

STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

PASCO-HERNANDO 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. Jesse Pisors served as President of Pasco-Hernando State College and the following individuals served as Members of the Board of Trustees:

	<u>County</u>
Marilyn Pearson-Adams, Chair	Hernando
Nicole Newlon J.D., Vice Chair from 3-1-25	Pasco
Dr. Rebecca Schulkowski through 2-28-25, ^a Vice Chair	Pasco
John Allocco Jr.	Hernando
Gene Bell from 5-1-25 ^a	Hernando
Ryan Brady through 5-12-25	Pasco
Dr. Gino Collura	Pasco
Dr. Jeffrey E. Harrington from 5-13-25	Pasco
Lee Maggard through 4-30-25	Pasco
John Richard Mitten	Hernando
Kirk Wilson from 5-1-25	Hernando

^a Trustee position vacant from 3-1-25, through 4-30-25.

Note: One Trustee position was vacant the entire period.

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

The team leader was Denise Cox, and the audit was supervised by Anna McCormick CPA.

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

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PASCO-HERNANDO STATE COLLEGE
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SUMMARY

SUMMARY OF REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our audit disclosed that the basic financial statements of Pasco-Hernando 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

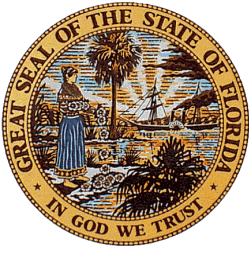
Our audit objectives were to obtain reasonable assurance about whether the financial statements as a whole were free from material misstatements, whether due to fraud or error, and to issue an auditor's report that included our opinions. In doing so we:

- 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 Pasco-Hernando State College, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 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 report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of Pasco-Hernando State College and of its discretely presented component unit 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 discretely presented component unit, which represent 100 percent of the transactions and account balances of the discretely presented component unit columns as of June 30, 2025. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors.

Basis for Opinions

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

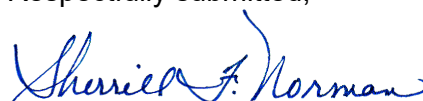
Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2026, on our consideration of the Pasco-Hernando 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
February 26, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

The 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 \$267.5 million at June 30, 2025. This balance reflects an increase of \$2.7 million compared to the 2023-24 fiscal year resulting primarily from the following: an increase of cash and cash equivalents of \$6.5 million, an increase in capital assets of \$9.2 million, and an increase of \$1.1 million in accounts receivable, offset by a decrease in due from other governmental agencies of \$13.5 million and a decrease in deferred outflows of resources for pensions of \$0.4 million.

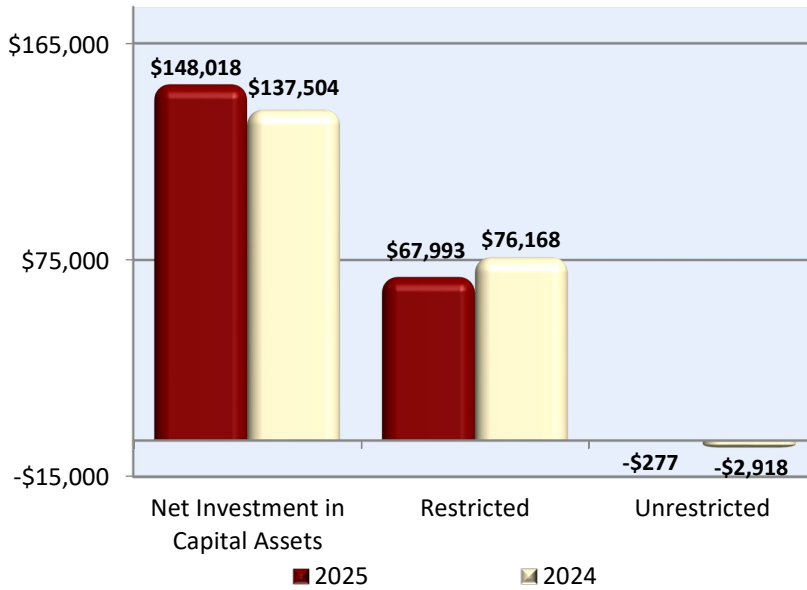
While assets and deferred outflows of resources increased, liabilities and deferred inflows of resources decreased by \$2.2 million, or 4.1 percent, totaling \$51.8 million at June 30, 2025, compared to \$54 million at June 30, 2024. The decrease is mainly attributed to a decrease in net pension liability of \$2.4 million, a decrease in subscription arrangements liability of \$1.3 million, and a decrease in compensated absences liability of \$0.3 million, offset by an increase in deferred inflows of resources pensions of \$1.8 million. As a result, the College's ending net position increased \$5 million resulting in a year-end net position balance of \$215.7 million.

The College's operating revenues totaled \$11.7 million for the 2024-25 fiscal year, representing only a \$0.6 million increase compared to the 2023-24 fiscal year.

