

STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

ST. JOHNS RIVER STATE COLLEGE

For the Fiscal Year Ended
June 30, 2025



Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the 2024-25 fiscal year, Mr. Joe H. Pickens, J.D., served as President of St. Johns River State College and the following individuals served as Members of the Board of Trustees:

	<u>County</u>
Rich Komando, Chair	Confidential ^a
Wendell D. Davis, Vice Chair from 1-22-25 ^b	Clay
James E. Reid through 1-2-25, Vice Chair from 8-22-24 through 1-2-25 ^b	Putnam
Jan Conrad through 9-18-24, ^c Vice Chair through 8-21-24	St. Johns
Nick Primrose from 1-3-25	St. Johns
W.J. Sapp Jr.	Clay
Chereese Stewart from 1-3-25	Confidential ^a
Cyrus Zomorodian from 1-3-25	St. Johns

^a County is confidential pursuant to Section 119.071(4), Florida Statutes.

^b Vice Chair position vacant from 1-3-25, through 1-21-25.

^c Trustee position vacant from 9-19-24 to 1-2-25.

Note: One Trustee position was vacant through 1-2-25 and another position was vacant the entire period.

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

The team leader was Daniel O'Donnell, CPA, and the audit was supervised by Ivo N. Njabe, 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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Claude Pepper Building, Suite G74 · 111 West Madison Street · Tallahassee, FL 32399-1450 · (850) 412-2722

ST. JOHNS RIVER STATE 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 St. Johns River State 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

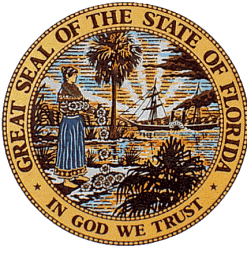
Our audit objectives were to obtain reasonable assurance about whether the financial statements as a whole were free from material misstatements, whether due to fraud or error, and to issue an auditor's report that included our opinions. In doing so we:

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

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

AUDIT METHODOLOGY

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



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450



Phone: (850) 412-2722
Fax: (850) 488-6975

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 St. Johns River State College, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of St. Johns River State College and of its aggregate discretely presented component units as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units columns as of June 30, 2025. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the reports of the other auditors.

Basis for Opinions

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS**, the **Schedule of Changes in the College's Total Other Postemployment Benefits Liability and Related Ratios**, **Schedule of the College's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan**, **Schedule of College Contributions – Florida Retirement System Pension Plan**, **Schedule of the College's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan**, **Schedule of College Contributions – Health Insurance Subsidy Pension Plan**, and **Notes to Required Supplementary Information** be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with 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 December 15, 2025, on our consideration of the St. Johns River State College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the

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

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
December 15, 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, 2025, 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, 2025, and June 30, 2024, and its discretely presented component units, the St. Johns River State College Foundation, Inc. and the St. Johns River State College Student Housing Corporation for the fiscal years ended March 31, 2025, and March 31, 2024.

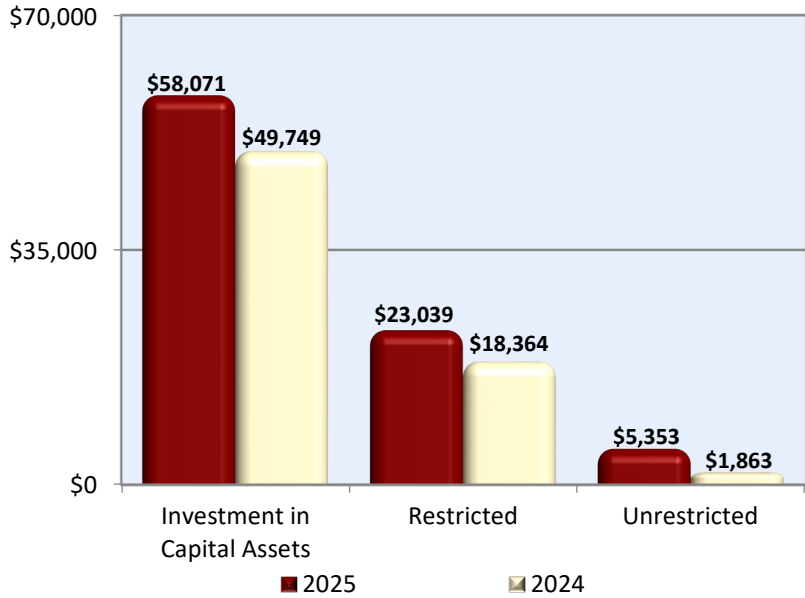
FINANCIAL HIGHLIGHTS

The College's assets and deferred outflows of resources totaled \$126.2 million at June 30, 2025. This balance reflects a \$22.7 million, or 21.9 percent, increase as compared to the 2023-24 fiscal year, resulting primarily from an \$8.3 million increase in capital assets, net of accumulated depreciation, a \$5.9 million increase in due from other governmental agencies, a \$5 million increase in investments, a \$2.9 million increase in accounts receivable, and a \$1.2 million increase in deferred outflows, offset by a \$0.7 million decrease in restricted cash and cash equivalents. While assets and deferred outflows of resources grew, liabilities and deferred inflows of resources increased by \$6.2 million, or 18.5 percent, totaling \$39.8 million at June 30, 2025, resulting primarily from a \$2.9 million increase in unearned revenue, an increase in compensated absences payable of \$1.5 million, a \$0.8 million increase in deferred inflows of resources, a \$0.6 million increase in accounts payable, and a \$0.3 million increase in retainage payable. As a result, the College's net position increased by \$16.5 million, resulting in a year-end balance of \$86.5 million.

The College's operating revenues totaled \$14.2 million for the 2024-25 fiscal year, representing a 5.9 percent increase compared to the 2023-24 fiscal year largely due to an increase of \$0.5 million in net student tuition and fees. Operating expenses totaled \$65 million for the 2024-25 fiscal year, representing an increase of 2.3 percent as compared to the 2023-24 fiscal year. This increase resulted primarily from a \$1.8 million increase in scholarships and waivers, a \$1.2 million increase in personnel services, and a \$0.3 million increase in depreciation, offset by a \$1.9 million decrease in materials and supplies.

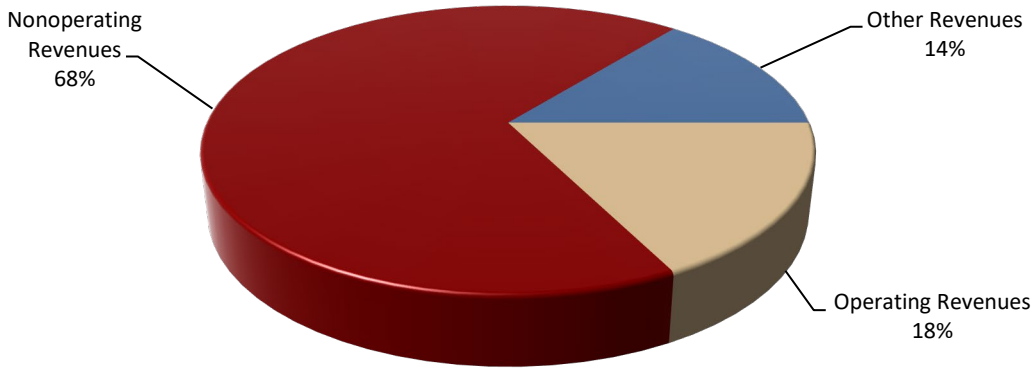
Net position represents the residual interest in the College's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The College's comparative total net position by category for the fiscal years ended June 30, 2025, and June 30, 2024, is shown in the following graph:

**Net Position
(In Thousands)**



The following chart provides a graphical presentation of College revenues by category for the 2024-25 fiscal year:

**Total Revenues
2024-25 Fiscal Year**



OVERVIEW OF FINANCIAL STATEMENTS

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

the Foundation and the Housing Corp are included within the College reporting entity as discretely presented component units.

