

STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

Report No. 2024-152
March 2024

SEMINOLE STATE COLLEGE OF FLORIDA

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. Georgia Lorenz served as President of Seminole State College of Florida and the following individuals served as Members of the Board of Trustees:

Bob Cortes, Chair from 8-15-22,
Vice Chair through 8-14-22
Daniel J. O'Keefe, Vice Chair from 8-15-22
Amy Lockhart, Chair through 8-14-22
John Good from 9-9-22^a
Shawn Molsberger from 9-9-22^a

^a Trustee positions vacant 7-1-22, through 9-8-22.

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 Keith O. Auyang, CPA, and the audit was supervised by Keith A. Wolfe, CPA.

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

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SUMMARY

SUMMARY OF REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our audit disclosed that the basic financial statements of Seminole State College of Florida (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

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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 Seminole State College of Florida, 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 Seminole State College of Florida 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2024, on our consideration of the Seminole State College of Florida'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 8, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the College for the fiscal year ended June 30, 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 for the fiscal years ended June 30, 2023, and June 30, 2022.

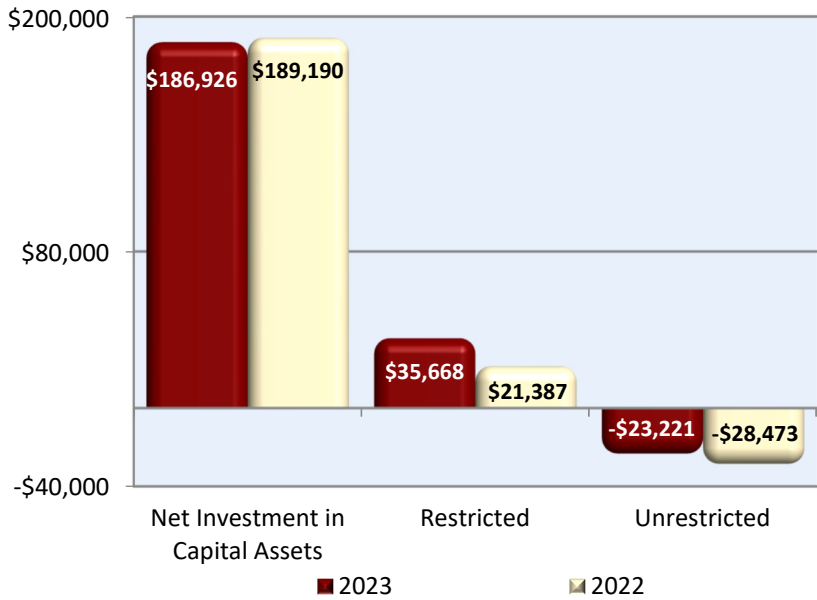
FINANCIAL HIGHLIGHTS

The College's assets and deferred outflows of resources totaled \$268.9 million at June 30, 2023. This balance reflects a \$17.5 million, or 7 percent, increase as compared to \$251.4 million at June 30, 2022. This increase is primarily the result of increases in amounts due from other governmental agencies of \$14.4 million and restricted cash and cash equivalents of \$1 million, due to State funding received in support of current and future deferred maintenance projects, and an increase in deferred outflows of resources related to pensions of \$1.1 million. Liabilities and deferred inflows of resources increased \$0.2 million or 0.3 percent, totaling \$69.5 million at June 30, 2023, as compared to \$69.3 million at June 30, 2022. This change is primarily the result of an increase in net pension liability of \$22.9 million and partially offset by a decrease in deferred inflows of resources related to pensions of \$21.7 million. As a result, the College's net position increased by \$17.3 million, resulting in a year-end balance of \$199.4 million.

The College's operating revenues totaled \$33.1 million for the 2022-23 fiscal year, representing a 21.6 percent increase compared to the 2021-22 fiscal year due to an increase in Federal and State grants. Operating expenses totaled \$121 million for the 2022-23 fiscal year, representing a decrease of 11 percent as compared to the 2021-22 fiscal year, mainly due to decreases in COVID-19 pandemic scholarships and waivers relief.

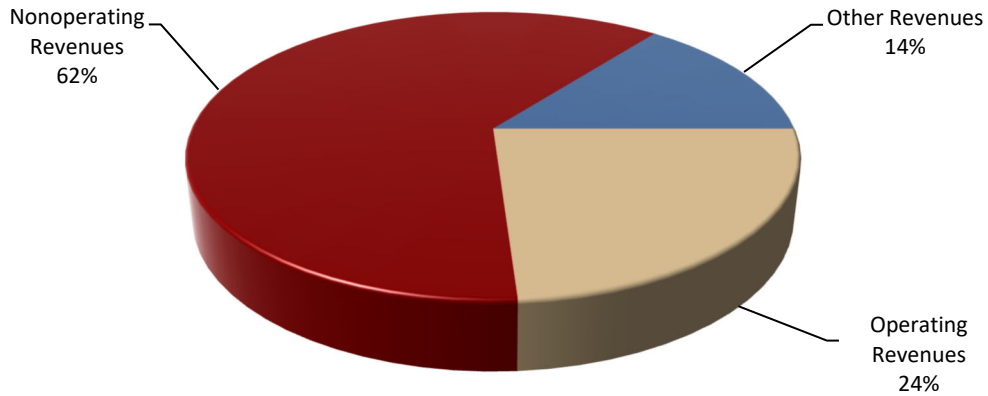
Net position represents the residual interest in the College's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The College's comparative total net position by category for the fiscal years ended June 30, 2023, and June 30, 2022, is shown in the following graph:

**Net Position
(In Thousands)**



The following chart provides a graphical presentation of College revenues by category for the 2022-23 fiscal year:

**Total Revenues
2022-23 Fiscal Year**



OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 35, the College’s financial report consists of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The financial statements, and notes thereto, encompass the College and its component unit, the Foundation for Seminole State College of Florida, Inc. (Foundation). Based on the application of the criteria for

determining component units, the Foundation is included within the College reporting entity as a discretely presented component unit.

This MD&A focuses on the College, excluding the discretely presented component unit. MD&A information for the Foundation is included in its separately issued audit report.

The Statement of Net Position

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

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

Condensed Statement of Net Position at June 30

(In Thousands)

	2023	2022
Assets		
Current Assets	\$ 46,040	\$ 24,155
Capital Assets, Net	190,761	193,947
Other Noncurrent Assets	18,377	20,620
Total Assets	255,178	238,722
Deferred Outflows of Resources	13,715	12,671
Liabilities		
Current Liabilities	7,377	6,692
Noncurrent Liabilities	54,813	32,912
Total Liabilities	62,190	39,604
Deferred Inflows of Resources	7,330	29,685
Net Position		
Net Investment in Capital Assets	186,926	189,190
Restricted	35,668	21,387
Unrestricted	(23,221)	(28,473)
Total Net Position	\$ 199,373	\$ 182,104

Total assets increased by \$16.5 million from the prior fiscal year primarily due to the result of increases in amounts due from other governmental agencies of \$14.4 million and restricted cash and cash equivalents of \$1 million, due to capital grants received in support of current and future deferred maintenance projects.

Total liabilities increased \$22.6 million from the prior fiscal year primarily due to an increase in net pension liability of \$22.9 million.

