STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

Report No. 2025-106
February 2025

VALENCIA COLLEGE

For the Fiscal Year Ended
June 30, 2024

Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

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

The team leader was Yuling Liu, CPA, and the audit was supervised by Jeffrey M. Brizendine, 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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VALENCIA COLLEGE

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SUMMARY

Summary of Report on the Audit of the Financial Statements

Our audit disclosed that the basic financial statements of Valencia 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.

AUDITOR GENERAL
STATE OF FLORIDA

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 Valencia 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, 2024, 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 the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of Valencia College and of its discretely presented component unit as of June 30, 2024, 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, 2024. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS**, the **Schedule of Changes in the College's Total Other Postemployment Benefits Liability and Related Ratios**, **Schedule of the College's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan**, **Schedule of College Contributions – Florida Retirement System Pension Plan**, **Schedule of the College's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan**, **Schedule of College Contributions – Health Insurance Subsidy Pension Plan**, and **Notes to Required Supplementary Information** be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 February 7, 2025, on our consideration of Valencia 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

Sherrill F. Norman, CPA
Tallahassee, Florida
February 7, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

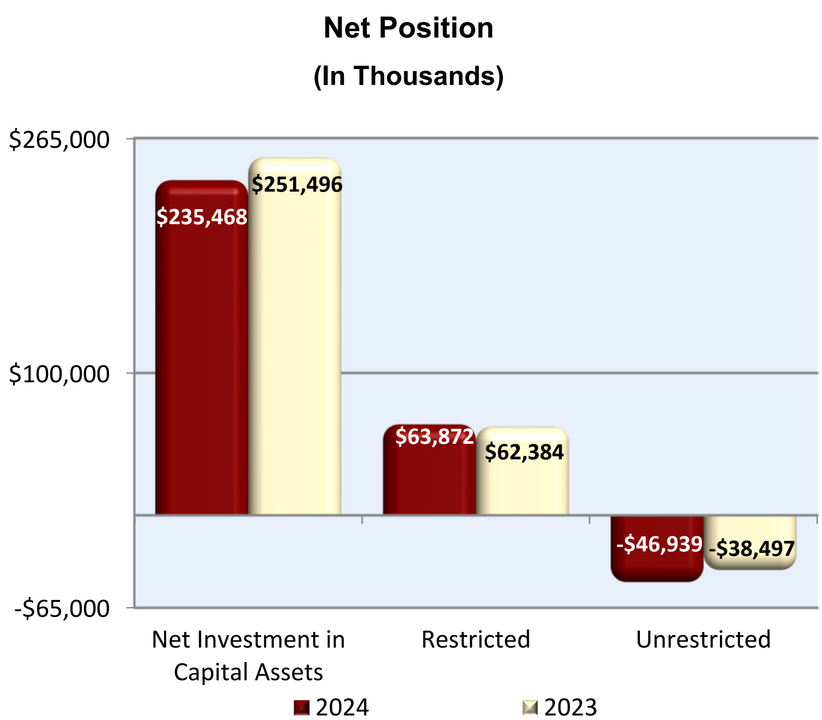
Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the College for the fiscal year ended June 30, 2024, and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto, are the responsibility of College management. The MD&A contains financial activity of the College for the fiscal years ended June 30, 2024, and June 30, 2023.

FINANCIAL HIGHLIGHTS

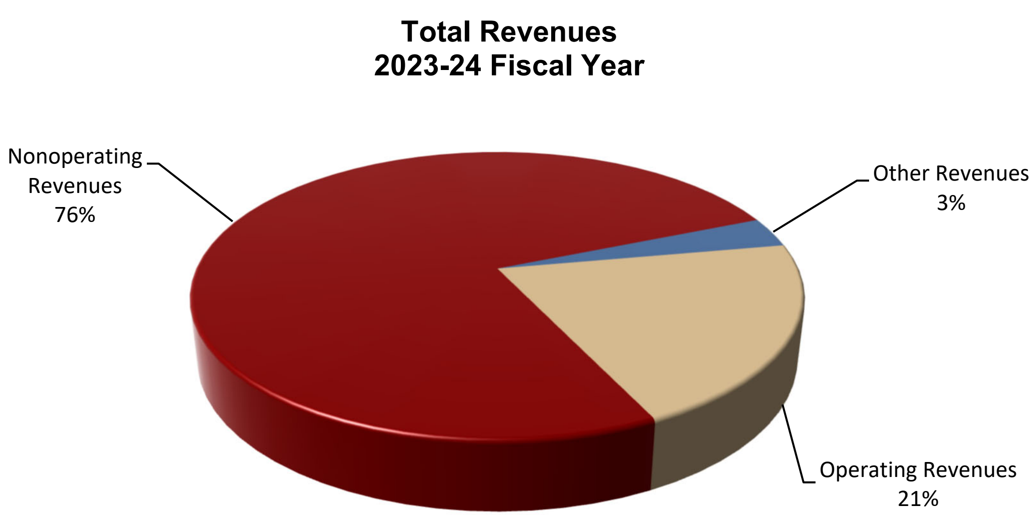
The College's assets and deferred outflows of resources totaled $490.8 million at June 30, 2024. This balance reflects a $3.7 million, or 0.8 percent, increase as compared to the 2022-23 fiscal year, resulting from an increase in the general revenue appropriation from the Florida College System Program Fund. While assets and deferred outflows of resources grew, liabilities and deferred inflows of resources increased by $26.7 million, or 12.6 percent, totaling $238.4 million at June 30, 2024, mainly as a result of an increase in the Retiree Health Insurance Subsidy (HIS) Program pension liability due to a rise in monthly benefits applicable to all years of service for both members currently receiving benefits and future eligible members, an infusion of funds into the self-insurance health care reserve, and an increase in the compensated absence liability due to a change to the college's terminal payout policy. As a result, the College's net position decreased by $23 million, resulting in a year-end balance of $252.4 million.

The College's operating revenues totaled $76.7 million for the 2023-24 fiscal year, representing no change to the 2022-23 fiscal year because the increase in tuition revenue was offset by a decrease in bookstore sales, the result of a third-party vendor providing student education materials for the entire fiscal year. Operating expenses totaled $393.8 million for the 2023-24 fiscal year, representing an increase of 16.5 percent as compared to the 2022-23 fiscal year due mainly to an increase in HIS program expense and Pell Grant awards.