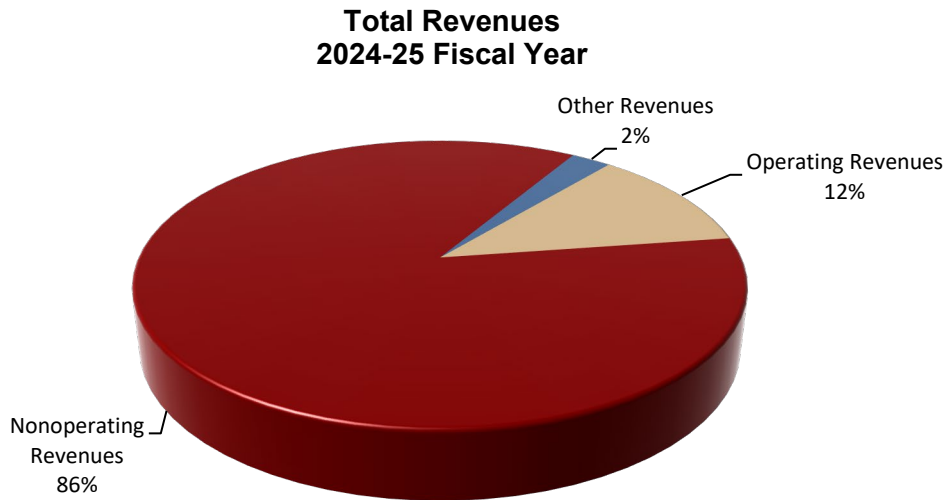
Operating expenses totaled \$95.5 million for the 2024-25 fiscal year, representing a decrease of \$9.1 million, or 8.7 percent, as compared to the 2023-24 fiscal year due to an increase in scholarships and waivers of \$4.5 million related to changes to the Pell grant that increased awards and student eligibility; a \$6.6 million decrease in personnel services related mainly to a \$5.4 million decrease in pension expense, and a decrease in accrued leave expense of \$2.1 million related to GASB Statement No. 101, *Compensated Absences* that went into effect for the 2024-25 fiscal year; a decrease of \$5.5 million in materials and supplies related mainly to a decrease of \$1 million for the transition of the College bookstore to a vendor and a decrease of \$4.8 million due to spending on deferred maintenance projects in the prior fiscal year; and a decrease of \$1.3 million in depreciation expense.

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 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. These financial statements, and notes thereto, encompass the College and its component unit, Pasco-Hernando State College Foundation, Inc. (Foundation). Although legally separate, this component unit is important because the College is financially accountable for it, as the College reports its financial activities to the

State of Florida. Based on the application of the criteria for determining component units, the Foundation is included within the College reporting entity as a discretely presented component unit.

Information regarding the Foundation including copies of their separately issued financial statements can be obtained from Carla Crow, Director of Foundation Financial Operations, 10230 Ridge Road, New Port Richey, Florida, 34654. This MD&A focuses on the College, excluding the discretely presented component unit. For this component unit reporting under GASB standards, MD&A information is included in their separately issued audit report.

The Statement of Net Position

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

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

Condensed Statement of Net Position at June 30
(In Thousands)

	2025	2024
Assets		
Current Assets	\$ 64,686	\$ 69,947
Capital Assets, Net	149,372	140,199
Other Noncurrent Assets	42,669	43,415
Total Assets	256,727	253,561
Deferred Outflows of Resources	10,812	11,220
Liabilities		
Current Liabilities	7,855	8,060
Noncurrent Liabilities	38,493	42,258
Total Liabilities	46,348	50,318
Deferred Inflows of Resources	5,457	3,709
Net Position		
Net Investment in Capital Assets	148,018	137,504
Restricted	67,993	76,168
Unrestricted	(277)	(2,918)
Total Net Position	\$ 215,734	\$ 210,754

The College’s assets and deferred outflows of resources totaled \$267.5 million at June 30, 2025. This balance reflects an increase of \$2.7 million compared to the 2023-24 fiscal year resulting primarily from the following: an increase of cash and cash equivalents of \$6.5 million, an increase in capital assets of

\$9.2 million, and an increase of \$1.1 million in accounts receivable, offset by a decrease in due from other governmental agencies of \$13.5 million and a decrease in deferred outflows of resources for pensions of \$0.4 million.

Total liabilities and deferred inflows of resources decreased by \$2.2 million, or 4.1 percent, totaling \$51.8 million at June 30, 2025, compared to \$54 million at June 30, 2024. The decrease is mainly attributed to a decrease in net pension liability of \$2.4 million, a decrease in subscription arrangements liability of \$1.3 million, and a decrease in compensated absences liability of \$0.3 million, offset by an increase in deferred inflows of resources pensions of \$1.8 million. As a result, the College's ending net position increased \$5 million resulting in a year-end net position balance of \$215.7 million.