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

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

The following summarizes the College’s activity for the 2022-23 and 2021-22 fiscal years:

**Condensed Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years
(In Thousands)**

	<u>2022-23</u>	<u>2021-22</u>
Operating Revenues	\$ 33,097	\$ 27,226
Less, Operating Expenses	<u>120,964</u>	<u>135,915</u>
Operating Loss	(87,867)	(108,689)
Net Nonoperating Revenues	<u>85,190</u>	<u>104,528</u>
Loss Before Other Revenues	(2,677)	(4,161)
Other Revenues	<u>19,946</u>	<u>3,724</u>
Net Increase (Decrease) In Net Position	<u>17,269</u>	<u>(437)</u>
Net Position, Beginning of Year	182,104	181,802
Adjustment to Beginning Net Position (1)	<u>-</u>	<u>739</u>
Net Position, Beginning of Year, as Restated	<u>182,104</u>	<u>182,541</u>
Net Position, End of Year	<u><u>\$ 199,373</u></u>	<u><u>\$ 182,104</u></u>

(1) For the 2021-22 fiscal year, the College’s beginning net position was increased due to the implementation of GASB Statement No. 87, *Leases*, which is a change in the accounting for leases.

Operating Revenues

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

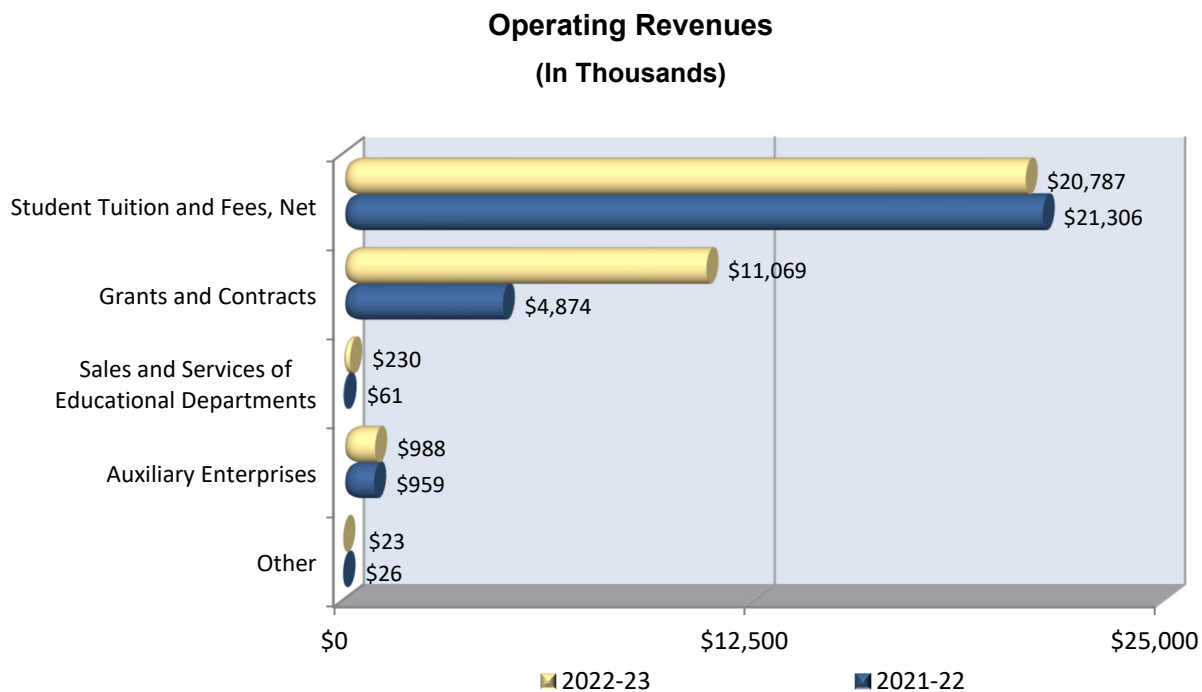
The following summarizes the operating revenues by source that were used to fund operating activities for the 2022-23 and 2021-22 fiscal years:

Operating Revenues For the Fiscal Years

(In Thousands)

	2022-23	2021-22
Student Tuition and Fees, Net	\$ 20,787	\$ 21,306
Grants and Contracts	11,069	4,874
Sales and Services of Educational Departments	230	61
Auxiliary Enterprises	988	959
Other	23	26
Total Operating Revenues	\$ 33,097	\$ 27,226

The following chart presents the College's operating revenues for the 2022-23 and 2021-22 fiscal years:



Total operating revenue increased by \$5.9 million compared to the prior fiscal year, primarily as a result of increases in grants and contracts.

Operating Expenses

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

The following summarizes operating expenses by natural classification for the 2022-23 and 2021-22 fiscal years:

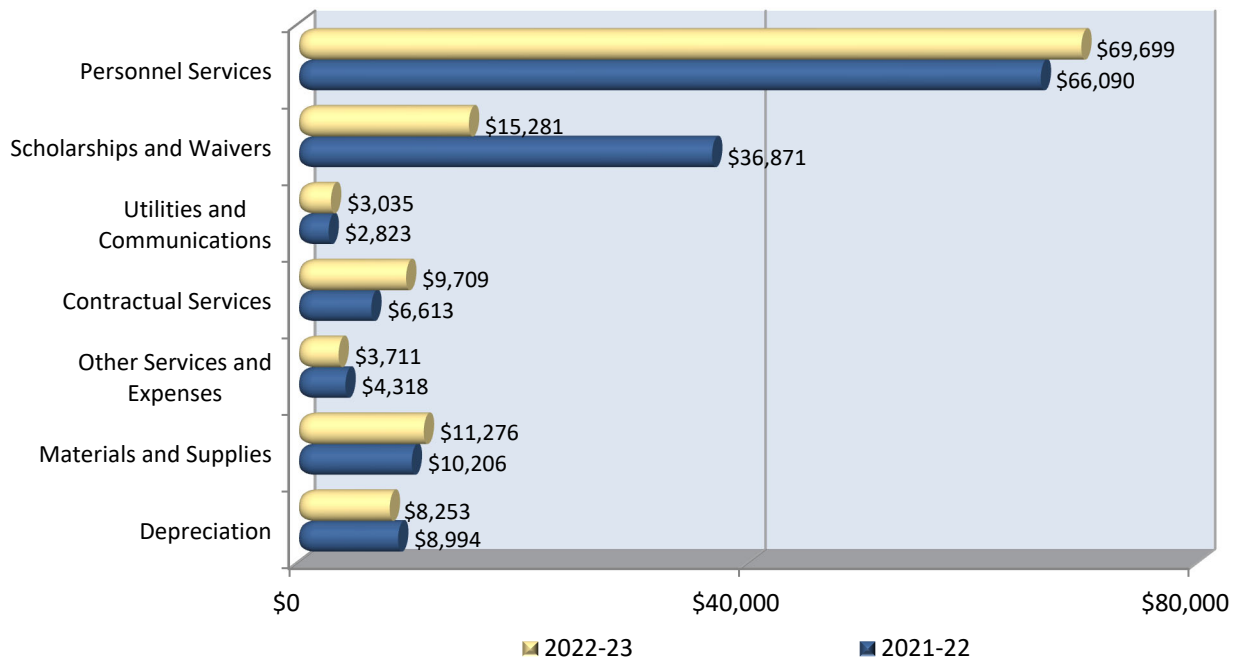
Operating Expenses For the Fiscal Years

(In Thousands)

	2022-23	2021-22
Personnel Services	\$ 69,699	\$ 66,090
Scholarships and Waivers	15,281	36,871
Utilities and Communications	3,035	2,823
Contractual Services	9,709	6,613
Other Services and Expenses	3,711	4,318
Materials and Supplies	11,276	10,206
Depreciation	8,253	8,994
Total Operating Expenses	\$ 120,964	\$ 135,915

The following chart presents the College’s operating expenses for the 2022-23 and 2021-22 fiscal years:

Operating Expenses (In Thousands)



College operating expenses decreased by \$15 million due primarily to a decrease in scholarships and waivers.