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, 2024, and June 30, 2023, is shown in the following graph:



The following chart provides a graphical presentation of College revenues by category for the 2023-24 fiscal year:



OVERVIEW OF FINANCIAL STATEMENTS

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

The Statement of Net Position

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

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

Condensed Statement of Net Position at June 30

(In Thousands)

	2024	2023
Assets		
Current Assets	$ 164,099	$ 139,265
Capital Assets, Net	249,632	266,240
Other Noncurrent Assets	32,436	31,143
Total Assets	446,167	436,648
Deferred Outflows of Resources	44,618	50,425
Liabilities		
Current Liabilities	50,049	39,825
Noncurrent Liabilities	163,420	158,301
Total Liabilities	213,469	198,126
Deferred Inflows of Resources	24,915	13,564
Net Position		
Net Investment in Capital Assets	235,468	251,496
Restricted	63,872	62,384
Unrestricted	(46,939)	(38,497)
Total Net Position	$ 252,401	$ 275,383

Current assets increased by $24.8 million due to a greater Florida College System Program Fund appropriation in the 2023-24 fiscal year and proceeds from the sale of the District Office building and land. Current liabilities increased by $10.2 million primarily due to a one-time infusion of funds into the self-insurance health care reserve. Noncurrent liabilities grew by $5.1 million primarily due to an increase in the HIS program pension liability because of growth in the level of monthly benefits established by Chapter 2023-193, Laws of Florida, and an increase in the compensated absence liability due to a change to the college's terminal payout policy. Net Investment in Capital Assets decreased by $16 million primarily due to the sale of the District Office and an increase of accumulated depreciation.

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

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

The following summarizes the College's activity for the 2023-24 and 2022-23 fiscal years:

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

(In Thousands)

	2023-24	2022-23
Operating Revenues	$ 76,655	$ 76,675
Less, Operating Expenses	393,833	338,003
Operating Loss	(317,178)	(261,328)
Net Nonoperating Revenues	281,730	239,017
Loss Before Other Revenues	(35,448)	(22,311)
Other Revenues	12,466	24,664
Net Increase (Decrease) In Net Position	(22,982)	2,353
Net Position, Beginning of Year	275,383	273,030
Net Position, End of Year	$ 252,401	$ 275,383

Operating Revenues

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

The following summarizes the operating revenues by source that were used to fund operating activities for the 2023-24 and 2022-23 fiscal years:

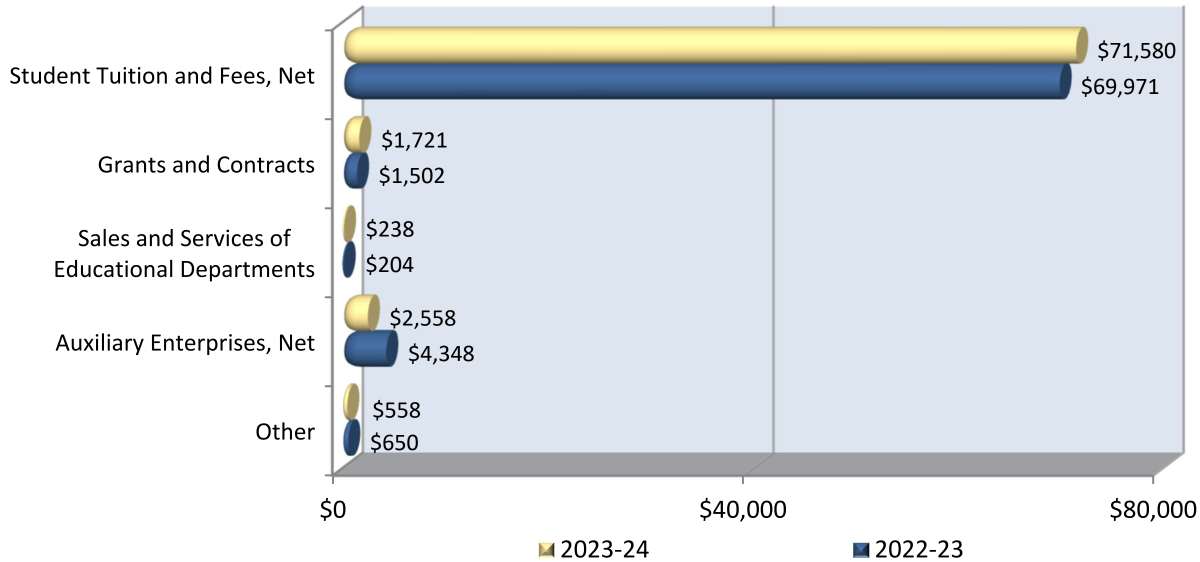
Operating Revenues
For the Fiscal Years

(In Thousands)

	2023-24	2022-23
Student Tuition and Fees, Net	$ 71,580	$ 69,971
Grants and Contracts	1,721	1,502
Sales and Services of Educational Departments	238	204
Auxiliary Enterprises, Net	2,558	4,348
Other	558	650
Total Operating Revenues	$ 76,655	$ 76,675

The following chart presents the College's operating revenues for the 2023-24 and 2022-23 fiscal years:

Operating Revenues
(In Thousands)



College operating revenue changes were the result of the following factors:

- Net student tuition and fees increased by $1.6 million due to increased enrollment in the continuing education language and accelerated skills training programs.
- Net auxiliary revenues decreased by $1.8 million due to a decline in bookstore sales, the result of changing to a third-party vendor for fulfillment of student educational materials from the College operated campus stores beginning in the Spring Term 2023.

<u>Operating Expenses</u>

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 2023-24 and 2022-23 fiscal years:

Operating Expenses
For the Fiscal Years

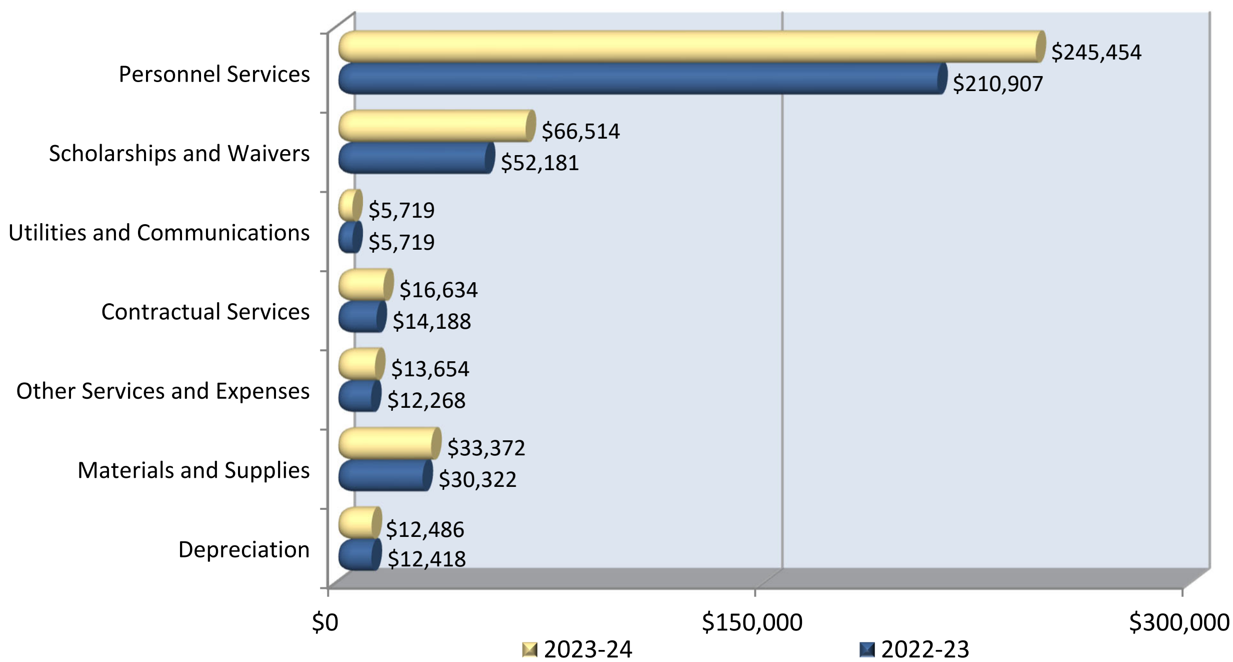
(In Thousands)

