

STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

Report No. 2024-154
March 2024

MIAMI DADE COLLEGE

For the Fiscal Year Ended
June 30, 2023



Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the 2022-23 fiscal year, Madeline Pumariega served as President of Miami Dade College and the following individuals served as Members of the Board of Trustees:

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The team leader was Nelsmary Fleitas and the audit was supervised by Ramon L. Bover, 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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MIAMI DADE COLLEGE
TABLE OF CONTENTS

	<u>Page No.</u>
SUMMARY	i
INDEPENDENT AUDITOR'S REPORT	1
Report on the Audit of the Financial Statements.....	1
Other Reporting Required by <i>Government Auditing Standards</i>	3
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	16
Statement of Revenues, Expenses, and Changes in Net Position	19
Statement of Cash Flows	20
Notes to Financial Statements	22
OTHER REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Changes in the College's Total Other Postemployment Benefits Liability and Related Ratios	53
Schedule of the College's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan	54
Schedule of College Contributions – Florida Retirement System Pension Plan	54
Schedule of the College's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan.....	56
Schedule of College Contributions – Health Insurance Subsidy Pension Plan.....	56
Notes to Required Supplementary Information	58
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 <i>GOVERNMENT AUDITING STANDARDS</i>	
Report on Internal Control Over Financial Reporting	59
Report on Compliance and Other Matters	60
Purpose of this Report	60

SUMMARY

SUMMARY OF REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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

SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

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

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

AUDIT OBJECTIVES AND SCOPE

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

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

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

AUDIT METHODOLOGY

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



Sherrill F. Norman, CPA
Auditor General

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

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

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

Basis for Opinions

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2024, on our consideration of the Miami Dade College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial

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

Respectfully submitted,



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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, and its component unit, the Miami Dade College Foundation, Inc. for the fiscal years ended March 31, 2023, and March 31, 2022.

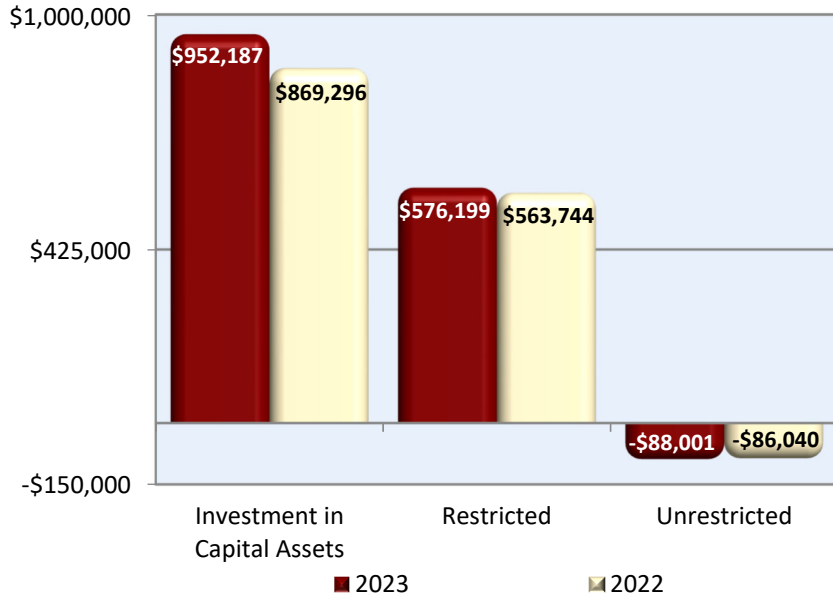
FINANCIAL HIGHLIGHTS

The College's assets and deferred outflows of resources totaled \$1.9 billion at June 30, 2023. This balance reflects a \$120.5 million, or 6.9 percent, increase as compared to the 2021-22 fiscal year, resulting primarily from increases in nondepreciable capital assets of \$83.2 million, due from other governmental agencies of \$79.4 million, restricted investments of \$22.6 million, and net accounts receivable of \$10.1 million, offset by a decrease in noncurrent restricted cash and cash equivalents of \$71.9 million. Liabilities and deferred inflows of resources increased by \$27.2 million, or 6.6 percent, totaling \$436.7 million at June 30, 2023, resulting from increases in total liabilities of \$127.7 million, offset by decreases in deferred inflows of resources totaling \$100.6 million. As a result, the College's net position increased by \$93.4 million, resulting in a year-end balance of \$1.4 billion.

The College's operating revenues totaled \$138.7 million for the 2022-23 fiscal year, representing a 10.4 percent increase compared to the 2021-22 fiscal year, due mainly to an increase in Federal grants and contracts, offset by decreases in nongovernmental grants and contracts and other operating revenues. Nonoperating revenues represent 64 percent of total revenues and are primarily comprised of Federal and State student financial aid with a purpose of supporting operating activities and State noncapital appropriations. Operating expenses totaled \$607.5 million for the 2022-23 fiscal year, representing a decrease of 2.3 percent as compared to the 2021-22 fiscal year, due mainly to decreases in scholarships and waivers and other services and expenses, offset by increases in personnel services and materials and supplies.

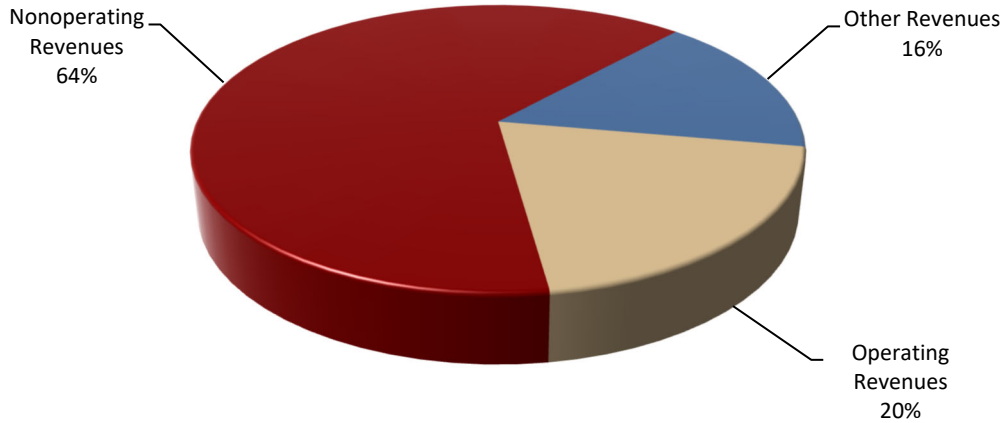
Net position represents the residual interest in the College's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The College's comparative total net position by category for the fiscal years ended June 30, 2023, and June 30, 2022, is shown in the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

Net Position: College
(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 the Governmental Accounting Standards Board (GASB) Statement No. 35, the College’s financial report consists of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The financial statements, and notes thereto, provide information on the College as a whole, present a long-term view of the College’s finances, and include activities for the following entities:

- Miami Dade College (Primary Institution) – Most of the programs and services generally associated with a college fall into this category, including instruction, public service, and support services.
- Miami Dade College Foundation, Inc. (Component Unit) – Although legally separate, this component unit is important because the College is financially accountable for it, as the College reports its financial activities to the State of Florida.

The Statement of Net Position

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.

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

Condensed Statement of Net Position at

(In Thousands)

	College		Component Unit	
	06-30-23	06-30-22	03-31-23	03-31-22
Assets				
Current Assets	\$ 328,348	\$ 247,112	\$ 30,110	\$ 38,742
Capital Assets, Net	952,187	869,296	-	-
Other Noncurrent Assets	522,418	570,921	206,414	214,188
Total Assets	1,802,953	1,687,329	236,524	252,930
Deferred Outflows of Resources	74,097	69,177	-	-
Liabilities				
Current Liabilities	169,883	150,715	18,866	27,901
Noncurrent Liabilities	237,750	129,203	-	-
Total Liabilities	407,633	279,918	18,866	27,901
Deferred Inflows of Resources	29,032	129,588	-	-
Net Position				
Investment in Capital Assets	952,187	869,296	-	-
Restricted	576,199	563,744	166,926	168,175
Unrestricted	(88,001)	(86,040)	50,732	56,854
Total Net Position	\$ 1,440,385	\$ 1,347,000	\$ 217,658	\$ 225,029

The College's net position increased by \$93.4 million, or 6.9 percent. Changes in the College's net position were the result of the following factors:

- Investment in capital assets increased by \$82.9 million, or 9.5 percent, mainly due to the acquisition of capital assets.
- Restricted net position increased by \$12.5 million, or 2.2 percent, mainly due to an increase in funds restricted for the construction of capital projects.
- Unrestricted deficit in net position increased by \$2 million, or 2.3 percent, from normal operations.