The decrease in scholarships and waivers is primarily due to the exhaustion of non-recurring Federal Higher Education Emergency Relief Fund (HEERF) grant funds, which provided economic relief to students impacted by the pandemic in the prior fiscal year. This decrease was partially offset by increases in pension expense and payments to grant subrecipients.

Nonoperating Revenues and Expenses

Certain revenue sources that the College relies on to provide funding for operations, including State noncapital appropriations, Federal and State student financial aid, certain gifts and grants, and investment income, are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets. The following summarizes the College's nonoperating revenues and expenses for the 2022-23 and 2021-22 fiscal years:

	2022-23	2021-22
State Noncapital Appropriations	\$ 53,896	\$ 48,843
Federal and State Student Financial Aid	22,815	41,746
Gifts and Grants	6,628	13,951
Investment Income	439	(47)
Other Nonoperating Revenues	1,587	366
Interest on Capital Asset-Related Debt	(175)	(331)
Net Nonoperating Revenues	\$ 85,190	\$ 104,528

Net nonoperating revenues decreased by \$19.3 million, or 18.5 percent. This decrease is primarily the result of decreases in Federal and State student financial aid and gifts and grants funded by Federal HEERF grants to provide economic relief from the pandemic.

Other Revenues

This category is composed of State capital appropriations and capital grants, contracts, gifts, and fees. The following summarizes the College's other revenues for the 2022-23 and 2021-22 fiscal years:

	2022-23	2021-22
State Capital Appropriations	\$ 459	\$ 854
Capital Grants, Contracts, Gifts, and Fees	19,487	2,870
Total	\$ 19,946	\$ 3,724

The increase in other revenue of \$16.2 million, or 435.6 percent, is the result of an increase in capital grants received for deferred maintenance and construction projects.

The Statement of Cash Flows

The statement of cash flows provides information about the College's financial results by reporting the major sources and uses of cash and cash equivalents. This statement will assist in evaluating the College's ability to generate net cash flows, its ability to meet its financial obligations as they come due, and its need for external financing. Cash flows from operating activities show the net cash used by the operating activities of the College. Cash flows from capital financing activities include all plant funds and

related long-term debt activities. Cash flows from investing activities show the net source and use of cash related to purchasing or selling investments, and earning income on those investments. Cash flows from noncapital financing activities include those activities not covered in other sections.

The following summarizes the College's cash flows for the 2022-23 and 2021-22 fiscal years:

**Condensed Statement of Cash Flows
For the Fiscal Years
(In Thousands)**

	2022-23	2021-22
Cash Provided (Used) by:		
Operating Activities	\$ (78,478)	\$ (103,952)
Noncapital Financing Activities	84,976	105,116
Capital and Related Financing Activities	(1,891)	1,800
Investing Activities	443	(48)
Net Increase in Cash and Cash Equivalents	5,050	2,916
Cash and Cash Equivalents, Beginning of Year	33,004	30,088
Cash and Cash Equivalents, End of Year	\$ 38,054	\$ 33,004

Major sources of funds came from State noncapital appropriations (\$53.9 million), Federal and State student financial aid (\$22.9 million), net student tuition and fees (\$21 million), Federal Direct Loan Program receipts (\$12.5 million) and gifts and grants received for other than capital or endowment purposes (\$6.6 million). Major uses of funds were for payments to employees and for employee benefits (\$69.1 million), payments for scholarships (\$15.3 million), payments to providers of goods and services (\$26.5 million), and disbursements to students for Federal Direct Loans (\$12.5 million).

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

- Operating activities used \$25.5 million less in cash compared to the prior fiscal year. The decrease in the use of cash is due in part to the \$7.6 increase in grants and contracts, primarily the reduction in HEERF grant operating funds, and payments for scholarships decreased by \$21.6 million, primarily due to student grants no longer funded by HEERF grants. These were partially offset by the \$4.7 million increased payments to suppliers, primarily for payments to grant subrecipients.
- Noncapital financing cash flows decreased by \$20.1 million primarily due to a \$19.1 million decrease in Federal and State student financial aid and a \$7.3 million decrease in gifts and grants received for other than capital purposes provided by HEERF grants. The decrease is partially offset by an increase of \$5.1 million in State noncapital appropriations.
- Net cash flows from capital and related financing activities decreased by \$3.7 million due to the \$3.2 million increase for the purchase of capital assets related to construction projects, offset by a decrease in State capital appropriations of \$0.9 million, a decrease of principal paid on capital debt of \$0.4 million, and a \$0.2 million decrease of interest paid on debt service.

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION
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Capital Assets

At June 30, 2023, the College had \$320.3 million in capital assets, less accumulated depreciation of \$129.5 million, for net capital assets of \$190.8 million. Depreciation charges for the current fiscal year totaled \$8.3 million. The following table summarizes the College's capital assets, net of accumulated depreciation, as of June 30:

Capital Assets, Net at June 30
(In Thousands)

	2023	2022
Land	\$ 32,346	\$ 32,346
Construction in Progress	2,725	69
Buildings	151,000	156,751
Other Structures and Improvements	236	307
Furniture, Machinery, and Equipment	2,245	1,685
Lease Assets	1,885	2,382
Leasehold Improvements	324	407
Capital Assets, Net	\$190,761	\$193,947

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

Capital Expenses and Commitments

Capital expenses through June 30, 2023, were incurred for the heating, ventilation, and air condition (HVAC) renovations of the A and W buildings on the Sanford/Lake Mary Campus and other smaller construction and deferred maintenance projects. The College's major construction commitments at June 30, 2023, are as follows:

	Amount (In Thousands)
Total Committed	\$ 8,330
Completed to Date	2,725
Balance Committed	\$ 5,605

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

Debt Administration

As of June 30, 2023, the College had \$1.5 million in outstanding bonds payable and \$2.3 million in leases payable. Bonds payable decreased \$0.3 million, or 18.8 percent from the prior fiscal year, and leases payable decreased \$0.4 million, or 16.1 percent. The following table summarizes the outstanding long-term debt by type for the fiscal years ended June 30:

Long-Term Debt at June 30

(In Thousands)

	<u>2023</u>	<u>2022</u>
Bonds Payable	\$ 1,488	\$ 1,832
Leases Payable	2,347	2,797
Total	<u>\$ 3,835</u>	<u>\$ 4,629</u>

The State Board of Education issues capital outlay bonds on behalf of the College. During the 2022-23 fiscal year, there were no bond sales and bond repayments totaled \$0.3 million. Additional information about the College's long-term debt is presented in the notes to financial statements.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The College's economic condition is closely tied to that of the State of Florida. Because of the economic growth in Florida, the College will receive a modest increase in State funding in the 2023-24 fiscal year.

Despite increasing economic pressures, such as a very competitive labor market and supply chain inflation, the College Administration did not recommend an increase in student tuition and statutory local fees to the District Board of Trustees. Due to rising costs of supplies and equipment, the College is realizing an increase in expenses at a much higher rate than an increase in revenue. The College's current and projected financial and capital plans indicate that the infusion of additional financial resources from Board designated reserves above the 5 percent statutory level and an increase in tuition rates could be necessary to offer new and expand existing programs while continuing to deliver high quality degrees, certificates, and industry credentials that are needed in our community.

