

**STATE OF FLORIDA AUDITOR GENERAL**

**Financial Audit**

**EASTERN FLORIDA 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, Dr. James H. Richey served as President of Eastern Florida State College and the following individuals served as Members of the Board of Trustees:

Ronald S. Howse, Chair  
Dr. Edgar Figueroa, Vice Chair  
Bruce Deardoff  
Laura Moody through 12-16-24 <sup>a</sup>  
Winston Scott

<sup>a</sup> Trustee position vacant from 12-17-24.

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 Sergio Reyes and the audit was supervised by Jeffrey M. Brizendine, CPA.

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

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**EASTERN FLORIDA STATE COLLEGE**  
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## SUMMARY

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

Our audit disclosed that the basic financial statements of Eastern Florida 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

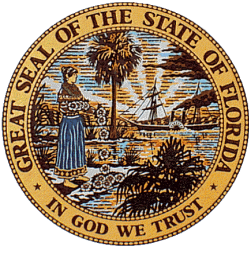
Our audit objectives were to obtain reasonable assurance about whether the financial statements as a whole were free from material misstatements, whether due to fraud or error, and to issue an auditor's report that included our opinions. In doing so we:

- 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

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

## INDEPENDENT AUDITOR'S REPORT

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the financial statements of Eastern Florida 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 Eastern Florida 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.

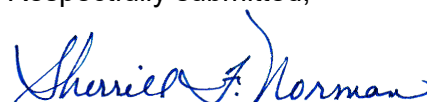
### ***Required Supplementary Information***

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 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 January 28, 2026, on our consideration of the Eastern Florida 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  
January 28, 2026

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

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

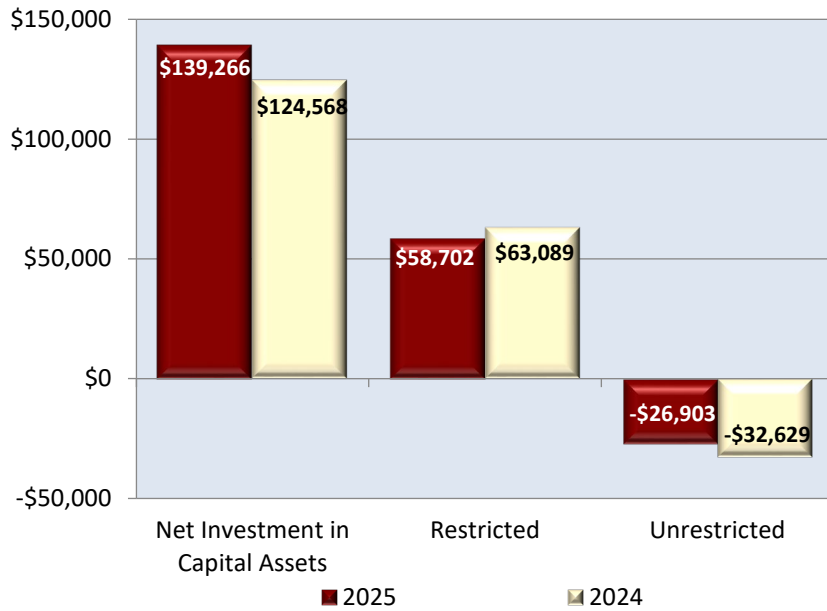
### **FINANCIAL HIGHLIGHTS**

The College's assets and deferred outflows of resources totaled \$267.9 million at June 30, 2025. This balance reflects a \$15.1 million, or 6 percent, increase as compared to the 2023-24 fiscal year, resulting from increases of \$14.7 million in net capital assets, \$2.2 million in deferred outflows of resources and \$0.4 million in other noncurrent assets, offset by a decrease of \$2.1 million in current assets. While assets and deferred outflows of resources grew, liabilities and deferred inflows of resources declined by \$0.9 million, totaling \$96.9 million at June 30, 2025, resulting from a \$3.1 million increase in current liabilities and a \$1.5 million increase in deferred inflows of resources offset by a decrease of \$5.5 million in noncurrent liabilities. As a result, the College's net position increased by \$16 million, resulting in a year-end balance of \$171.1 million.

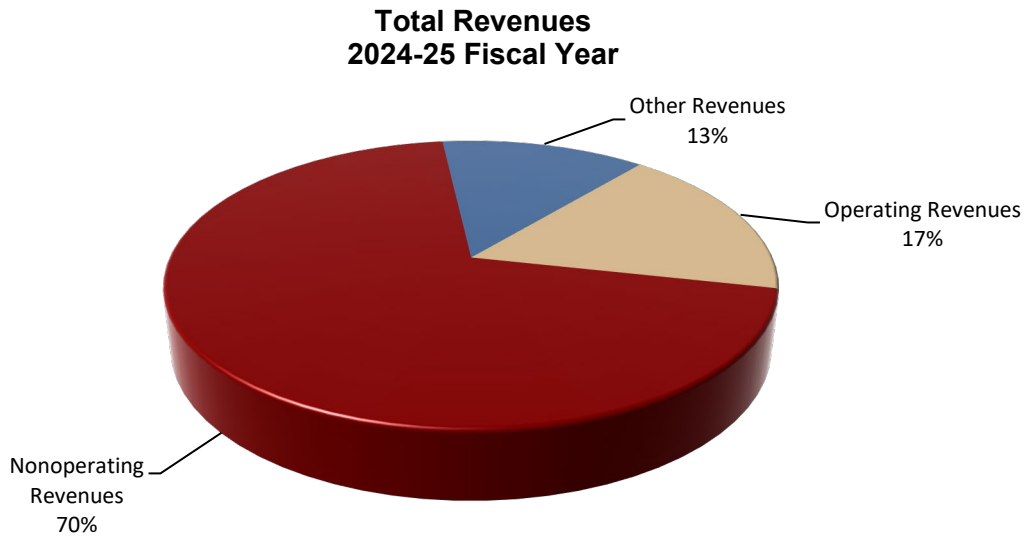
The College's operating revenues totaled \$24.8 million for the 2024-25 fiscal year, remaining relatively level compared to the 2023-24 fiscal year. Operating expenses totaled \$127.1 million for the 2024-25 fiscal year, representing a decrease of 2.1 percent as compared to the 2023-24 fiscal year due mainly to decreases in personnel services of \$5.5 million, other services and expenses of \$2 million, and materials and supplies of \$0.9 million offset by an increase in scholarships and waivers of \$6 million.

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



**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. These component units include: Eastern Florida State College Foundation, Inc. (Foundation) and Eastern Florida State College Student Housing Corporation, Inc. (Housing Corporation). Based on the application of the criteria for

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

Information regarding these component units, including summaries of the discretely presented component units' separately issued financial statements, is presented in the notes to financial statements. This MD&A focuses on the College, excluding the discretely presented component units. For those component units reporting under GASB standards, MD&A information is included in their separately issued audit reports.