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

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

The following summarizes the operating revenues by source that were used to fund operating activities 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	\$ 11,685	\$ 11,052
Less, Operating Expenses	<u>95,518</u>	<u>104,613</u>
Operating Loss	(83,833)	(93,561)
Net Nonoperating Revenues	<u>85,564</u>	<u>77,904</u>
Income (Loss) Before Other Revenues	1,731	(15,657)
Other Revenues	<u>2,379</u>	<u>13,606</u>
Net Increase (Decrease) In Net Position	<u>4,110</u>	<u>(2,051)</u>
Net Position, Beginning of Year	210,754	212,805
Adjustments to Beginning Net Position (1)	<u>870</u>	<u>-</u>
Net Position, Beginning of Year, as Restated	<u>211,624</u>	<u>212,805</u>
Net Position, End of Year	<u>\$ 215,734</u>	<u>\$ 210,754</u>

(1) For the 2024-25 fiscal year, the College's beginning net position was increased due to the implementation of GASB Statement No. 101, *Compensated Absences* and an error correction. Additional information can be found in Note 2. to the financial statements.

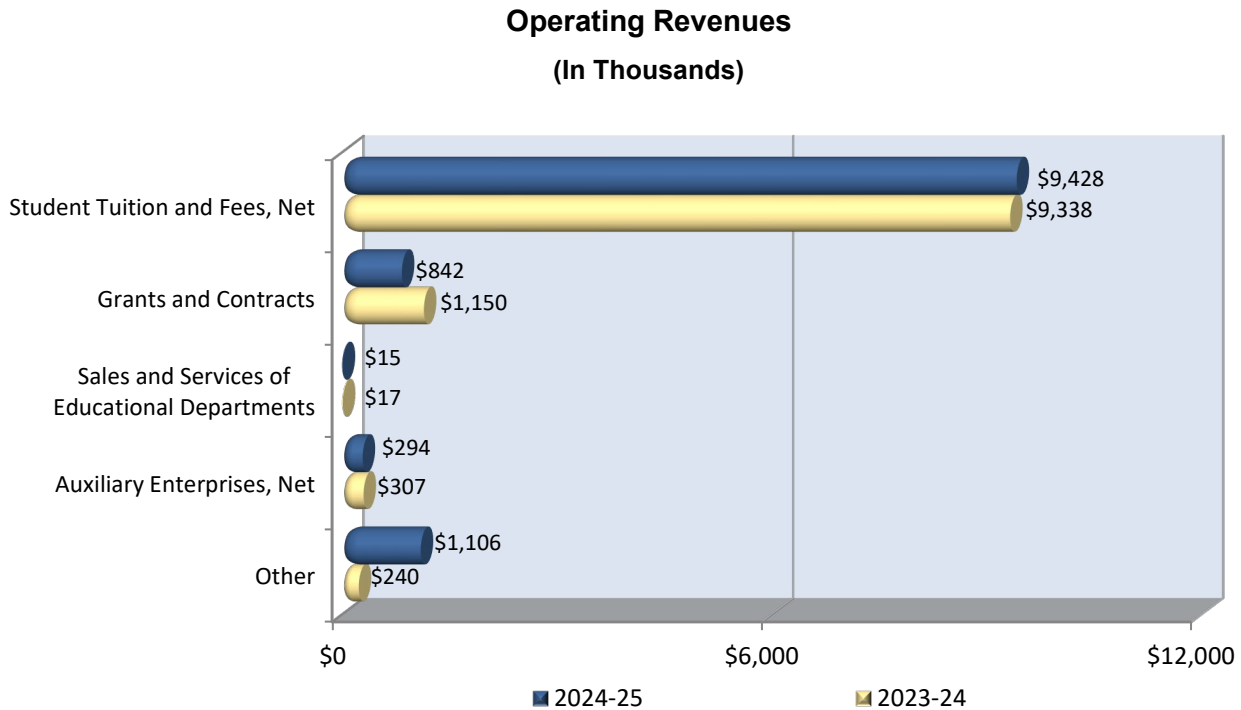
Operating Revenues

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	\$ 9,428	\$ 9,338
Grants and Contracts	842	1,150
Sales and Services of Educational Departments	15	17
Auxiliary Enterprises, Net	294	307
Other	<u>1,106</u>	<u>240</u>
Total Operating Revenues	<u>\$ 11,685</u>	<u>\$ 11,052</u>

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



The College’s operating revenues totaled \$11.7 million for the 2024-25 fiscal year, representing only a \$0.6 million increase compared to the 2023-24 fiscal year.