In the 2023-24 fiscal year, the College expects to maintain enrollment as students seek to enhance job skills, credentials, and degrees due to the COVID-19 pandemic. The College began offering additional programs to attract new students and increase the retention of students currently enrolled. The College is offering three new baccalaureate degrees: Bachelor of Science in Elementary Education K-6, Bachelor of Science in Exceptional Student Education K-12, and Bachelor of Science in Public Safety Administration. In addition, the College has been awarded approval for a new Bachelor of Applied Science degree in Management and Organizational Leadership by the Florida Department of Education. Therefore, the College anticipates an increase in full-time equivalent enrollment in the 2023-24 fiscal year.

The College did receive \$10.8 million in Deferred Building Maintenance Program dollars for the critical repair, deferred maintenance, and renovation of its campus buildings, and infrastructure for the 2022-23 fiscal year. The College also received \$5.8 million in Public Education Capital Outlay (PECO) State appropriations for the 2022-23 fiscal year to renovate the Workforce and Construction Trades Center (Building D) to meet the growing and changing needs of workforce and vocational programs. These projects will continue into the 2023-24 fiscal year. The College received \$0.4 million in PECO State appropriations for the 2023-24 fiscal year to begin planning for a new student service building at the Altamonte Springs campus.

In case of mid-year State operating appropriation reductions and reduced student enrollment, the College has adequate Board designated reserves coupled with budgetary reduction plans, if needed, to enable the College to navigate pandemic-related economic issues and continue its educational mission. Additionally, the College was provided a no-cost extension to expend the remaining \$5 million Federal HEERF awarded under the Coronavirus Aid, Relief, and Economic Security (CARES), Coronavirus Response and Relief Supplemental Appropriations (CRRSAA), and American Rescue Plan (ARP) Acts by June 30, 2024. These funds will continue to assist in replacing lost revenue, enhancing online learning and student support initiatives, certain technology needs, and addressing campus health and safety protocols as a result of the coronavirus pandemic so that all campuses can continue to operate safely for students and staff.

REQUESTS FOR INFORMATION

Questions concerning the 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 Mr. Robert Whitaker, Vice President of Business Operations and Chief Financial Officer, Seminole State College of Florida, 100 Weldon Blvd., Sanford, FL 32773.

BASIC FINANCIAL STATEMENTS

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

June 30, 2023

	College	Component Unit
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 18,161,424	\$ 3,170,770
Restricted Cash and Cash Equivalents	2,700,751	2,145,627
Accounts Receivable, Net	1,395,888	191,919
Lease Receivable, Net	281,428	-
Due from Other Governmental Agencies	20,675,418	-
Due from Component Unit	161,110	-
Prepaid Expenses	2,660,709	-
Deposits	3,616	-
Total Current Assets	46,040,344	5,508,316
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	17,191,988	-
Investments	-	1,874,397
Restricted Investments	6,481	25,847,468
Leases Receivable, Net	1,067,988	-
Prepaid Expenses	110,473	-
Depreciable Capital Assets, Net	155,689,662	-
Nondepreciable Capital Assets	35,071,165	1,472,171
Other Assets	-	25,615
Total Noncurrent Assets	209,137,757	29,219,651
TOTAL ASSETS	255,178,101	34,727,967
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	128,353	-
Deferred Amounts Related to Pensions	13,586,182	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	13,714,535	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	2,915,835	-
Salary and Payroll Taxes Payable	1,704,433	-
Retainage Payable	643,544	-
Due to College	-	161,110
Unearned Revenue	412	-
Deposits Held for Others	129,695	24,405
Long-Term Liabilities - Current Portion:		
Bonds Payable	366,000	-
Leases Payable	1,385,301	-
Compensated Absences Payable	189,068	-
Other Postemployment Benefits Payable	42,483	-
Total Current Liabilities	7,376,771	185,515

	<u>College</u>	<u>Component Unit</u>
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Bonds Payable	1,122,000	-
Leases Payable	961,738	-
Compensated Absences Payable	7,299,101	-
Other Postemployment Benefits Payable	1,497,901	-
Net Pension Liability	43,932,800	-
Total Noncurrent Liabilities	<u>54,813,540</u>	<u>-</u>
TOTAL LIABILITIES	<u>62,190,311</u>	<u>185,515</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Amounts Related to Pensions	4,905,520	-
Other Postemployment Benefits	1,219,481	-
Leases Receivable	1,204,564	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>7,329,565</u>	<u>-</u>
NET POSITION		
Net Investment in Capital Assets	186,925,788	1,472,171
Restricted:		
Nonexpendable:		
Endowment	-	13,629,161
Expendable:		
Grants and Loans	970,408	-
Scholarships	696,542	15,822,816
Capital Projects	33,994,336	-
Debt Service	6,481	-
Unrestricted	<u>(23,220,795)</u>	<u>3,618,304</u>
TOTAL NET POSITION	<u>\$ 199,372,760</u>	<u>\$ 34,542,452</u>

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

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SEMINOLE STATE COLLEGE OF FLORIDA
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>
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of \$10,015,217	\$ 20,786,956	\$ -
Federal Grants and Contracts	7,221,758	-
State and Local Grants and Contracts	1,150,230	-
Nongovernmental Grants and Contracts	2,697,368	-
Sales and Services of Educational Departments	229,982	-
Auxiliary Enterprises	987,656	-
Other Operating Revenues	23,487	3,011,902
Total Operating Revenues	33,097,437	3,011,902
EXPENSES		
Operating Expenses:		
Personnel Services	69,698,543	639,408
Scholarships and Waivers	15,281,497	2,586,617
Utilities and Communications	3,035,296	-
Contractual Services	9,709,386	296,794
Other Services and Expenses	3,711,192	187,444
Materials and Supplies	11,275,608	42,565
Depreciation	8,252,740	-
Total Operating Expenses	120,964,262	3,752,828
Operating Loss	(87,866,825)	(740,926)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	53,896,459	103,209
Federal and State Student Financial Aid	22,814,610	-
Gifts and Grants	6,628,059	341,690
Investment Income	348,176	879,835
Net Gain on Investments	90,892	1,422,066
Other Nonoperating Revenues	1,586,820	-
Gain on Disposal of Capital Assets	118	-
Interest on Capital Asset-Related Debt	(174,891)	-
Net Nonoperating Revenues	85,190,243	2,746,800
Income (Loss) Before Other Revenues	(2,676,582)	2,005,874
State Capital Appropriations	459,200	-
Capital Grants, Contracts, Gifts, and Fees	19,486,611	-
Total Other Revenues	19,945,811	-
Increase in Net Position	17,269,229	2,005,874
Net Position, Beginning of Year	182,103,531	32,536,578
Net Position, End of Year	\$ 199,372,760	\$ 34,542,452

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

SEMINOLE STATE COLLEGE OF FLORIDA
A Component Unit of the State of Florida
Statement of Cash Flows

For the Fiscal Year Ended June 30, 2023

	College
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	\$ 20,973,608
Grants and Contracts	13,459,662
Payments to Suppliers	(26,495,145)
Payments for Utilities and Communications	(3,187,845)
Payments to Employees	(53,706,650)
Payments for Employee Benefits	(15,435,796)
Payments for Scholarships	(15,281,497)
Auxiliary Enterprises	937,809
Sales and Services of Educational Departments	229,982
Other Receipts	27,758
	(78,478,114)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	53,896,459
Federal and State Student Financial Aid	22,865,317
Federal Direct Loan Program Receipts	12,501,240
Federal Direct Loan Program Disbursements	(12,501,240)
Gifts and Grants Received for Other Than Capital or Endowment Purposes	6,628,059
Other Nonoperating Receipts	1,586,195
	84,976,030
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	884,854
Capital Grants and Gifts	2,769,636
Proceeds from Sale of Capital Assets	625
Purchases of Capital Assets	(4,449,324)
Principal Paid on Capital Debt and Leases	(921,859)
Interest Paid on Capital Debt and Leases	(174,891)
	(1,890,959)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	1,474
Investment Income	442,125
	443,599
Net Increase in Cash and Cash Equivalents	5,050,556
Cash and Cash Equivalents, Beginning of Year	33,003,607
Cash and Cash Equivalents, End of Year	\$ 38,054,163