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 activities of the College and its component unit for the respective fiscal years ended:

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

	(In Thousands)			
	College		Component Unit	
	06-30-23	06-30-22	03-31-23	03-31-22
Operating Revenues	\$ 138,722	\$ 125,648	\$ 30,379	\$ 21,143
Less, Operating Expenses	607,477	621,565	30,250	36,604
Operating Income (Loss)	(468,755)	(495,917)	129	(15,461)
Net Nonoperating Revenues (Expenses)	449,214	435,791	(7,500)	9,353
Loss Before Other Revenues	(19,541)	(60,126)	(7,371)	(6,108)
Other Revenues	112,926	25,634	-	-
Net Increase (Decrease) In Net Position	93,385	(34,492)	(7,371)	(6,108)
Net Position, Beginning of Year	1,347,000	1,381,492	225,029	231,137
Net Position, End of Year	\$ 1,440,385	\$ 1,347,000	\$ 217,658	\$ 225,029

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 for the College and its component unit by source that were used to fund operating activities for the respective fiscal years ended:

Operating Revenues For the Fiscal Years Ended

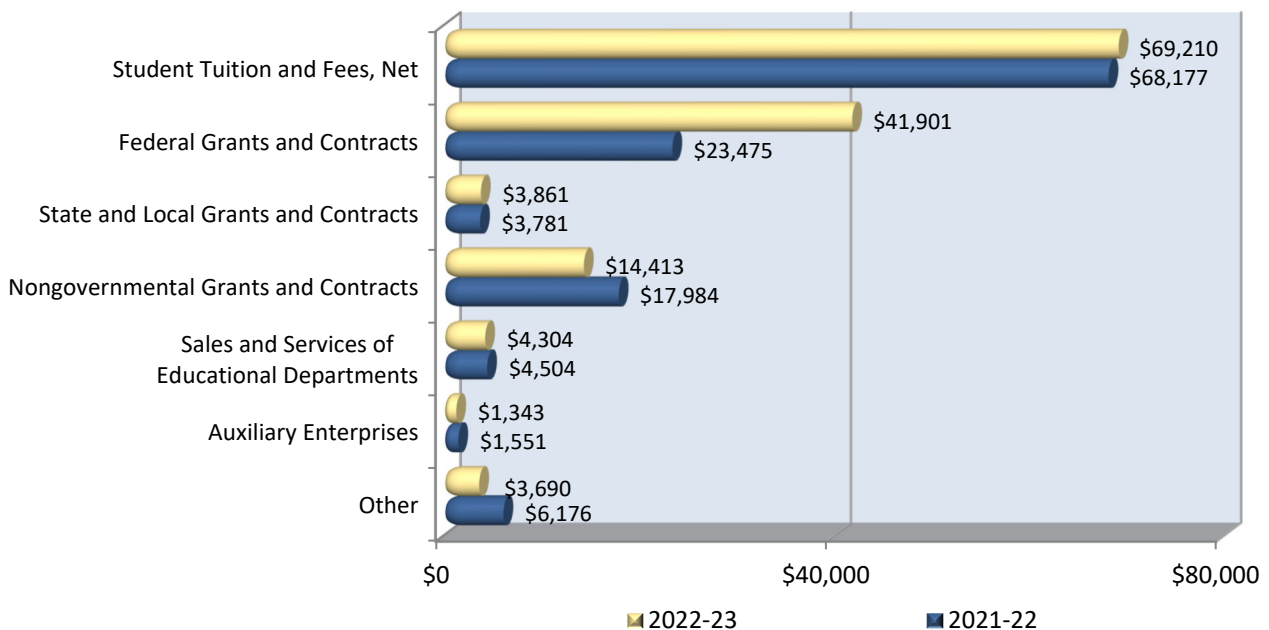
(In Thousands)

	College		Component Unit	
	06-30-23	06-30-22	03-31-23	03-31-22
Student Tuition and Fees, Net	\$ 69,210	\$ 68,177	\$ -	\$ -
Federal Grants and Contracts	41,901	23,475	-	-
State and Local Grants and Contracts	3,861	3,781	-	-
Nongovernmental Grants and Contracts	14,413	17,984	-	-
Sales and Services of Educational Departments	4,304	4,504	-	-
Auxiliary Enterprises	1,343	1,551	-	-
Other	3,690	6,176	30,379	21,143
Total Operating Revenues	\$ 138,722	\$ 125,648	\$ 30,379	\$ 21,143

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

Operating Revenues: College

(In Thousands)



College operating revenue increased by \$13.1 million, or 10.4 percent, compared to the 2021-22 fiscal year, primarily as a result of the following factors:

- Federal grants and contracts increased by \$18.4 million, or 78.5 percent, mainly due to non-recurring award funding.
- Nongovernmental grants and contracts decreased by \$3.6 million, or 19.9 percent, due to decreased funding from nongovernmental sources.
- Other operating revenues decreased by \$2.5 million, or 40.3 percent, mainly due to decreases in the timing of tuition reclassifications between fiscal years.

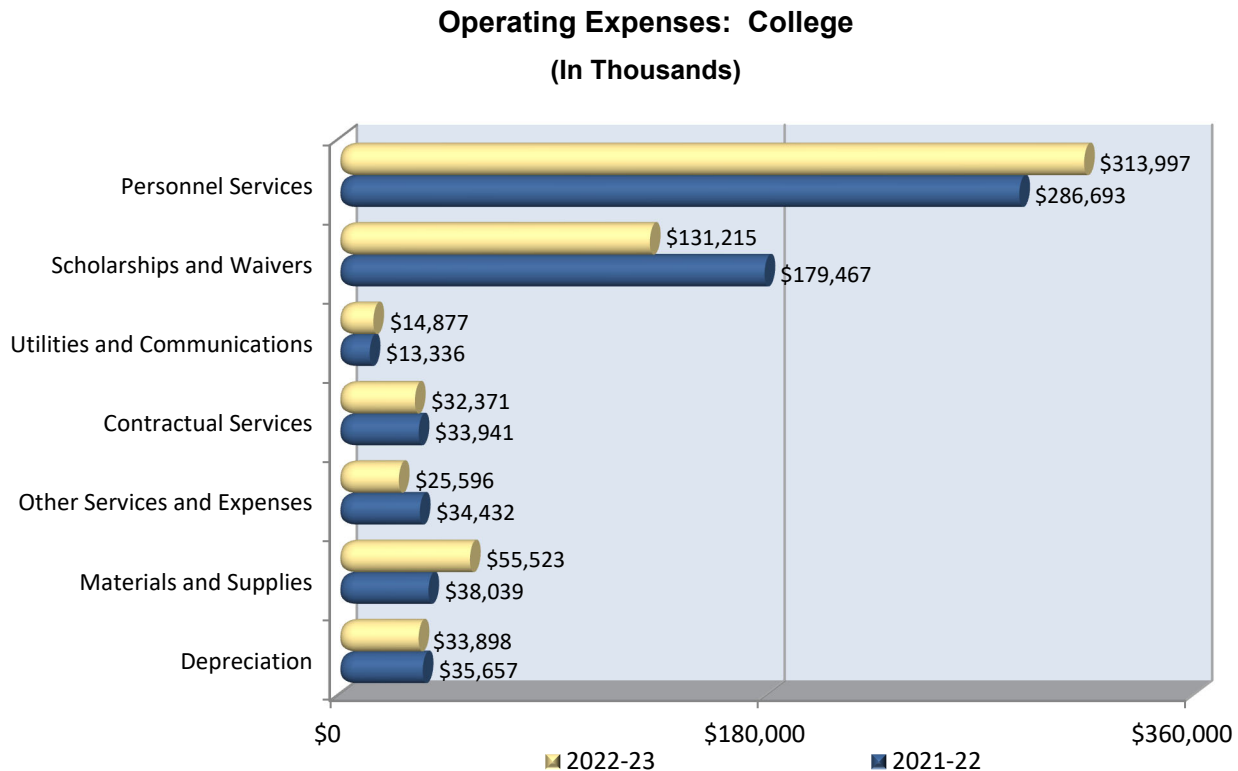
Operating Expenses

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 College and its component unit for the respective fiscal years ended:

	Operating Expenses For the Fiscal Years Ended			
	(In Thousands)			
	College		Component Unit	
	06-30-23	06-30-22	03-31-23	03-31-22
Personnel Services	\$ 313,997	\$286,693	\$ 1,727	\$ 1,845
Scholarships and Waivers	131,215	179,467	16,586	24,504
Utilities and Communications	14,877	13,336	-	-
Contractual Services	32,371	33,941	-	-
Other Services and Expenses	25,596	34,432	11,937	10,255
Materials and Supplies	55,523	38,039	-	-
Depreciation	33,898	35,657	-	-
Total Operating Expenses	\$ 607,477	\$621,565	\$ 30,250	\$ 36,604

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



College operating expense decreased by \$14.1 million, or 2.3 percent, compared to the 2021-22 fiscal year, primarily as a result of the following factors:

- Scholarship and waivers decreased by \$48.3 million, or 26.9 percent, in alignment with the availability of funds remaining from the Coronavirus Aid, Relief, and Economic Security Act when compared to the prior fiscal year.
- Personnel services increased by \$27.3 million, or 9.5 percent, mainly due to adjustments to the College’s share of pension expense as dictated through State actuary reports.
- Materials and supplies increased by \$17.5 million, or 46 percent, mainly due to minor noncapitalized equipment expensed.
- Other services and expenses decreased by \$8.8 million, or 25.7 percent, mainly due to adjustments to uninsured losses when compared to the prior fiscal year.