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 and its component units, using the accrual basis of accounting, and presents the financial position of the College and its component units 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 assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the College and its component units for the respective fiscal years ended:

Condensed Statement of Net Position

(In Thousands)

	<u>College</u>		<u>Component Units</u>	
	<u>6-30-25</u>	<u>6-30-24</u>	<u>3-31-25</u>	<u>3-31-24</u>
Assets				
Current Assets	\$ 48,924	\$ 34,401	\$ 7,382	\$ 6,887
Capital Assets, Net	58,071	49,749	-	-
Other Noncurrent Assets	10,730	12,114	3,588	3,538
Total Assets	<u>117,725</u>	<u>96,264</u>	<u>10,970</u>	<u>10,425</u>
Deferred Outflows of Resources	<u>8,490</u>	<u>7,255</u>	<u>-</u>	<u>-</u>
Liabilities				
Current Liabilities	6,017	2,142	11	16
Noncurrent Liabilities	29,324	27,834	3	64
Total Liabilities	<u>35,341</u>	<u>29,976</u>	<u>14</u>	<u>80</u>
Deferred Inflows of Resources	<u>4,411</u>	<u>3,567</u>	<u>195</u>	<u>135</u>
Net Position				
Investment in Capital Assets	58,071	49,749	-	-
Restricted	23,039	18,364	7,374	7,059
Unrestricted	5,353	1,863	3,387	3,151
Total Net Position	<u>\$ 86,463</u>	<u>\$ 69,976</u>	<u>\$ 10,761</u>	<u>\$ 10,210</u>

The \$14.5 million increase in current assets was primarily due to a \$5.9 million increase in due from other governmental agencies, resulting primarily from payments received from the State for deferred maintenance projects. Additionally, investments increased \$5 million primarily due to an increase in purchases of certificates of deposits and accounts receivable increased by \$2.9 million due to 2025-26 fiscal year student tuition and fees. The \$1.2 million increase in the College's deferred outflows of resources resulted mainly from pension-related adjustments required by GASB Statement No. 68. The increase in capital assets is primarily due to a \$6.1 million increase in construction in progress for the Renovation of Classroom Building and Workforce Center Addition Project on the Palatka campus.

The increase in current liabilities is primarily due to a \$2.9 million increase in unearned revenue for Fall 2025 student tuition and fees, a \$0.6 million increase in accounts payable, and a \$0.3 million increase in retainage payable. The increase in noncurrent liabilities is due largely to a \$1.5 million increase in the College's compensated absences payable, due to the implementation of GASB Statement No. 101, *Compensated Absences*. The increase in the College's deferred inflows of resources resulted mainly from a \$0.9 million increase in pension-related adjustments required by GASB Statement No. 68.

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

The statement of revenues, expenses, and changes in net position presents the College's and its component units' 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 and its component units' activity for the respective fiscal years ended:

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

	(In Thousands)			
	College		Component Units	
	6-30-25	6-30-24	3-31-25	3-31-24
Operating Revenues	\$ 14,238	\$ 13,447	\$ 619	\$ 636
Less, Operating Expenses	65,008	63,571	834	658
Operating Loss	(50,770)	(50,124)	(215)	(22)
Net Nonoperating Revenues	55,759	50,239	717	1,503
Income Before Other Revenues	4,989	115	502	1,481
Other Revenues	11,498	1,271	49	18
Net Increase In Net Position	16,487	1,386	551	1,499
Net Position, Beginning of Year	69,976	68,590	10,210	8,711
Net Position, End of Year	<u>\$ 86,463</u>	<u>\$ 69,976</u>	<u>\$ 10,761</u>	<u>\$ 10,210</u>

Operating Revenues

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

The following summarizes the operating revenues for the College and its component units by source that were used to fund operating activities for the respective fiscal years ended:

**Operating Revenues
For the Fiscal Years**

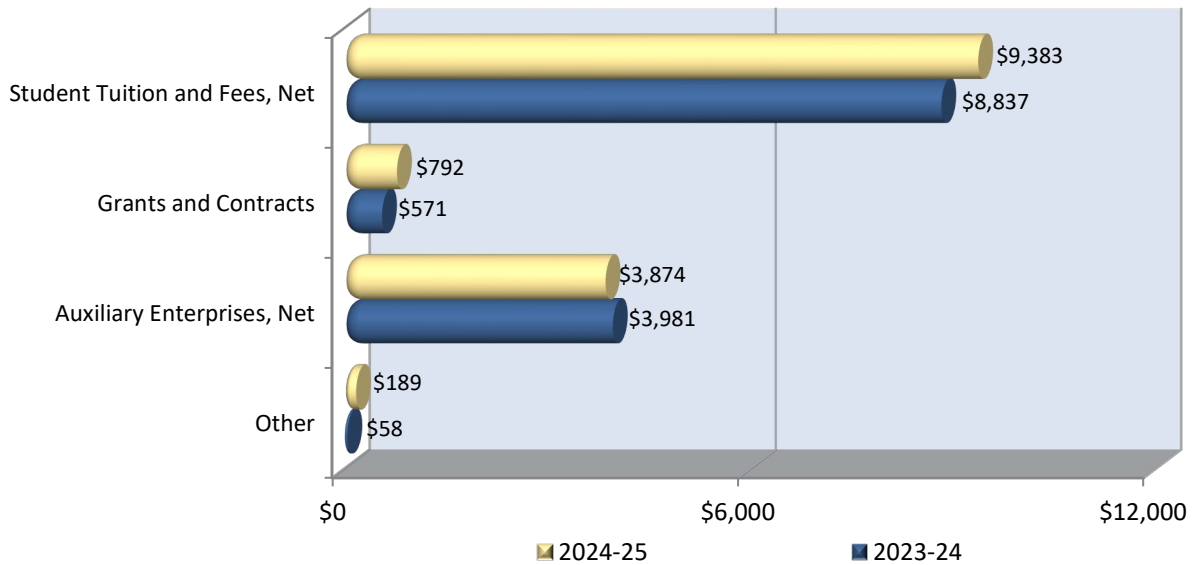
(In Thousands)

	College		Component Units	
	6-30-25	6-30-24	3-31-25	3-31-24
Student Tuition and Fees, Net	\$ 9,383	\$ 8,837	\$ -	\$ -
Grants and Contracts	792	571	-	-
Auxiliary Enterprises, Net	3,874	3,981	-	-
Other	189	58	619	636
Total Operating Revenues	\$ 14,238	\$ 13,447	\$ 619	\$ 636

The following chart presents the College’s operating revenues for the 2024-25 and 2023-24 fiscal years:

Operating Revenues

(In Thousands)



College operating revenue changes were primarily the result of increases in net student tuition and fees. Net student tuition and fees increased by \$0.5 million, or 6.2 percent compared to the prior fiscal year due largely to increased enrollment.