	<u>College</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (87,866,825)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	8,252,740
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	927,088
Due from Other Governmental Agencies	2,080,505
Due from Component Unit	102,001
Due to Other Governmental Agencies	(14,768)
Prepaid Expenses	(1,461,805)
Other Assets	(3,616)
Accounts Payable	(261,118)
Salaries and Payroll Taxes Payable	57,993
Deposits Held for Others	22,207
Compensated Absences Payable	410,869
Other Postemployment Benefits Payable	(230,795)
Net Pension Liability	22,906,667
Deferred Outflows of Resources Related to Pensions	(1,069,367)
Deferred Inflows of Resources Related to Pensions	(21,725,517)
Deferred Outflows of Resources Related to Other Postemployment Benefits	25,955
Deferred Inflows of Resources Related to Other Postemployment Benefits	183,276
Deferred Inflows of Resources Related to Leases Receivable	(813,604)
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (78,478,114)</u>

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

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

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

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

Discretely Presented Component Unit. Based on the application of the criteria for determining component units, the Foundation for Seminole State College of Florida, 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 Dr. John Gyllin, Vice President of Resource and Economic Development and Foundation Executive Director, Foundation for Seminole State College of Florida, Inc., 1055 AAA Drive, Heathrow, Florida 32746. The financial data reported on the accompanying financial statements was derived from the Foundation's audited financial statements for the fiscal year ended June 30, 2023.

Basis of Presentation. The College's accounting policies conform with accounting principles generally accepted in the United States of America applicable to public colleges and universities as prescribed by GASB. The National Association of College and University Business Officers (NACUBO) also provides the College with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (FASB). GASB allows public colleges various reporting options. The College has elected to report as an entity engaged in only

business-type activities. This election requires the adoption of the accrual basis of accounting and entitywide reporting including the following components:

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

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

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

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

The College's principal operating activity is instruction. Operating revenues and expenses generally include all fiscal transactions directly related to instruction as well as administration, academic support, student services, physical plant operations, and depreciation of capital assets. Nonoperating revenues include State noncapital appropriations, Federal and State student financial aid, and investment income (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 determines its scholarship allowance by identifying those student transactions where the student's classes were paid by an applicable financial aid resource. To the extent that these resources are used to pay student charges, the College records a scholarship allowance against tuition and fees revenues.

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

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

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

At June 30, 2023, the College reported as cash equivalents at a fair value of \$4,879,270 in the State Treasury SPIA investment pool representing ownership of a share of the pool, not the underlying securities (Level 3 inputs, as discussed in Note 3). Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The State Treasury SPIA investment pool carried a credit rating of AA-f by Standard & Poor's, had an effective duration of 3.02 years, and a 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 also reported as cash equivalents at a fair value of \$5,482,856 in a money market account. The funds invested in the money market account carried a credit rating of AA+ by Standard and Poor's. As of June 30, 2023, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the College's daily access to 100 percent of the account value.

Capital Assets. College capital assets consist of land, construction in progress, buildings, other structures and improvements, furniture, machinery, and equipment, leasehold improvements, lease assets, and computer software. These assets are capitalized and recorded at cost at the date of acquisition or at acquisition value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The College has a capitalization threshold of \$5,000 for tangible personal property and \$65,000 for buildings and other structures and improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

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

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

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

2. Deficit Net Position in Individual Funds

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

<u>Fund</u>	<u>Net Position</u>
Current Funds - Unrestricted	\$ (31,405,638)
Auxiliary Funds	8,184,843
Total	\$ (23,220,795)

3. Investments

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

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

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

State Board of Administration Debt Service Accounts. The College reported investments totaling \$6,481 at June 30, 2023, in the SBA Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the SBE for the benefit of the College. The College's investments consist of United States Treasury securities, with maturity dates of 6 months or less, and are reported at fair value (Level 1 inputs). The College relies on policies developed by the SBA for managing interest rate risk and credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

Component Unit Investments. Investments of the Foundation consist of corporate bonds, United States Treasury Bonds, foreign bonds, United States mortgage-backed securities, mutual funds, and domestic and international equities. Investments held by the Foundation at June 30, 2023, are reported at fair value as follows:

<u>Bond Type</u>	<u>Average Maturity</u>	<u>Credit Quality Rating</u>	<u>Fair Value</u>
Corporate Bonds	5.67 years	AAA - BBB-	\$ 1,444,890
United States Treasury Bonds	4.17 years	AA+	1,576,157
Foreign Bonds	5.44 years	AAA - BBB	481,167
United States Mortgage-Backed Securities	5.00 years	AAA - AA+	1,474,313
Mutual Funds	N/A	(1)	6,418,283
Domestic Equities	N/A	(1)	14,219,253
International Equities	N/A	(1)	2,107,802
Total Foundation Investments			<u>\$27,721,865</u>

(1) Disclosure of interest risk, maturity date, and credit quality rating is not applicable to this investment type.

The following table presents the levels within the fair value hierarchy in which the Foundation's financial instruments are measured at June 30, 2023.

<u>Investments by fair value level</u>	<u>Amount</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Interest-sensitive investments:				
Corporate Bonds	\$ 1,444,890	\$ -	\$ 1,444,890	\$ -
United States Treasury Bonds	1,576,157	1,576,157	-	-
Foreign Bonds	481,167	-	481,167	-
Total interest-sensitive investments:	3,502,214	1,576,157	1,926,057	-
Alternative investments:				
United States Mortgage-Backed Securities	1,474,313	-	1,474,313	-
Total alternative investments	1,474,313	-	1,474,313	-
Equity investments:				
Mutual Funds	6,418,283	6,418,283	-	-
Domestic Equities	14,219,253	14,219,253	-	-
International Equities	2,107,802	2,107,802	-	-
Total equity investments	22,745,338	22,745,338	-	-
Total investments measured at fair value	<u>\$ 27,721,865</u>	<u>\$ 24,321,495</u>	<u>\$ 3,400,370</u>	<u>\$ -</u>

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following are descriptions of the valuation methodologies used for investments measured at fair value.

Common Stocks (Equities): Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds: Funds valued at daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the Securities and Exchange Commission. The mutual funds held by the Foundation are deemed to be actively traded.

Bonds (Corporate, United States Treasury, and Foreign): Valued using pricing models maximizing the use of observable inputs for the same or similar securities. This includes basing values on yields currently available on comparable securities of issuers with the same or similar credit ratings.

United States Mortgage-Backed Securities: Funds valued using pricing models maximize the use of observable inputs for similar securities.