### **The Statement of Net Position**

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

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

#### **Condensed Statement of Net Position at June 30**

(In Thousands)

	<b>2025</b>	<b>2024</b>
<b>Assets</b>		
Current Assets	\$ 68,019	\$ 70,169
Capital Assets, Net	154,444	139,758
Other Noncurrent Assets	30,669	30,227
<b>Total Assets</b>	<b>253,132</b>	<b>240,154</b>
<b>Deferred Outflows of Resources</b>	<b>14,797</b>	<b>12,638</b>
<b>Liabilities</b>		
Current Liabilities	14,165	11,054
Noncurrent Liabilities	67,845	73,340
<b>Total Liabilities</b>	<b>82,010</b>	<b>84,394</b>
<b>Deferred Inflows of Resources</b>	<b>14,854</b>	<b>13,370</b>
<b>Net Position</b>		
Net Investment in Capital Assets	139,266	124,568
Restricted	58,702	63,089
Unrestricted	(26,903)	(32,629)
<b>Total Net Position</b>	<b>\$ 171,065</b>	<b>\$ 155,028</b>

The College's overall net position increased by \$16 million, or 10.3 percent, due primarily to changes in capital assets resulting from the increases in construction in progress.

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

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

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

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

(In Thousands)

	<u>2024-25</u>	<u>2023-24</u>
Operating Revenues	\$ 24,827	\$ 24,767
Less, Operating Expenses	<u>127,061</u>	<u>129,729</u>
<b>Operating Loss</b>	(102,234)	(104,962)
Net Nonoperating Revenues	<u>99,718</u>	<u>93,180</u>
<b>Loss Before Other Revenues</b>	(2,516)	(11,782)
Other Revenues	<u>18,553</u>	<u>8,597</u>
<b>Net Increase (Decrease) In Net Position</b>	<u>16,037</u>	<u>(3,185)</u>
<b>Net Position, Beginning of Year</b>	<u>155,028</u>	<u>158,213</u>
<b>Net Position, End of Year</b>	<u>\$ 171,065</u>	<u>\$ 155,028</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 by source that were used to fund operating activities for the 2024-25 and 2023-24 fiscal years:

### **Operating Revenues For the Fiscal Years**

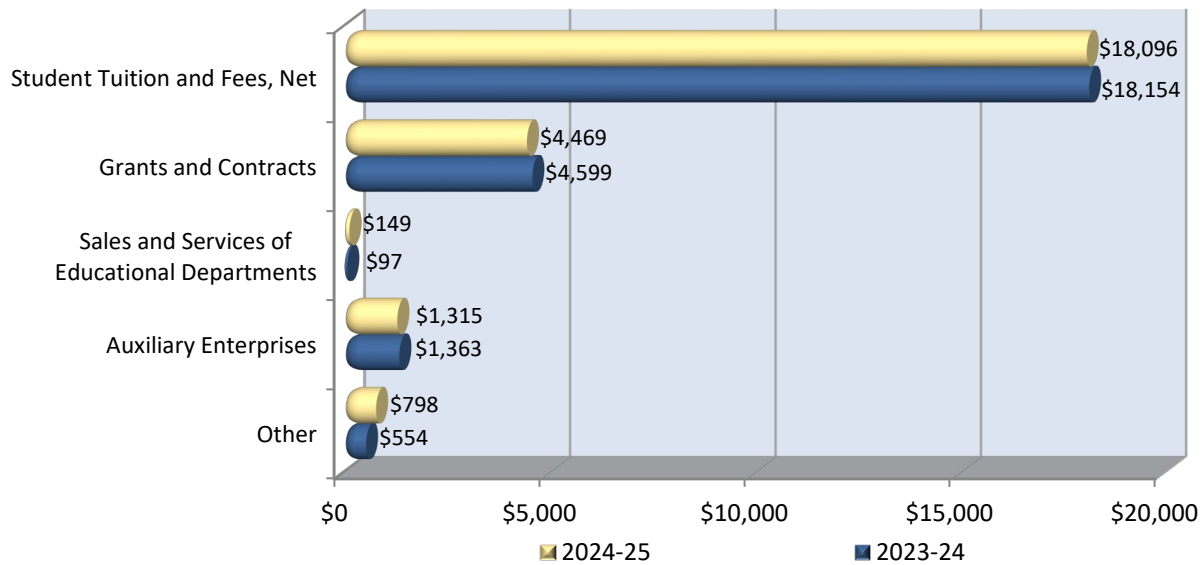
(In Thousands)

	<u>2024-25</u>	<u>2023-24</u>
Student Tuition and Fees, Net	\$ 18,096	\$ 18,154
Grants and Contracts	4,469	4,599
Sales and Services of Educational Departments	149	97
Auxiliary Enterprises	1,315	1,363
Other	<u>798</u>	<u>554</u>
<b>Total Operating Revenues</b>	<u>\$ 24,827</u>	<u>\$ 24,767</u>

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

## Operating Revenues

(In Thousands)



### 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 2024-25 and 2023-24 fiscal years:

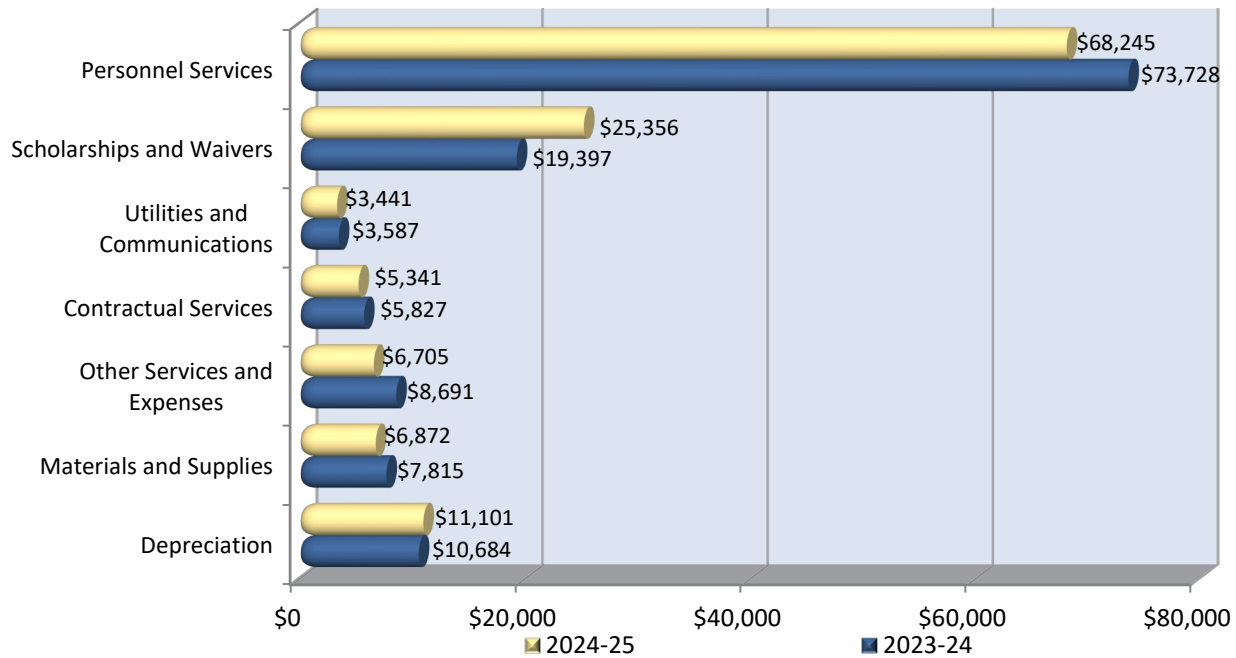
### Operating Expenses For the Fiscal Years

(In Thousands)

	2024-25	2023-24
Personnel Services	\$ 68,245	\$ 73,728
Scholarships and Waivers	25,356	19,397
Utilities and Communications	3,441	3,587
Contractual Services	5,341	5,827
Other Services and Expenses	6,705	8,691
Materials and Supplies	6,872	7,815
Depreciation	11,101	10,684
<b>Total Operating Expenses</b>	<b>\$ 127,061</b>	<b>\$ 129,729</b>

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 the result of the following factors:

- Personnel services decreased by \$5.5 million primarily due to a decrease in pension expense.
- Scholarships and waivers increased by \$6 million due to an increase in full-time equivalent (FTE) students of approximately 7.2 percent.
- Other services and expenses decreased by \$2 million primarily due to reduction of Federal stimulus funding used for the collegewide network upgrade project and a decrease in repairs and maintenance expenses.
- Utilities and communications, contractual services, and depreciation remained relatively level while materials and supplies decreased by \$0.9 million due to normal business operations.