Operating Expenses

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

The following summarizes operating expenses by natural classification for the College and its component units for the respective fiscal years ended:

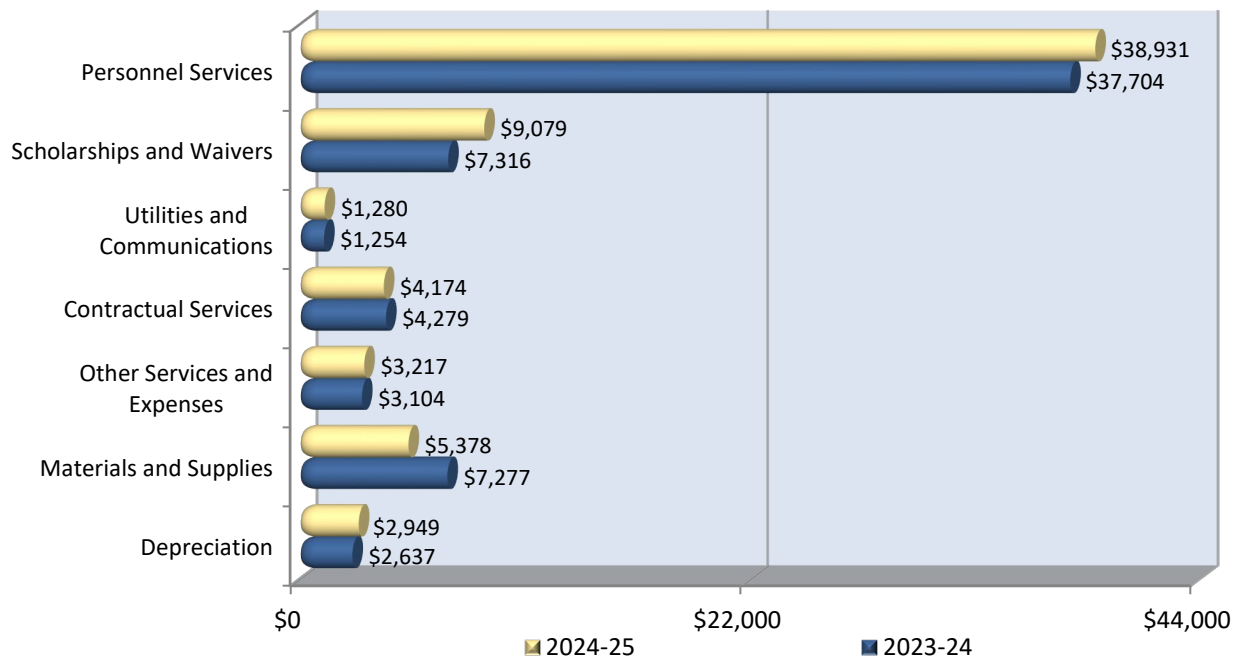
Operating Expenses For the Fiscal Years

(In Thousands)

	College		Component Units	
	6-30-25	6-30-24	3-31-25	3-31-24
Personnel Services	\$ 38,931	\$ 37,704	\$ -	\$ -
Scholarships and Waivers	9,079	7,316	406	382
Utilities and Communications	1,280	1,254	-	-
Contractual Services	4,174	4,279	111	103
Other Services and Expenses	3,217	3,104	317	173
Materials and Supplies	5,378	7,277	-	-
Depreciation	2,949	2,637	-	-
Total Operating Expenses	\$ 65,008	\$ 63,571	\$ 834	\$ 658

The following chart presents the College's operating expenses for the 2024-25 and 2023-24 fiscal years:

Operating Expenses (In Thousands)



College operating expense changes were primarily the result of increases in personnel services, and scholarships and waivers, offset by a decrease in materials and supplies. Personnel services increased by \$1.2 million, or 3.3 percent, due primarily to increases of \$2.1 million in employee salaries, \$1.7 million in health insurance, and \$1 million in compensated absences due to implementation of GASB Statement No. 101, offset by pension expense adjustments required by GASB Statement No. 68. of \$3.6 million. Scholarships and waivers increased by \$1.8 million, or 24.1 percent, due primarily to increases in Federal Pell grants of \$2.4 million. Materials and supplies decreased by \$1.9 million, or 26.1 percent, due primarily to a decrease in noncapitalized repair and maintenance costs of \$1.7 million.

Nonoperating Revenues

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. The following summarizes the College's nonoperating revenues for the 2024-25 and 2023-24 fiscal years:

	<u>2024-25</u>	<u>2023-24</u>
State Noncapital Appropriations	\$ 40,324	\$ 36,921
Federal and State Student Financial Aid	11,401	9,326
Gifts and Grants	2,256	2,282
Investment Income	1,762	1,705
Gain on Disposal of Capital Assets	14	5
Other Nonoperating Revenues	<u>2</u>	<u>-</u>
Nonoperating Revenues	<u>\$ 55,759</u>	<u>\$ 50,239</u>

Nonoperating revenues increased by \$5.5 million, or 11 percent when compared to the prior fiscal year. State noncapital appropriations increased by \$3.4 million, or 9.2 percent, primarily due to an increase of \$3.2 million in the Florida College System Program Fund appropriation from the State of Florida. Federal and State student financial aid increased by \$2.1 million, or 22.2 percent due primarily to an increase in Federal Pell student financial aid of \$2.4 million.

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 2024-25 and 2023-24 fiscal years:

	<u>2024-25</u>	<u>2023-24</u>
State Capital Appropriations	\$ 10,166	\$ 158
Capital Grants, Contracts, Gifts, and Fees	<u>1,332</u>	<u>1,113</u>
Total	<u>\$ 11,498</u>	<u>\$ 1,271</u>

Other revenues increased \$10.2 million when compared to the prior fiscal year. State capital appropriations increased by \$10 million due to an increase of State Public Education Capital Outlay appropriations for the Renovation of Classroom Building and Workforce Center Addition Project on the Palatka campus.

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 2024-25 and 2023-24 fiscal years:

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

(In Thousands)

	2024-25	2023-24
Cash Provided (Used) by:		
Operating Activities	\$ (46,685)	\$ (43,611)
Noncapital Financing Activities	53,978	48,529
Capital and Related Financing Activities	(4,825)	(335)
Investing Activities	(3,210)	(5,340)
Net Decrease in Cash and Cash Equivalents	(742)	(757)
Cash and Cash Equivalents, Beginning of Year	24,837	25,594
Cash and Cash Equivalents, End of Year	\$ 24,095	\$ 24,837

Major sources of funds came from State noncapital appropriations (\$40.3 million), proceeds from maturity of investments (\$15 million), Federal and State student financial aid (\$11.4 million), net student tuition and fees (\$9.2 million), capital grants and gifts (\$5.5 million), net auxiliary enterprises (\$4.2 million), Federal Direct Student Loan program receipts (\$4.2 million), gifts and grants received for other than capital or endowment purposes (\$2.3 million), investment income (\$1.8 million), and grants and contracts (\$0.8 million). Major uses of funds were for payments to employees and for employee benefits (\$37.6 million), purchases of investments (\$20 million), payments to suppliers (\$13 million), purchases of capital assets (\$10.4 million), payments for scholarships (\$9.1 million), disbursements to students for Federal Direct Student Loans (\$4.2 million), and payments for utilities and communications (\$1.3 million).

The College's overall cash and cash equivalents decreased by \$0.7 million, or 3 percent, from the prior fiscal year. Net cash used for operating activities increased by \$3.1 million primarily due to an increase in payments to employees and an increase in payments for scholarships, offset by a decrease in payments to suppliers, an increase in student tuition and fees, and an increase in auxiliary enterprises revenue. Net cash provided by noncapital financing activities increased by \$5.4 million primarily due to an increase in State noncapital appropriations and an increase in Federal and State student financial aid. Net cash used by capital and related financing activities increased by \$4.5 million primarily due to an increase in purchase of capital assets, offset by an increase in capital grants and gifts. Net cash used by investing activities decreased by \$2.1 million due to an increase in proceeds from maturities of investments, offset by an increase in purchase of investments.