Generally, the goals of the Foundation's investment program for endowments are set forth in the investment policy as approved by the Foundation's Board of Directors and Finance Committee. The objective is to provide a steady growing income stream to support the Foundation's mission while providing sufficient reinvestment to protect the endowment from inflation. For investments of endowed funds, except Title III funds, the investment policy includes target allocations of 55 percent equities, with a maximum of 70 percent, (up to 70 percent and 25 percent, of the total managed portfolio can be domestic and international) respectively, a target allocation of 30 percent fixed income, with a maximum of 85 percent, and a target allocation of 15 percent alternative investments, with a maximum of 25 percent. For investments of non-endowed funds, the investment policy includes target allocations of 25 percent equities, with a maximum of 45 percent (up to 30 percent and 15 percent, of the total managed portfolio can be domestic and international) respectively, a target allocation of 75 percent fixed income, with a maximum of 100 percent, and a target allocation of 0 percent alternative investments, with a maximum of 5 percent. For Title III endowed funds, the investment policy includes target allocations of 80 percent fixed income, with a minimum of 70 percent and a maximum of 100 percent, a target allocation of 20 percent equities with a minimum of 0 percent and a maximum of 30 percent.

In 2017, the Foundation received a contribution in the form of an investment portfolio endowment. The objective is to maximize investment returns with a primary focus on income generation from equity securities while maintaining prudent levels of risk to meet those objectives. Investments and earnings in this portfolio are subject to certain investment policies as stipulated by the donor. The investment policy includes a total target allocation of 95 percent equities, with an allowable range of 0 to 100 percent as defined (at least 50 percent of the total managed portfolio must be domestic equities), a target allocation of 5 percent cash equivalents or certificates of deposit, with an allowable range of 0 to 30 percent, and allowable ranges for various other security types, as defined, of 0 percent to a maximum of 30 percent, as defined.

Management believes the Foundation is in compliance with its investment policy for the fiscal year ended June 30, 2023.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. The Foundation's investment policy provides guidelines such as duration maximums and collateralization requirements to reduce its interest rate risk.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The table above summarizes the ratings of Foundation debt instruments using the higher of Standard and Poor's or Moody's nationally recognized statistical rating organizations. The

Foundation's investment policy requires investment-grade bonds and commercial papers to be rated B+ and A1 or better, respectively.

Custodial Credit Risk: The Florida Security for Public Deposits Act (Act) establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements, and characteristics of eligible collateral. Under the Act, Foundation deposits in qualified public depositories are fully insured. The qualified public depository must pledge at least 50 percent of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to a maximum of 125 percent, may be required if deemed necessary under the conditions set forth in the Act. Obligations pledged to secure deposits must be delivered to the State Treasurer, or with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney is delivered to the State Treasurer.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The Foundation's investment policy requires diversification of investments sufficient to reduce the potential of a single security, single sector of securities, or single style of management having a disproportionate or significant impact on the portfolio. No more than 5 percent of Foundation investments can be invested with a single company and no more than 30 percent of investments can be in one equity industry.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates between the U.S. dollar and foreign currencies will adversely affect the fair value of an investment. The Foundation had approximately \$289,000 in foreign fixed-income bonds at June 30, 2023.

4. Accounts Receivable

Accounts receivable represent amounts for student fee deferrals, various student services provided by the College, uncollected commissions for the bookstore, payroll receivables, and contract and grant reimbursements due from third parties. The accounts receivable are reported net of a \$145,492 allowance for doubtful accounts.

5. Leases Receivable

Leases receivable represent contracted arrangements for the use of the College's facilities. The terms of the lease arrangements are determined by evaluating the non-cancelable term length, the optional term length, and assessing the likelihood with reasonable certainty the option to extend the term or terminate the agreement may occur. The term lengths are from 10 to 25 years. Lease revenues and interest revenues totaling \$316,161 and \$47,087, respectively, were received during the 2022-23 fiscal year.

6. Due From Other Governmental Agencies

The amount due from other governmental agencies primarily consists of \$16,557,521 of deferred maintenance allocations due from the State for construction of College facilities and other amounts due from Federal, State, and local agencies for grants, student fees, or other contractual obligations.

7. Due From and To Component Unit/College

The \$161,110 reported as due from the component unit consists of amounts owed to the College by the Foundation for scholarships, student aid, and other contractual obligations.

8. 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	\$ 32,346,430	\$ -	\$ -	\$ 32,346,430
Construction in Progress	69,249	2,657,061	1,575	2,724,735
Total Nondepreciable Capital Assets	\$ 32,415,679	\$ 2,657,061	\$ 1,575	\$ 35,071,165
Depreciable Capital Assets:				
Buildings	\$ 241,518,168	\$ 1,576	\$ -	\$ 241,519,744
Other Structures and Improvements	17,108,547	-	-	17,108,547
Furniture, Machinery, and Equipment	12,572,910	1,802,709	355,279	14,020,340
Leasehold Improvements	3,922,135	-	-	3,922,135
Lease Assets	4,497,339	598,750	65,304	5,030,785
Computer Software	3,595,938	-	-	3,595,938
Total Depreciable Capital Assets	283,215,037	2,403,035	420,583	285,197,489
Less, Accumulated Depreciation:				
Buildings	84,768,150	5,751,514	-	90,519,664
Other Structures and Improvements	16,801,721	71,898	-	16,873,619
Furniture, Machinery, and Equipment	10,888,117	1,241,188	354,229	11,775,076
Leasehold Improvements	3,514,959	83,169	-	3,598,128
Lease Assets	2,115,019	1,104,971	74,588	3,145,402
Computer Software	3,595,938	-	-	3,595,938
Total Accumulated Depreciation	121,683,904	8,252,740	428,817	129,507,827
Total Depreciable Capital Assets, Net	\$ 161,531,133	\$ (5,849,705)	\$ (8,234)	\$ 155,689,662

Component Unit Capital Assets

Foundation 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	\$ 1,472,171	\$ -	\$ -	\$ 1,472,171
Total Nondepreciable Capital Assets	\$ 1,472,171	\$ -	\$ -	\$ 1,472,171
Capital Assets Held for Sale:				
Land	1,855,878	-	1,855,878	-
Buildings and Improvements	1,315,044	-	1,315,044	-
Accumulated Depreciation	(570,922)	-	(570,922)	-
Total Depreciable Capital Assets, Net	\$ 2,600,000	\$ -	\$ 2,600,000	\$ -

9. Long-Term Liabilities

Long-term liabilities 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>	<u>Current Portion</u>
Bonds Payable	\$ 1,832,000	\$ -	\$ 344,000	\$ 1,488,000	\$ 366,000
Leases Payable	2,796,500	416,864	866,325	2,347,039	1,385,301
Compensated Absences Payable	7,077,300	916,263	505,394	7,488,169	189,068
Other Postemployment Benefits Payable	1,771,179	637	231,432	1,540,384	42,483
Net Pension Liability	21,026,133	40,291,584	17,384,917	43,932,800	-
Total Long-Term Liabilities	\$ 34,503,112	\$ 41,625,348	\$ 19,332,068	\$ 56,796,392	\$ 1,982,852

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

- **SBE Capital Outlay Bonds.** The SBE issues capital outlay bonds on behalf of the College. These bonds mature serially and are secured by a pledge of the College's portion of the State-assessed motor vehicle license tax and by the State's full faith and credit. The SBE and the SBA administer the principal and interest payments, investment of debt service resources, and compliance with reserve requirements.
- **Capital Improvement Revenue Bonds, Series 2018A.** These bonds are authorized by Article VII, Section 11(d) of the Florida Constitution; Sections 215.57 through 215.83 and 1009.23, Florida Statutes; and other applicable provisions of law. Principal and interest on these bonds are secured by and payable solely from a first lien pledge of the capital improvement fees collected pursuant to Sections 1009.22(6) and 1009.23(11), Florida Statutes, by the Series 2018A participating colleges on a parity with any additional bonds issued subsequent to the issuance of the Series 2018A bonds. The Series 2018A bonds were issued for the purpose of refunding certain of the outstanding Series 2006A and Series 2008A 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 bonds were issued for new construction and the renovation and remodeling of educational facilities.