	2023-24	2022-23
Personnel Services	$ 245,454	$210,907
Scholarships and Waivers	66,514	52,181
Utilities and Communications	5,719	5,719
Contractual Services	16,634	14,188
Other Services and Expenses	13,654	12,268
Materials and Supplies	33,372	30,322
Depreciation	12,486	12,418
Total Operating Expenses	$ 393,833	$338,003

The following chart presents the College's operating expenses for the 2023-24 and 2022-23 fiscal years:

Operating Expenses

(In Thousands)



College operating expense changes were the result of the following factors:

- Personnel expenses increased by $34.5 million due to an increase in net HIS pension expense of $14.7 million because of the effect of the HIS plan change which raised the level of monthly benefits for current and future participants. Health insurance expense grew primarily due to an infusion of $8.9 million to increase the self-insurance health care reserve which had been depleted due to the effects of the pandemic. In addition, all full-time staff and faculty received a 4.25 percent salary increase in the 2023-24 fiscal year.
- Scholarship expenses increased by $14.3 million mainly due to growth in Federal Pell Grant and Osceola County Prosper awards disbursed to students in the 2023-24 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 capital financing costs and other costs related to capital assets. The following summarizes the College's nonoperating revenues and expenses for the 2023-24 and 2022-23 fiscal years:

Nonoperating Revenues (Expenses)
For the Fiscal Years

(In Thousands)

	2023-24	2022-23
State Noncapital Appropriations	$130,849	$109,816
Federal and State Student Financial Aid	112,299	95,782
Gifts and Grants	31,746	29,680
Investment Income	7,087	3,956
Other Nonoperating Revenues	308	379
Interest on Capital Asset-Related Debt	(559)	(596)
Net Nonoperating Revenues	$281,730	$239,017

College nonoperating revenue changes were the result of the following factors:

- State noncapital appropriations increased by $21 million due to increases from the Florida College System Program Fund of general revenue ($19 million) and Lottery ($2 million).
- Federal and State student financial aid increased by $16.5 million mainly due to the increase in Federal Pell Grant awards in the 2023-24 fiscal year.

Other Revenues

This category is composed of State capital appropriations and capital grants, contracts, gifts, and fees. The following summarizes the College's other revenues for the 2023-24 and 2022-23 fiscal years:

Other Revenues
For the Fiscal Years

(In Thousands)

	2023-24	2022-23
State Capital Appropriations	$ 6,189	$ 1,128
Capital Grants, Contracts, Gifts, and Fees	6,277	23,536
Total	$ 12,466	$ 24,664

Other revenues decreased by $12.2 million mainly due to the elimination of a State capital appropriation for deferred maintenance projects.

The Statement of Cash Flows

The statement of cash flows provides information about the College's financial results by reporting the major sources and uses of cash and cash equivalents. This statement will assist in evaluating the College's ability to generate net cash flows, its ability to meet its financial obligations as they come due, and its need for external financing. Cash flows from operating activities show the net cash used by the operating activities of the College. Cash flows from capital financing activities include all plant funds and related long-term debt activities. Cash flows from investing activities show the net source and use of cash related to purchasing or selling investments, and earning income on those investments. Cash flows from noncapital financing activities include those activities not covered in other sections.

The following summarizes the College's cash flows for the 2023-24 and 2022-23 fiscal years:

Condensed Statement of Cash Flows
For the Fiscal Years

(In Thousands)

	2023-24	**2022-23**
Cash Provided (Used) by:		
Operating Activities	$ (272,495)	$ (240,735)
Noncapital Financing Activities	277,265	267,378
Capital and Related Financing Activities	15,121	3,553
Investing Activities	7,090	18,717
Net Increase in Cash and Cash Equivalents	26,981	48,913
Cash and Cash Equivalents, Beginning of Year	127,872	78,959
Cash and Cash Equivalents, End of Year	$ 154,853	$ 127,872

Major sources of funds came from State noncapital appropriations ($130.8 million), Federal and State student financial aid ($112.3 million), net student tuition and fees ($69.5 million), and Federal Direct Loan program receipts ($42.1 million). Major uses of funds were for payments to employees and for employee benefits ($214.8 million), scholarships ($66.5 million), suppliers ($60.7 million), and disbursements to students for the Federal Direct Loan program ($42.1) million).

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

- Cash used by operating activities increased by $31.8 million primarily because of additional Federal Pell Grant awards ($14.3 million) and an increase in employee payments and benefits, the result of a 4.25 percent wage increase for all full and part-time employees, a rise in the Florida Retirement System employer contribution rate, and greater part-time instructor expenses due to growth in enrollment ($13.3 million).
- Cash provided by noncapital financing activities increased by $9.9 million primarily due to additional noncapital State appropriations received in the 2023-24 fiscal year.
- Cash provided by capital activities increased by $11.6 million mainly due to the sale of the District Office building and adjacent land.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2024, the College had $438.6 million in capital assets, less accumulated depreciation of $189 million, for net capital assets of $249.6 million. Depreciation charges for the current fiscal year totaled $12.5 million. The following table summarizes the College's capital assets, net of accumulated depreciation, at June 30:

Capital Assets, Net at June 30

(In Thousands)

	2024	2023
Land	$ 30,558	$ 32,988
Construction in Progress	1,205	470
Buildings	187,026	202,136
Other Structures and Improvements	1,383	1,659
Furniture, Machinery, and Equipment	8,094	6,177
Leasehold Improvements	10,209	10,762
Assets Under Leases	11,157	12,048
Capital Assets, Net	$ 249,632	$ 266,240

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

Debt Administration

As of June 30, 2024, the College had $14.2 million in outstanding State Board of Education (SBE) capital outlay bonds and leases payable representing a decrease of $0.6 million, or 3.9 percent, from the prior fiscal year. The following table summarizes the outstanding long-term debt by type for the fiscal years ended June 30:

Long-Term Debt at June 30

(In Thousands)

	2024	2023
SBE Capital Outlay Bonds	$ 1,041	$ 1,186
Leases	13,123	13,558
Total	$ 14,164	$ 14,744

The SBE issues capital outlay bonds on behalf of the College. During the 2023-24 fiscal year, there were no bond sales and debt repayments totaled $0.7 million. Additional information about the College's long-term debt is presented in the notes to financial statements.

Economic Factors That Will Affect the Future

The College's economic condition is closely tied to that of the State of Florida. Factors such as economic and State of Florida policy can result in the realignment of State resources which could indicate changes to the College's State appropriations during any fiscal year. The College's current financial and capital plans indicate that there are adequate financial resources to maintain its present level of services.