CAPITAL ASSETS AND CAPITAL EXPENSES AND COMMITMENTS

Capital Assets

At June 30, 2025, the College had \$107.2 million in capital assets, less accumulated depreciation of \$49.1 million, for net capital assets of \$58.1 million. Depreciation charges for the current fiscal year totaled \$2.9 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)

	2025	2024
Land	\$ 688	\$ 688
Construction in Progress	6,584	441
Buildings	47,093	45,609
Other Structures and Improvements	349	20
Furniture, Machinery, and Equipment	3,357	2,991
Capital Assets, Net	\$ 58,071	\$ 49,749

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

Capital Expenses and Commitments

Major capital expenses through June 30, 2025, were primarily for \$6.6 million in other structures and improvements and renovation projects at all three campuses. The College's construction commitments at June 30, 2025, are as follows:

	Amount (In Thousands)
Total Committed	\$ 20,251
Completed to Date	(6,584)
Balance Committed	\$ 13,667

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

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The College's economic condition is closely tied to that of the State of Florida. Based upon the State budget adopted during the 2025 legislative session, the College's State appropriations decreased by \$2.5 million over the prior fiscal year which equates to a 6.4 percent decrease. This decrease was primarily the result of the elimination of \$3 million in the 2024-25 fiscal year nonrecurring operational appropriations, that were partially offset by an increase of \$0.5 million recurring operational appropriations. Additionally, the College received \$1.9 million in *Prepping Institutions, Programs, Employers and Learners* (PIPELINE) funding, which is a 58.3 percent increase over the prior fiscal year's PIPELINE funding. The purpose of the PIPELINE funding is to reward performance and excellence among nursing education programs. Other than State appropriations, the College receives the majority

of its other operating funds from student tuition and fees. Based upon Fall Term 2025 enrollment, the College continues to see modest enrollment increases, which is a positive indicator for additional 2025-26 fiscal year tuition and fee revenues. Additionally, the College will launch the following new bachelor's degree programs in the 2025-26 fiscal year: Biological Sciences, Digital Art and Media, Exceptional Student Education, Performance Design and Production, and Social and Human Services. Lastly, the College was appropriated an additional \$9.4 million in fixed capital outlay funds as part of the State budget adopted during the 2025 legislative session. These funds are in addition to the \$10 million appropriated during the 2024 legislative session and are to be used to begin renovation of a classroom building and a workforce training center addition on the College's Palatka campus. Given the enrollment projections, new programs, and fixed capital outlay appropriations, the College anticipates adequate resources to continue to provide and enhance the educational programs and services to students within the communities we serve.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Vice President/Chief Financial Officer, St. Johns River State College, 5001 St. Johns Avenue, Palatka, Florida 32177.

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BASIC FINANCIAL STATEMENTS

ST. JOHNS RIVER STATE COLLEGE
A Component Unit of the State of Florida
Statement of Net Position

June 30, 2025

	College	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 12,004,204	\$ 2,253,864
Restricted Cash and Cash Equivalents	1,360,098	-
Investments	20,000,000	5,127,941
Accounts Receivable, Net	3,716,162	-
Due from Other Governmental Agencies	11,509,477	-
Due from Component Unit	26,874	44
Inventories	282,763	-
Prepaid Expenses	21,333	-
Deposits Receivable	2,600	-
Total Current Assets	48,923,511	7,381,849
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	10,730,345	-
Restricted Investments	-	3,460,038
Depreciable Capital Assets, Net	50,798,954	-
Nondepreciable Capital Assets	7,272,065	-
Irrevocable Split-Interest Agreement Receivable	-	127,997
Total Noncurrent Assets	68,801,364	3,588,035
TOTAL ASSETS	117,724,875	10,969,884
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	444,846	-
Pensions	8,044,853	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	8,489,699	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	737,325	10,644
Salary and Payroll Taxes Payable	1,443,533	-
Retainage Payable	273,346	-
Due to Other Governmental Agencies	9,331	-
Unearned Revenue	3,116,995	-
Deposits Held for Others	40,614	-
Long-Term Liabilities - Current Portion:		
Compensated Absences Payable	321,133	-
Other Postemployment Benefits Payable	47,016	-
Net Pension Liability	27,802	-
Total Current Liabilities	6,017,095	10,644

	<u>College</u>	<u>Component Units</u>
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Compensated Absences Payable	3,867,398	-
Other Postemployment Benefits Payable	1,532,825	-
Net Pension Liability	23,922,931	-
Irrevocable Split-Interest Agreement	-	2,721
Total Noncurrent Liabilities	<u>29,323,154</u>	<u>2,721</u>
TOTAL LIABILITIES	<u>35,340,249</u>	<u>13,365</u>
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	1,091,637	-
Pensions	3,319,216	-
Deferred Public-Private Partnership Arrangement Receipts	-	195,246
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>4,410,853</u>	<u>195,246</u>
NET POSITION		
Investment in Capital Assets	58,071,018	-
Restricted:		
Nonexpendable:		
Endowment	-	3,460,038
Expendable:		
Grants and Loans	408,053	-
Scholarships	116,315	3,914,084
Capital Projects	22,515,443	-
Unrestricted	<u>5,352,643</u>	<u>3,387,151</u>
TOTAL NET POSITION	<u>\$ 86,463,472</u>	<u>\$ 10,761,273</u>

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

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ST. JOHNS RIVER STATE 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, 2025

	College	Component Units
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of \$3,074,329	\$ 9,383,452	\$ -
Federal Grants and Contracts	620,727	-
State and Local Grants and Contracts	111,153	-
Nongovernmental Grants and Contracts	60,000	-
Auxiliary Enterprises, Net of Scholarship Allowances of \$601,250	3,873,738	-
Other Operating Revenues	189,185	619,333
Total Operating Revenues	14,238,255	619,333
EXPENSES		
Operating Expenses:		
Personnel Services	38,930,723	-
Scholarships and Waivers	9,078,822	406,291
Utilities and Communications	1,279,741	-
Contractual Services	4,174,013	110,613
Other Services and Expenses	3,216,959	317,738
Materials and Supplies	5,378,484	-
Depreciation	2,949,496	-
Total Operating Expenses	65,008,238	834,642
Operating Loss	(50,769,983)	(215,309)
NONOPERATING REVENUES		
State Noncapital Appropriations	40,324,102	-
Federal and State Student Financial Aid	11,400,479	-
Gifts and Grants Received for Other Than Capital or Endowment Purposes	2,256,418	-
Investment Income	1,761,554	717,566
Gain on Disposal of Capital Assets	14,339	-
Other Nonoperating Revenues	1,989	-
Total Nonoperating Revenues	55,758,881	717,566
Income Before Other Revenues	4,988,898	502,257
State Capital Appropriations	10,165,600	-
Capital Grants, Contracts, Gifts, and Fees	1,332,956	-
Endowment Contributions	-	48,999
Total Other Revenues	11,498,556	48,999
Increase in Net Position	16,487,454	551,256
Net Position, Beginning of Year	69,976,018	10,210,017
Net Position, End of Year	\$ 86,463,472	\$ 10,761,273

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

ST. JOHNS RIVER STATE COLLEGE
A Component Unit of the State of Florida
Statement of Cash Flows

For the Fiscal Year Ended June 30, 2025

	College
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	\$ 9,217,185
Grants and Contracts	782,422
Payments to Suppliers	(12,980,378)
Payments for Utilities and Communications	(1,279,741)
Payments to Employees	(27,160,217)
Payments for Employee Benefits	(10,488,571)
Payments for Scholarships	(9,078,822)
Auxiliary Enterprises, Net	4,150,614
Other Receipts	153,058
Net Cash Used by Operating Activities	(46,684,450)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	40,324,102
Federal and State Student Financial Aid	11,397,047
Federal Direct Loan Program Receipts	4,183,373
Federal Direct Loan Program Disbursements	(4,183,373)
Gifts and Grants Received for Other Than Capital or Endowment Purposes	2,256,418
Net Cash Provided by Noncapital Financing Activities	53,977,567
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	131,446
Capital Grants and Gifts	5,463,446
Proceeds from Sale of Capital Assets	14,339
Purchases of Capital Assets	(10,434,374)
Net Cash Used by Capital and Related Financing Activities	(4,825,143)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Maturities of Investments	15,000,000
Purchases of Investments	(20,000,000)
Investment Income	1,789,911
Net Cash Used by Investing Activities	(3,210,089)
Net Decrease in Cash and Cash Equivalents	(742,115)
Cash and Cash Equivalents, Beginning of Year	24,836,762
Cash and Cash Equivalents, End of Year	\$ 24,094,647