Nonoperating Revenues and Expenses

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

Nonoperating Revenues (Expenses): College For the Fiscal Years		
(In Thousands)		
	2022-23	2021-22
State Noncapital Appropriations	\$ 195,276	\$ 183,999
Federal and State Student Financial Aid	217,920	282,863
Gifts and Grants	6,568	-
Investment Income	13,876	7,409
Net Realized and Unrealized Gain (Loss) on Investments	14,708	(38,596)
Other Nonoperating Revenues	902	114
Gain (Loss) on Disposal of Capital Assets	(36)	2
Net Nonoperating Revenues	\$ 449,214	\$ 435,791

Net nonoperating revenues increased by \$13.4 million, or 3.1 percent, compared to the 2021-22 fiscal year, as a result of the following factors:

- Federal and State student financial aid decreased by \$64.9 million, or 23 percent, as the funding received from the Education Stabilization Fund program continues to be disbursed to students.
- Net realized and unrealized gain on investments increased by \$53.3 million, or 138.1 percent, primarily due to changes in market conditions.
- State noncapital appropriations increased by \$11.3 million, or 6.1 percent, due to increases in funding from the Florida College System Program Fund, Performance Based Incentive Fund, and Community College Program Fund.
- Investment income increased by \$6.5 million, or 87.3 percent, due to favorable investment market conditions.

Other Revenues

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

Other Revenues: College For the Fiscal Years

(In Thousands)

	<u>2022-23</u>	<u>2021-22</u>
State Capital Appropriations	\$ 1,499	\$ 1,272
Capital Grants, Contracts, Gifts, and Fees	108,543	24,362
Additions to Endowments	2,884	-
Total	<u>\$ 112,926</u>	<u>\$ 25,634</u>

Other revenues increased by \$87.3 million, or 340.5 percent, compared to the 2021-22 fiscal year, due to an increase in capital grants, contracts, gifts, and fees of \$84.2 million, or 345.5 percent, an increase in additions to endowments of \$2.9 million, or 100 percent, and an increase in State capital appropriations of \$0.2 million, or 17.9 percent.

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)

	<u>2022-23</u>	<u>2021-22</u>
Cash Provided (Used) by:		
Operating Activities	\$ (439,525)	\$ (467,145)
Noncapital Financing Activities	418,921	503,526
Capital and Related Financing Activities	(78,651)	(86,560)
Investing Activities	1,996	(9,026)
Net Decrease in Cash and Cash Equivalents	<u>(97,259)</u>	<u>(59,205)</u>
Cash and Cash Equivalents, Beginning of Year	206,723	265,928
Cash and Cash Equivalents, End of Year	<u>\$ 109,464</u>	<u>\$ 206,723</u>

Major sources of funds came from Federal and State student financial aid (\$223.7 million), State noncapital appropriations (\$195.7 million), proceeds from sales and maturities of investments (\$144.8 million), net student tuition and fees (\$59.7 million), and operating grants and contracts (\$49.7 million). Major uses of funds were for payments to employees and for employee benefits (\$318.7 million), purchases of investments (\$159.7 million), payments for scholarships (\$131.4 million), purchases of capital assets (\$110.7 million), and payments to suppliers of goods and services (\$113.6 million).

During the 2022-23 fiscal year, cash and cash equivalents decreased by \$97.3 million when compared to the prior fiscal year. The decrease in cash and cash equivalents and a discussion of the categories of cash flows are as follows:

- Net cash used for operating activities was \$439.5 million, which represents a decrease of \$27.6 million as compared to the 2021-22 fiscal year. The net decrease in cash used was primarily the result of a decrease in payments for scholarships of \$48.4 million and an increase in cash received from other receipts of \$8.2 million, offset mainly by an increase in payments to employees of \$17.3 million, and a decrease in cash received for tuition and fees of \$10.9 million.
- Net cash provided by noncapital financing activities was \$418.9 million, which represents a decrease of \$84.6 million as compared to the 2021-22 fiscal year. The net decrease was a result of a decrease in Federal and State student financial aid of \$58.3 million and a decrease in gifts and grants received for other than capital or endowment purposes of \$34.7 million, offset by an increase in State noncapital appropriations of \$10.5 million.
- Net cash used by capital and related financing activities was \$78.7 million, which represents a decrease of \$7.9 million as compared to the 2021-22 fiscal year. The net decrease in cash used was primarily due to an increase in cash received from State capital appropriations of \$4.3 million, offset by a decrease in capital grants and gifts of \$9.4 million, and a decrease in the purchase of capital assets of \$12.1 million.
- Net cash provided by investing activities was \$2 million, which represents an increase of \$11 million in cash provided by investing activities as compared to the 2021-22 fiscal year. The net increase in cash provided was primarily the result of an increase in proceeds from the sales and maturities of investments of \$72.8 million, and an increase in investment income of \$7.3 million, offset by an increase in the purchase of investments of \$69.2 million.

CAPITAL ASSETS AND CAPITAL EXPENSES AND COMMITMENTS

Capital Assets

At June 30, 2023, the College had \$1.6 billion in capital assets, less accumulated depreciation of \$652.7 million, for net capital assets of \$952.2 million. Depreciation charges for the current fiscal year totaled \$33.9 million. The following table summarizes the College's capital assets, net of accumulated depreciation, at June 30:

Capital Assets, Net at June 30: College

(In Thousands)

	<u>2023</u>	<u>2022</u>
Land	\$ 96,950	\$ 96,950
Works of Art	552	552
Construction in Progress	247,366	164,167
Buildings	1,085,152	1,058,092
Other Structures and Improvements	36,103	36,103
Furniture, Machinery, and Equipment	84,408	82,393
Computer Software	54,385	54,385
Total	<u>1,604,916</u>	<u>1,492,642</u>
Less: Accumulated Depreciation		
Buildings	507,271	483,775
Other Structures and Improvements	34,439	33,879
Furniture, Machinery, and Equipment	71,662	71,773
Computer Software	39,357	33,919
Total	<u>652,729</u>	<u>623,346</u>
Capital Assets, Net	<u><u>\$ 952,187</u></u>	<u><u>\$ 869,296</u></u>

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

Capital Expenses and Commitments

The College had \$54.2 million in major construction commitments at June 30, 2023. State capital appropriations together with local funds are expected to finance these projects. The College's major construction commitments at June 30, 2023, are as follows:

	Amount (In Thousands)
Total Committed	\$ 151,011
Completed to Date	<u>(96,830)</u>
Balance Committed	<u><u>\$ 54,181</u></u>

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

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The College's economic condition is closely tied to that of the State of Florida. Because of limited economic growth and increased demand for State resources, only a modest increase in State funding is anticipated in the 2023-24 fiscal year.

On-going efforts to develop new revenue sources and contain costs have served the College well in its commitment to the growth of education programs, improved student access, and overall excellence in service to its students and the community. The conservative budgetary stance taken by the College

provides the framework for a focused response in support of our educational mission and provides financial stability in the face of limited economic growth and increased demand for State resources.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to Chris Starling, Senior Vice Provost of Business Affairs and Chief Financial Officer, Miami Dade College, 11011 S.W. 104th Street, Miami, Florida 33176.

BASIC FINANCIAL STATEMENTS

MIAMI DADE COLLEGE 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	\$ 86,697,416	\$ 9,460,212
Restricted Cash and Cash Equivalents	22,766,332	-
Cash Collateral Securities Lending	58,140,073	11,578,853
Accounts Receivable, Net	11,730,156	7,578,824
Lease Receivable	199,766	-
Due from Other Governmental Agencies	120,244,805	-
Due from Component Unit/College	27,301,258	553,377
Inventories	61,961	-
Prepaid Expenses	1,125,804	-
Deposits	80,275	-
Other Current Assets	456	938,299
Total Current Assets	328,348,302	30,109,565
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	-	20,277,363
Endowment Investments	173,342,037	89,617,858
Restricted Other Investments	306,672,139	-
Other Investments	35,018,615	96,518,912
Notes Receivable, Net	5,736,645	-
Lease Receivable	1,648,488	-
Depreciable Capital Assets, Net	607,318,340	-
Nondepreciable Capital Assets	344,868,305	-
Other Noncurrent Assets	150	-
Total Noncurrent Assets	1,474,604,719	206,414,133
TOTAL ASSETS	1,802,953,021	236,523,698
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	4,656,750	-
Pensions	69,439,867	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	74,096,617	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	38,899,452	709,384
Salary and Payroll Taxes Payable	10,821,383	-
Retainage Payable	7,570,196	-
Due to Other Governmental Agencies	563,437	-
Due to Component Unit/College	900,757	6,577,886
Unearned Revenue	5,452,554	-
Liability for Cash Collateral Securities Lending	58,140,073	-
Long-Term Liabilities - Current Portion:		
Deposits Held for Others	26,592,962	11,578,853
Compensated Absences Payable	20,138,264	-
Other Postemployment Benefits Payable	803,836	-
Total Current Liabilities	169,882,914	18,866,123

	<u>College</u>	<u>Component Unit</u>
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Deposits Held for Others	562,200	-
Compensated Absences Payable	10,924,924	-
Other Postemployment Benefits Payable	20,161,554	-
Net Pension Liability	206,101,211	-
Total Noncurrent Liabilities	237,749,889	-
TOTAL LIABILITIES	407,632,803	18,866,123
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	12,223,159	-
Pensions	14,960,575	-
Lease Agreements	1,848,254	-
TOTAL DEFERRED INFLOWS OF RESOURCES	29,031,988	-
NET POSITION		
Investment in Capital Assets	952,186,645	-
Restricted:		
Nonexpendable:		
Endowment	2,694,918	54,686,641
Expendable:		
Endowment	171,517,324	-
Grants and Loans	25,867,791	-
Scholarships	10,848,563	112,238,766
Capital Projects	365,270,391	-
Unrestricted	(88,000,785)	50,732,168
TOTAL NET POSITION	\$ 1,440,384,847	\$ 217,657,575

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

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MIAMI DADE COLLEGE
A Component Unit of the State of Florida
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2023