Requests for Information

Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Chief Financial Officer, Valencia College, Post Office Box 3028, Orlando, Florida 32802.

VALENCIA COLLEGE
A Component Unit of the State of Florida
Statement of Net Position

June 30, 2024

	College	Component Unit
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 92,453,785	$ 555,571
Restricted Cash and Cash Equivalents	32,046,644	-
Accounts Receivable, Net	11,440,857	1,045,752
Leases Receivable, Net	247,182	-
Due from Other Governmental Agencies	26,452,666	-
Due from Component Unit/College	523,902	10,844
Inventories	803,718	-
Prepaid Expenses	99,749	-
Deposits	30,694	-
Other Assets	-	4,946,200
Total Current Assets	164,099,197	6,558,367
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	30,352,680	-
Restricted Investments	27,112	105,389,665
Lease Receivable, Net	2,055,670	-
Depreciable Capital Assets, Net	217,868,762	-
Nondepreciable Capital Assets	31,763,503	2,603,062
Total Noncurrent Assets	282,067,727	107,992,727
TOTAL ASSETS	446,166,924	114,551,094
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	41,730,959	-
Other Postemployment Benefits	2,887,169	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	44,618,128	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	2,282,006	107,273
Salary and Payroll Taxes Payable	8,944,475	-
Retainage Payable	156,680	-
Due to Other Governmental Agencies	918,574	-
Due to Component Unit/College	10,781	356,791
Unearned Revenue	21,196,660	155,872
Estimated Insurance Claims Payable	12,267,748	-
Deposits Held for Others	975,642	-
Long-Term Liabilities - Current Portion:		
Bonds Payable	152,000	-
Leases Payable	558,550	-
Compensated Absences Payable	2,009,500	-
Other Postemployment Benefits	576,541	-
Total Current Liabilities	50,049,157	619,936

	College	Component Unit
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Bonds Payable	889,000	-
Leases Payable	12,564,867	-
Special Termination Benefits Payable	360,531	-
Compensated Absences Payable	20,876,820	-
Net Pension Liability	125,449,913	-
Other Postemployment Benefits	3,278,746	-
Total Noncurrent Liabilities	163,419,877	-
TOTAL LIABILITIES	213,469,034	619,936
DEFERRED INFLOWS OF RESOURCES		
Pensions	17,681,821	-
Other Postemployment Benefits	5,045,048	-
Lease Agreements	2,188,377	-
TOTAL DEFERRED INFLOWS OF RESOURCES	24,915,246	-
NET POSITION		
Net Investment in Capital Assets	235,467,848	2,603,062
Restricted:		
Nonexpendable:		
Endowment	-	35,982,113
Expendable:		
Grants and Loans	13,114,568	61,112,636
Scholarships	2,282,241	-
Capital Projects	48,448,123	-
Debt Service	27,112	-
Unrestricted	(46,939,120)	14,233,347
TOTAL NET POSITION	$ 252,400,772	$ 113,931,158

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

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VALENCIA 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, 2024

	College	Component Unit
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $63,297,607	$ 71,579,745	$ -
Federal Grants and Contracts	1,721,408	-
State and Local Grants and Contracts	-	308,640
Nongovernmental Grants and Contracts	-	4,077,264
Sales and Services of Educational Departments	237,639	-
Auxiliary Enterprises, Net of Scholarship Allowances of $825,897	2,557,860	-
Other Operating Revenues	557,896	-
Total Operating Revenues	76,654,548	4,385,904
EXPENSES		
Operating Expenses:		
Personnel Services	245,454,050	1,113,603
Scholarships and Waivers	66,514,456	6,536,814
Utilities and Communications	5,718,647	-
Contractual Services	16,633,964	674,088
Other Services and Expenses	13,653,766	2,331,254
Materials and Supplies	33,371,520	6,546
Depreciation	12,486,028	-
Total Operating Expenses	393,832,431	10,662,305
Operating Loss	(317,177,883)	(6,276,401)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	130,849,636	-
Federal and State Student Financial Aid	112,299,049	-
Gifts and Grants	31,745,650	-
Investment Income	7,086,799	5,392,064
Net Gain on Sale of Investments	-	8,563,854
Other Nonoperating Revenues	279,331	-
Gain on Disposal of Capital Assets	28,530	-
Interest on Capital Asset-Related Debt	(559,305)	-
Net Nonoperating Revenues	281,729,690	13,955,918
Income (Loss) Before Other Revenues	(35,448,193)	7,679,517
State Capital Appropriations	6,188,908	-
Capital Grants, Contracts, Gifts, and Fees	6,277,365	-
Total Other Revenues	12,466,273	-
Increase (Decrease) in Net Position	(22,981,920)	7,679,517
Net Position, Beginning of Year	275,382,692	106,251,641
Net Position, End of Year	$ 252,400,772	$ 113,931,158

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

VALENCIA COLLEGE
A Component Unit of the State of Florida
Statement of Cash Flows

For the Fiscal Year Ended June 30, 2024

	College
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	$ 69,495,197
Grants and Contracts	1,420,303
Payments to Suppliers	(60,746,553)
Payments for Utilities and Communications	(5,718,647)
Payments to Employees	(166,576,498)
Payments for Employee Benefits	(48,174,329)
Payments for Scholarships	(66,514,456)
Auxiliary Enterprises, Net	1,971,951
Sales and Services of Educational Departments	237,639
Other Receipts	2,110,099
Net Cash Used by Operating Activities	(272,495,294)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	130,849,636
Federal and State Student Financial Aid	112,299,021
Federal Direct Loan Program Receipts	42,078,794
Federal Direct Loan Program Disbursements	(42,081,816)
Gifts and Grants Received for Other Than Capital or Endowment Purposes	34,119,327
Net Cash Provided by Noncapital Financing Activities	277,264,962
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	5,652,726
Capital Grants and Gifts	6,252,365
Proceeds from Sale of Capital Assets	10,579,331
Purchases of Capital Assets	(6,223,400)
Principal Paid on Capital Debt and Leases	(580,049)
Interest Paid on Capital Debt and Leases	(559,305)
Net Cash Provided by Capital and Related Financing Activities	15,121,668
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	7,090,014
Net Cash Provided by Investing Activities	7,090,014
Net Increase in Cash and Cash Equivalents	26,981,350
Cash and Cash Equivalents, Beginning of Year	127,871,759
Cash and Cash Equivalents, End of Year	$ 154,853,109

	College
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$(317,177,883)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	12,486,028
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	1,489,352
Due From Other Governmental Agencies	(3,844,346)
Due From Component Units	(122,048)
Inventories	131,151
Prepaid Expenses	3,836,554
Deposits	(30,538)
Accounts Payable	(1,392,244)
Salaries and Payroll Taxes Payable	(1,037,050)
Due To Other Governmental Agencies	1,324,614
Unearned Revenue	348,918
Estimated Insurance Claims Payable	7,609,514
Deposits Held for Others	34,839
Special Termination Benefits Payable	4,974
Compensated Absences Payable	4,995,689
Other Postemployment Benefits Payable	(818,404)
Net Pension Liability	2,507,132
Deferred Outflows of Resources Related to Other Postemployment Benefits	(398,768)
Deferred Inflows of Resources Related to Other Postemployment Benefits	974,470
Deferred Outflows of Resources Related to Pensions	6,206,118
Deferred Inflows of Resources Related to Pensions	10,659,550
Deferred Inflows of Resources Related to Lease Agreements	(282,916)
NET CASH USED BY OPERATING ACTIVITIES	$(272,495,294)

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

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

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

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

The Foundation is audited by other auditors pursuant to Section 1004.70(6), Florida Statutes. The Foundation's audited financial statements are available to the public and can be obtained from the Chief Financial Officer, Valencia College, P.O. Box 3028, Orlando, Florida 32802. 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, 2024.