### **Nonoperating Revenues and Expenses**

Certain revenue sources that the College relies on to provide funding for operations, including State noncapital appropriations, Federal and State student financial aid, certain gifts and grants, and investment income, are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets. The following summarizes the College's nonoperating revenues and expenses for the 2024-25 and 2023-24 fiscal years:

**Nonoperating Revenues (Expenses)  
For the Fiscal Years  
(In Thousands)**

	<b>2024-25</b>	<b>2023-24</b>
State Noncapital Appropriations	\$ 57,780	\$ 57,644
Federal and State Student Financial Aid	36,760	27,948
Gifts and Grants	3,261	6,341
Investment Income	2,360	1,726
Other Nonoperating Revenues	4	8
Interest on Capital Asset-Related Debt	(447)	(487)
<b>Net Nonoperating Revenues</b>	<b>\$ 99,718</b>	<b>\$ 93,180</b>

Nonoperating revenues and expenses for the 2024-25 fiscal year increased by \$6.5 million. The significant changes to nonoperating revenues and expenses included an increase of \$8.8 million in Federal and State student financial aid which was offset by a decrease of \$3.1 million in gifts and grants.

**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:

**Other Revenues  
For the Fiscal Years  
(In Thousands)**

	<b>2024-25</b>	<b>2023-24</b>
State Capital Appropriations	\$ 11,147	\$ 4,005
Capital Grants, Contracts, Gifts, and Fees	7,406	4,592
<b>Total</b>	<b>\$ 18,553</b>	<b>\$ 8,597</b>

Other revenues increased \$10 million as a result of the following:

- State capital appropriations increased \$7.1 million mainly due to receipt of PECO appropriations for the Advanced Technologies Center (ATC) building (\$10 million) in the 2024-25 fiscal year offset by PECO appropriations for the ATC building (\$3.6 million) in the 2023-24 fiscal year.
- Capital grants, contracts, gifts, and fees increased \$2.8 million primarily due to contributions for the King Center for the Performing Arts back of house renovation and access door projects.

**The Statement of Cash Flows**

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

The following summarizes the College's cash flows for the 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	\$ (95,946)	\$ (88,201)
Noncapital Financing Activities	97,795	91,069
Capital and Related Financing Activities	718	(3,446)
Investing Activities	2,360	1,789
<b>Net Increase in Cash and Cash Equivalents</b>	4,927	1,211
Cash and Cash Equivalents, Beginning of Year	48,875	47,664
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 53,802</b>	<b>\$ 48,875</b>

Major sources of funds came from State noncapital appropriations (\$57.8 million), Federal and State student financial aid (\$36.6 million), net student tuition and fees (\$18.1 million), State capital appropriations (\$17.3 million), Federal Direct Loan program receipts (\$15.4 million), net capital grants and gifts (\$7.2 million). Major uses of funds were for payments to employees and for employee benefits (\$72.3 million), payments for scholarships (\$25.4 million), purchases of capital assets (\$22.7 million), payments to suppliers (\$19.1 million), disbursements to students for the Federal Direct Loan program (\$15.4 million), and payments for utilities and communications (\$3.4 million).

**CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS,  
AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2025, the College had \$354.8 million in capital assets, less accumulated depreciation of \$200.4 million, for net capital assets of \$154.4 million. Depreciation charges for the current fiscal year totaled \$11.1 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	\$ 6,856	\$ 6,856
Construction in Progress	29,951	5,918
Buildings	91,923	97,282
Other Structures and Improvements	19,739	23,262
Furniture, Machinery, and Equipment	5,756	6,174
Lease Assets	219	266
<b>Capital Assets, Net</b>	<b>\$ 154,444</b>	<b>\$ 139,758</b>

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 incurred on the Melbourne CITE Building (\$16.6 million), Melbourne Chiller (\$3 million), and King Center Back of House Renovation (\$2.8 million) projects. The College's construction commitments at June 30, 2025, are as follows:

	<b>Amount (In Thousands)</b>
Total Committed	\$ 44,414
Completed to Date	<u>29,951</u>
<b>Balance Committed</b>	<b><u>\$ 14,463</u></b>

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

## **Debt Administration**

As of June 30, 2025, the College had \$15.3 million in notes and leases payable, representing a decrease of \$0.5 million, or 3.2 percent, from the prior fiscal year. The following table summarizes the outstanding long-term debt by type for the fiscal years ended June 30:

### **Long-Term Debt at June 30**

(In Thousands)

	<u>2025</u>	<u>2024</u>
Note Payable	\$ 14,784	\$ 15,271
Leases Payable	<u>546</u>	<u>558</u>
<b>Total</b>	<b><u>\$ 15,330</u></b>	<b><u>\$ 15,829</u></b>

Additional information about the College's long-term debt is presented in the notes to financial statements.

## **ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE**

The College's economic condition is closely tied to that of the State of Florida. Because of limited economic growth and increased demand for State resources, only a modest increase in State funding is anticipated in the 2025-26 fiscal year.

Eastern Florida State College's State noncapital appropriations increased by \$1.2 million for the 2025-26 fiscal year; however, capital appropriations were not funded. Funding for the maintenance, renovation, and construction of facilities is needed to maintain the quality of programs offered at the College; enhance the student experience; incorporate measures that support campus safety; address critical deferred maintenance issues; and provide long-term utilities and infrastructure stability. The absence of capital appropriations puts a strain on College operating funds to maintain aging facilities in need of renovation.

The College Board of Trustees elected again to continue the 2011-12 fiscal year tuition rates into the 2025-26 fiscal year. The College has experienced a steady increase in FTE for the past three

consecutive years, increasing by 7.25 percent during the 2025 reporting year. The College's FTE is more than 15 percent higher than reporting year 2022, which was the last year FTE decreased, and is projected to increase 8 percent during the 2026 reporting year.

The College's current financial and capital plans indicate that the resources from cost savings and increased efficiencies will enable it to maintain consistent services over the coming fiscal year.

#### REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Vice President for Operations/Chief Financial Officer, Eastern Florida State College, 1519 Clearlake Road, Cocoa, FL 32922.