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

<u>Bond Type</u>	<u>Amount Outstanding</u>	<u>Interest Rates (Percent)</u>	<u>Annual Maturity To</u>
SBE Capital Outlay Bonds: Series 2017A	\$ 248,000	5.0	2026
Florida Department of Education Capital Improvement Revenue Bonds: Series 2018A	<u>1,240,000</u>	5.0	2027
Total	<u><u>\$ 1,488,000</u></u>		

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

<u>Fiscal Year Ending June 30</u>	<u>SBE Capital Outlay Bonds and Capital Improvement Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 366,000	\$ 74,400	\$ 440,400
2025	382,000	56,100	438,100
2026	410,000	37,000	447,000
2027	<u>330,000</u>	<u>16,500</u>	<u>346,500</u>
Total	<u><u>\$ 1,488,000</u></u>	<u><u>\$ 184,000</u></u>	<u><u>\$ 1,672,000</u></u>

Leases Payable. Copiers, vehicles, network and telephone equipment in the amount of \$5,030,785 is being acquired under lease agreements. The stated interest rate for 4 leases is from 1.696 percent to 5.4683 percent, and the imputed interest rate for 23 leases is 5 percent. Future minimum payments under the lease agreements and the present value of the minimum payments as of June 30, 2023, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 1,454,736	\$ 1,385,301	\$ 69,435
2025	642,000	611,887	30,113
2026	159,145	145,159	13,986
2027	133,844	126,482	7,362
2028	<u>79,719</u>	<u>78,210</u>	<u>1,509</u>
Total Minimum Lease Payments	<u><u>\$ 2,469,444</u></u>	<u><u>\$ 2,347,039</u></u>	<u><u>\$ 122,405</u></u>

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 \$7,488,169. The current portion of the compensated

absences liability, \$189,068, is the amount expected to be paid in the coming fiscal year and represents varying percentages of leave payments for employees in the final year of the Deferred Retirement Option Program.

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

General Information about the OPEB Plan

Plan Description. The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the Consortium that provides OPEB for all employees who satisfy the College’s retirement eligibility provisions. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the College are eligible to participate in the College’s health and life insurance benefits. The College subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. The College does not offer any explicit subsidies for retiree coverage. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible. The OPEB Plan contribution requirements and benefit terms of the College and the OPEB Plan members are established and may be amended by action from the Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	62
Active Employees	681
Total	743

Total OPEB Liability

The College’s total OPEB liability of \$1,540,384 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 wage inflation	
Regular Employees	3.40 percent – 7.80 percent
Senior Management	4.10 percent – 8.20 percent
Discount Rate	
Prior Measurement Date	2.16 percent
Measurement Date	3.54 percent
Health care cost trends	
Pre-Medicare	7.00 percent for 2021 decreasing to an ultimate rate of 4.40 percent by 2032
Medicare	5.125 percent for 2021 decreasing to an ultimate rate of 4.40 percent by 2025
Benefit-related costs	100 percent of projected health insurance premiums for retirees

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 FRS.

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

Changes in the Total OPEB Liability

	Amount
Balance at 6/30/22	<u>\$ 1,771,179</u>
Changes for the year:	
Service Cost	105,145
Interest	40,189
Changes in Assumptions or Other Inputs	(344,539)
Benefit Payments	<u>(31,590)</u>
Net Changes	<u>(230,795)</u>
Balance at 6/30/23	<u><u>\$ 1,540,384</u></u>

Changes in 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 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	\$1,779,278	\$1,540,384	\$1,347,399

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	\$1,281,534	\$1,540,384	\$1,879,816

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 a negative OPEB expense of \$5,673. 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	\$ -	\$ 800,982
Change of assumptions or other inputs	85,870	418,499
Transactions subsequent to the measurement date	42,483	-
Total	<u>\$ 128,353</u>	<u>\$ 1,219,481</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$42,483 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	\$ (151,007)
2025	(151,007)
2026	(151,007)
2027	(144,899)
2028	(130,707)
Thereafter	(404,984)
Total	\$ (1,133,611)

Net Pension Liability. As a participating employer in the Florida Retirement System (FRS), the College recognizes its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple employer defined benefit plans. As of June 30, 2023, the College’s proportionate share of the net pension liabilities totaled \$43,932,800. Note 10. includes a complete discussion of defined benefit pension plans.

10. Retirement Plans – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS)

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

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

The College’s FRS and HIS pension expense totaled \$4,627,826 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.

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

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

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

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

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 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
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 \$3,870,874 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 \$32,540,586 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 0.087455800 percent, which was a decrease of 0.004730457 from its proportionate share measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the College recognized pension expense of \$4,263,521. 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	\$ 1,545,490	\$ -
Change of assumptions	4,007,509	-
Net difference between projected and actual earnings on FRS Plan investments	2,148,651	-
Changes in proportion and differences between College FRS contributions and proportionate share of contributions	113,408	1,525,844
College FRS contributions subsequent to the measurement date	3,870,874	-
Total	\$ 11,685,932	\$ 1,525,844

The deferred outflows of resources totaling \$3,870,874, 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	\$ 1,559,682
2025	344,489
2026	(993,299)
2027	5,203,719
2028	174,623
Total	\$ 6,289,214

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%
Total	<u>100.0%</u>			
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	\$56,276,706	\$32,540,586	\$12,694,365

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 \$682,587 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 \$11,392,214 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 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 0.107558985 percent, which was a decrease of 0.007082563 from its proportionate share measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the College recognized pension expense of \$364,305. 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	\$ 345,781	\$ 50,127
Change of assumptions	653,009	1,762,368
Net difference between projected and actual earnings on HIS Plan investments	16,493	-
Changes in proportion and differences between College HIS contributions and proportionate share of HIS contributions	202,380	1,567,181
College contributions subsequent to the measurement date	682,587	-
Total	\$ 1,900,250	\$ 3,379,676

The deferred outflows of resources totaling \$682,587, 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	\$ (417,286)
2025	(355,005)
2026	(364,733)
2027	(429,179)
2028	(541,747)
Thereafter	(54,063)
Total	\$ (2,162,013)

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:

	<u>1% Decrease (2.54%)</u>	<u>Current Discount Rate (3.54%)</u>	<u>1% Increase (4.54%)</u>
College's proportionate share of the net pension liability	\$13,033,629	\$11,392,214	\$10,033,978

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.

11. Retirement Plans – Defined Contribution Pension Plans

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

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

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 \$1,784,715 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 \$234,805 and employee contributions totaled \$136,780 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 12.49 percent of the employee's salary to the Local Annuity Program. Employees may make contributions toward the Local Annuity Program by way of salary reduction or by deduction of a percentage of the employee's gross compensation not to exceed the percentage contributed by the employer.

The College's contributions to the Local Annuity Program totaled \$36,382 for the 2022-23 fiscal year.

12. Construction Commitments

The College's 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>
A Bldg HVAC Replacement	\$ 2,029,918	\$ 824,634	\$ 1,205,284
Weldon Bldg HVAC Replacement	2,454,265	1,002,841	1,451,424
Subtotal	4,484,183	1,827,475	2,656,708
Other Projects (1)	3,845,152	897,260	2,947,892
Total	\$ 8,329,335	\$ 2,724,735	\$ 5,604,600

(1) Individual projects with a current balance committed of less than \$1 million at June 30, 2023.