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 entity wide 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, gifts and grants, and investment income. Interest on capital asset-related debt is a nonoperating expense. Other revenues generally include revenues for capital construction projects.

The statement of net position is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the College's policy to first apply the restricted resources to such programs followed by the use of the unrestricted resources.

The statement of revenues, expenses, and changes in net position is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the difference between the stated charge for goods and services provided by the College and the amount that is actually paid by the student or the third-party making payment on behalf of the student. The College calculated its scholarship allowance by identifying amounts within its student accounts receivable system paid by student aid for tuition and educational supplies. The amounts are deducted from student tuition and fees and auxiliary enterprises, respectively.

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. Cash and cash equivalents consist of cash on hand, cash in demand accounts, and cash placed with the State Board of Administration (SBA) Florida PRIME investment pool. For reporting cash flows, the College considers all highly liquid investments with original maturities of 3 months or less, that are not held solely for income or profit, to be cash equivalents. Under this definition, the College considers amounts invested in the SBA Florida PRIME investment pool to be cash equivalents.

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

At June 30, 2024, the College reported as cash equivalents $141,030,531 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 45 days as of June 30, 2024. 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, 2024, 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.

Inventories. Inventories consist of items for resale by the campus store and are valued using the last invoice cost, which approximates the first-in, first-out method of inventory valuation. 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.

Capital Assets. College capital assets consist of land, construction in progress, buildings, other structures and improvements, furniture, machinery, and equipment, leasehold improvements, and lease assets. These assets are capitalized and recorded at cost at the date of acquisition or at acquisition value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The College has a capitalization threshold of $5,000 for tangible personal property, $1,000,000 for buildings and $100,000 for other structures and improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

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

Noncurrent Liabilities. Noncurrent liabilities include bonds payable, leases payable, special termination benefits payable, compensated absences payable, other postemployment benefits payable (OPEB), 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	$ (65,639,008)
Auxiliary Funds	18,699,888
Total	$ (46,939,120)

3. Investments

The Board of Trustees had not adopted a written investment policy. Therefore, pursuant to Section 218.415(17), Florida Statutes, the College is authorized 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; and direct obligations of the United States Treasury.

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

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

All of the College's recurring fair value measurements as of June 30, 2024, are valued using quoted market prices (Level 1 inputs).

The College's investments at June 30, 2024, are reported as follows:

		Fair Value Measurements Using		
Investments by fair value level	**Amount**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
SBA Debt Service Accounts	$ 27,112	$ 27,112	$ -	$ -
Total investments by fair value level	$ 27,112	$ 27,112	$ -	$ -

State Board of Administration Debt Service Accounts. The College reported investments totaling $27,112 at June 30, 2024, in the SBA Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the SBE for the benefit of the College. The College's investments consist of United States Treasury securities, with maturity dates of 6 months or less, and are reported at fair value (Level 1 inputs). The College relies on policies developed by the SBA for managing interest rate risk and credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

Component Unit Investments. The Foundation categorizes its fair value measurement within the hierarchy established by generally accepted accounting principles. The fair value of investments consists of the following:

		Fair Value Measurements Using		
Investments by fair value level	**Amount**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Fixed income mutual funds	$ 35,544,731	$ 35,544,731	$ -	$ -
Equity mutual funds	33,253,501	33,253,501	-	-
International mutual funds	25,773,855	25,773,855	-	-
Total investments by fair value level	$ 94,572,087	$ 94,572,087	$ -	$ -
Investments measured at the net asset value (NAV)				
SEI Energy Debt Fund, LP	341,302			
SEI Structured Credit Fund, LP	4,202,117			
SEI Structured Core Property, LP	5,827,596			
SEI Global Private Assets Vi, LP	446,563			
Total investments measured at NAV	10,817,578			
Total investments measured at fair value	$105,389,665			

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
SEI Energy Debt Fund, LP	$ 341,302	$ -	3-year lock up on each subscription (50% available after lock up then 25% available for each of the next 2 semi-annual periods).	Semi-annual with 95 days notice, 10% holdback on total redemptions.
SEI Structured Credit Fund, LP	4,202,117	-	Quarterly. 2-year lock up on each subscription.	Made via tender offer. Tender offer is at discreation of advisor. 65 days notice, 10% holdback on total redemptions.
SEI Structured Core Property, LP	5,827,596	-	Quarterly. No lock up period. Subject to gate that can be imposed if withdrawal amounts are greater than 25% of NAV.	Requires a 105-day notice, subject to certain holdback restrictions.
SEI Global Private Assets VI, LP	446,563	-	N/A	N/A
Total investments measured at the NAV	$ 10,817,578	$ -		

4. Accounts Receivable

Accounts receivable represent amounts for student fee deferments, unused credit memos, and contract and grant reimbursements due from third parties. The accounts receivable are reported net of a $1,972,345 allowance for doubtful accounts.

5. Due From Other Governmental Agencies

The amount due from other governmental agencies primarily consists of $18,029,236 of capital appropriations due from the State for various maintenance projects and planning of College facilities.

6. Due From and To Component Unit/College

The $523,902 amount due from component unit consists of amounts owed to the College by the Foundation for grant expenditures and scholarships. The $10,781 reported as due to component unit consists of amounts owed by the College to the Foundation for the theater production sales. The College's financial statements are reported for the fiscal year ended June 30, 2024. The College's component unit financial statements are reported for the fiscal year ended March 31, 2024. 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.

7. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2024, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 32,987,698	$ -	$ 2,429,547	$ 30,558,151
Construction in Progress	469,955	783,265	47,868	1,205,352
Total Nondepreciable Capital Assets	$ 33,457,653	$ 783,265	$ 2,477,415	$ 31,763,503
Depreciable Capital Assets:				
Buildings	$ 347,869,340	$ -	$ 8,227,733	$ 339,641,607
Other Structures and Improvements	3,139,252	-	-	3,139,252
Furniture, Machinery, and Equipment	34,430,379	5,431,390	3,829,091	36,032,678
Leasehold Improvements	12,516,169	-	-	12,516,169
Lease Assets	15,460,285	146,002	71,666	15,534,621
Total Depreciable Capital Assets	413,415,425	5,577,392	12,128,490	406,864,327
Less, Accumulated Depreciation:				
Buildings	145,733,256	7,272,949	390,817	152,615,388
Other Structures and Improvements	1,479,950	276,141	-	1,756,091
Furniture, Machinery, and Equipment	28,253,389	3,417,802	3,732,489	27,938,702
Leasehold Improvements	1,754,523	553,473	-	2,307,996
Lease Assets	3,411,725	965,663	-	4,377,388
Total Accumulated Depreciation	180,632,843	12,486,028	4,123,306	188,995,565
Total Depreciable Capital Assets, Net	$ 232,782,582	$ (6,908,636)	$ 8,005,184	$ 217,868,762

8. Unearned Revenue

Unearned revenue at June 30, 2024, primarily includes: $16,032,984 from the Osceola County Prosper scholarship programs paid in advance of disbursements to students; $2,688,628 in tuition received prior to fiscal year end related to continuing education programs with a start date in subsequent accounting periods; and $2,172,727 for the Florida Department of Education Workforce Capitalization Incentive grant.