	<u>College</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (50,769,983)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	2,949,496
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	(2,939,124)
Due from Other Governmental Agencies	2,366
Due to Other Governmental Agencies	9,331
Inventories	(66,779)
Prepaid Expenses	2,417
Accounts Payable	267,021
Salary and Payroll Taxes Payable	183,933
Unearned Revenue	2,625,486
Deposits Held for Others	(45,458)
Due from Component Unit	(1,158)
Compensated Absences Payable	1,506,556
Other Postemployment Benefits Payable	(73,942)
Net Pension Liability	56,510
Deferred Outflows of Resources Related to Other Postemployment Benefits	88,999
Deferred Inflows of Resources Related to Other Postemployment Benefits	(15,759)
Deferred Outflows of Resources Related to Pensions	(1,323,584)
Deferred Inflows of Resources Related to Pensions	859,222
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (46,684,450)</u>

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

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

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

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

Discretely Presented Component Units. Based on the application of the criteria for determining component units, the following component units are included within the College's reporting entity:

- St. Johns River State College Foundation, Inc. (Foundation): This legally separate entity is included within the College's reporting entity as a discretely presented component unit and is governed by a separate board.
- St. Johns River State College Student Housing Corporation (Housing Corp): On February 20, 2023, the Housing Corp was formed as a not-for-profit corporation under the laws of the State of Florida to support the activities and educational purposes of the College by leasing certain real property for purposes of facilitating the construction of residential housing and other services ancillary to residential housing for the benefit of students of St. Johns River State College. The Housing Corp provides assistance in connection with the development, financing, acquisition or construction of capital, or other college projects. This 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 component units are also direct-support organizations, as defined in Section 1004.70, Florida Statutes, and although legally separate from the College, are financially accountable to the College. The Foundation and the Housing Corp are managed independently, outside the College's budgeting process, and their powers generally are vested in a governing board pursuant to various State statutes. The Foundation and Housing Corp receive, hold, invest, and administer property, and make expenditures to or for the benefit of the College.

The Foundation and the Housing Corp are audited by other auditors pursuant to Section 1004.70(6), Florida Statutes. Both the Foundation's and the Housing Corp's audited financial statements are available to the public and can be obtained from the Director of Foundation, St. Johns River State College,

5001 St. Johns Avenue, Palatka, Florida 32177. The financial data reported on the accompanying financial statements was derived from both the Foundation's and the Housing Corp's audited financial statements for the fiscal year ended March 31, 2025. Condensed financial statements for the College's component units are included in a subsequent note.

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

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

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

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

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

The College's principal operating activity is instruction. Operating revenues and expenses generally include all fiscal transactions directly related to instruction as well as administration, academic support, student services, physical plant operations, and depreciation of capital assets. Nonoperating revenues include State noncapital appropriations, Federal and State student financial aid, gifts and grants received

for other than capital or endowment purposes, and investment income (net of unrealized gains or losses on investments). 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 and book scholarship allowances. Tuition and book 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 is able to identify, within its accounting system, amounts paid for tuition, fees, and book charges by financial aid. To the extent that these resources are used to pay student charges, the College records a scholarship allowance against tuition and fee revenues and auxiliary enterprise revenues.

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

Cash and Cash Equivalents. The amount reported as cash and cash equivalents consist of cash on hand, cash in demand accounts, and cash with the State Treasury Special Purpose Investment Account (SPIA) 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 State Treasury SPIA investment pool to be cash equivalents.

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

The Foundation and Housing Corp, for reporting cash flows, consider all highly liquid investments with original maturities of 3 months or less to be cash equivalents. At March 31, 2025, the Foundation had \$371,936 in demand accounts, \$1,095,549 in money market accounts, and \$776,440 in investment management accounts. At March 31, 2025, the Housing Corp had \$9,939 in demand accounts.

Inventories. Inventories consist of items for resale by the campus bookstore, and are valued using the moving average inventory method of 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, and furniture, machinery, and equipment. These assets are capitalized and recorded at cost at the date of acquisition or at acquisition value at the date received in the case of

gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The College has a capitalization threshold of \$5,000 for tangible personal property and \$25,000 for buildings and other structures and improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

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

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

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

2. Accounting Change

Change in Accounting Principle. The College implemented GASB Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences and requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means.

3. Deficit Net Position in Individual Funds

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

<u>Fund</u>	<u>Net Position</u>
Current Funds - Unrestricted	\$ (1,590,989)
Auxiliary Funds	<u>6,943,632</u>
Total	<u>\$ 5,352,643</u>

4. Investments

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

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, 2025, are valued using quoted market prices (Level 1 inputs), with the following maturities:

Investments by fair value level	Amount	Maturity in Years		
		Less than 1	1 - 5	6 - 10
Certificates of Deposit	\$ 20,000,000	\$ 20,000,000	\$ -	\$ -

Discretely Presented Component Units Investments. The Foundation 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.

Investments held by the Foundation as of March 31, 2025, are reported at fair value using quoted market prices in active markets for identical assets (Level 1 inputs), with the following maturities:

Investments by fair value level	Amount	Maturity in Years		
		Less than 1	1 - 5	6 - 10
Bonds and Notes	\$ 1,888,380	\$ 289,967	\$ 659,911	\$ 938,502
Equity Investments				
Common Stock	4,173,917			
Exchange Traded Funds	105,480			
Real Estate Mutual Fund	369,878			
Equities Mutual Fund	1,934,479			
Fixed Income Mutual Fund	83,863			
Fixed Income Exchange Traded Fund	31,982			
Total Component Units Investments	\$ 8,587,979			

The Foundation invested in various debt and equity securities. The following risks apply to the Foundation's investments:

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation investment policies include asset allocation guidelines and investment management structure to ensure adequate diversification to reduce the volatility of investment returns.

Credit Risk: Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The Foundation's investment policy requires that debt securities be rated "Baa" or "BBB" or better by Moody's or Standard & Poor's rating services, respectively. The Foundation's investment policy also sets allowable ranges for allocation of assets as follows: domestic equities (50 - 70 percent); international equities (10 - 20 percent); fixed income securities (10 - 20 percent); real estate (0 - 10 percent); cash equivalents (2 - 10 percent); and limits charitable gift annuity investments to no more than 50 percent equities (including mutual funds) and no more than 10 percent in any one stock or fund.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of failure of the counterparty, the value of investments or collateral securities in the possession of an outside party will not be recoverable. The Foundation does not have a formal investment policy that addresses custodial credit risk.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The Foundation's investment policy limits investments with a single issuer to not more than 5 percent of the market value of the portfolio.

As of March 31, 2025, the Housing Corp reported no investments.

5. Accounts Receivable

Accounts receivable represent amounts for student fee deferments, various student services provided by the College, and contract and grant reimbursements due from third parties. The accounts receivable are reported net of a \$72,255 allowance for doubtful accounts.

6. Due From Other Governmental Agencies

The amount due from other governmental agencies primarily consists of \$11,329,467 of deferred maintenance funds and Public Education Capital Outlay allocations due from the State for maintenance projects and construction of College facilities.