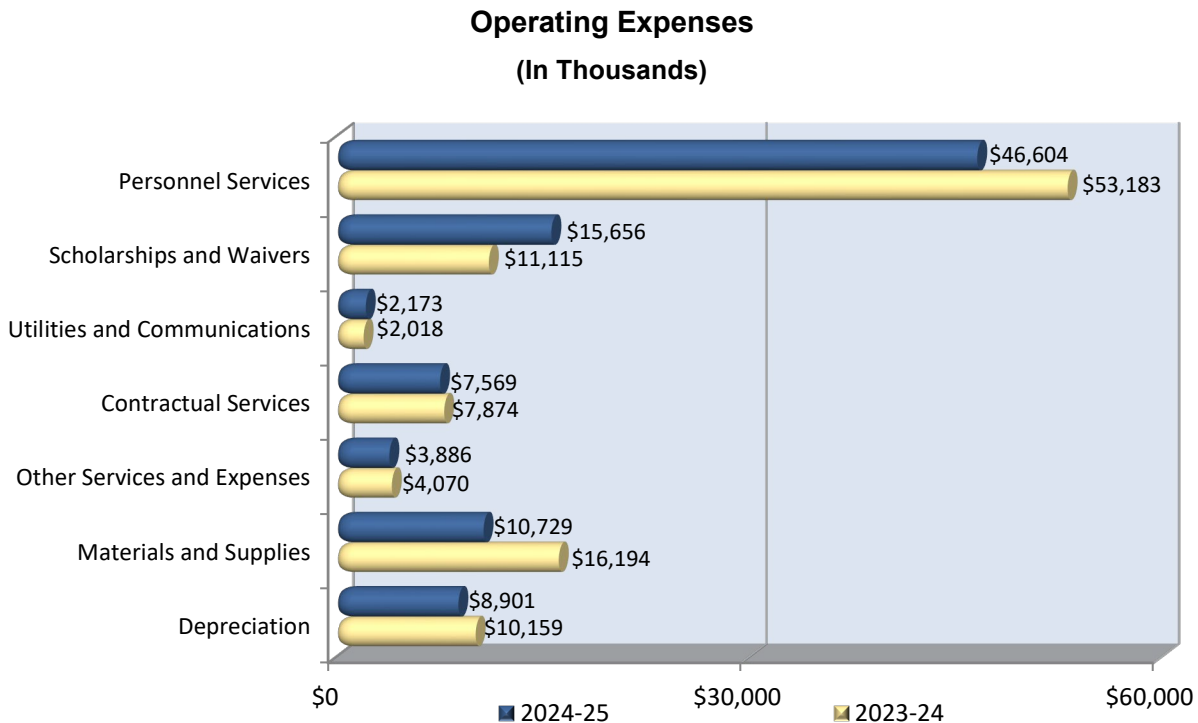
Operating Expenses

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)		
	<u>2024-25</u>	<u>2023-24</u>
Personnel Services	\$ 46,604	\$ 53,183
Scholarships and Waivers	15,656	11,115
Utilities and Communications	2,173	2,018
Contractual Services	7,569	7,874
Other Services and Expenses	3,886	4,070
Materials and Supplies	10,729	16,194
Depreciation	8,901	10,159
Total Operating Expenses	<u>\$ 95,518</u>	<u>\$ 104,613</u>

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



College operating expenses decreased by \$9.1 million, or 8.7 percent, from \$104.6 million to \$95.5 million for the 2024-25 fiscal year primarily due to an increase in scholarships and waivers of \$4.5 million related to changes to the Pell grant that increased awards and student eligibility; a \$6.6 million decrease in personnel services related mainly to a \$5.4 million decrease in pension expense, and a decrease in accrued leave expense of \$2.1 million related to GASB Statement No. 101, *Compensated Absences* that went into effect in the 2024-25 fiscal year; a decrease of \$5.5 million in materials and supplies related mainly to a decrease of \$1 million for the transition of the College bookstore to a vendor and a decrease

of \$4.8 million due to spending on deferred maintenance projects in the prior fiscal year; and a decrease of \$1.3 million in depreciation expense.

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)		
	2024-25	2023-24
State Noncapital Appropriations	\$ 55,837	\$ 53,507
Federal and State Student Financial Aid	22,550	18,226
Gifts and Grants	4,756	4,426
Investment Income	2,464	1,790
Other Nonoperating Revenues	61	4
Interest on Capital Asset-Related Debt	(104)	(49)
Net Nonoperating Revenues	\$ 85,564	\$ 77,904

Net nonoperating revenues for the College increased by \$7.7 million, to \$85.6 million for the 2024-25 fiscal year due primarily to an increase of \$2.3 million in State general revenue recurring appropriations, an increase of \$4.3 million in student financial aid related to changes to the Pell grant program that increased awards and student eligibility, and an increase in investment interest of \$0.7 million.