	<u>College</u>	<u>Component Unit</u>
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of \$77,205,221	\$ 69,209,933	\$ -
Federal Grants and Contracts	41,900,770	-
State and Local Grants and Contracts	3,860,649	-
Nongovernmental Grants and Contracts	14,413,464	-
Sales and Services of Educational Departments	4,304,095	-
Auxiliary Enterprises	1,343,408	-
Other Operating Revenues	3,690,023	30,378,782
Total Operating Revenues	138,722,342	30,378,782
EXPENSES		
Operating Expenses:		
Personnel Services	313,997,411	1,727,456
Scholarships and Waivers	131,214,914	16,585,723
Utilities and Communications	14,876,605	-
Contractual Services	32,370,397	-
Other Services and Expenses	25,596,249	11,937,150
Materials and Supplies	55,523,428	-
Depreciation	33,898,443	-
Total Operating Expenses	607,477,447	30,250,329
Operating Income (Loss)	(468,755,105)	128,453
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	195,276,007	-
Federal and State Student Financial Aid	217,920,243	-
Gifts and Grants - Other	6,567,541	-
Investment Income	13,875,522	-
Net Realized and Unrealized Gain (Loss) on Investments	14,707,934	(7,499,547)
Other Nonoperating Revenues	902,646	-
Loss on Disposal of Capital Assets	(36,369)	-
Net Nonoperating Revenues (Expenses)	449,213,524	(7,499,547)
Loss Before Other Revenues	(19,541,581)	(7,371,094)
State Capital Appropriations	1,499,119	-
Capital Grants, Contracts, Gifts, and Fees	108,543,299	-
Additions to Endowments	2,883,566	-
Total Other Revenues	112,925,984	-
Increase (Decrease) in Net Position	93,384,403	(7,371,094)
Net Position, Beginning of Year	1,347,000,444	225,028,669
Net Position, End of Year	\$ 1,440,384,847	\$ 217,657,575

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

MIAMI DADE COLLEGE
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	\$ 59,686,250
Grants and Contracts	49,747,547
Payments to Suppliers	(98,735,103)
Payments for Utilities and Communications	(14,876,605)
Payments to Employees	(252,693,804)
Payments for Employee Benefits	(65,959,660)
Payments for Scholarships	(131,392,635)
Collection on Loans to Students	298,313
Auxiliary Enterprises	386,386
Sales and Services of Educational Departments	4,278,715
Other Receipts	9,736,033
	(439,524,563)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	195,678,360
Federal and State Student Financial Aid	223,667,498
Federal Direct Program Receipts	10,257,274
Federal Direct Loan Program Disbursements	(11,373,058)
Gifts and Grants Received for other than Capital or Endowment Purposes	690,743
	418,920,817
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	15,657,636
Capital Grants and Gifts	15,457,108
Proceeds from Sale of Capital Assets	859,129
Purchases of Capital Assets	(110,668,760)
Insurance Recoveries	43,517
	(78,651,370)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	144,836,137
Purchases of Investments	(159,697,463)
Investment Income	16,856,941
	1,995,615
Net Decrease in Cash and Cash Equivalents	(97,259,501)
Cash and Cash Equivalents, Beginning of Year	206,723,249
Cash and Cash Equivalents, End of Year	\$ 109,463,748

	<u>College</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (468,755,105)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	33,898,443
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	(10,087,978)
Notes Receivable, Net	298,313
Lease Receivable	281,129
Due from Other Governmental Agencies	1,879,513
Due from Component Unit	(11,779,815)
Inventories	107
Prepaid Expenses	(26,982)
Other Assets	60
Accounts Payable	14,781,847
Salaries and Payroll Taxes Payable	(7,556,458)
Due to Other Governmental Agencies	(219,152)
Due to Component Unit	(29,646)
Unearned Revenue	(502,634)
Deposits Held for Others	5,674,519
Compensated Absences Payable	797,771
Other Postemployment Benefits Payable	(1,230,210)
Net Pension Liability	108,526,687
Deferred Outflows of Resources Related to Pensions	(5,658,490)
Deferred Inflows of Resources Related to Pensions	(100,825,281)
Deferred Outflows of Resources Related to Other Postemployment Benefits	738,970
Deferred Inflows of Resources Related to Other Postemployment Benefits	550,958
Deferred Inflows of Lease Agreements	(281,129)
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (439,524,563)</u>

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

Unrealized gains on investments were recognized as an increase to investment income on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	\$ 8,251,037
Loss from the disposal of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	\$ (36,369)
Donation of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	\$ 57,568

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 Miami Dade College, a component unit of the State of Florida, is the College Board of Trustees. The Board of Trustees constitutes a corporation and is composed of seven members appointed by the Governor and confirmed by the Senate. The Board of Trustees is under the general direction and control of the Florida Department of Education, Division of Florida Colleges, and is governed by State law and State Board of Education (SBE) rules. However, the Board of Trustees is directly responsible for the day-to-day operations and control of the College within the framework of applicable State laws and SBE rules. The College serves Miami-Dade 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 Miami Dade College Foundation, Inc. (Foundation), a legally separate entity, is included within the College's reporting entity as a discretely presented component unit and is governed by a separate board.

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

The Foundation is audited by other auditors pursuant to Section 1004.70(6), Florida Statutes. The Foundation's audited financial statements are available to the public. The financial data reported on the accompanying financial statements was derived from the Foundation's audited financial statements for the fiscal year ended March 31, 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 the accrual basis of accounting and follows FASB standards of accounting and financial reporting for not-for-profit organizations.

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

The College's principal operating activity is instruction. Operating revenues and expenses generally include all fiscal transactions directly related to instruction as well as administration, academic support, student services, physical plant operations, and depreciation of capital assets. Nonoperating revenues include State noncapital appropriations, Federal and State student financial aid, investment income, net of unrealized gains and losses on investments, and other nonoperating revenues. 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 identified, within its

accounting system, amounts paid for tuition and fees by financial aid. The total amount of these third party payments is deducted from student tuition and fees.

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

Cash and Cash Equivalents. The amount reported as cash and cash equivalents consist of cash on hand, cash in demand accounts, and cash invested with the State Treasury Special Purpose Investment Account (SPIA), the Florida Fixed Income Trust (FL-FIT) Enhanced Cash, and the State Board of Administration (SBA) Florida PRIME Investment pools. 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, the FL-FIT Enhanced Cash, and SBA Florida PRIME investment pools to be cash equivalents.

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

At June 30, 2023, the College reported as cash equivalents at fair value \$31,240,144 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 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 reported as cash equivalents \$1,685,594 in the Florida PRIME investment pool administered by the SBA pursuant to Section 218.405, Florida Statutes. The College's investments in the Florida PRIME investment pool, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The Florida PRIME investment pool carried a credit rating of AAAm by Standard & Poor's and had a weighted-average days to maturity (WAM) of

37 days as of June 30, 2023. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating-rate instruments. WAM measures the sensitivity of the Florida PRIME investment pool to interest rate changes. The investments in the Florida PRIME investment pool are reported at amortized cost.

Section 218.409(8)(a), Florida Statutes, provides that "the principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board [State Board of Administration] can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days." As of June 30, 2023, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

At June 30, 2023, the College reported as cash equivalents \$52,279,235 in the FL-FIT Enhanced Cash Pool. The FL-FIT was created under the laws of the State of Florida, to provide eligible units of local governments with an investment vehicle to pool the surplus funds and to reinvest such funds in one or more investment portfolios under the direction and daily supervision of an investment advisor. The FL-FIT Enhanced Cash Pool is primarily composed of corporate bonds, commercial paper, and certificates of deposit; and the FL-FIT Enhanced Cash Pool carried a credit rating of AAf/S1 by Fitch. Although the FL-FIT has no limitations on participant withdrawals and each participant has the ability to withdraw 100 percent of its account balance any business day, the FL-FIT reserves the right to suspend withdrawals during a period of crisis in the United States financial markets. The investments in the FL-FIT Enhanced Cash pool are reported at fair value rather than amortized cost.

Capital Assets. College capital assets consist of land, works of art, construction in progress, buildings, other structures and improvements, furniture, machinery, and equipment, and computer software. These assets are capitalized and recorded at cost at the date of acquisition or at acquisition value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The College has a capitalization threshold of \$5,000 for tangible personal property and \$25,000 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, Athletic, Construction and Maintenance Equipment – 5 years
 - Furniture – 7 years
- Computer Software – 10 years

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

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

2. Deficit Net Position in Individual Funds

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

Fund	Net Position
Current Funds - Unrestricted	\$ (103,949,247)
Auxiliary Funds	15,948,462
Total	\$ (88,000,785)

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 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 purchase or construct capital assets are classified as restricted.

The Board of Trustees also adopted an investment policy for the management of endowment assets and other investments, which include investment objectives, permitted types of securities in which the Board may invest, and evaluation criteria necessary to measure the investment performance of the program. Additionally, the College's investment policy provides that the goal of the investment program is to provide a real total return from assets invested that will preserve the purchasing power of endowment assets and other investments, while generating an income stream sufficient to support the established spending requirements. Investments are to be related to the short-, mid-, and long-term needs of the College, while considering the probable safety of their capital as well as the probable income to be derived from the investment. For endowment investments, four asset classes are targeted to ensure the proper level of diversification within the fund. These asset classes are domestic equity, international equity, domestic fixed-income, and cash and cash equivalents held solely for income or profit. For other investments, the highest priority is placed on the safety of the principal. The College's investment policy also provides investment managers with different investment styles (strategies). During the 2022-23 fiscal year, moneys of the Endowment Fund were invested by 18 investment managers, and other investments were invested by 6 investment managers.