# BASIC FINANCIAL STATEMENTS

**EASTERN FLORIDA STATE COLLEGE**  
**A Component Unit of the State of Florida**  
**Statement of Net Position**  
**June 30, 2025**

	<b>College</b>	<b>Component Units</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 23,281,383	\$ 3,586,131
Restricted Cash and Cash Equivalents	4,599,078	-
Accounts Receivable, Net	1,789,198	43,930
Leases Receivable	601,386	-
Due from Other Governmental Agencies	37,606,244	-
Inventories	60,483	-
Prepaid Expenses	80,091	8,081
Deposits	905	30,292
<b>Total Current Assets</b>	<b>68,018,768</b>	<b>3,668,434</b>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	25,921,758	-
Restricted Investments	-	30,080,001
Leases Receivable	4,747,628	-
Depreciable Capital Assets, Net	117,636,418	11,226,074
Nondepreciable Capital Assets	36,807,434	163,649
<b>Total Noncurrent Assets</b>	<b>185,113,238</b>	<b>41,469,724</b>
<b>TOTAL ASSETS</b>	<b>253,132,006</b>	<b>45,138,158</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Other Postemployment Benefits	29,519	-
Pensions	14,767,633	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>14,797,152</b>	<b>-</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	5,985,236	22,272
Salary and Payroll Taxes Payable	4,466,576	-
Retainage Payable	712,929	-
Unearned Revenue	683,090	3,000
Deposits Held for Others	667,578	97,180
Long-Term Liabilities - Current Portion:		
Note Payable	525,822	561,691
Leases Payable	203,193	-
Compensated Absences Payable	845,563	-
Other Postemployment Benefits Payable	20,116	-
Net Pension Liability	55,283	-
<b>Total Current Liabilities</b>	<b>14,165,386</b>	<b>684,143</b>

	<u>College</u>	<u>Component Units</u>
<b>LIABILITIES (Continued)</b>		
Noncurrent Liabilities:		
Note Payable	14,258,264	11,428,418
Leases Payable	342,824	-
Compensated Absences Payable	8,832,549	39,514
Other Postemployment Benefits Payable	199,042	-
Net Pension Liability	44,212,763	-
<b>Total Noncurrent Liabilities</b>	<u>67,845,442</u>	<u>11,467,932</u>
<b>TOTAL LIABILITIES</b>	<u>82,010,828</u>	<u>12,152,075</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Other Postemployment Benefits	421,794	-
Pensions	9,082,673	-
Lease Agreements	5,349,013	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>14,853,480</u>	<u>-</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	139,266,285	(600,386)
Restricted:		
Nonexpendable:		
Endowment	-	13,464,009
Expendable:		
Grants and Loans	1,802,408	1,490,152
Scholarships	11,678	11,945,905
Capital Projects	56,887,895	-
Other	-	148,706
Unrestricted	<u>(26,903,416)</u>	<u>6,537,697</u>
<b>TOTAL NET POSITION</b>	<u>\$ 171,064,850</u>	<u>\$ 32,986,083</u>

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

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**EASTERN FLORIDA 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**

	<b>College</b>	<b>Component Units</b>
<b>REVENUES</b>		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship		
Allowances of \$12,494,375	\$ 18,095,666	\$ -
Federal Grants and Contracts	3,265,641	-
State and Local Grants and Contracts	549,564	-
Nongovernmental Grants and Contracts	654,212	-
Sales and Services of Educational Departments	149,105	-
Auxiliary Enterprises	1,315,012	-
Other Operating Revenues	797,926	1,713,299
<b>Total Operating Revenues</b>	<b>24,827,126</b>	<b>1,713,299</b>
<b>EXPENSES</b>		
Operating Expenses:		
Personnel Services	68,244,863	379,773
Scholarships and Waivers	25,355,513	1,230,462
Utilities and Communications	3,440,717	209,129
Contractual Services	5,341,483	299,489
Other Services and Expenses	6,705,226	514,167
Materials and Supplies	6,872,317	206,382
Depreciation	11,100,841	217,784
<b>Total Operating Expenses</b>	<b>127,060,960</b>	<b>3,057,186</b>
<b>Operating Loss</b>	<b>(102,233,834)</b>	<b>(1,343,887)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State Noncapital Appropriations	57,779,698	-
Federal and State Student Financial Aid	36,760,335	-
Gifts and Grants	3,261,374	971,156
Investment Income	2,360,037	42,442
Net Gain on Investments	-	3,342,280
Gain on Disposal of Capital Assets	3,451	-
Interest on Capital Asset-Related Debt	(447,176)	(366,542)
<b>Net Nonoperating Revenues</b>	<b>99,717,719</b>	<b>3,989,336</b>
<b>Income (Loss) Before Other Revenues</b>	<b>(2,516,115)</b>	<b>2,645,449</b>
State Capital Appropriations	11,146,452	-
Capital Grants, Contracts, Gifts, and Fees	7,406,108	-
Additions to Endowments	-	323,355
<b>Total Other Revenues</b>	<b>18,552,560</b>	<b>323,355</b>
<b>Increase in Net Position</b>	<b>16,036,445</b>	<b>2,968,804</b>
<b>Net Position, Beginning of Year</b>	<b>155,028,405</b>	<b>30,017,279</b>
<b>Net Position, End of Year</b>	<b>\$ 171,064,850</b>	<b>\$ 32,986,083</b>

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

**EASTERN FLORIDA STATE COLLEGE**  
**A Component Unit of the State of Florida**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2025**

	<b>College</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Student Tuition and Fees, Net	\$ 18,115,493
Grants and Contracts	3,764,168
Payments to Suppliers	(19,146,369)
Payments for Utilities and Communications	(3,357,040)
Payments to Employees	(52,806,235)
Payments for Employee Benefits	(19,499,988)
Payments for Scholarships	(25,355,513)
Auxiliary Enterprises	1,321,171
Sales and Services of Educational Departments	149,105
Other Receipts	869,076
<b>Net Cash Used by Operating Activities</b>	<b>(95,946,132)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State Noncapital Appropriations	57,779,698
Federal and State Student Financial Aid	36,634,080
Federal Direct Loan Program Receipts	15,360,633
Federal Direct Loan Program Disbursements	(15,356,560)
Gifts and Grants	3,766,355
Other Nonoperating Disbursements	(388,770)
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>97,795,436</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
State Capital Appropriations	17,310,657
Capital Grants and Gifts	7,244,700
Proceeds from Sale of Capital Assets	3,451
Purchases of Capital Assets	(22,680,089)
Principal Paid on Capital Debt and Leases	(713,807)
Interest Paid on Capital Debt and Leases	(447,176)
<b>Net Cash Provided by Capital and Related Financing Activities</b>	<b>717,736</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment Income	2,360,037
<b>Net Cash Provided by Investing Activities</b>	<b>2,360,037</b>
<b>Net Increase in Cash and Cash Equivalents</b>	4,927,077
Cash and Cash Equivalents, Beginning of Year	48,875,142
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 53,802,219</b>

	<u>College</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>	
Operating Loss	\$ (102,233,834)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	11,100,841
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	(63,109)
Due From Other Governmental Agencies	(844,059)
Inventories	12,721
Prepaid Expenses	73,526
Accounts Payable	(229,912)
Salaries and Payroll Taxes Payable	103,877
Unearned Revenue	299,054
Compensated Absences Payable	(295,546)
Other Postemployment Benefits Payable	19,355
Net Pension Liability	(3,839,803)
Deferred Outflows of Resources Related to Other Postemployment Benefits	(19,777)
Deferred Inflows of Resources Related to Other Postemployment Benefits	(59,802)
Deferred Outflows of Resources Related to Pensions	(2,139,000)
Deferred Inflows of Resources Related to Pensions	2,169,336
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u>\$ (95,946,132)</u>

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

# **NOTES TO FINANCIAL STATEMENTS**

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

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

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

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

- Eastern Florida State College Foundation, Inc. (Foundation): This legally separate organization provides funding and services to support and foster the pursuit of higher education at the College and is governed by a separate board.
- Eastern Florida State College Student Housing Corporation, Inc. (Housing Corporation): This legally separate organization provides a means for the development, financing acquisition and construction of the College's student housing facilities and is governed by a separate board.