Other Revenues

This category is composed of State capital appropriations and capital grants, contracts, gifts, and fees. The following summarizes the College’s other revenues for the 2024-25 and 2023-24 fiscal years:

Other Revenues		
For the Fiscal Years		
(In Thousands)		
	2024-25	2023-24
State Capital Appropriations	\$ 244	\$ 11,513
Capital Grants, Contracts, Gifts, and Fees	2,135	2,093
Total	\$ 2,379	\$ 13,606

Total other revenues for the College decreased by \$11.2 million to \$2.4 million. This decrease is based on no new Public Education Capital Outlay (PECO) funding being awarded to the College for the 2024-25 fiscal year.

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)

	<u>2024-25</u>	<u>2023-24</u>
Cash Provided (Used) by:		
Operating Activities	\$ (73,906)	\$ (75,937)
Noncapital Financing Activities	84,012	75,320
Capital and Related Financing Activities	(6,082)	8,107
Investing Activities	<u>2,466</u>	<u>1,766</u>
Net Increase in Cash and Cash Equivalents	6,490	9,256
Cash and Cash Equivalents, Beginning of Year	<u>73,106</u>	<u>63,850</u>
Cash and Cash Equivalents, End of Year	<u>\$ 79,596</u>	<u>\$ 73,106</u>

Major sources of funds came from State noncapital appropriations (\$55.8 million); Federal and State student financial aid (\$23.4 million), State capital appropriations (\$12.9 million); net student tuition and fees (\$8.5 million); and noncapital gifts and grants (\$4.8 million).

Major uses of funds were for payments to employees for salaries and benefits (\$46.3 million); payments to suppliers (\$20.7 million); payments to students for scholarships (\$15.7 million), and purchases of capital assets (\$19.6 million).

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

- Cash used by operating activities decreased by \$2 million as compared to the prior fiscal year due primarily to:
 - A decrease in cash payments to suppliers of \$5.3 million related to increased noncapital expenditures for deferred maintenance projects in the 2023-24 fiscal year.
 - An increase in payments to students for scholarships of \$4.4 million related to an increased disbursement of Federal student aid over the 2023-24 fiscal year.
 - A decrease in payments to employees and payments for employee benefits of \$1.3 million related to decreases in pension expense and accrued leave expense.
- Cash receipts from noncapital financing activities increased by \$8.7 million related to an increase in State appropriations of \$2.3 million, an increase in Federal and State financial aid of \$6 million and an increase in other gifts and grants of \$0.3 million.

- Cash disbursements of capital related financing activities amounted to \$6.1 million for the 2024-25 fiscal year, which represents a \$14.2 million increase as compared to the 2023-24 fiscal year. This increase is related to an increase in the purchase of capital assets in the amount of \$13.6 million; an increase of \$0.7 million in State capital appropriations and an increase of funds spent on principal and interest on capital debt and leases of \$1.3 million.

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

Capital Assets

At June 30, 2025, the College had \$301.2 million in capital assets, less accumulated depreciation of \$151.8 million, for net capital assets of \$149.4 million. Depreciation charges for the current fiscal year totaled \$8.9 million. The following table summarizes the College’s capital assets, net of accumulated depreciation, at June 30:

Capital Assets, Net at June 30
(In Thousands)

	2025	2024
Land	\$ 4,407	\$ 4,407
Construction in Progress	14,358	7,146
Subscription-Based Information Technology Arrangements in Progress	-	924
Buildings	110,049	113,967
Other Structures and Improvements	12,978	9,570
Furniture, Machinery & Equipment	3,210	2,198
Lease Assets	56	123
Subscription-Based Information Technology Arrangements	4,314	1,864
Capital Assets, Net	\$ 149,372	\$ 140,199

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 following projects:

- Construction in progress additions included construction costs for the East Campus STEM Center for Student Success. The remodeling for the Gower’s Corner Apprenticeship Program and the East Campus Burn Center were completed in the 2024-25 fiscal year and added to fixed assets.
- Furniture, machinery, and equipment additions consisted of computer equipment, educational equipment, a 15 passenger transit van, and a pumper fire engine.

The College’s major construction commitments, totaling \$9.2 million at June 30, 2025 are as follows:

- East Campus STEM Center for Student Success
- Chiller Plant project at the West Campus
- ADA Improvements at the West Campus Baseball Field

	Amount (In Thousands)
Total Committed	\$ 20,649
Completed to Date	<u>(11,485)</u>
Balance Committed	<u>\$ 9,164</u>

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 \$2.1 million in outstanding bonds, subscription arrangements, and leases payable, representing a decrease of \$1.5 million, or 41.2 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>
SBE Capital Outlay Bonds	\$ 734	\$ 859
Subscription Arrangement	1,298	2,572
Leases Payable	<u>56</u>	<u>123</u>
Total	<u>\$ 2,088</u>	<u>\$ 3,554</u>

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

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

Pasco-Hernando State College's economic condition is closely tied to that of the State of Florida. The College's approved fiscal year 2025-26 budget is based on projected student fee revenues of \$12.4 million calculated on an anticipated fee-paying enrollment of 5,179 full-time equivalent (FTE) students. FTE fee-paying enrollment reflects a 0.35 percent decrease over the 2024-25 fiscal year.