Endowment investments and other investments are reported at a fair value of \$173,342,037 and \$341,690,754, respectively. The reporting of endowment investments at fair value resulted in an unrealized gain of \$4,007,248. The reporting of other investments at fair value resulted in an unrealized gain of \$4,243,789.

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.

All of the College's recurring fair value measurements as of June 30, 2023, are valued using quoted market prices (Level 1 inputs), except for domestic and international bonds and notes which are valued using matrix pricing models which may consider quoted prices for similar assets in markets that are not active and inputs other than quoted prices that are observable (Level 2 inputs). Short-term investments and alternative hedge funds, which are valued at the College's proportionate share of the underlying fair value of the hedge fund's net asset value as of the measurement date, are measured at net asset value.

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

	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Federal Agency Obligations	\$ 23,028,018	\$ 23,028,018	\$ -	\$ -
Obligations of United States Government				
Agencies and Instrumentalities - Domestic	82,918,221	82,918,221	-	-
International Government Obligations	184,430	184,430	-	-
Real Estate	12,276,406	12,276,406	-	-
Bonds and Notes - Domestic	124,337,290	-	124,337,290	-
Bonds and Notes - International	10,249,265	-	10,249,265	-
Stocks and Other Equity Securities - Domestic	68,857,056	68,857,056	-	-
Stocks and Other Equity Securities - International	66,281,828	66,281,828	-	-
Total investments by fair value level	\$ 388,132,514	\$ 253,545,959	\$ 134,586,555	\$ -
Investments measured at the net asset value (NAV)				
Short-term Investments	55,041,685			
Alternative Hedge Funds (1)	71,858,592			
Total investments measured at NAV	126,900,277			
Total investments measured at fair value	\$ 515,032,791			

(1) The value of investments held in this fund involve significant uncertainties and judgments and cannot be determined with precision. Due to the inherent uncertainty of valuation, the estimated values may differ from the value that would have been used had a ready market for these investments existed, and the differences could be material.

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

Investments measured at the NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Short-term Investments	\$ 55,041,685	\$ -	Daily	1 Day
Alternative Hedge Funds:				
Carolina Securitized Credit Opportunities	44,057,907	-	Monthly	60 Days
Morgan Stanley Opportunistic Mortgage Income	27,800,685	-	Quarterly	60 Days
Total investments measured at the NAV	\$ 126,900,277			

Net Asset Value.

GASB Statement No. 72, *Fair Value Measurement and Application*, permits the fair value of certain equity and debt investments that do not have readily available fair values to be based on their net asset value (NAV) per share. The investments held at net asset value reflect:

Short-Term Investments: This category includes investments in short-term instruments designed to preserve capital, liquidity, and current income.

Carolina Securitized Credit Opportunities Fund: The primary objective of this fund is to generate an attractive absolute return through investing and trading in the full opportunity set of securitized and structured credit securities, including non-agency and agency residential and commercial mortgage-backed securities, asset-backed securities, and other structured credit fixed-income securities.

The fair value of the Trading Company's assets and liabilities which qualify as financial instruments approximates the carrying amounts presented in the Trading Company's Statement of Financial Condition.

Morgan Stanley Opportunistic Mortgage Income Funds: These funds invest primarily in residential mortgage-backed securities, commercial mortgage-backed securities, and derivatives related thereto. Valuation of the assets are based on prices provided by a pricing service. Alternatively, if a valuation is not available from an outside pricing service, the security may be valued at its latest reported sale price. All other securities for which market values are not readily available are valued at fair value as determined in good faith under procedures adopted by the General Partner.

Component Unit Investments.

All of the College's component unit's recurring fair value measurements as of March 31, 2023, are valued using quoted market prices (Level 1 inputs), with the exception of debt securities and fund of funds investments. Debt securities are valued using recently executed transactions, market price quotations (where observable), bond spreads or credit default swap spreads or cash flow models with yield curves, bond, or single-name credit default swap spreads and recovery rates based on collateral values as key inputs (Level 2 inputs). As of March 31, 2023, the component unit did not have investments valued using significant unobservable inputs (Level 3 inputs). Fund of funds and mutual fund investments are valued at the component unit's proportionate share of the underlying fair value of the funds' net asset value where the component unit has the ability to redeem its investment at the reported net asset valuation as of the measurement date, and where the component unit's ability to redeem the investment is restricted or uncertain in the near term.

Investments held by the College's component unit at March 31, 2023, are reported as follows:

	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Short-term Investments	\$ 6,480,766	\$ 6,480,766	\$ -	\$ -
Federal Agency Obligations	8,126,737	8,126,737	-	-
Debt Securities	4,215,896	-	4,215,896	-
Equity Securities	132,844,890	132,844,890	-	-
Total investments by fair value level	\$ 151,668,289	\$ 147,452,393	\$ 4,215,896	\$ -
Investments measured at the net asset value (NAV)				
Fund of Funds - Domestic	34,468,481			
Total investments measured at NAV	34,468,481			
Total investments measured at fair value	<u>\$ 186,136,770</u>			

For the College's component unit, the valuation method for investments measured at the NAV per share (or its equivalent) is presented in the following table:

Investments measured at the NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period	Liquidity Restrictions
Alternative Hedge Funds (Fund of Funds):					
Ironwood	\$ 14,592,359	\$ -	Quarterly	95 Days	None
Ironwood	6,046,139	-	Semi-annual	95 Days	None
American Strategic Value Realty Fund	10,890,077	-	Fund's Discretion	90 Days	One Year
Mutual Funds:					
Equity	2,939,906	-			
Total investments measured at the NAV	\$ 34,468,481				

The component unit's investment in the private equity fund may not be withdrawn for any reason other than the dissolution and liquidation of the private equity fund. Unless otherwise extended or terminated as defined in the investment agreement, the private equity fund is scheduled to terminate as follows:

Investments by liquidation restrictions	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period	Liquidity Restrictions
Private Equity Fund					
Harbour Vest Global	\$ 500,114	\$ 4,500,000	Not Permitted	Not Applicable	None
Highbrook Property Fund III, LP	2,439,792	1,330,899	Not Permitted	Not Applicable	10/5/2025
Total Private Equity Fund Investments	\$ 2,939,906				

Net Asset Value – Component Unit.

Fund of Funds: The component unit invests in fund of funds. Each fund of funds allocates their assets in a select group of private investment funds (commonly known as hedge funds) and pursue multiple strategies to diversify risks and reduce volatility. The fair value is based on the Foundation's proportionate share of the underlying fair value of the fund of funds' net asset value as provided by each fund of funds' investment manager at the close of business each month.

Mutual Funds: The component unit invests in mutual funds which include investments in international equity. The fair values are determined daily and are quoted on a national exchange.

Other Investments.

The College invested in various debt securities, equity securities, and money market funds. The following risks apply to the College.

Interest Rate Risk: Interest rate risk is the risk that changing interest rates will adversely affect the fair value of an investment. The College's investment policy for endowment investments, as a means of managing its exposure to fair value losses arising from increasing interest rates, states that investment managers are engaged to reduce the overall volatility of the portfolio and to provide a highly predictable and dependable source of income. It is expected that investments made by the investment managers will be flexibly allocated among maturities of different lengths according to interest rate prospects. The College's investment policy for other investments states that investments shall be made with the same judgment and care, under circumstance then prevailing, which persons of prudence, discretion, and

intelligence exercise in the management of their own affairs. At June 30, 2023, the College had investments in debt securities and short-term investments as follows:

College Investment Durations

Average Duration	Fair Value	Investment Types (1)					
		United States Government Obligations	International Government Obligations	Federal Agency Obligations	Domestic Corporate Bonds and Notes	International Corporate Bonds and Notes	Short-Term Investments
Endowment Investments:							
90 Days	\$ 11,843,909	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,843,909
6.14 Years	11,037,222	3,606,693	-	3,522,694	3,531,014	376,821	-
Other Investments:							
90 Days	43,197,776	-	-	-	-	-	43,197,776
0.19 Years	53,046,253	-	-	-	53,046,253	-	-
3.82 Years	122,664,412	59,676,261	-	11,714,837	44,093,224	7,180,090	-
4.04 Years	53,969,337	19,635,267	184,430	7,790,487	23,666,799	2,692,354	-
Total	\$295,758,909	\$ 82,918,221	\$ 184,430	\$ 23,028,018	\$124,337,290	\$ 10,249,265	\$ 55,041,685

(1) These duration investments are for debt securities including United States and International Government Obligations, Federal Agency Obligations, Domestic and International Corporate Bonds and Notes, and Short-Term Investments. Interest rate risk disclosure is not required for the other College investments in Equity Securities or Alternative Hedge Funds.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Obligations explicitly guaranteed by the United States Government are not considered to have credit risk and do not require disclosure of credit quality. The College's investment policy for endowment investments provides that each manager's overall portfolio should exhibit at least an investment grade rating by either Moody's or Standard & Poor's. The College's investment policy for other investments states that the weighted average quality rating of the collective funds invested must maintain a rating higher than A. At June 30, 2023, the College had investments with quality rating by nationally recognized rating agencies (e.g., Standard & Poor's) as follows:

College Investment Quality Rating

Investment Type (1)	Fair Value	Aa3	AA-	AA-/Aa3/AA-	Rating Unavailable
Endowment Investments:					
Domestic Corporate Bonds and Notes	\$ 3,531,014	\$ 3,531,014	\$ -	\$ -	\$ -
International Corporate Bonds and Notes	376,821	376,821	-	-	-
Federal Agency Obligations	3,068,532	3,068,532	-	-	-
U.S. Government Obligations	220,037	220,037	-	-	-
Short-term Investments	301,840	-	-	-	301,840
Other Investments:					
Domestic Corporate Bonds and Notes	120,806,277	44,093,224	53,046,254	23,666,799	-
International Corporate Bonds and Notes	9,872,444	7,180,090	-	2,692,354	-
Federal Agency Obligations	19,095,952	11,308,632	-	7,787,320	-
International Government Obligations	184,430	-	-	184,430	-
Short-term Investments	1,429,548	-	-	-	1,429,548
Total	\$ 158,886,895	\$ 69,778,350	\$ 53,046,254	\$ 34,330,903	\$ 1,731,388

(1) These credit quality ratings are for Domestic and International Corporate Bonds and Notes, Federal Agency Obligations, United States and International Government Obligations, and Short-Term Investments not explicitly guaranteed by the United States Government. Credit risk disclosure is not required for the other College investments.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the College will not be able to recover that value of investments or collateral securities that are in the possession of an outside party. Investments purchased on behalf of the College pursuant to Section 218.415, Florida Statutes, must be properly earmarked and (1) if registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the College's interest in the security; (2) if in a book-entry form, the investment must be held for the credit of the College by a depository chartered by the Federal Government, the State, or any other State or territory of the United States, that has a branch or principal place of business in this State, or by a national association organized and existing under the laws of the United States that is authorized to accept and execute trusts and which is doing business in this State, and must be kept by the depository in an account separate and apart from the assets of the financial institution; or (3) if physically issued to the holder but not registered with the issuer or its agents, must be immediately placed for safekeeping in a secured vault. The College's investments of \$71,858,592 in alternative hedge funds, \$32,740,580 in domestic stock and equities, \$44,912,802 in international equities, as well as \$42,210,510 in money market funds are held by the safekeeping agent in the name of the College.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the College's investment in a single issuer. The College's investment policy for endowment investments allows for investment allocations of 30 to 60 percent in domestic equity securities, 15 to 40 percent in international equity securities, and 5 to 25 percent in domestic fixed-income securities. In addition, no more than 10 percent of the market value of any manager's portfolio may be invested in the securities of any one company unless recommended by the Investment Committee and with an expressed written permission granted by the Senior Vice Provost for Business Affairs in consultation with the College President. The College's investment policy for other investments provides that a maximum of 5 percent may be invested in securities of any single issuer, except for United States Government and United States Government agency securities.

Securities Lending.

The College participates in a securities lending program as a means to augment income. This program is managed by the College's custodial bank that serves as a lending agent for the College and receives securities or cash as collateral. The College's securities are transferred to broker-dealers and other entities (borrowers) for collateral with a simultaneous agreement to return the collateral for cash or the same securities in the future.

Securities loans immediately terminate by either the College or its agent, or by the borrower, upon notice and delivery of equivalent securities. Securities lent for collateral received exceeded the fair value of such investments during the period of loan. All borrowers are required to provide additional collateral if the value falls to less than 102 percent of the fair value of securities lent.

The types of securities lent during the year, to lenders domiciled or who reside in the United States, included United States Government Obligations, corporate bonds, and stocks and other equity securities. Asset-backed securities were specifically excluded as allowable collateral securities from the agreement. As of June 30, 2023, the College had loaned certain securities, with fair value of \$2,871,425 and

\$52,483,998 and had received cash and noncash collateral of \$2,931,365 and \$55,208,708, respectively for the loaned securities.

**Securities Lending -
Investments Lent and Collateral Received (at Fair Value)**

Securities Lent	Fair Value of Underlying Securities (Cash Collateral)	Cash Collateral Investment Value	Fair Value of Underlying Securities (Non Cash Collateral)	Non Cash Collateral Investment Value
For Cash Collateral (Endowment):				
Stock and Other Equity Securities	\$ 30,022	\$ 30,700	\$ 5,759,770	\$ 6,000,884
Global Government Fixed	-	-	1,365,849	1,452,110
U.S. Government Fixed	-	-	308,679	314,953
Corporate Bonds	92,554	95,003	66,334	67,932
For Cash Collateral (Other Investments):				
Global Government Fixed	-	-	31,191,754	33,280,240
Corporate Bonds	2,748,849	2,805,662	5,992,662	6,135,147
U.S. Government Fixed	-	-	7,761,749	7,919,345
U.S. Agencies	-	-	37,201	38,097
Total	\$ 2,871,425	\$ 2,931,365	\$ 52,483,998	\$ 55,208,708

The contract with the College's custodian requires them to indemnify the funds if the borrowers fail to return the securities (and if the collateral is inadequate to replace securities lent) or fail to pay the funds for income distributions by the securities' issuers while the securities are on loan.

Credit Risk: At June 30, 2023, the College had no credit risk exposure to borrowers because the amounts the College owed the borrowers exceeded the amounts the borrowers owed the College.

Custodial Credit Risk: There is no custodial credit risk exposure associated with the investment of cash received for securities lent. These investments are held in the College's name by the custodial bank as an agent for the College.

Component Unit Securities Lending.

The Foundation participates in a security lending program to optimize investment income. The Foundation loans certain investment securities for short periods of time in exchange for collateral initially equal to at least 102 percent of the fair value of the investment securities on loan. The fair value of the loaned investment securities is monitored on a daily basis, with additional collateral obtained or refunded as the fair value of the loaned investment security fluctuates. The collateral, which may be in the form of cash, letters of credit, or United States Government securities, is deposited by the borrower with an independent lending agent. The collateral is recorded as an asset on the Foundation's statement of financial position, along with a liability to reflect the Foundation's obligation to return the collateral. The collateral is invested by the lending agent according to the Foundation's investment guidelines. The Foundation does not have access to the collateral unless there is default by the borrower. Loaned securities continue to be carried as investments on the statements of financial position. Earnings on the invested collateral, net of expenses, are recorded as other income in the component unit's statement of activities.

4. Quasi-Endowment Fund

Pursuant to a referendum held in September 1992, Miami-Dade County was authorized to exceed the constitutional millage limitation and levy an ad valorem tax of $\frac{3}{4}$ of a mill for a 2-year period for the purpose of maintenance, improvement, and expansion of occupational, vocational, and educational programs at the College. The funds generated by this referendum were approximately \$94 million and were invested and deposited in the College's quasi-endowment fund, of which the Board established a maximum annual withdrawal of \$9.5 million for use by the College. At June 30, 2023, the College reported quasi-endowment investments of approximately \$173.3 million.

5. Accounts Receivable

Accounts receivable represent amounts for student fee deferments, various student services provided by the College, returned checks, uncollected commissions for bookstore, and contract and grant reimbursements due from third parties. The accounts receivable are reported net of a \$4,261,995 allowance for doubtful accounts.

6. Notes Receivable

Notes receivable represent student loans made under the Federal Perkins Loan Program of \$6,361,120, a short-term loan program of \$42,805, and an emergency loan program of \$7,332. Notes receivables are reported net of a \$674,612 allowance for doubtful notes.

7. Due From Other Governmental Agencies

The amount due from other governmental agencies primarily consists of \$50,160,192 Deferred Maintenance State funding, \$40,574,696 of Fixed Capital Outlay General Revenue allocations due from the State for construction and maintenance of College facilities, \$21,516,586 due from Federal and State governments for reimbursement of expenditures for grants and contracts, and \$2,279,949 of Public Education Capital Outlay allocations.

8. Due From and To Component Unit/College

The \$27,301,258 due from component unit consists of amounts owed to the College by the Foundation for scholarships and student aid, endowed teaching chair commitments, and other program support. The \$900,757 reported as due to component unit consists of amounts owed by the College to the Foundation pursuant to an agreement to support the Foundation's operations. The College's financial statements are reported for the fiscal year ended June 30, 2023. The College's component unit financial statements are reported for the fiscal year ended March 31, 2023. Accordingly, amounts reported by the College as due from and to component unit on the statement of net position do not agree with amounts reported by the component unit as due from and to the College.

9. Inventories

Inventories consist of items for resale by the Vision Care Clinic and are valued using the retail method. Consumable laboratory supplies, teaching materials, and office supplies on hand in College departments are expensed when purchased and are not considered material. Accordingly, these items are not included in the reported inventory.

10. 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>Adjustments (1)</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets:					
Land	\$ 96,949,942	\$ -	\$ -	\$ -	\$ 96,949,942
Works of Art	552,075	-	-	-	552,075
Construction in Progress	164,166,461	-	110,259,977	27,060,150	247,366,288
Total Nondepreciable Capital Assets	\$ 261,668,478	\$ -	\$ 110,259,977	\$ 27,060,150	\$ 344,868,305
Depreciable Capital Assets:					
Buildings	\$ 1,058,092,261	\$ -	\$ 27,060,150	\$ -	\$ 1,085,152,411
Other Structures and Improvements	36,103,283	-	-	-	36,103,283
Furniture, Machinery, and Equipment	82,393,364	-	6,743,401	4,728,596	84,408,169
Computer Software	54,384,485	-	-	-	54,384,485
Total Depreciable Capital Assets	1,230,973,393	-	33,803,551	4,728,596	1,260,048,348
Less, Accumulated Depreciation:					
Buildings	483,774,909	168,349	23,327,963	-	507,271,221
Other Structures and Improvements	33,879,252	-	560,062	-	34,439,314
Furniture, Machinery, and Equipment	71,773,289	9,294	4,571,848	4,692,227	71,662,204
Computer Software	33,918,699	-	5,438,570	-	39,357,269
Total Accumulated Depreciation	623,346,149	177,643	33,898,443	4,692,227	652,730,008
Total Depreciable Capital Assets, Net	\$ 607,627,244	\$ (177,643)	\$ (94,892)	\$ 36,369	\$ 607,318,340

(1) Adjustment was made to correct a prior year error.