Both the Foundation and Housing Corporation are direct support organizations, as defined in Section 1004.70, Florida Statutes, and although legally separate from the College, are financial accountable to the College. The Foundation and Housing Corporation are managed independently, outside the College's budgeting process, and their powers are vested in a governing board pursuant to various State statutes. The Foundation receives, holds, invests, and administers property, and makes expenditures to or for the benefit of the College. The District Board of Trustees of Eastern Florida State College established the Housing Corporation on December 11, 2017, to promote and support the development of student housing facilities and related improvements and infrastructure on College property. The Housing Corporation is authorized to develop, finance, acquire, construct and operate such housing facilities. The first Housing Corporation student housing facility, located on the Melbourne Campus, housed students starting for the fall term in August 2020 and the second Student Housing Facility housed students starting for the Fall term in August 2023.

The Foundation and Housing Corporation are each audited by other auditors pursuant to Section 1004.70(6), Florida Statutes. The audited financial statements for the Foundation and Housing Corporation are available to the public and can be obtained from the Vice President for Operations/Chief

Financial Officer, Eastern Florida State College, 1519 Clearlake Road, Cocoa, Florida 32922. The financial data reported on the accompanying financial statements was derived from the audited financial statements for the Foundation and Housing Corporation for the fiscal year ended June 30, 2025. Additional 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 follows GASB standards of accounting and financial reporting.

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

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

include State noncapital appropriations, Federal and State student financial aid, gifts and grants, and investment income. Interest on capital asset-related debt is a nonoperating expense. Other revenues generally include revenues for capital construction projects.

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

The statement of revenues, expenses, and changes in net position is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the difference between the stated charge for goods and services provided by the College and the amount that is actually paid by the student or the third-party making payment on behalf of the student. The College calculated the reported net tuition scholarship allowances utilizing the principles outlined in the NACUBO Advisory Report 2023-01. Under this framework, the College computes these amounts by allocating cash payments to students, excluding payments for services, using a ratio of total aid to aid not considered third-party aid, using high-level estimations with aggregated institution-level data.

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) and the Florida Fixed Income Trust (FL-FIT) Cash Pools. For reporting cash flows, the College considers all highly liquid investments with original maturities of 3 months or less, that are not held solely for income or profit, to be cash equivalents. Under this definition, the College considers amounts invested in the State Treasury SPIA investment and FL-FIT Cash Pools to be cash equivalents.

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

At June 30, 2025, the College reported as cash equivalents at fair value \$29,512,892 in the State Treasury SPIA investment pool representing ownership of a share of the pool, not the underlying securities (Level 3 inputs, as discussed in Note 4). Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The State Treasury SPIA investment pool carried a credit rating of AA-f by Standard & Poor's, had an effective duration of 3.33 years and fair value factor of 1.003 at June 30, 2025. Participants contribute to the State Treasury SPIA investment pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a

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

At June 30, 2025, the College reported as cash equivalents \$19,653,760 in the FL-FIT Cash Pool. The FL-FIT was created under the laws of the State of Florida to provide eligible units of local governments with an investment vehicle to pool the surplus funds and to reinvest such funds in one or more investment portfolios under the direction and daily supervision of an investment advisor. The FL-FIT Cash Pool is primarily composed of corporate bonds, commercial paper, and certificates of deposit; and the FL-FIT Cash Pool carried a credit rating of AAf/S1 by Fitch. Although the FL-FIT has no limitations on participant withdrawals and each participant has the ability withdraw 100 percent of its account balance any business day, the FL-FIT reserves the right to suspend withdrawals during a period of crisis in the United States financial markets. The investments in the FL-FIT Cash Pool are reported at fair value rather than amortized cost.

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

- Buildings – 40 years
- Other Structures and Improvements – 20 years
- Furniture, Machinery, and Equipment:
  - Computer Equipment – 3 years
  - Vehicles, Office Machines, and Educational Equipment – 5 years
  - Furniture – 7 to 10 years
- Lease Assets – 5 to 10 years

**Component Unit Capital Assets.** Land, buildings, and equipment of the Foundation totaled \$282,292 with accumulated depreciation of \$118,643. As of June 20, 2025, the Housing Corporation assets included two completed student housing buildings totaling \$11,924,916 with accumulated depreciation of \$698,842. Both College component units depreciate buildings and equipment using the straight-line method or double-declining balance over estimated useful lives ranging from 5 to 40 years.

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

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

**2. 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	\$ (36,173,896)
Auxiliary Funds	<u>9,270,480</u>
<b>Total</b>	<b><u>\$ (26,903,416)</u></b>

**4. Investments**

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

**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.

**Component Unit Investments.** The Foundation had the following recurring fair value measurements as of June 30, 2025:

Investments by fair value level	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	\$ 20,310,956	\$ 20,310,956	\$ -	\$ -
Fixed Income (Bonds)	9,769,045	9,769,045	-	-
Total investments by fair value level	<u>\$ 30,080,001</u>	<u>\$ 30,080,001</u>	<u>\$ -</u>	<u>\$ -</u>

The following risks apply to the Foundation's investments in debt securities:

**Interest Rate Risk:** Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. The Foundation's investment policy limits interest rate risk by requiring that investment maturities shall not be greater than 15 years at time of purchase.

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Foundation's investment policy limits their investment portfolio to have an average credit rating of "A" or better for bonds.

**Concentration of Credit Risk:** Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issue. The Foundation's policy does not allow for an investment in any single equity position greater than 10 percent of the Foundation's total equity portfolio per manager. The Foundation's investment policy does not address concentration of credit risk with respect to fixed income investments.

**Custodial Credit Risk:** Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Foundation will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Foundation's investment policy does not contain requirements that would limit exposure to custodial credit risk for investments.

## 5. Accounts Receivable

Accounts receivable represent amounts for student fee deferments, various student services provided by the College, uncollected commissions, and contract and grant reimbursements due from third parties. The accounts receivable are reported net of a \$354,468 allowance for doubtful accounts.

## 6. Leases Receivable

Leases receivable represent contracted arrangements for the use of the College's land and cell tower equipment. The terms of the lease arrangements are determined by evaluating the non-cancelable term length, the optional term length, and assessing the likelihood with reasonable certainty the option to extend the term or terminate the agreement may occur. The term lengths are from 1 to 40 years. Future minimum receipts discounted to present value based on the College's incremental borrowing rate as of June 30, 2025, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 601,386	\$ 317,923	\$ 919,309
2027	428,005	320,636	748,641
2028	425,555	341,913	767,468
2029	398,344	338,463	736,807
2030	393,778	355,964	749,742
2031-2035	1,961,201	2,130,159	4,091,360
2036-2040	1,043,724	1,380,295	2,424,019
2041-2045	70,186	79,929	150,115
2046-2048	26,835	36,979	63,814
<b>Total</b>	<b>\$ 5,349,014</b>	<b>\$ 5,302,261</b>	<b>\$ 10,651,275</b>

The College records leases receivable and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the interest rate charged to the lessee, which may be the interest rate implicit in the lease. Variable payments are excluded from the valuations unless they are fixed in substance. During the 2024-25 fiscal year, the College recognized revenues related to these lease agreements totaling \$625,941. Deferred inflows of resources decreased \$625,941 related to leases.

