction Manager	39,653	6,991	32,662
Renovate/Remodel C, G, S, and Fine Art Bldgs:			
Architect and Engineer	49,800	42,806	6,994
Construction Manager	1,269,555	470,818	798,737
General Contractor	99,967	-	99,967
Generator Replacement N-Bldg:			
Architect and Engineer	15,910	13,364	2,546
Construction Manager	189,386	-	189,386
ITS Network Upgrade and Equipment:			
General Contractor	168,825	19,037	149,788
Little School Preschool Screened Porch:			
General Contractor	31,353	23,976	7,377
Chemistry Prep and Storage Area J Bldg:			
Architect and Engineer	45,355	24,575	20,780
Teaching and Learning Excellence Ren/Rem:			
Architect and Engineer	58,000	-	58,000
Rooms Remodel V Bldg:			
Architect and Engineer	3,154	2,366	788
General Contractor	87,286	-	87,286
Security Projects:			
General Contractor	42,066	7,973	34,093
Signage Projects:			
General Contractor	27,760	-	27,760
U Bldg. and Parking Lots 6 & 7 Space Study:			
Architect and Engineer	26,500	9,000	17,500
Projects Committed for less than \$25,000	63,675	5,330	58,345
<b>Total Noncapitalized Projects</b>	<b>5,298,440</b>	<b>3,090,170</b>	<b>2,208,270</b>
<b>Total Construction Contract Commitments</b>	<b>\$ 16,884,422</b>	<b>\$ 4,121,649</b>	<b>\$ 12,762,773</b>

## 16. Risk Management Programs

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College provided coverage for these risks primarily through the Florida College System Risk Management Consortium (Consortium), which was created under authority of Section 1001.64(27), Florida Statutes, by the boards of trustees of the Florida public colleges for the purpose of joining a cooperative effort to develop, implement, and participate in a coordinated Statewide college risk management program. The Consortium is self-sustaining through member assessments (premiums) and purchases excess insurance through commercial companies for claims in excess of specified amounts. Excess insurance from commercial companies provided coverage of up to \$100 million to February 28, 2023, and up to \$75 million from March 1, 2023, for property insurance. Insurance coverage obtained through the Consortium included fire and extended property, general and automobile liability, workers' compensation, health, life, and other liability coverage. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past 3 fiscal years.

## 17. Functional Distribution of Operating Expenses

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

<u>Functional Classification</u>	<u>Amount</u>
Instruction	\$ 41,811,375
Public Services	2,400,305
Academic Support	13,676,265
Student Services	16,905,469
Institutional Support	16,149,074
Operation and Maintenance of Plant	17,813,514
Scholarships and Waivers	15,910,376
Depreciation	6,164,910
Auxiliary Enterprises	153,864
<b>Total Operating Expenses</b>	<b>\$ 130,985,152</b>



## **OTHER REQUIRED SUPPLEMENTARY INFORMATION**

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB Liability</b>						
Service cost	\$ 80,126	\$ 78,622	\$ 68,684	\$ 57,196	\$ 57,766	\$ 60,275
Interest	34,959	38,643	61,796	49,658	46,008	39,569
Difference between expected and actual experience	-	(229,573)	-	304,822	-	-
Changes of assumptions or other inputs	(202,005)	66,430	(60,098)	92,010	(26,089)	(49,523)
Benefit Payments	(69,402)	(101,820)	(92,653)	(87,150)	(86,730)	(58,672)
<b>Net change in total OPEB liability</b>	(156,322)	(147,698)	(22,271)	416,536	(9,045)	(8,351)
Total OPEB Liability - beginning	<u>1,572,875</u>	<u>1,720,573</u>	<u>1,742,844</u>	<u>1,326,308</u>	<u>1,335,353</u>	<u>1,343,704</u>
<b>Total OPEB Liability - ending</b>	<u>\$ 1,416,553</u>	<u>\$ 1,572,875</u>	<u>\$ 1,720,573</u>	<u>\$ 1,742,844</u>	<u>\$ 1,326,308</u>	<u>\$ 1,335,353</u>
Covered-Employee Payroll	\$ 38,950,947	\$ 38,950,947	\$ 40,153,282	\$ 34,029,848	\$ 39,408,617	\$ 35,628,898
<b>Total OPEB Liability as a percentage of covered-employee payroll</b>	3.64%	4.04%	4.29%	5.12%	3.37%	3.75%

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

	<u>2022 (1)</u>	<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>
College's proportion of the FRS net pension liability	0.092232172%	0.093314966%	0.085272392%	0.090495616%
College's proportionate share of the FRS net pension liability	\$ 34,317,780	\$ 7,048,885	\$ 36,958,311	\$ 31,165,430
College's covered payroll (2)	\$ 45,426,806	\$ 44,634,289	\$ 43,261,786	\$ 43,409,857
College's proportionate share of the FRS net pension liability as a percentage of its covered payroll	75.55%	15.79%	85.43%	71.79%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	82.89%	96.40%	78.85%	82.61%

- (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**

	<u>2023 (1)</u>	<u>2022 (1)</u>	<u>2021 (1)</u>	<u>2020 (1)</u>
Contractually required FRS contribution	\$ 4,152,668	\$ 3,994,066	\$ 3,574,183	\$ 2,862,181
FRS contributions in relation to the contractually required contribution	<u>(4,152,668)</u>	<u>(3,994,066)</u>	<u>(3,574,183)</u>	<u>(2,862,181)</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll (2)	\$ 50,448,688	\$ 45,426,806	\$ 44,634,289	\$ 43,261,786
FRS contributions as a percentage of covered payroll	8.23%	8.79%	8.01%	6.62%

- (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.