11. Salary and Payroll Taxes Payable

Salary and payroll taxes payable as of June 30, 2023, totaled \$10,821,383. This amount includes \$6,002,355 of salary and payroll taxes and \$4,819,028 of banked points liability. Under the bank point system, faculty members are allowed to bank overload teaching assignments. The instructor may use the banked points to offset future underloads, provide for additional leave time, or receive payment upon termination.

12. Unearned Revenue

As of June 30, 2023, the College reported \$5,452,554 in unearned revenue for restricted grants and contracts revenue received prior to fiscal year end related to subsequent accounting periods. Restricted grants and contracts primarily consist of private donations designated for scholarships.

13. 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>
Deposits Held for Others	\$ 21,480,643	\$ 671,963,094	\$ 666,288,575	\$ 27,155,162	\$ 26,592,962
Compensated Absences Payable	30,265,417	20,420,033	19,622,262	31,063,188	20,138,264
Other Postemployment Benefits Payable	22,195,204	1,225,944	2,455,758	20,965,390	803,836
Net Pension Liability	97,574,524	183,004,301	74,477,614	206,101,211	-
Total Long-Term Liabilities	\$ 171,515,788	\$ 876,613,372	\$ 762,844,209	\$ 285,284,951	\$ 47,535,062

Deposits Held for Others. Deposits held for others primarily represent funds on deposit in the Agency Fund, which are derived from fund-raising activities of third parties, such as independent councils, student groups, and similar clubs. The funds are expended for purposes consistent with and supportive of the objectives of the third party or its members. As of June 30, 2023, the College reported a total liability of \$27,155,162, of which \$26,592,962 is considered a current liability as this amount is expected to be used in the coming year.

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 \$31,063,188. The current portion of the compensated absences liability, \$20,138,264, is the amount expected to be paid in the coming fiscal year and represents a historical percentage of leave used applied to total accrued leave liability.

Other Postemployment Benefits Payable. The College follows GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for certain other postemployment benefits administered by the College and life, dental, and long-term disability coverage insurance benefits through purchased commercial insurance.

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 College that provides OPEB for all employees who satisfy the College's retirement eligibility provisions. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the College are eligible to participate in the College's health and hospitalization plan for medical and prescription drug coverage. The College subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. Additionally,

certain retirees receive insurance coverage at lower (explicitly subsidized) premium rate than active employees. The benefits provided under this defined benefit plan are provided for a maximum of 7 years or until the retiree reaches age 65, whichever occurs earlier. The premium discount is determined at the time of retirement based on the number of years worked for the College. Additional OPEB Plan benefits include life, dental, and legal insurance, and are provided to retirees on a full cost basis, without an implicit subsidy. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible. The College does not issue a stand-alone report, and the OPEB Plan is not included in the annual report of a public employee retirement system or another entity. The OPEB Plan contribution requirements and benefit terms of the College and the OPEB Plan members are established and may be amended by action from the Board. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

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

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	115
Inactive Employees Entitled to But Not Yet Receiving Benefits	146
Active Employees	<u>2,621</u>
Total	<u>2,882</u>

Total OPEB Liability

The College's total OPEB liability of \$20,965,390 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
Salary increases	
Regular Employees	3.40 percent – 7.80 percent
Senior Management	4.10 percent – 8.20 percent
Discount rate	2.16 percent – At Prior Measurement Date 3.54 percent – At Measurement Date
Healthcare cost trend rates	Pre-Medicare – 7.00 percent for 2021, decreasing to an ultimate rate of 4.40 percent by 2032 Medicare – 5.125 percent for 2021, decreasing to an ultimate rate of 4.40 percent by 2025

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

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

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

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

Changes in the Total OPEB Liability

	Amount
Balance at 6/30/22	<u>\$ 22,195,204</u>
Changes for the year:	
Service Cost	1,055,015
Interest	493,635
Differences Between Expected and Actual Experience	(322,706)
Changes in Assumptions or Other Inputs	(1,657,994)
Benefit Payments	<u>(797,764)</u>
Net Changes	<u>(1,229,814)</u>
Balance at 6/30/23	<u><u>\$ 20,965,390</u></u>

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

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	\$22,165,484	\$20,965,390	\$19,780,195

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	\$18,469,947	\$20,965,390	\$23,990,569

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

For the fiscal year ended June 30, 2023, the College recognized OPEB expense of \$857,878. 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	\$ 3,852,914	\$ 295,496
Change of assumptions or other inputs	-	11,927,663
Transactions subsequent to the measurement date	803,836	-
Total	\$ 4,656,750	\$ 12,223,159

Of the total amount reported as deferred outflows of resources related to OPEB, \$803,836 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	\$ (690,772)
2025	(690,772)
2026	(690,772)
2027	(660,438)
2028	(572,917)
Thereafter	(5,064,574)
Total	\$ (8,370,245)

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 \$206,101,211. Note 14. includes a complete discussion of defined benefit pension plans.

14. Retirement Plans – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS)

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established

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

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

The College's FRS and HIS pension expense totaled \$23,599,600 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 \$18,199,174 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 \$150,075,394 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 0.403341346 percent, which was a decrease of 0.002866605 from its proportionate share measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the College recognized pension expense of \$21,470,830. 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	\$ 7,127,714	\$ -
Change of assumptions	18,482,410	-
Net difference between projected and actual earnings on FRS Plan investments	9,909,458	-
Changes in proportion and differences between College FRS contributions and proportionate share of contributions	5,830,847	1,728,151
College FRS contributions subsequent to the measurement date	18,199,174	-
Total	<u>\$ 59,549,603</u>	<u>\$ 1,728,151</u>

The deferred outflows of resources totaling \$18,199,174, 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	\$ 9,395,018
2025	4,516,960
2026	(1,407,235)
2027	25,839,397
2028	1,278,138
Total	<u>\$ 39,622,278</u>

Actuarial Assumptions. The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
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:

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
College's proportionate share of the net pension liability	\$259,545,075	\$150,075,394	\$58,545,715

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 \$3,357,510 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 \$56,025,817 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 0.528964781 percent, which was a decrease of 0.016342465 from its proportionate share measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the College recognized pension expense of \$2,128,770. 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	\$ 1,700,516	\$ 246,518
Change of assumptions	3,211,436	8,667,158
Net difference between projected and actual earnings on HIS Plan investments	81,113	-
Changes in proportion and differences between College HIS contributions and proportionate share of HIS contributions	1,539,689	4,318,748
College contributions subsequent to the measurement date	3,357,510	-
Total	\$ 9,890,264	\$ 13,232,424

The deferred outflows of resources totaling \$3,357,510, 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	\$ (1,776,878)
2025	(1,222,601)
2026	(596,871)
2027	(871,143)
2028	(1,573,789)
Thereafter	(658,388)
Total	\$ (6,699,670)

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	\$64,098,137	\$56,025,817	\$49,346,142

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.

15. 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 \$7,213,569 for the fiscal year ended June 30, 2023.

16. Construction Commitments

The College's major 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>
North Campus:			
School of Justice Tactical Training Facility	\$ 48,945,713	\$ 32,181,862	\$ 16,763,851
Homestead Campus:			
Student Success Center	39,940,262	27,018,771	12,921,491
Medical Campus:			
Simulation Center Remodel Spaces	35,591,610	17,271,054	18,320,556
Kendall Campus:			
Mechanical, Engineer, and Plumbing Maintenance Repairs	26,533,231	20,357,863	6,175,368
Total	\$ 151,010,816	\$ 96,829,550	\$ 54,181,266

17. 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, and other liability coverage. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past 3 fiscal years.

Health and hospitalization, life, dental, and long-term disability coverage are provided through purchased commercial insurance.

18. Litigation

The College is involved in several pending and threatened legal actions. The range of potential loss from all such claims and actions, as estimated by the College's legal counsel and management, should not materially affect the College's financial position.