7. Due From Component Unit

The amount due from component unit consists of \$26,874 owed to the College by the Foundation for scholarships and student aid. The College's financial statements are reported for the fiscal year ended June 30, 2025. The College's component unit financial statements are reported for the fiscal year ended March 31, 2025. Accordingly, there was no corresponding amount reported as due to the College by the component unit as of March 31, 2025.

8. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2025, is shown in the following table:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets:				
Land	\$ 687,582	\$ -	\$ -	\$ 687,582
Construction in Progress	441,041	9,898,433	3,754,991	6,584,483
Total Nondepreciable Capital Assets	\$ 1,128,623	\$ 9,898,433	\$ 3,754,991	\$ 7,272,065
Depreciable Capital Assets:				
Buildings	\$ 81,599,690	\$ 3,412,800	\$ -	\$ 85,012,490
Other Structures and Improvements	4,593,601	342,190	-	4,935,791
Furniture, Machinery, and Equipment	8,856,760	1,372,642	289,270	9,940,132
Total Depreciable Capital Assets	95,050,051	5,127,632	289,270	99,888,413
Less, Accumulated Depreciation:				
Buildings	35,990,206	1,929,040	-	37,919,246
Other Structures and Improvements	4,573,578	13,273	-	4,586,851
Furniture, Machinery, and Equipment	5,865,449	1,007,183	289,270	6,583,362
Total Accumulated Depreciation	46,429,233	2,949,496	289,270	49,089,459
Total Depreciable Capital Assets, Net	\$ 48,620,818	\$ 2,178,136	\$ -	\$ 50,798,954

9. Unearned Revenue

Unearned revenue at June 30, 2025, includes student tuition and fees received prior to fiscal year end related to subsequent accounting periods, and prepayments of Thrasher-Horne Center cultural program sales and meeting room rentals for which expenses have yet to be incurred. As of June 30, 2025, the College reported the following amounts as unearned revenue:

<u>Description</u>	<u>Amount</u>
Student Tuition and Fees	\$ 2,739,452
Thrasher-Home Center Sales	377,543
Total Unearned Revenue	\$ 3,116,995

10. Long-Term Liabilities

Long-term liabilities activity for the fiscal year ended June 30, 2025, is shown in the following table:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Compensated Absences Payable	\$ 2,681,976	\$ 1,843,717	\$ 337,162	\$ 4,188,531	\$ 321,133
Other Postemployment Benefits Payable	1,653,783	115,239	189,181	1,579,841	47,016
Net Pension Liability	23,894,223	3,703,183	3,646,673	23,950,733	27,802
Total Long-Term Liabilities	\$ 28,229,982	\$ 5,662,139	\$ 4,173,016	\$ 29,719,105	\$ 395,951

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. Compensated absences are estimated and accrued as liabilities to the extent that it is more likely than not that the leave will be used for time off or otherwise paid in cash or settled through noncash means. 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, 2025, the estimated liability for compensated absences, which includes the College's share of the Florida Retirement System and FICA contributions, totaled \$4,188,531. The current portion of the compensated absences liability, \$321,133, is the amount expected to be paid in the coming fiscal year and represents a historical percentage of leave used applied to total accrued leave liability.

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

General Information about the OPEB Plan

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

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

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	25
Inactive Employees Entitled to But Not Yet Receiving Benefits	26
Active Employees	311
Total	<u>362</u>

Total OPEB Liability

The College’s total OPEB liability of \$1,579,841 was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2023.

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	
Regular Employees	3.65 – 6.35 percent
Senior Management	4.20 – 9.30 percent
Municipal Bond Index Rate	
Prior Measurement Date	3.65 percent
Measurement Date	3.93 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, decreasing 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 MP-2021.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2018, through June 30, 2023, 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 6/30/24	<u>\$ 1,653,783</u>
Changes for the year:	
Service Cost	53,714
Interest	61,525
Changes in Assumptions or Other Inputs	(145,008)
Benefit Payments	<u>(44,173)</u>
Net Changes	<u>(73,942)</u>
Balance at 6/30/25	<u>\$ 1,579,841</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.65 percent in 2023 to 3.93 percent in 2024.

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 (2.93 percent) or 1 percentage point higher (4.93 percent) than the current rate:

	<u>1% Decrease (2.93%)</u>	<u>Current Discount Rate (3.93%)</u>	<u>1% Increase (4.93%)</u>
Total OPEB liability	\$1,858,992	\$1,579,841	\$1,357,164

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

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$1,320,715	\$1,579,841	\$1,915,023

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

For the fiscal year ended June 30, 2025, the College recognized OPEB expense of \$46,314. At June 30, 2025, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 217,187	\$ 464,201
Change of assumptions or other inputs	180,643	627,436
Transactions subsequent to the measurement date	47,016	-
Total	\$ 444,846	\$ 1,091,637

Of the total amount reported as deferred outflows of resources related to OPEB, \$47,016 resulting from benefits paid subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2026	\$ (68,925)
2027	(58,079)
2028	(47,002)
2029	(89,340)
2030	(91,214)
Thereafter	(339,247)
Total	\$ (693,807)

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, 2025, the College's proportionate share of the net pension liabilities totaled \$23,950,733. Note 11. includes a complete discussion of defined benefit pension plans.

11. Retirement Plans – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS)

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

Essentially all regular employees of the College are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and

described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing multiple-employer defined benefit plans and other nonintegrated programs. An annual comprehensive financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services Web site (www.dms.myflorida.com).

The College's FRS and HIS pension expense totaled \$2,620,950 for the fiscal year ended June 30, 2025.

FRS Pension Plan

Plan Description. The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Senior Management Service Class* – Members in senior management level positions.

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

The DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS-participating employer. An employee may participate in DROP for a period not to exceed 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:

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

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2024-25 fiscal year were:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	13.63
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 \$2,577,716 for the fiscal year ended June 30, 2025.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2025, the College reported a liability of \$15,962,846 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The College's proportionate share of the net pension liability was based on the College's 2023-24 fiscal year contributions relative to the total 2023-24 fiscal year contributions of all participating members. At June 30, 2024, the College's proportionate share was

0.041263974 percent, which was an increase of 0.001760857 from its proportionate share measured as of June 30, 2023.

For the fiscal year ended June 30, 2025, the College recognized pension expense of \$2,350,601. In addition, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,612,676	\$ -
Change of assumptions	2,187,854	-
Net difference between projected and actual earnings on FRS Plan investments	-	1,060,974
Changes in proportion and differences between College FRS contributions and proportionate share of contributions	629,518	899,074
College FRS contributions subsequent to the measurement date	<u>2,577,716</u>	<u>-</u>
Total	<u>\$ 7,007,764</u>	<u>\$ 1,960,048</u>

The deferred outflows of resources totaling \$2,577,716, 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2026	\$ (308,518)
2027	2,518,197
2028	40,063
2029	43,802
2030	<u>176,456</u>
Total	<u>\$ 2,470,000</u>

Actuarial Assumptions. The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.50 percent, average, including inflation
Investment rate of return	6.70 percent, net of pension plan investment expense, including inflation

Salary increases were changed from 3.25 percent in the previous valuation to 3.50 percent in the current valuation.

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2021. This is a change from the previous valuation in which the mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2024, valuation were based on the results of an actuarial experience study for the period July 1, 2018, through June 30, 2023.