#### **7. Due From Other Governmental Agencies**

The amount due from other governmental agencies primarily consists of Public Education Capital Outlay allocations due from the State for construction of College facilities (\$30,507,409); amounts due for various State and Federal grants (\$5,293,043), and State student tuition contracts (\$766,782).

#### **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	\$ 6,856,466	\$ -	\$ -	\$ 6,856,466
Construction in Progress	5,917,859	24,033,109	-	29,950,968
<b>Total Nondepreciable Capital Assets</b>	<b>\$ 12,774,325</b>	<b>\$ 24,033,109</b>	<b>\$ -</b>	<b>\$ 36,807,434</b>
Depreciable Capital Assets:				
Buildings	\$ 220,399,397	\$ -	\$ -	\$ 220,399,397
Other Structures and Improvements	67,682,892	-	-	67,682,892
Furniture, Machinery, and Equipment	29,243,138	1,539,796	3,011,431	27,771,503
Lease Assets	2,870,304	214,133	939,257	2,145,180
<b>Total Depreciable Capital Assets</b>	<b>320,195,731</b>	<b>1,753,929</b>	<b>3,950,688</b>	<b>317,998,972</b>
Less, Accumulated Depreciation:				
Buildings	123,117,402	5,358,995	-	128,476,397
Other Structures and Improvements	44,421,421	3,523,036	-	47,944,457
Furniture, Machinery, and Equipment	23,069,168	1,958,360	3,011,431	22,016,097
Lease Assets	2,604,410	260,450	939,257	1,925,603
<b>Total Accumulated Depreciation</b>	<b>193,212,401</b>	<b>11,100,841</b>	<b>3,950,688</b>	<b>200,362,554</b>
<b>Total Depreciable Capital Assets, Net</b>	<b>\$ 126,983,330</b>	<b>\$ (9,346,912)</b>	<b>\$ -</b>	<b>\$ 117,636,418</b>

## 9. 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>
Note Payable	\$ 15,271,435	\$ -	\$ 487,349	\$ 14,784,086	\$ 525,822
Leases Payable	558,340	214,133	226,456	546,017	203,193
Compensated Absences Payable	9,973,658	497,201	792,747	9,678,112	845,563
Other Postemployment Benefits Payable	199,803	29,097	9,742	219,158	20,116
Net Pension Liability	48,107,850	17,328,037	21,167,841	44,268,046	55,283
<b>Total Long-Term Liabilities</b>	<b>\$ 74,111,086</b>	<b>\$ 18,068,468</b>	<b>\$ 22,684,135</b>	<b>\$ 69,495,419</b>	<b>\$ 1,649,977</b>

**Note Payable.** On July 21, 2020, the College borrowed \$15,383,682, at a stated interest rate of 2.71 percent, to finance the cost of a Collegewide energy performance-based project. On April 18, 2022, the College borrowed an additional \$1,586,000 and refinanced into a new agreement for a total of \$17,606,024, at a stated interest rate of 2.496 percent. The note matures on April 1, 2042, and principal and interest payments are made quarterly. The note contains a provision that, in an event of default, outstanding amounts become immediately due if the College is unable to make payment. Annual requirements to amortize the outstanding note as of June 30, 2025, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 525,822	\$ 364,115	\$ 889,937
2027	566,049	350,616	916,665
2028	608,099	336,095	944,194
2029	652,042	320,508	972,550
2030	697,951	303,806	1,001,757
2031-2035	4,035,503	1,233,118	5,268,621
2036-2040	5,295,493	662,467	5,957,960
2041-2042	2,403,127	66,319	2,469,446
<b>Total</b>	<b>\$ 14,784,086</b>	<b>\$ 3,637,044</b>	<b>\$ 18,421,130</b>

**Leases Payable.** Vehicles, an airport hangar and office, a mail machine, and a broadcast tower with transmitter building in the amount of \$2,145,180 is being acquired under lease agreements. The imputed interest rates are 9.39, 3, 1.18 and 3 percent, respectively. Future minimum payments under the lease agreements and the present value of the minimum payments as of June 30, 2025, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 203,193	\$ 40,821	\$ 244,014
2027	58,313	33,458	91,771
2028	30,661	34,439	65,100
2029	30,241	35,909	66,150
2030	29,348	36,802	66,150
2031-2035	134,246	196,504	330,750
2036-2038	60,015	98,261	158,276
<b>Total Minimum Lease Payments</b>	<b>\$ 546,017</b>	<b>\$ 476,194</b>	<b>\$ 1,022,211</b>

**Compensated Absences Payable.** College employees may accrue annual and sick leave based on length of service, subject to certain limitations regarding the amount that will be paid upon termination. 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 \$9,678,112. The current portion of the compensated absences liability, \$845,563, is the amount expected to be paid in the coming fiscal year and represents payment for employees in the final year of the Deferred Retirement Option Program or those known to be retiring during the next fiscal year.

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

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

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	7
Inactive Employees Entitled to But Not Yet Receiving Benefits	19
Active Employees	682
<b>Total</b>	<u>708</u>

## **Total OPEB Liability**

The College's total OPEB liability of \$219,158 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
Salary increases	3.65 – 9.30 percent, average, including inflation
Discount rate	3.65 percent at prior measurement date 3.93 percent at measurement date
Healthcare cost trend rates	
Pre-Medicare	7.00 percent for 2023, decreasing to an ultimate rate of 4.40 percent for 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**

	<b>Amount</b>
<b>Balance at 6/30/24</b>	<u>\$ 199,803</u>
<b>Changes for the year:</b>	
Service Cost	11,186
Interest	7,525
Changes in Assumptions or Other Inputs	10,386
Benefit Payments	<u>(9,742)</u>
<b>Net Changes</b>	<u>19,355</u>
<b>Balance at 6/30/25</b>	<u><u>\$ 219,158</u></u>

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

- Change in mortality, retirement, disability, and termination rates.
- Change in DROP entry assumptions.
- Change in salary increases.
- Change in discount rate.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.* The following table presents the total OPEB liability of the College, as well as what the College’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.93 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	\$244,023	\$219,158	\$199,000

*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	\$188,917	\$219,158	\$258,167

***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 negative OPEB expense of \$40,108. 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	\$ 9,403	\$ 183,902
Change of assumptions or other inputs	-	237,892
Transactions subsequent to the measurement date	20,116	-
<b>Total</b>	<b>\$ 29,519</b>	<b>\$ 421,794</b>

Of the total amount reported as deferred outflows of resources related to OPEB, \$20,116 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	\$ (58,819)
2027	(57,149)
2028	(55,544)
2029	(51,746)
2030	(49,912)
Thereafter	(139,221)
<b>Total</b>	<b>\$ (412,391)</b>

**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 \$44,268,046. Note 10 includes a complete discussion of defined benefit pension plans.