19. 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	\$ 152,681,747
Public Services	6,045,060
Academic Support	68,721,407
Student Services	70,771,735
Institutional Support	75,740,789
Operation and Maintenance of Plant	61,554,725
Scholarships and Waivers	131,214,914
Depreciation	33,898,443
Auxiliary Enterprises	6,848,627
Total Operating Expenses	\$ 607,477,447

20. Current Unrestricted Funds

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

Statement of Current Unrestricted Funds Net Position

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 86,694,849
Cash Collateral Security Lending	50,178,491
Accounts Receivable, Net	11,673,505
Lease Receivable	199,766
Due from Other Governmental Agencies	3,487,943
Due from Component Units	3,297,732
Due from Other Funds	46,064,440
Inventories	61,961
Prepaid Expenses	640,114
Deposits	80,275

Total Current Assets	202,379,076
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Noncurrent Assets:

Lease Receivable	1,648,488
Other Investments	35,018,615

Total Noncurrent Assets	36,667,103
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TOTAL ASSETS

	239,046,179
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DEFERRED OUTFLOWS OF RESOURCES

Other Postemployment Benefits	4,656,750
Pensions	69,439,867

TOTAL DEFERRED OUTFLOWS OF RESOURCES

	74,096,617
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LIABILITIES

Current Liabilities:

Accounts Payable	30,352,399
Salary and Payroll Taxes Payable	10,441,793
Due to Component Unit	9,444
Due to Other Funds	20,000,000
Unearned Revenue	38,509
Liability for Cash Collateral Security Lending	50,178,491
Deposits Held for Others	2,398,968
Compensated Absences Payable	20,138,264
Other Postemployment Benefits Payable	803,836

Total Current Liabilities	134,361,704
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Noncurrent Liabilities:

Deposits Held for Others	562,200
Compensated Absences Payable	10,924,924
Other Postemployment Benefits Payable	20,161,554
Net Pension Liability	206,101,211

TOTAL LIABILITIES

	372,111,593
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DEFERRED INFLOWS OF RESOURCES

Other Postemployment Benefits	12,223,159
Pensions	14,960,575
Lease Agreements	1,848,254

TOTAL DEFERRED INFLOWS OF RESOURCES

	29,031,988
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TOTAL NET POSITION

	\$ (88,000,785)
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**Statement of Current Unrestricted Funds Revenues,
Expenses, and Changes in Net Position**

REVENUES

Operating Revenues:

Student Tuition and Fees, Net of Scholarship	
Allowances of \$68,931,262	\$ 61,797,166
State and Local Grants and Contracts	2,444,299
Nongovernmental Grants and Contracts	189,233
Sales and Services of Educational Departments	4,304,095
Auxiliary Enterprises	1,343,408
Other Operating Revenues	3,410,542

Total Operating Revenues	<u>73,488,743</u>
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EXPENSES

Operating Expenses:

Personnel Services	275,998,401
Scholarships and Waivers	726,248
Utilities and Communications	14,692,649
Contractual Services	20,606,933
Other Services and Expenses	19,822,460
Materials and Supplies	29,419,381

Total Operating Expenses	<u>361,266,072</u>
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Operating Loss	<u>(287,777,329)</u>
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NONOPERATING REVENUES (EXPENSES)

State Noncapital Appropriations	195,276,007
Gifts and Grants	2,997,165
Investment Income	2,582,320
Net Loss on Investments	(1,883,090)
Other Nonoperating Revenues	43,516

Net Nonoperating Revenues	<u>199,015,918</u>
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**Loss Before Other Revenues,
Expenses, Gains, or Losses**

	(88,761,411)
Transfers from Other Funds	86,772,005
State Capital Appropriations	22,013
Capital Grants, Contracts, Gifts, and Fees	6,632

Decrease in Net Position	<u>(1,960,761)</u>
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Net Position, Beginning of Year	<u>(86,040,024)</u>
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Net Position, End of Year	<u><u>\$ (88,000,785)</u></u>
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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	\$ 1,055,015	\$ 1,236,248	\$ 1,300,536	\$ 1,242,190	\$ 1,270,808	\$ 1,357,417
Interest	493,635	603,023	1,070,056	919,607	828,098	703,303
Difference between expected and actual experience	(322,706)	959,908	157,536	5,997,713	208,072	171,021
Changes of assumptions or other inputs	(1,657,994)	(6,263,541)	(4,739,420)	(1,477,948)	(652,307)	(1,186,587)
Benefit Payments	(797,764)	(776,306)	(1,239,948)	(1,103,312)	(1,203,480)	(1,097,907)
Net change in total OPEB liability	(1,229,814)	(4,240,668)	(3,451,240)	5,578,250	451,191	(52,753)
Total OPEB Liability - beginning	22,195,204	26,435,872	29,887,112	24,308,862	23,857,671	23,910,424
Total OPEB Liability - ending	<u>\$ 20,965,390</u>	<u>\$ 22,195,204</u>	<u>\$ 26,435,872</u>	<u>\$ 29,887,112</u>	<u>\$ 24,308,862</u>	<u>\$ 23,857,671</u>
Covered-Employee Payroll	\$ 167,342,522	\$ 167,342,522	\$ 143,813,096	\$ 143,813,096	\$ 137,099,284	\$ 137,099,284
Total OPEB Liability as a percentage of covered-employee payroll	12.53%	13.26%	18.38%	20.78%	17.73%	17.40%

**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	0.403341346%	0.406207951%	0.386853969%	0.371648053%
College's proportionate share of the FRS net pension liability	\$ 150,075,394	\$ 30,684,393	\$ 167,668,211	\$ 127,990,415
College's covered payroll (2)	\$ 193,159,392	\$ 193,930,774	\$ 197,453,011	\$ 183,771,078
College's proportionate share of the FRS net pension liability as a percentage of its covered payroll	77.70%	15.82%	84.92%	69.65%
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, 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	\$ 18,199,174	\$ 17,211,309	\$ 15,474,768	\$ 12,853,443
FRS contributions in relation to the contractually required contribution	<u>(18,199,174)</u>	<u>(17,211,309)</u>	<u>(15,474,768)</u>	<u>(12,853,443)</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll (2)	\$ 202,619,470	\$ 193,159,392	\$ 193,930,774	\$ 197,453,011
FRS contributions as a percentage of covered payroll	8.98%	8.91%	7.98%	6.51%

- (1) The amounts presented for each fiscal year were determined as of June 30.
- (2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP because total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes.

<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>	<u>2013 (1)</u>
0.372885114%	0.396241426%	0.404501013%	0.437300896%	0.432379370%	0.400564282%
\$ 112,314,929	\$ 117,205,555	\$ 102,136,823	\$ 56,483,276	\$ 26,381,500	\$ 68,954,941
\$ 177,331,748	\$ 182,278,330	\$ 179,535,484	\$ 175,597,041	\$ 166,967,034	\$ 158,914,601
63.34%	64.30%	56.89%	32.17%	15.80%	43.39%
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>
\$ 11,523,771	\$ 10,626,926	\$ 10,315,140	\$ 9,864,402	\$ 10,661,767	\$ 9,470,943
<u>(11,523,771)</u>	<u>(10,626,926)</u>	<u>(10,315,140)</u>	<u>(9,864,402)</u>	<u>(10,661,767)</u>	<u>(9,470,943)</u>
\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
\$ 183,771,078	\$ 177,331,748	\$ 182,278,330	\$ 179,535,484	\$ 175,597,041	\$ 166,967,034
6.27%	5.99%	5.66%	5.49%	6.07%	5.67%

**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	0.528964781%	0.545307246%	0.567293255%	0.547374159%
College's proportionate share of the HIS net pension liability	\$ 56,025,817	\$ 66,890,131	\$ 69,264,582	\$ 61,245,691
College's covered payroll (2)	\$ 193,159,392	\$ 193,930,774	\$ 197,453,011	\$ 183,771,078
College's proportionate share of the HIS net pension liability as a percentage of its covered payroll	29.00%	34.49%	35.08%	33.33%
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	\$ 3,357,510	\$ 3,200,682	\$ 3,205,321	\$ 3,269,045
HIS contributions in relation to the contractually required HIS contribution	<u>(3,357,510)</u>	<u>(3,200,682)</u>	<u>(3,205,321)</u>	<u>(3,269,045)</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll (2)	\$ 202,619,470	\$ 193,159,392	\$ 193,930,774	\$ 197,453,011
HIS contributions as a percentage of covered payroll	1.66%	1.66%	1.65%	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>
0.541037303%	0.569362581%	0.581095007%	0.578531220%	0.561934377%	0.547020762%
\$ 57,263,995	\$ 60,878,874	\$ 67,724,216	\$ 59,001,084	\$ 52,542,236	\$ 47,625,350
\$ 177,331,748	\$ 182,278,330	\$ 179,535,484	\$ 175,597,041	\$ 166,967,034	\$ 158,914,601
32.29%	33.40%	37.72%	33.60%	31.47%	29.97%
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>
\$ 3,039,516	\$ 2,934,059	\$ 3,013,231	\$ 2,978,482	\$ 2,211,506	\$ 1,924,998
<u>(3,039,516)</u>	<u>(2,934,059)</u>	<u>(3,013,231)</u>	<u>(2,978,482)</u>	<u>(2,211,506)</u>	<u>(1,924,998)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 183,771,078	\$ 177,331,748	\$ 182,278,330	\$ 179,535,484	\$ 175,597,041	\$ 166,967,034
1.65%	1.65%	1.65%	1.66%	1.26%	1.15%

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

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

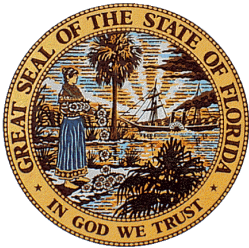
Changes of Assumptions. The Municipal Bond Index Rate used to determine total OPEB liability increased from 2.16 percent at the prior measurement date to 3.54 percent at the current measurement date.

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

Changes of Assumptions. In 2022, the maximum amortization period was decreased to 20 years for all current and future amortization bases and the long-term expected rate of return decreased from 6.80 percent to 6.70 percent.

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

Changes of Assumptions. In 2022, the municipal rate used to determine total pension liability increased from 2.16 percent to 3.54 percent. In addition, the 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 Miami Dade College, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated March 13, 2024, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



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