The College did not recommend an increase in baccalaureate, credit, or post-secondary adult vocational fees consistent with the Governor's request. This is the twelfth consecutive year that the College has not increased tuition. Pasco-Hernando State College's approved tuition rates remain within the allowable range of statutory adjustment flexibility and therefore will continue to be compliant with Florida Statutes.

The College continues to implement cost-saving measures to reduce expenses and has maintained an appropriate level of unallocated fund balance and board designated reserves as a preventative measure to offset potential State funding reductions and enrollment declines.

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 Associate Vice President of Finance/CFO, Pasco-Hernando State College, 10230 Ridge Road, New Port Richey, Florida 34654.

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BASIC FINANCIAL STATEMENTS

PASCO-HERNANDO STATE COLLEGE A Component Unit of the State of Florida Statement of Net Position

June 30, 2025

	<u>College</u>	<u>Component Unit</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 31,272,412	\$ 3,373,979
Restricted Cash and Cash Equivalents	5,674,941	-
Investments	-	244,555
Accounts Receivable, Net	2,275,726	-
Notes Receivable, Net	-	50,396
Due from Other Governmental Agencies	24,925,977	26,397
Due from Component Unit	451,902	-
Inventories	1,472	-
Prepaid Expenses	70,370	41,361
Deposits	12,902	-
Total Current Assets	<u>64,685,702</u>	<u>3,736,688</u>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	42,648,167	-
Investments	-	41,747,651
Restricted Investments	19,005	28,933,916
Notes Receivable, Net	-	1
Prepaid Expenses	1,558	-
Depreciable Capital Assets, Net	130,607,208	1,193
Nondepreciable Capital Assets	18,764,962	56,294
Total Noncurrent Assets	<u>192,040,900</u>	<u>70,739,055</u>
TOTAL ASSETS	<u>256,726,602</u>	<u>74,475,743</u>
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	262,707	-
Pensions	10,549,375	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>10,812,082</u>	<u>-</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	3,436,207	40,480
Salary and Payroll Taxes Payable	1,749,470	-
Retainage Payable	416,469	-
Due to College	-	160,561
Unearned Revenue	81,928	53,790
Deposits Held for Others	458,648	-
Long-Term Liabilities - Current Portion:		
Bonds Payable	133,000	-
Leases Payable	55,918	-
Subscription Arrangements Liability	639,556	-
Compensated Absences Payable	837,305	-
Other Postemployment Benefits Payable	18,030	-
Net Pension Liability	28,397	-
Total Current Liabilities	<u>7,854,928</u>	<u>254,831</u>

	<u>College</u>	<u>Component Unit</u>
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Bonds Payable	601,000	-
Subscription Arrangements Liability	658,743	-
Compensated Absences Payable	5,250,993	-
Other Postemployment Benefits Payable	571,459	-
Net Pension Liability	<u>31,410,952</u>	<u>-</u>
Total Noncurrent Liabilities	<u>38,493,147</u>	<u>-</u>
TOTAL LIABILITIES	<u>46,348,075</u>	<u>254,831</u>
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	243,812	-
Pensions	<u>5,212,717</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>5,456,529</u>	<u>-</u>
NET POSITION		
Net Investment in Capital Assets	148,017,953	-
Restricted:		
Nonexpendable:		
Endowment	-	28,933,916
Expendable:		
Endowment	-	17,265,244
Grants and Loans	1,166,419	-
Scholarships	757,203	23,221,721
Capital Projects	66,050,542	-
Debt Service	19,005	-
Unrestricted	<u>(277,042)</u>	<u>4,800,031</u>
TOTAL NET POSITION	<u>\$ 215,734,080</u>	<u>\$ 74,220,912</u>

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

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PASCO-HERNANDO STATE COLLEGE
A Component Unit of the State of Florida
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2025

	College	Component Unit
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of \$8,414,720	\$ 9,428,076	\$ -
Federal Grants and Contracts	841,415	-
State and Local Grants and Contracts	-	52,794
Nongovernmental Grants and Contracts	-	430,669
Sales and Services of Educational Departments	15,261	-
Auxiliary Enterprises	293,843	-
Other Operating Revenues	1,106,176	633,129
Total Operating Revenues	11,684,771	1,116,592
EXPENSES		
Operating Expenses:		
Personnel Services	46,604,232	655,206
Scholarships and Waivers	15,655,601	2,009,881
Utilities and Communications	2,173,425	-
Contractual Services	7,568,706	101,119
Other Services and Expenses	3,886,408	17,502
Materials and Supplies	10,729,020	11,151
Depreciation	8,900,736	796
Total Operating Expenses	95,518,128	2,795,655
Operating Loss	(83,833,357)	(1,679,063)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	55,837,232	-
Federal and State Student Financial Aid	22,549,993	-
Gifts and Grants	4,756,074	-
Investment Income	2,464,054	1,847,183
Net Gain on Investments	-	4,783,742
Other Nonoperating Revenues	61,485	93,807
Interest on Capital Asset-Related Debt	(104,157)	-
Net Nonoperating Revenues	85,564,681	6,724,732
Income Before Other Revenues	1,731,324	5,045,669
State Capital Appropriations	244,059	-
Capital Grants, Contracts, Gifts, and Fees	2,135,185	-
Additions to Endowments	-	402,899
Total Other Revenues	2,379,244	402,899
Increase in Net Position	4,110,568	5,448,568
Net Position, Beginning of Year	210,753,674	68,772,344
Adjustment to Beginning Net Position	869,838	-
Net Position, Beginning of Year, as Restated	211,623,512	68,772,344
Net Position, End of Year	\$ 215,734,080	\$ 74,220,912