## 10. Retirement Plans – Defined Benefit Pension Plans

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

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

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

The College's FRS and HIS pension expense totaled \$3,116,606 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:

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

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 \$5,001,000 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 \$28,885,956 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 0.074670228 percent, which was a decrease of 0.003860839 from its proportionate share measured as of June 30, 2023.

For the fiscal year ended June 30, 2025, the College recognized pension expense of \$3,139,676. 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	\$ 4,576,454	\$ -
Change of assumptions	3,959,084	-
Net difference between projected and actual earnings on FRS Plan investments	-	1,919,911
Changes in proportion and differences between College FRS contributions and proportionate share of contributions	-	3,368,686
College FRS contributions subsequent to the measurement date	5,001,000	-
<b>Total</b>	<b>\$ 13,536,538</b>	<b>\$ 5,288,597</b>

The deferred outflows of resources totaling \$5,001,000, 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	\$ (1,552,518)
2027	3,842,642
2028	(505,532)
2029	(388,133)
2030	192,285
Thereafter	<u>1,658,197</u>
<b>Total</b>	<b><u>\$ 3,246,941</u></b>

*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	<u>2.0%</u>	6.6%	6.2%	8.7%
<b>Total</b>	<b><u>100.0%</u></b>			
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	\$50,809,385	\$28,885,956	\$10,520,434

*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 \$267,814 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 \$810,343 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 \$15,382,090 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 0.102540587 percent, which was a decrease of 0.003342870 from its proportionate share measured as of June 30, 2023.

For the fiscal year ended June 30, 2025, the College recognized negative pension expense of \$23,070. 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>
Difference between expected and actual experience	\$ 148,525	\$ 29,536
Change of assumptions	272,227	1,821,042
Net difference between projected and actual earnings on HIS Plan investments	-	5,563
Changes in proportion and differences between College HIS contributions and proportionate share of HIS contributions	-	1,937,935
College contributions subsequent to the measurement date	810,343	-
<b>Total</b>	<u>\$ 1,231,095</u>	<u>\$ 3,794,076</u>

The deferred outflows of resources totaling \$810,343, 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	\$ (812,575)
2027	(807,887)
2028	(797,760)
2029	(581,047)
2030	(303,046)
Thereafter	(71,009)
<b>Total</b>	<b>\$ (3,373,324)</b>

*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	\$17,510,532	\$15,382,090	\$13,615,138

*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 \$4,640 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2025.

## 11. Retirement Plans – Defined Contribution Pension Plans

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. College employees already participating in the State College System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions rates, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 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 \$1,359,397 for the fiscal year ended June 30, 2025.

## 12. 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>
Melbourne CITE Bldg.	\$ 19,807,785	\$ 16,590,827	\$ 3,216,958
Cocoa Bldg. #20	9,015,187	609,862	8,405,325
<b>Subtotal</b>	28,822,972	17,200,689	11,622,283
Other Projects (1)	15,590,591	12,750,279	2,840,312
<b>Total</b>	<u>\$ 44,413,563</u>	<u>\$ 29,950,968</u>	<u>\$ 14,462,595</u>

(1) Individual projects with a current balance committed of less than \$1 million at June 30, 2025.

## 13. Risk Management Programs

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

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

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.

#### 14. Functional Distribution of Operating Expenses

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

<u>Functional Classification</u>	<u>Amount</u>
Instruction	\$ 35,780,827
Public Services	1,155,677
Academic Support	6,302,153
Student Services	14,351,822
Institutional Support	19,716,061
Operation and Maintenance of Plant	13,298,066
Scholarships and Waivers	25,355,513
Depreciation	<u>11,100,841</u>
<b>Total Operating Expenses</b>	<b><u>\$ 127,060,960</u></b>

#### 15. 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>Eastern Florida State College Foundation, Inc.</u>	<u>Eastern Florida State College Student Housing Corporation, Inc.</u>	
<b>Assets:</b>			
Current Assets	\$ 1,047,888	\$ 2,620,546	\$ 3,668,434
Capital Assets, Net	163,649	11,226,074	11,389,723
Other Noncurrent Assets	30,080,001	-	30,080,001
<b>Total Assets</b>	<u>31,291,538</u>	<u>13,846,620</u>	<u>45,138,158</u>
<b>Liabilities:</b>			
Current Liabilities	6,076	678,067	684,143
Noncurrent Liabilities	33,721	11,434,211	11,467,932
<b>Total Liabilities</b>	<u>39,797</u>	<u>12,112,278</u>	<u>12,152,075</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	163,649	(764,035)	(600,386)
Restricted Nonexpendable	13,464,009	-	13,464,009
Restricted Expendable	13,436,057	148,706	13,584,763
Unrestricted	4,188,026	2,349,671	6,537,697
<b>Total Net Position</b>	<u>\$ 31,251,741</u>	<u>\$ 1,734,342</u>	<u>\$ 32,986,083</u>

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

	<u>Direct-Support Organizations</u>		<u>Total</u>
	<u>Eastern Florida State College Foundation, Inc.</u>	<u>Eastern Florida State College Student Housing Corporation, Inc.</u>	
Operating Revenues	\$ 185,528	\$ 1,527,771	\$ 1,713,299
Depreciation Expense	-	217,784	217,784
Operating Expenses	2,374,622	464,780	2,839,402
<b>Operating Income (Loss)</b>	<u>(2,189,094)</u>	<u>845,207</u>	<u>(1,343,887)</u>
Net Nonoperating Revenues (Expenses):			
Nonoperating Revenues	971,156	-	971,156
Interest Income	3,342,280	42,442	3,384,722
Other Nonoperating Expenses	-	(366,542)	(366,542)
<b>Net Nonoperating Revenues (Expenses)</b>	<u>4,313,436</u>	<u>(324,100)</u>	<u>3,989,336</u>
Other Revenues	323,355	-	323,355
<b>Increase in Net Position</b>	<u>2,447,697</u>	<u>521,107</u>	<u>2,968,804</u>
Net Position, Beginning of Year	28,804,044	1,213,235	30,017,279
<b>Net Position, End of Year</b>	<u>\$ 31,251,741</u>	<u>\$ 1,734,342</u>	<u>\$ 32,986,083</u>

## 16. Joint Participation Agreement

Eastern Florida State College entered into a joint participation agreement with Daytona State College to provide for the transition of both Colleges to digital transmission capabilities for their respective public television stations. The Colleges agreed to submit a joint application for the Federal funds that were combined with funding from other sources to finance the project.

The joint participation agreement provides for conversion of master control facilities for each College, the installment of a joint-use digital antenna, and to jointly lease the tower space. The College will share equally the lease payment and other obligations contained in the tower lease agreement. Also, the Colleges agreed to equally share the cost of maintenance and repair of the equipment and facilities and common expenses relating to the joint use of the leased tower, digital antenna, transmission lines, and consulting fees as may be occasioned for the common benefit of the Colleges.

Daytona State College has been designated as the fiscal agent and, in accordance with the agreement, will act for the benefit of both Colleges. Daytona State College will serve as the owner of record of the digital antenna, transmission lines and associated equipment acquired with Federal and State grants.