13. Risk Management Programs

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College provided coverage for these risks primarily through the Florida College System Risk Management Consortium (Consortium), which was created under authority of Section 1001.64(27), Florida Statutes, by the boards of trustees of the Florida public colleges for the purpose of joining a cooperative effort to develop, implement, and participate in a coordinated Statewide college risk management program. The Consortium is self-sustaining through member assessments (premiums) and purchases excess insurance through commercial companies for claims in excess of specified amounts. Excess insurance from commercial companies provided coverage of up to \$100 million 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.

14. Functional Distribution of Operating Expenses

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

<u>Functional Classification</u>	<u>Amount</u>
Instruction	\$ 44,524,478
Academic Support	9,498,718
Student Services	11,916,410
Institutional Support	20,905,722
Operation and Maintenance of Plant	9,123,349
Scholarships and Waivers	15,281,497
Depreciation	8,252,740
Auxiliary Enterprises	1,461,348
Total Operating Expenses	\$ 120,964,262

15. Related Party Transactions

As permitted by Section 1004.70, Florida Statutes, the College received direct and indirect support from its direct-support organization, Foundation for Seminole State College, Inc. (Foundation). The Foundation is included within the College's reporting entity as a discretely presented component unit.

The College paid salaries and benefits for Foundation staff in the amounts of approximately \$598,000 for the fiscal year ended June 30, 2023, and these have been recorded as in-kind support by the Foundation. The College also provides occupancy and rent support to the Foundation free of charge, which has an estimated fair value of approximately \$68,000 for the fiscal year ended June 30, 2023, and has also been recorded as in-kind support by the Foundation.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

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>
Total OPEB Liability						
Service cost	\$ 105,145	\$ 171,175	\$ 140,655	\$ 150,002	\$ 153,766	\$ 165,136
Interest	40,189	51,638	72,656	86,703	77,845	65,961
Difference between expected and actual experience	-	(625,532)	-	(480,848)	-	-
Changes of assumptions or other inputs	(344,539)	37,750	68,045	8,309	(89,302)	(163,512)
Benefit Payments	(31,590)	(58,182)	(44,112)	(94,036)	(83,294)	(61,600)
Net change in total OPEB liability	(230,795)	(423,151)	237,244	(329,870)	59,015	5,985
Total OPEB Liability - beginning	<u>1,771,179</u>	<u>2,194,330</u>	<u>1,957,086</u>	<u>2,286,956</u>	<u>2,227,941</u>	<u>2,221,956</u>
Total OPEB Liability - ending	<u>\$ 1,540,384</u>	<u>\$ 1,771,179</u>	<u>\$ 2,194,330</u>	<u>\$ 1,957,086</u>	<u>\$ 2,286,956</u>	<u>\$ 2,227,941</u>
Covered-Employee Payroll	\$40,164,983	\$40,164,983	\$39,830,031	\$39,830,031	\$40,979,092	\$40,979,092
Total OPEB Liability as a percentage of covered-employee payroll	3.84%	4.41%	5.51%	4.91%	5.58%	5.44%

**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	0.087455800%	0.092186257%	0.093043043%	0.094876729%
College's proportionate share of the FRS net pension liability	\$ 32,540,586	\$ 6,963,624	\$ 40,326,226	\$ 32,674,225
College's covered payroll (2)	\$ 43,856,532	\$ 45,299,183	\$ 47,293,545	\$ 46,982,015
College's proportionate share of the FRS net pension liability as a percentage of its covered payroll	74.20%	15.37%	85.27%	69.55%
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	\$ 3,870,874	\$ 3,768,144	\$ 3,596,786	\$ 2,738,916
FRS contributions in relation to the contractually required contribution	<u>(3,870,874)</u>	<u>(3,768,144)</u>	<u>(3,596,786)</u>	<u>(2,738,916)</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll (2)	\$ 45,657,447	\$ 43,856,532	\$ 45,299,183	\$ 47,293,545
FRS contributions as a percentage of covered payroll	8.48%	8.59%	7.94%	5.79%

- (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>
0.095673673%	0.093074987%	0.091831378%	0.094243640%	0.101202976%	0.091429649%
\$ 28,817,406	\$ 27,530,957	\$ 23,187,495	\$ 12,172,830	\$ 6,174,870	\$ 15,739,112
\$ 46,308,295	\$ 43,396,598	\$ 41,749,265	\$ 40,894,582	\$ 43,227,051	\$ 43,362,648
62.23%	63.44%	55.54%	29.77%	14.28%	36.30%
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>
\$ 2,965,093	\$ 2,740,816	\$ 2,427,550	\$ 2,247,602	\$ 2,297,740	\$ 2,216,775
<u>(2,965,093)</u>	<u>(2,740,816)</u>	<u>(2,427,550)</u>	<u>(2,247,602)</u>	<u>(2,297,740)</u>	<u>(2,216,775)</u>
\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
\$ 46,982,015	\$ 46,308,295	\$ 43,396,598	\$ 41,749,265	\$ 40,894,582	\$ 43,227,051
6.31%	5.92%	5.59%	5.38%	5.62%	5.13%

**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	0.107558985%	0.114641548%	0.122673302%	0.126556133%
College's proportionate share of the HIS net pension liability	\$ 11,392,214	\$ 14,062,509	\$ 14,978,210	\$ 14,160,365
College's covered payroll (2)	\$ 39,276,768	\$ 39,238,072	\$ 42,662,011	\$ 42,371,465
College's proportionate share of the HIS net pension liability as a percentage of its covered payroll	29.00%	35.84%	35.11%	33.42%
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	\$ 682,587	\$ 651,994	\$ 651,352	\$ 708,189
HIS contributions in relation to the contractually required HIS contribution	<u>(682,587)</u>	<u>(651,994)</u>	<u>(651,352)</u>	<u>(708,189)</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll (2)	\$ 41,119,694	\$ 39,276,768	\$ 39,238,072	\$ 42,662,011
HIS contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%

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

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

<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>	<u>2013 (1)</u>
0.127235919%	0.121848555%	0.120032456%	0.117802815%	0.126571174%	0.127944123%
\$ 13,466,792	\$ 13,028,610	\$ 13,989,286	\$ 12,014,034	\$ 11,834,714	\$ 11,139,218
\$ 41,605,909	\$ 38,846,247	\$ 37,397,768	\$ 38,114,745	\$ 39,933,612	\$ 38,888,603
32.37%	33.54%	37.41%	31.52%	29.64%	28.64%
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>
\$ 703,366	\$ 690,658	\$ 644,848	\$ 615,968	\$ 450,316	\$ 433,590
<u>(703,366)</u>	<u>(690,658)</u>	<u>(644,848)</u>	<u>(615,968)</u>	<u>(450,316)</u>	<u>(433,590)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 42,371,465	\$ 41,605,909	\$ 38,846,247	\$ 37,397,768	\$ 38,114,745	\$ 39,933,612
1.66%	1.66%	1.66%	1.65%	1.18%	1.09%

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

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

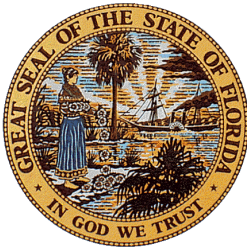
Changes of Assumptions. The long-term expected rate of return, using the Municipal Bond Index Rate, increased from 2.16 percent at the prior measurement date to 3.54 percent at the current measurement date, and the active member mortality assumption was updated.

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 decreased from 6.80 percent to 6.70 percent for funding purposes.

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 election assumption for vested terminated members was updated from 20 percent to 50 percent to reflect recent experience.



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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 Seminole State College of Florida, 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 8, 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 8, 2024