<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>	<u>2013 (1)</u>
0.092938136%	0.089724126%	0.090106028%	0.097138630%	0.100886047%	0.090124341%
\$ 27,993,448	\$ 26,539,794	\$ 22,751,843	\$ 12,546,757	\$ 6,155,532	\$ 15,514,410
\$ 42,375,205	\$ 40,303,975	\$ 39,431,384	\$ 39,279,143	\$ 38,694,964	\$ 37,553,181
66.06%	65.85%	57.70%	31.94%	15.91%	41.31%
84.26%	83.89%	84.88%	92.00%	96.09%	88.54%

<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>
\$ 2,827,584	\$ 2,658,400	\$ 2,342,304	\$ 2,208,964	\$ 2,368,322	\$ 2,209,833
<u>(2,827,584)</u>	<u>(2,658,400)</u>	<u>(2,342,304)</u>	<u>(2,208,964)</u>	<u>(2,368,322)</u>	<u>(2,209,833)</u>
\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
\$ 43,409,857	\$ 42,375,205	\$ 40,303,975	\$ 39,431,384	\$ 39,279,143	\$ 38,694,964
6.51%	6.27%	5.81%	5.60%	6.03%	5.71%

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

	<u>2022 (1)</u>	<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>
College's proportion of the HIS net pension liability	0.109198288%	0.110597680%	0.107455888%	0.112422599%
College's proportionate share of the HIS net pension liability	\$ 11,565,843	\$ 13,566,468	\$ 13,120,189	\$ 12,578,964
College's covered payroll (2)	\$ 40,008,312	\$ 39,094,705	\$ 37,616,793	\$ 37,462,007
College's proportionate share of the HIS net pension liability as a percentage of its covered payroll	28.91%	34.70%	34.88%	33.58%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	4.81%	3.56%	3.00%	2.63%

(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**

	<u>2023 (1)</u>	<u>2022 (1)</u>	<u>2021 (1)</u>	<u>2020 (1)</u>
Contractually required HIS contribution	\$ 692,847	\$ 660,711	\$ 650,526	\$ 619,815
HIS contributions in relation to the contractually required HIS contribution	<u>(692,847)</u>	<u>(660,711)</u>	<u>(650,526)</u>	<u>(619,815)</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll (2)	\$ 44,893,467	\$ 40,008,312	\$ 39,094,705	\$ 37,616,793
HIS contributions as a percentage of covered payroll	1.54%	1.65%	1.66%	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.

<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>	<u>2013 (1)</u>
0.113592820%	0.109528125%	0.108350909%	0.109549292%	0.111742332%	0.110935455%
\$ 12,022,792	\$ 11,711,251	\$ 12,627,849	\$ 11,172,304	\$ 10,448,180	\$ 9,658,390
\$ 36,204,661	\$ 34,251,575	\$ 33,453,417	\$ 33,322,876	\$ 33,203,064	\$ 32,202,548
33.21%	34.19%	37.75%	33.53%	31.47%	29.99%
2.15%	1.64%	0.97%	0.50%	0.99%	1.78%

<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>
\$ 625,061	\$ 616,339	\$ 578,858	\$ 555,564	\$ 418,766	\$ 382,792
<u>(625,061)</u>	<u>(616,339)</u>	<u>(578,858)</u>	<u>(555,564)</u>	<u>(418,766)</u>	<u>(382,792)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 37,462,007	\$ 36,204,661	\$ 34,251,575	\$ 33,453,417	\$ 33,322,876	\$ 33,203,064
1.67%	1.70%	1.69%	1.66%	1.26%	1.15%

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

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

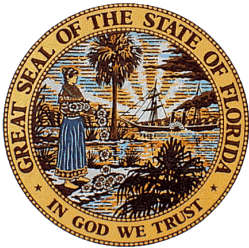
*Changes of Assumptions.* In 2022, the Municipal Bond Index Rate used to determine the total OPEB liability increased from 2.16 percent to 3.54 percent.

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

*Changes of Assumptions.* In 2022, the long term expected rate of return rate of return decreased from 6.80 percent to 6.70 percent.

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

*Changes of Assumptions.* In 2022, the municipal rate used to determine total pension liability increased from 2.16 percent to 3.54 percent. In addition, the demographic assumptions for the Special Risk Class were updated to reflect plan changes and the election assumption for vested terminated members was updated from 20 percent to 50 percent to reflect recent experience.



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 (*Government Auditing Standards*), the financial statements of the Santa Fe College, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 2023, 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 13, 2024, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### Report on Internal Control Over Financial Reporting

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

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

that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

Respectfully submitted,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
March 13, 2024