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

PASCO-HERNANDO STATE COLLEGE
A Component Unit of the State of Florida
Statement of Cash Flows

For the Fiscal Year Ended June 30, 2025

	College
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	\$ 8,479,842
Grants and Contracts	1,021,015
Payments to Suppliers	(20,687,804)
Payments for Utilities and Communications	(2,173,427)
Payments to Employees	(33,666,704)
Payments for Employee Benefits	(12,665,744)
Payments for Scholarships	(15,655,601)
Auxiliary Enterprises	198,558
Sales and Services of Educational Departments	15,261
Other Receipts	1,228,418
Net Cash Used by Operating Activities	(73,906,186)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	55,837,232
Federal and State Student Financial Aid	23,356,934
Gifts and Grants Received for Other Than Capital or Endowment Purposes	4,756,074
Other Nonoperating Receipts	61,485
Net Cash Provided by Noncapital Financing Activities	84,011,725
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	12,862,514
Capital Grants and Gifts	2,135,186
Purchases of Capital Assets	(19,579,077)
Principal Paid on Capital Debt and Leases	(1,396,263)
Interest Paid on Capital Debt and Leases	(104,157)
Net Cash Used by Capital and Related Financing Activities	(6,081,797)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	2,465,895
Net Increase in Cash and Cash Equivalents	6,489,637
Cash and Cash Equivalents, Beginning of Year	73,105,883
Cash and Cash Equivalents, End of Year	\$ 79,595,520

	<u>College</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (83,833,357)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	8,900,736
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Accounts Receivables, Net	(776,808)
Due from Other Governmental Agencies	(364,612)
Due From Component Unit	(31,881)
Inventories	(1,472)
Prepaid Expenses	55,512
Accounts Payable	2,244,669
Salaries and Payroll Taxes Payable	258,728
Due to Other Governmental Agencies	(16,496)
Deposits Held for Others	138,736
Compensated Absences Payable	(251,010)
Other Postemployment Benefits Payable	53,731
Net Pension Liability	(2,437,840)
Deferred Outflows of Resources Other Postemployment Benefits	10,469
Deferred Inflows of Resources Other Postemployment Benefits	(29,233)
Deferred Outflows of Resources Related to Pensions	397,759
Deferred Inflows of Resources Related to Pensions	<u>1,776,183</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (73,906,186)</u>

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

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

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

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

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

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

The Foundation is audited by other auditors pursuant to Section 1004.70(6), Florida Statutes. The Foundation's audited financial statements are available to the public and can be obtained from the Director of Foundation Financial Operations, Pasco-Hernando State College, 10230 Ridge Road, New Port Richey, FL 34654. The financial data reported on the accompanying financial statements was derived from the Foundation's audited financial statements for the fiscal year ended December 31, 2024.

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

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

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

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

The College’s component unit uses the economic resources measurement focus and the accrual basis of accounting 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 (net of unrealized gains or losses on investments). Interest on capital asset-related debt is a nonoperating expense. Other revenues generally include revenues for capital construction projects.

The statement of net position is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the College’s policy to apply first 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 third party making payment on behalf of the student. To the extent that those resources are used to pay student charges, the College records a scholarship allowance against tuition and fees revenue.

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

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

College cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by the Federal Deposit Insurance Corporation (FDIC), 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 of \$12,863,252 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 and 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 \$13,239,550 in the Florida PRIME investment pool administered by the SBA pursuant to Section 218.405, Florida Statutes. The College's investments in the Florida PRIME investment pool, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in

the fund rather than the underlying investments. The Florida PRIME investment pool carried a credit rating of AAAM by Standard and Poor's and had a weighted-average days to maturity (WAM) of 47 days as of June 30, 2025. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the Florida PRIME investment pool to interest rate changes. The investments in the Florida PRIME investment pool are reported at amortized cost.