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

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	3.3%	3.3%	1.1%
Fixed Income	29.0%	5.7%	5.6%	3.9%
Global Equity	45.0%	8.6%	7.0%	18.2%
Real Estate (Property)	12.0%	8.1%	6.8%	16.6%
Private Equity	11.0%	12.4%	8.8%	28.4%
Strategic Investments	2.0%	6.6%	6.2%	8.7%
Total	<u>100.0%</u>			
Assumed inflation - Mean			2.4%	1.5%

(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 2024 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:

	<u>1% Decrease (5.70%)</u>	<u>Current Discount Rate (6.70%)</u>	<u>1% Increase (7.70%)</u>
College’s proportionate share of the net pension liability	\$28,078,087	\$15,962,846	\$5,813,762

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, 2025, the College reported a payable of \$186,229 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2025.

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, 2025, 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, 2025, the contribution rate was 2 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 \$492,635 for the fiscal year ended June 30, 2025.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2025, the College reported a net pension liability of \$7,987,887 for its proportionate share of the net pension liability. The current portion of the net pension liability is the College's proportionate share of benefit payments expected to be paid within 1 year, net of the College's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The College's proportionate share of the net pension liability was based on the College's 2023-24 fiscal year contributions relative to the total 2023-24 fiscal year contributions of all participating members. At June 30, 2024, the College's proportionate share was 0.053249111 percent, which was an increase of 0.001909086 from its proportionate share measured as of June 30, 2023.

For the fiscal year ended June 30, 2025, the College recognized pension expense of \$270,349. In addition, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual experience on HIS Plan investments	\$ 77,128	\$ 15,338
Change of assumptions	141,367	945,663
Net difference between projected and actual earnings on HIS Plan investments	-	2,889
Changes in proportion and differences between College HIS contributions and proportionate share of HIS contributions	325,959	395,278
College contributions subsequent to the measurement date	<u>492,635</u>	<u>-</u>
Total	<u>\$ 1,037,089</u>	<u>\$ 1,359,168</u>

The deferred outflows of resources totaling \$492,635 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2026	\$ (165,127)
2027	(178,525)
2028	(241,079)
2029	(168,975)
2030	(53,008)
Thereafter	<u>(8,000)</u>
Total	<u>\$ (814,714)</u>

Actuarial Assumptions. The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.50 percent, average, including inflation
Municipal bond rate	3.93 percent

Salary increases were changed from 3.25 percent in the previous valuation to 3.50 percent in the current valuation.

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2021. This is a change from the previous valuation in which the 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 3.93 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 3.65 percent to 3.93 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 3.93 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 (2.93 percent) or 1 percentage point higher (4.93 percent) than the current rate:

	<u>1% Decrease (2.93%)</u>	<u>Current Discount Rate (3.93%)</u>	<u>1% Increase (4.93%)</u>
College's proportionate share of the net pension liability	\$9,093,183	\$7,987,887	\$7,070,313

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, 2025, the College reported a payable of \$30,548 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2025.

12. 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 2024-25 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
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, 2025, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the College.

After termination and applying to receive benefits, the member may roll over vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided in which the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The College’s Investment Plan pension expense totaled \$1,213,593 for the fiscal year ended June 30, 2025.

Payables to the Investment Plan. At June 30, 2025, the College reported a payable of \$93,456 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2025.

13. Construction Commitments

The College’s construction commitments at June 30, 2025, were as follows:

<u>Project Description</u>	<u>Total Commitment</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
Remodel/Addition to the FloArts Building Project	\$ 13,800,000	\$ 868,623	\$ 12,931,377
Site Improvements Project	3,662,978	3,493,960	169,018
Chiller & Cooling Tower Replacement Project	1,629,672	1,246,260	383,412
Sewer Piping Repair/Replacement Project	1,158,011	974,764	183,247
Total	\$ 20,250,661	\$ 6,583,607	\$ 13,667,054

14. Risk Management Programs

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College provided coverage for these risks primarily through the Florida College System Risk Management Consortium (Consortium), which was created under authority of Section 1001.64(27), Florida Statutes, by the boards of trustees of the Florida public colleges for the purpose of joining a cooperative effort to develop, implement, and participate in a coordinated Statewide college risk management program. The Consortium is self-sustaining through member assessments (premiums) and purchases excess insurance through commercial companies for claims in excess of specified amounts. Excess insurance from commercial companies provided coverage of up to \$100 million to February 28, 2025, and up to \$125 million from March 1, 2025, for property insurance. Insurance coverage obtained through the Consortium included fire and extended property, general and automobile liability, workers' compensation, health (through December 31, 2024), life, and other liability coverage. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past 3 fiscal years.

Beginning in January 2025, College employees may participate in the State group health insurance plan. The State's risk financing activities associated with State group health insurance, such as risk of loss related to medical and prescription drug claims, are administered through the State Employees Group Health Insurance Trust Fund. It is the practice of the State not to purchase commercial coverage for the risk of loss covered by this Fund. Additional information on the State's group health insurance plan, including the actuarial report, is available from the Florida Department of Management Services, Division of State Group Insurance.

15. Functional Distribution of Operating Expenses

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

<u>Functional Classification</u>	<u>Amount</u>
Instruction	\$ 20,192,939
Public Services	596,634
Academic Support	4,599,830
Student Services	5,716,876
Institutional Support	9,942,473
Operation and Maintenance of Plant	7,287,024
Scholarships and Waivers	9,078,822
Depreciation	2,949,496
Auxiliary Enterprises	4,644,144
Total Operating Expenses	<u><u>\$ 65,008,238</u></u>

16. Discretely Presented Component Units

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

Condensed Statement of Net Position

	<u>Direct-Support Organizations</u>		<u>Total</u>
	<u>St. Johns River State College Foundation, Inc. 3/31/2025</u>	<u>St. Johns River State College Student Housing Corp 3/31/2025</u>	
Assets:			
Current Assets	\$ 7,371,910	\$ 9,939	\$ 7,381,849
Noncurrent Assets	3,588,035	-	3,588,035
Total Assets	<u>10,959,945</u>	<u>9,939</u>	<u>10,969,884</u>
Liabilities:			
Current Liabilities	10,600	44	10,644
Noncurrent Liabilities	2,721	-	2,721
Total Liabilities	<u>13,321</u>	<u>44</u>	<u>13,365</u>
Deferred Inflows of Resources	<u>195,246</u>	<u>-</u>	<u>195,246</u>
Net Position:			
Restricted Nonexpendable	3,460,038	-	3,460,038
Restricted Expendable	3,914,084	-	3,914,084
Unrestricted	3,377,256	9,895	3,387,151
Total Net Position	<u><u>\$ 10,751,378</u></u>	<u><u>\$ 9,895</u></u>	<u><u>\$ 10,761,273</u></u>

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

	Direct-Support Organizations		Total
	St. Johns River State College Foundation, Inc. 3/31/2025	St. Johns River State College Student Housing Corp 3/31/2025	
Operating Revenues	\$ 619,333	\$ -	\$ 619,333
Operating Expenses	834,581	61	834,642
Operating Loss	(215,248)	(61)	(215,309)
Nonoperating Revenues	717,566	-	717,566
Other Revenues	48,999	-	48,999
Increase (Decrease) in Net Position	551,317	(61)	551,256
Net Position, Beginning of Year	10,200,061	9,956	10,210,017
Net Position, End of Year	\$ 10,751,378	\$ 9,895	\$ 10,761,273

OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

	2024	2023	2022	2021	2020
Total OPEB Liability					
Service cost	\$ 53,714	\$ 78,598	\$ 111,494	\$ 107,673	\$ 79,831
Interest	61,525	77,432	57,415	53,523	71,836
Difference between expected and actual experience	-	(579,245)	-	212,718	-
Changes of assumptions or other inputs	(145,008)	(5,461)	(557,862)	(92,855)	245,427
Benefit Payments	(44,173)	(52,110)	(45,932)	(51,252)	(59,644)
Net change in total OPEB liability	(73,942)	(480,786)	(434,885)	229,807	337,450
Total OPEB Liability - beginning	1,653,783	2,134,569	2,569,454	2,339,647	2,002,197
Total OPEB Liability - ending	\$ 1,579,841	\$ 1,653,783	\$ 2,134,569	\$ 2,569,454	\$ 2,339,647
Covered-Employee Payroll	\$ 16,773,713	\$ 16,773,713	\$ 16,773,752	\$ 16,773,752	\$ 15,660,287
Total OPEB Liability as a percentage of covered-employee payroll	9.42%	9.86%	12.73%	15.32%	14.94%
	2019	2018	2017		
Total OPEB Liability					
Service cost	\$ 62,459	\$ 65,386	\$ 72,927		
Interest	57,630	53,825	48,219		
Difference between expected and actual experience	260,385	-	-		
Changes of assumptions or other inputs	164,768	(79,760)	(151,084)		
Benefit Payments	(63,778)	(60,765)	(59,519)		
Net change in total OPEB liability	481,464	(21,314)	(89,457)		
Total OPEB Liability - beginning	1,520,733	1,542,047	1,631,504		
Total OPEB Liability - ending	\$ 2,002,197	\$ 1,520,733	\$ 1,542,047		
Covered-Employee Payroll	\$ 15,660,287	\$ 15,896,035	\$ 15,896,035		
Total OPEB Liability as a percentage of covered-employee payroll	12.79%	9.57%	9.70%		

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

	<u>2024 (1)</u>	<u>2023 (1)</u>	<u>2022 (1)</u>	<u>2021 (1)</u>
College's proportion of the FRS net pension liability	0.041263974%	0.039503117%	0.043924874%	0.044764932%
College's proportionate share of the FRS net pension liability	\$ 15,962,846	\$ 15,740,742	\$ 16,343,583	\$ 3,381,482
College's covered payroll (2)	\$ 22,612,496	\$ 20,548,443	\$ 20,229,145	\$ 19,463,011
College's proportionate share of the FRS net pension liability as a percentage of its covered payroll	70.59%	76.60%	80.79%	17.37%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	83.70%	82.38%	82.89%	96.40%

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

Schedule of College Contributions – Florida Retirement System Pension Plan

	<u>2025 (1)</u>	<u>2024 (1)</u>	<u>2023 (1)</u>	<u>2022 (1)</u>
Contractually required FRS contribution	\$ 2,577,716	\$ 2,376,750	\$ 1,928,785	\$ 1,918,622
FRS contributions in relation to the contractually required contribution	<u>(2,577,716)</u>	<u>(2,376,750)</u>	<u>(1,928,785)</u>	<u>(1,918,622)</u>
FRS contribution deficiency (excess)	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
College's covered payroll (2)	\$ 24,631,730	\$ 22,612,496	\$ 20,548,443	\$ 20,229,145
FRS contributions as a percentage of covered payroll	10.47%	10.51%	9.39%	9.48%

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

<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>
0.043331278%	0.042277680%	0.043257206%	0.042311196%	0.043366046%	0.045294300%
\$ 18,780,414	\$ 14,559,845	\$ 13,029,295	\$ 12,515,368	\$ 10,949,960	\$ 5,850,366
\$ 19,698,124	\$ 18,513,474	\$ 18,489,074	\$ 18,174,849	\$ 18,293,849	\$ 18,089,635
95.34%	78.64%	70.47%	68.86%	59.86%	32.34%
78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>
\$ 1,718,320	\$ 1,289,149	\$ 1,341,816	\$ 1,260,976	\$ 1,137,187	\$ 1,098,667
(1,718,320)	(1,289,149)	(1,341,816)	(1,260,976)	(1,137,187)	(1,098,667)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 19,463,011	\$ 19,698,124	\$ 18,513,474	\$ 18,489,074	\$ 18,174,849	\$ 18,293,849
8.83%	6.54%	7.25%	6.82%	6.26%	6.01%

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

	<u>2024 (1)</u>	<u>2023 (1)</u>	<u>2022 (1)</u>	<u>2021 (1)</u>
College's proportion of the HIS net pension liability	0.0532491111%	0.051340025%	0.055160434%	0.054976814%
College's proportionate share of the HIS net pension liability	\$ 7,987,887	\$ 8,153,481	\$ 5,842,371	\$ 6,743,733
College's covered payroll (2)	\$ 22,612,496	\$ 20,548,443	\$ 20,229,145	\$ 19,463,011
College's proportionate share of the HIS net pension liability as a percentage of its covered payroll	35.33%	39.68%	28.88%	34.65%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	4.80%	4.12%	4.81%	3.56%

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

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

Schedule of College Contributions – Health Insurance Subsidy Pension Plan

	<u>2025 (1)</u>	<u>2024 (1)</u>	<u>2023 (1)</u>	<u>2022 (1)</u>
Contractually required HIS contribution	\$ 492,635	\$ 452,250	\$ 341,104	\$ 335,804
HIS contributions in relation to the contractually required HIS contribution	<u>(492,635)</u>	<u>(452,250)</u>	<u>(341,104)</u>	<u>(335,804)</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll (2)	\$ 24,631,730	\$ 22,612,496	\$ 20,548,443	\$ 20,229,145
HIS contributions as a percentage of covered payroll	2.00%	2.00%	1.66%	1.66%

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

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

<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>
0.056851222%	0.055390690%	0.056572452%	0.057019833%	0.059101534%	0.059626812%
\$ 6,941,442	\$ 6,197,664	\$ 5,987,692	\$ 6,096,824	\$ 6,888,039	\$ 6,080,997
\$ 19,698,124	\$ 18,513,474	\$ 18,489,074	\$ 18,174,849	\$ 18,293,849	\$ 18,089,635
35.24%	33.48%	32.39%	33.55%	37.65%	33.62%
3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>
\$ 323,360	\$ 328,112	\$ 308,478	\$ 307,697	\$ 301,742	\$ 303,885
<u>(323,360)</u>	<u>(328,112)</u>	<u>(308,478)</u>	<u>(307,697)</u>	<u>(301,742)</u>	<u>(303,885)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 19,463,011	\$ 19,698,124	\$ 18,513,474	\$ 18,489,074	\$ 18,174,849	\$ 18,293,849
1.66%	1.67%	1.67%	1.66%	1.66%	1.66%

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. Changes of assumptions since the prior measurement date are as follows:

- The discount rate increased from 3.65 percent to 3.93 percent due to a change in the Municipal Bond Index Rate.
- Changes occurred in retirement rates, termination rates, disability rates, mortality rates, DROP entry assumptions, and salary increases.

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

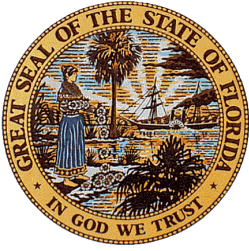
Changes of Assumptions. Changes of assumptions since the prior measurement date are as follows:

- Salary increases including inflation increased from 3.25 percent to 3.50 percent.
- The mortality rates changed from the PUB-2010 mortality table using Scale MP-2018 in 2023, to the PUB-2010 mortality table using Scale MP-2021 in 2024.

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

Changes of Assumptions: Changes of assumptions since the prior measurement date are as follows:

- The discount rate increased from 3.65 percent to 3.93 percent and the demographic and coverage election assumptions were updated.
- Salary increases including inflation increased from 3.25 percent to 3.50 percent.
- The mortality rates changed from the PUB-2010 mortality table using Scale MP-2018 in 2023, to the PUB-2010 mortality table using Scale MP-2021 in 2024.



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450



Phone: (850) 412-2722
Fax: (850) 488-6975

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the St. Johns River State College, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 15, 2025, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
December 15, 2025