## 17. Related Party Transactions

As permitted by Section 1004.70, Florida Statutes, the College receives direct and indirect support from a direct-support organization that does not meet the criteria in the College's financial statements as a component unit of the College. This organization is the Maxwell C. King Center for the Performing Arts, Inc. Information for the direct-support organization based on its financial statements as of June 30, 2025, is summarized in the following table:

	<b>Maxwell C. King Center for the Performing Arts, Inc.</b>
Assets	\$ 9,066,883
Liabilities	2,127,847
Revenues	9,555,553
Expenses	11,597,710

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## OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

	2024	2023	2022	2021	2020
<b>Total OPEB Liability</b>					
Service cost	\$ 11,186	\$ 26,015	\$ 32,638	\$ 57,176	\$ 50,068
Interest	7,525	17,071	12,036	15,660	24,883
Difference between expected and actual experience	-	(166,635)	-	(61,555)	-
Changes of assumptions or other inputs	10,386	(113,497)	(74,397)	(93,611)	(39,257)
Benefit Payments	(9,742)	(38,395)	(39,048)	(49,853)	(40,404)
<b>Net change in total OPEB liability</b>	19,355	(275,441)	(68,771)	(132,183)	(4,710)
Total OPEB Liability - beginning	199,803	475,244	544,015	676,198	680,908
<b>Total OPEB Liability - ending</b>	<u>\$ 219,158</u>	<u>\$ 199,803</u>	<u>\$ 475,244</u>	<u>\$ 544,015</u>	<u>\$ 676,198</u>
Covered-Employee Payroll	\$ 35,616,242	\$ 35,616,242	\$ 34,977,019	\$ 34,977,019	\$ 36,361,602
<b>Total OPEB Liability as a percentage of covered-employee payroll</b>	0.62%	0.56%	1.36%	1.56%	1.86%
	2019	2018	2017		
<b>Total OPEB Liability</b>					
Service cost	\$ 45,397	\$ 45,586	\$ 47,095		
Interest	26,643	24,443	20,430		
Difference between expected and actual experience	(25,638)	-	-		
Changes of assumptions or other inputs	(23,374)	(11,955)	(22,131)		
Benefit Payments	(60,582)	(51,997)	(23,325)		
<b>Net change in total OPEB liability</b>	(37,554)	6,077	22,069		
Total OPEB Liability - beginning	718,462	712,385	690,316		
<b>Total OPEB Liability - ending</b>	<u>\$ 680,908</u>	<u>\$ 718,462</u>	<u>\$ 712,385</u>		
Covered-Employee Payroll	\$ 36,361,602	\$ 36,473,895	\$ 36,473,895		
<b>Total OPEB Liability as a percentage of covered-employee payroll</b>	1.87%	1.97%	1.95%		

**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	0.074670228%	0.078531067%	0.089267921%	0.091109880%
College's proportionate share of the FRS net pension liability	\$ 28,885,956	\$ 31,292,145	\$ 33,214,840	\$ 6,882,316
College's covered payroll (2)	\$ 43,466,208	\$ 42,054,689	\$ 42,347,684	\$ 41,867,593
College's proportionate share of the FRS net pension liability as a percentage of its covered payroll	66.46%	74.41%	78.43%	16.44%
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	\$ 5,001,000	\$ 4,770,580	\$ 4,101,403	\$ 3,809,224
FRS contributions in relation to the contractually required contribution	<u>(5,001,000)</u>	<u>(4,770,580)</u>	<u>(4,101,403)</u>	<u>(3,809,224)</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll (2)	\$ 45,367,124	\$ 43,466,208	\$ 42,054,689	\$ 42,347,684
FRS contributions as a percentage of covered payroll	11.02%	10.98%	9.75%	9.00%

- (1) The amounts presented for each fiscal year were determined as of June 30.
- (2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP 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>
0.091854551%	0.095446291%	0.098124550%	0.103486159%	0.101365406%	0.108591433%
\$ 39,811,116	\$ 32,870,374	\$ 29,555,623	\$ 30,610,512	\$ 25,594,845	\$ 14,026,040
\$ 44,052,448	\$ 43,633,527	\$ 43,775,543	\$ 45,337,454	\$ 42,469,356	\$ 42,430,592
90.37%	75.28%	67.52%	67.52%	60.27%	33.06
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>
\$ 3,558,443	\$ 2,772,693	\$ 2,995,281	\$ 2,833,772	\$ 2,694,000	\$ 2,471,957
(3,558,443)	(2,772,693)	(2,995,281)	(2,833,772)	(2,694,000)	(2,471,957)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 41,867,593	\$ 44,052,448	\$ 43,663,527	\$ 43,775,543	\$ 45,337,454	\$ 42,469,356
8.50%	6.29%	6.86%	6.47%	5.94%	5.82%

**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	0.102540587%	0.105883457%	0.116133419%	0.118344442%
College's proportionate share of the HIS net pension liability	\$ 15,382,090	\$ 16,815,705	\$ 12,300,383	\$ 14,516,725
College's covered payroll (2)	\$ 43,466,208	\$ 42,054,689	\$ 42,347,684	\$ 41,867,593
College's proportionate share of the HIS net pension liability as a percentage of its covered payroll	35.39%	39.99%	29.05%	34.67%
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	\$ 810,343	\$ 869,324	\$ 697,201	\$ 702,005
HIS contributions in relation to the contractually required HIS contribution	<u>(810,343)</u>	<u>(869,324)</u>	<u>(697,201)</u>	<u>(702,005)</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll (2)	\$ 45,367,124	\$ 43,466,208	\$ 42,054,689	\$ 42,347,684
HIS contributions as a percentage of covered payroll	1.79%	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>
0.126261262%	0.130385529%	0.133851585%	0.140670174%	0.138108722%	0.139183202%
\$ 15,416,294	\$ 14,588,836	\$ 14,167,002	\$ 15,041,104	\$ 16,095,999	\$ 14,194,497
\$ 44,052,448	\$ 43,633,527	\$ 43,775,543	\$ 45,337,454	\$ 42,469,356	\$ 42,430,592
35.00%	33.41%	32.36%	33.18%	37.90%	33.45%
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>
\$ 693,368	\$ 728,008	\$ 720,832	\$ 722,149	\$ 744,467	\$ 707,895
(693,368)	(728,008)	(720,832)	(722,149)	(744,467)	(707,895)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 41,867,593	\$ 44,052,448	\$ 43,663,527	\$ 43,775,543	\$ 45,337,454	\$ 42,469,356
1.66%	1.65%	1.65%	1.65%	1.64%	1.67%

**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.* Since the prior measurement date, changes included the following:

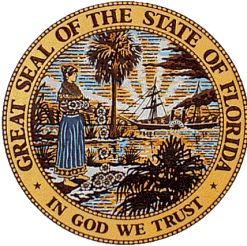
- The discount rate increased from 3.65 percent to 3.93 percent due to a change in the municipal Bond Index Rate.
- Changes occurred in retirement rates, termination rates, disability rates, mortality rates, DROP entry assumptions, and salary increases.

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

*Changes of Assumptions.* In 2024, salary increases including inflation increased from 3.25 percent to 3.5 percent and the mortality assumptions were updated.

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

*Changes of Assumptions.* In 2024, the municipal rate used to determine total pension liability increased from 3.65 percent to 3.93 percent and the demographic and coverage election assumptions were updated.



Sherrill F. Norman, CPA  
Auditor General

# AUDITOR GENERAL STATE OF FLORIDA

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

## **INDEPENDENT AUDITOR'S REPORT 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 Eastern Florida 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 January 28, 2026, 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  
January 28, 2026