9. Long-Term Liabilities

Long-term liabilities activity for the fiscal year ended June 30, 2024, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable	$ 1,186,000	$ -	$ 145,000	$ 1,041,000	$ 152,000
Leases Payable	13,558,466	146,002	581,051	13,123,417	558,550
Special Termination Benefits Payable	355,557	133,830	128,856	360,531	-
Compensated Absences Payable	17,890,631	6,531,704	1,536,015	22,886,320	2,009,500
Other Postemployment Benefits Payable	4,673,691	640,567	1,458,971	3,855,287	576,541
Net Pension Liability	122,942,781	66,293,338	63,786,206	125,449,913	-
Total Long-Term Liabilities	$ 160,607,126	$ 73,745,441	$ 67,636,099	$ 166,716,468	$ 3,296,591

Bonds Payable. The SBE issues capital outlay bonds on behalf of the College. These bonds mature serially and are secured by a pledge of the College's portion of the State-assessed motor vehicle license tax and by the State's full faith and credit. The SBE and the SBA administer the principal and interest payments, investment of debt service resources, and compliance with reserve requirements. The College had the following bonds payable at June 30, 2024:

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
SBE Capital Outlay Bonds:			
Series 2020A	$ 1,041,000	5	2030
Total	$ 1,041,000		

Annual requirements to amortize all bonded debt outstanding as of June 30, 2024, are as follows:

Fiscal Year Ending June 30	SBE Capital Outlay Bond Principal	Interest	Total
2025	$ 152,000	$ 52,050	$ 204,050
2026	161,000	44,450	205,450
2027	169,000	36,400	205,400
2028	176,000	27,950	203,950
2029	187,000	19,150	206,150
2030	196,000	9,800	205,800
Total	$ 1,041,000	$ 189,800	$ 1,230,800

Leases Payable. Copiers, computer servers, vehicles and modular classrooms in the amount of $2,039,638 were acquired through various leases. The imputed interest rate is 3.85 to 18.64 percent. Future minimum payments under the lease agreements and the present value of the minimum payments as of June 30, 2024, are as follows:

Fiscal Year Ending June 30	Amount
2025	$ 333,745
2026	287,550
2027	77,333
2028	48,974
Total Minimum Payments	747,602
Less, Amount Representing Interest	77,769
Present Value of Minimum Payments	$ 669,833

Three centers for accelerated training and downtown Orlando campus space in the amount of $13,494,983 were acquired through various leases. The imputed interest rates are 5 percent for the accelerated training facilities and 3 percent for the downtown campus. Future minimum payments under these lease agreements and the present value of the minimum payments as of June 30, 2024, are as follows:

Fiscal Year Ending June 30	Amount
2025	$ 695,570
2026	629,550
2027	610,589
2028	618,769
2029	627,034
2030-2034	3,437,952
2035-2039	2,808,593
2040-2044	2,399,375
2045-2049	2,605,625
2050-2054	2,811,875
2055-2059	3,018,125
2060	100,835
Total Minimum Payments	20,363,892
Less, Amount Representing Interest	7,910,308
Present Value of Minimum Payments	$ 12,453,584

Special Termination Benefits Payable. Executive management employees are provided 7 days of administrative incentive leave credit each year. Such credit is prorated for each month worked to a maximum of 35 days. Payment of such credited service is made at the time of termination from full-time executive management for any reason other than cause. Accrued benefits for 24 participants at June 30, 2024, totaled $360,531.

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, 2024, the estimated liability for compensated absences, which includes the College's share of the Florida Retirement System and FICA contributions, totaled $22,886,320. The current portion of the compensated absences liability, $2,009,500, is the amount expected to be paid in the coming fiscal year and represents a historical percentage of leave used applied to total accrued leave liability.

Other Postemployment Benefits Payable. The College follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for certain other postemployment benefits administered by the College and life, dental and vision 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, prescription drug, dental, vision, and life insurance coverage. The College subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. The College does not offer any explicit subsidies for retiree coverage. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible. The OPEB Plan contribution requirements and benefit terms of the College and the OPEB Plan members are established and may be amended by action from the Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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

Employees Covered by Benefit Terms. At June 30, 2023, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	15
Inactive Employees Entitled to But Not Yet Receiving Benefits	45
Active Employees	1,802
Total	1,862

Total OPEB Liability

The College's total OPEB liability of $3,855,287 was measured as of June 30, 2023, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40 percent
Real wage growth	0.85 percent
Wage inflation	3.25 percent
Salary increases, including wage inflation	
Regular employees	3.40 – 7.80 percent
Senior management	4.10 – 8.20 percent
Municipal Bond Index Rate	
Prior Measurement Date	3.54 percent
Measurement Date	3.65 percent
Healthcare cost trend rates	
Pre-Medicare	7.00 percent for 2023 decreasing to an ultimate rate of 4.40 percent by 2034
Medicare	5.125 percent for 2023 to an ultimate rate of 4.40 percent by 2027

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 MR-2018.

Rates of retirement and DROP entry assumptions for all membership classes were updated for the June 30, 2023, valuation to reflect plan changes enacted by Senate Bill 7024. The demographic actuarial assumptions for retirement, disability incidence, and salary increases used in the June 30, 2023, valuation were based on the results of an actuarial experience student 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, 2023, valuation were based on a review of recent plan experience done concurrently with the June 30, 2023, valuation.

Changes in the Total OPEB Liability

	Amount
Balance at 6/30/23	$ 4,673,691
Changes for the year:	
Service Cost	285,736
Interest	175,965
Differences Between Expected and Actual Experience	156,009
Changes in Assumptions or Other Inputs	(1,458,971)
Benefit Payments	22,857
Net Changes	(818,404)
Balance at 6/30/24	$ 3,855,287

Changes in assumptions and other inputs since the prior measurement date:

- Update to rates of retirement and DROP entry assumptions for all membership classes to reflect plan changes enacted by Senate Bill 7024.
- Change in the discount rate from 3.54 percent in 2022 to 3.65 percent in 2023.

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 (2.65 percent) or 1 percentage point higher (4.65 percent) than the current rate:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	$4,444,591	$3,855,287	$3,372,625

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following table presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	$3,167,747	$3,855,287	$4,769,387

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

For the fiscal year ended June 30, 2024, the College recognized OPEB expense of $333,839. At June 30, 2024, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,801,932	$ 2,025,430
Change of assumptions or other inputs	508,696	3,019,618
Transactions subsequent to the measurement date	576,541	-
Total	$ 2,887,169	$ 5,045,048

Of the total amount reported as deferred outflows of resources related to OPEB, $576,541 resulting from net 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Amount
2025	$ (127,862)
2026	(127,862)
2027	(127,862)
2028	(118,196)
2029	(98,243)
Thereafter	(2,134,395)
Total	$ (2,734,420)

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, 2024, the College's proportionate share of the net pension liabilities totaled $125,449,913. Note 10. includes a complete discussion of defined benefit pension plans.

10. Retirement Plans – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS)

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

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

The College's FRS and HIS pension expense totaled $33,729,068 for the fiscal year ended June 30, 2024.

<u>FRS Pension Plan</u>

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 96 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

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

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

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2023-24 fiscal year were:

Class	Percent of Gross Salary Employee	Employer (1)
FRS, Regular	3.00	13.57
FRS, Senior Management Service	3.00	34.52
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	21.13
FRS, Reemployed Retiree	(2)	(2)

(1) Employer rates include 2 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 $13,720,621 for the fiscal year ended June 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2024, the College reported a liability of $78,785,878 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The College's proportionate share of the net pension liability was based on the College's 2022-23 fiscal year contributions relative to the total 2022-23 fiscal year contributions of all participating members. At June 30, 2023, the College's proportionate share was 0.197721795 percent, which was a decrease of 0.036924433 from its proportionate share measured as of June 30, 2022.

For the fiscal year ended June 30, 2024, the College recognized pension expense of $16,106,810. In addition, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 7,397,314	$ -
Change of assumptions	5,135,917	-
Net difference between projected and actual earnings on FRS Plan investments	3,290,311	-
Changes in proportion and differences between College FRS contributions and proportionate share of contributions	5,663,393	8,977,900
College FRS contributions subsequent to the measurement date	13,720,621	-
Total	$ 35,207,556	$ 8,977,900

The deferred outflows of resources totaling $13,720,621, 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2025	$ 1,610,185
2026	(1,481,899)
2027	13,580,503
2028	(832,986)
2029	(366,768)
Total	$ 12,509,035

Actuarial Assumptions. The total pension liability in the July 1, 2023, 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, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.9%	2.9%	1.1%
Fixed Income	19.8%	4.5%	4.4%	3.4%
Global Equity	54.0%	8.7%	7.1%	18.1%
Real Estate (Property)	10.3%	7.6%	6.6%	14.8%
Private Equity	11.1%	11.9%	8.8%	26.3%
Strategic Investments	3.8%	6.3%	6.1%	7.7%
Total	100.0%			
Assumed inflation - Mean			2.4%	1.4%

(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 2023 valuation was unchanged from the previous valuation.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 6.70 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	$134,582,321	$78,785,878	$32,105,476

Pension Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Annual Comprehensive Financial Report.

Payables to the Pension Plan. At June 30, 2024, the College reported a payable of $1,754,713 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2024.

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, 2024, eligible retirees and beneficiaries received a monthly HIS payment of $7.50 for each year of creditable service completed at the time of retirement with a minimum HIS payment of $45 and a maximum HIS payment of $225 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, 2024, the contribution rate was 2.00 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 $2,468,339 for the fiscal year ended June 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2024, the College reported a net pension liability of $46,664,035 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022, and update procedures were used to determine the net pension liability as of July 1, 2023. The College's proportionate share of the net pension liability was based on the College's 2022-23 fiscal year contributions relative to the total 2022-23 fiscal year contributions of all participating members. At June 30, 2023, the College's proportionate share was 0.293829443 percent, which was a decrease of 0.042621484 from its proportionate share measured as of June 30, 2022.

For the fiscal year ended June 30, 2024, the College recognized pension expense of $17,622,258. In addition, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 683,129	$ 109,527
Change of assumptions	1,226,783	4,043,596
Net difference between projected and actual earnings on HIS Plan investments	24,098	-
Changes in proportion and differences between College HIS contributions and proportionate share of HIS contributions	2,121,054	4,550,798
College contributions subsequent to the measurement date	2,468,339	-
Total	$ 6,523,403	$ 8,703,921

The deferred outflows of resources totaling $2,468,339, 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2025	$ (656,354)
2026	(670,219)
2027	(896,659)
2028	(1,195,655)
2029	(985,673)
Thereafter	(244,297)
Total	$ (4,648,857)

Actuarial Assumptions. The total pension liability in the July 1, 2023, 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	3.65 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 3.65 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 changed from 3.54 percent to 3.65 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 3.65 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 (2.65 percent) or 1 percentage point higher (4.65 percent) than the current rate:

	1% Decrease (2.65%)	**Current Discount Rate (3.65%)**	**1% Increase (4.65%)**
College's proportionate share of the net pension liability	$53,236,381	$46,664,035	$41,216,001

Pension Plan Fiduciary Net Position. Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Annual Comprehensive Financial Report.

Payables to the Pension Plan. At June 30, 2024, the College reported a payable of $24,571 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2024.

11. Retirement Plans – Defined Contribution Pension Plans

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. College employees already participating in the State College System Optional Retirement Program or DROP are not eligible to participate in the

Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions rates, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2023-24 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	11.30
FRS, Senior Management Service	12.67

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, 2024, 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 $6,483,332 for the fiscal year ended June 30, 2024.

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

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing college contributes 5.15 percent of the participant's salary to the participant's account and 4.78 percent to cover the unfunded actuarial liability of the FRS pension plan, for a total of 9.93 percent, and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the college to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

The College's contributions to the Program totaled $409,176 and employee contributions totaled $238,355 for the 2023-24 fiscal year.

12. 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 $75 million to February 29, 2024, and up to $100 million from March 1, 2024, 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.

Life, dental, vision and long-term disability coverage are provided through purchased commercial insurance.

Self-Insured Program. The Board has established an individual self-insured program to provide group health insurance for its employees, retirees, former employees, and their dependents. The College's liability was limited by excess reinsurance to $500,000 per insured person and $96,000 aggregating specific deductible for the 2023-24 fiscal year. The plan is provided by an insurance company licensed by the Florida Office of Insurance Regulation. The College contributes employee premiums as a fringe benefit. Employee dependent coverage is by payroll deduction and coverage for retirees, former employees, and their dependents is by prepaid premium.

The College reports a liability when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The liability includes an amount for claims that have been incurred, but not reported, and an amount for claims administration expense. Because the actual claims liability depends on such complex factors as inflation, change in legal doctrines, and damage awards, the process used in computing the claims liability does not necessarily result in an exact amount. The

College reevaluates the claims liability periodically and the claims liability totaled $12,267,748 as of June 30, 2024. Amounts held by the College in excess of the estimated insurance claims liability at June 30, 2024, totaled $10,329,725 and are classified as insurance claim deposits. The College will use these amounts to pay claims incurred in future fiscal years.

The following schedule represents the changes in claims liability for the current and prior years for the College's self-insured program:

Fiscal Year	Beginning of Fiscal Year	Claims and Changes in Estimates	Claims Payments	End of Fiscal Year
2022-23	$ 6,053,254	$ 21,775,213	$(23,170,232)	$ 4,658,235
2023-24	4,658,235	28,306,419	(20,696,906)	12,267,748

13. Functional Distribution of Operating Expenses

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

Functional Classification	Amount
Instruction	$ 129,991,954
Academic Support	32,009,052
Student Services	43,752,549
Institutional Support	62,130,366
Operation and Maintenance of Plant	43,927,104
Scholarships and Waivers	66,514,456
Depreciation	12,486,028
Auxiliary Enterprises	3,020,922
Total Operating Expenses	$ 393,832,431

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

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost	$ 285,736	$ 371,871	$ 722,376	$ 535,324	$ 338,193	$ 346,435	$ 371,504
Interest	175,965	119,226	194,417	255,167	147,058	133,929	111,768
Difference between expected and actual experience	156,009	37,305	(2,624,671)	198,921	2,809,188	-	-
Changes of assumptions or other inputs	(1,458,971)	(935,562)	(935,826)	725,751	37,887	(144,894)	(256,028)
Benefit Payments	22,857	(133,316)	(431,421)	(358,974)	(394,577)	(202,583)	(154,868)
Net change in total OPEB liability	(818,404)	(540,476)	(3,075,125)	1,356,189	2,937,749	132,887	72,376
Total OPEB Liability - beginning	4,673,691	5,214,167	8,289,292	6,933,103	3,995,354	3,862,467	3,790,091
Total OPEB Liability - ending	$ 3,855,287	$ 4,673,691	$ 5,214,167	$ 8,289,292	$ 6,933,103	$ 3,995,354	$ 3,862,467
Covered-Employee Payroll	$ 108,395,573	$ 92,455,226	$ 92,455,226	$ 100,813,641	$ 100,813,641	$ 100,871,934	$ 90,205,089
Total OPEB Liability as a percentage of covered-employee payroll	3.56%	5.06%	5.64%	8.22%	6.88%	3.96%	4.28%

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

	2023 (1)	**2022** (1)	**2021** (1)	**2020** (1)
College's proportion of the FRS net pension liability	0.197721795%	0.234646228%	0.217828787%	0.199523546%
College's proportionate share of the FRS net pension liability	$ 78,785,878	$ 87,307,254	$ 16,454,489	$ 86,476,445
College's covered payroll (2)	$ 133,407,742	$ 142,681,977	$ 128,536,655	$ 127,618,733
College's proportionate share of the FRS net pension liability as a percentage of its covered payroll	59.06%	61.19%	12.80%	67.76%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	82.38%	82.89%	96.40%	78.85%

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

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

Schedule of College Contributions – Florida Retirement System Pension Plan

	2024 (1)	**2023** (1)	**2022** (1)	**2021** (1)
Contractually required FRS contribution	$ 13,720,621	$ 11,209,980	$ 10,623,062	$ 8,488,845
FRS contributions in relation to the contractually required contribution	(13,720,621)	(11,209,980)	(10,623,062)	(8,488,845)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 140,322,432	$ 133,407,742	$ 142,681,977	$ 128,536,655
FRS contributions as a percentage of covered payroll	9.78%	8.40%	7.45%	6.60%

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

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

2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
0.205245487%	0.205214626%	0.203885664%	0.190050708%	0.196294399%	0.187742199%
$ 70,683,688	$ 61,811,709	$ 60,308,011	$ 47,987,953	$ 25,354,054	$ 11,455,035
$ 125,895,245	$ 121,862,041	$ 118,458,249	$ 104,892,761	$ 98,931,589	$ 94,207,047
56.14%	50.72%	50.91%	45.75%	25.63%	12.16%
82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

2020 (1)	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)
$ 7,043,679	$ 5,939,127	$ 5,348,171	$ 5,194,416	$ 4,650,143	$ 4,785,824
(7,043,679)	(5,939,127)	(5,348,171)	(5,194,416)	(4,650,143)	(4,785,824)
$ -	$ -	$ -	$ -	$ -	$ -
$ 127,618,733	$ 125,895,245	$ 121,862,041	$ 118,458,249	$ 104,892,761	$ 98,931,589
5.52%	4.72%	4.39%	4.39%	4.43%	4.84%

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

	2023 (1)	**2022** (1)	**2021** (1)	**2020** (1)
College's proportion of the HIS net pension liability	0.293829443%	0.336450927%	0.313690239%	0.316838605%
College's proportionate share of the HIS net pension liability	$ 46,664,035	$ 35,635,527	$ 38,478,824	$ 38,685,478
College's covered payroll (2)	$ 125,492,877	$ 133,234,430	$ 120,488,335	$ 119,511,940
College's proportionate share of the HIS net pension liability as a percentage of its covered payroll	37.18%	26.75%	31.94%	32.37%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	4.12%	4.81%	3.56%	3.00%

(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

	2024 (1)	**2023** (1)	**2022** (1)	**2021** (1)
Contractually required HIS contribution	$ 2,468,339	$ 2,067,264	$ 2,192,408	$ 1,977,998
HIS contributions in relation to the contractually required HIS contribution	(2,468,339)	(2,067,264)	(2,192,408)	(1,977,998)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 132,377,270	$ 125,492,877	$ 133,234,430	$ 120,488,335
HIS contributions as a percentage of covered payroll	1.86%	1.65%	1.65%	1.64%

(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.

2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
0.323191784%	0.318270473%	0.312498562%	0.281316270%	0.267041405%	0.255960092%
$ 36,161,926	$ 33,686,104	$ 33,413,788	$ 32,786,246	$ 27,234,023	$ 23,932,893
$ 117,749,244	$ 113,571,692	$ 109,716,705	$ 96,187,981	$ 90,177,274	$ 85,319,642
30.71%	29.66%	30.45%	34.09%	30.20%	28.05%
2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

2020 (1)	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)
$ 1,782,625	$ 1,908,989	$ 1,707,432	$ 1,565,744	$ 1,441,293	$ 1,020,798
(1,782,625)	(1,908,989)	(1,707,432)	(1,565,744)	(1,441,293)	(1,020,798)
$ -	$ -	$ -	$ -	$ -	$ -
$ 119,511,940	$ 117,749,244	$ 113,571,692	$ 109,716,705	$ 96,187,981	$ 90,177,274
1.49%	1.62%	1.50%	1.43%	1.50%	1.13%

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

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

Changes of Assumptions. In 2023, the municipal bond index rate used to determine other postemployment benefit plan liability increased from 3.54 percent to 3.65 percent.

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

Changes of Benefit Terms. Amounts presented reflect an increase to the level of monthly benefits from $5.00 times years of service to $7.50, with an increased minimum of $45.00 and a maximum of $225.00. This change applies to all years of service for both members currently in pay and members not in pay.

Changes of Assumptions. In 2023, the municipal rate used to determine total pension liability increased from 3.54 percent to 3.65 percent.

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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 Valencia 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, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated February 7, 2025, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
February 7, 2025