Section 218.409(8)(a), Florida Statutes, provides that "the principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board [State Board of Administration] can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measure before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days." As of June 30, 2025, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

Capital Assets. College capital assets consist of land, construction in progress, buildings, other structures and improvements, furniture, machinery, and equipment, lease assets, and subscription-based information technology arrangements. 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, \$65,000 for buildings and other structures and improvements, and \$2,000,000 for subscription-based information technology arrangements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

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

- Subscription-Based Information Technology Arrangements – 5 years

Noncurrent Liabilities. Noncurrent liabilities include bonds payable, compensated absences payable, other postemployment benefits payable (OPEB), subscription arrangement liabilities 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 position 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 the 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 and Error Correction

Change in Accounting Principle. The College implemented GASB Statement No. 101, *Compensated Absences*, whose objective is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The objective was achieved by aligning the recognition and measurement guidance under a unified model and by amending previously required note disclosures. Due to the implementation on July 1, 2024, the beginning balance of the compensated absences liability was increased by \$734,735, which resulted in a decrease to the beginning net position by the same amount as shown in the table below.

Correction of an Error in Previously Issued Financial Statements. During the 2024-25 fiscal year, the College determined based on a reconciliation of their general ledger balances in their accounting system, which was implemented during the 2023-24 fiscal year, that correcting entries needed to be made as various funds were out of balance. Therefore, net position was understated by \$1.6 million for the 2023-24 fiscal year. The effect of correcting that error is shown in the table below.

<u>Description</u>	<u>College</u>
Net Position, Beginning of Year, as previously reported	\$ 210,753,674
Change in accounting principle (GASB Statement No. 101)	(734,735)
Error correction	<u>1,604,573</u>
Net Position, Beginning of Year, as Restated	<u>\$ 211,623,512</u>

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, OPEB payable, and net pension liabilities) in the current unrestricted funds.

<u>Fund</u>	<u>Net Position</u>
Current Funds - Unrestricted	\$ (12,938,493)
Auxiliary Funds	<u>12,661,451</u>
Total	\$ (277,042)

4. Investments

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

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

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

State Board of Administration Debt Service Accounts. The College reported investments totaling \$19,005 at June 30, 2025, in the SBA Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the SBE for the benefit of the College. The College's investments consist of United States Treasury securities, with maturity dates of 6 months or less, and are reported at fair value (Level 1 inputs). The College relies on policies developed by the SBA for managing interest rate risk and credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

Component Unit Investments. *Fair Value Measurement:* Generally accepted accounting principles in the United States of America establishes a hierarchy for which assets and liabilities must be grouped, based on significant levels of inputs (assumptions that market participants would use in pricing an asset or liability) as follows:

- Level 1 Input Valuations, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the-counter markets with sufficient volume).

- Level 2 Input Valuations, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market; and
- Level 3 Input Valuations, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on Foundation specific data.

Investments held by the Foundation, at December 31, 2024 are reported at fair value (Level 1 and 3 inputs) as follows:

<u>Investment Type</u>	<u>Amount</u>	<u>Fair Value Measurement Using</u>	
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
United States Government Obligations	\$ 6,682,406	\$ 6,682,406	-
Federal Agency Obligations	4,472	4,472	-
Corporate Bonds and Notes	6,956,099	6,956,099	-
Asset-Backed Securities	148,653	148,653	-
Mortgage-Backed Securities	4,716,138	4,716,138	-
Equity Mutual Funds	43,217,177	43,217,177	-
Domestic Stocks	9,150,946	3,373,462	5,777,484
CFTB Investment Pool	50,231	50,231	-
Total Component Unit Investments	\$ 70,926,122	\$ 65,148,638	\$ 5,777,484

The following risks apply to the Foundation's investments other than stocks and other equity securities:

Interest Rate Risk: Interest rate risk is the risk that changing interest rates will adversely affect the fair value of the investment. The prices of fixed income securities with a longer time to maturity tend to be more sensitive to changes in the interest rate and, therefore, more volatile than those with shorter maturities. The Foundation's investment policy, as a means of mitigating this risk, calls for maintaining significant balances in cash equivalents and other short-term investments, as changing interest rates have limited impact on these securities prices and limiting the duration of bond investments to 80 to 120 percent of the fixed-income benchmark. Maturities for the Foundation's investments in debt securities and mutual funds are shown on the following schedule as of December 31, 2024:

<u>Investment Type</u>	<u>Investment Maturities (In Years)</u>				
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
United States Government Obligations	\$ 6,682,406	\$ -	\$ 2,678,574	\$ 2,976,436	\$ 1,027,396
Federal Agency Obligations	4,472	-	4,472	-	-
Corporate Bonds and Notes	6,956,099	-	2,859,267	2,604,790	1,492,042
Asset-Backed Securities	148,653	748	54,476	64,482	28,947
Mortgage-Backed Securities	4,716,138	-	15,461	1,362,724	3,337,953
Equity Mutual Funds	43,217,177	43,217,177	-	-	-
Total	\$ 61,724,945	\$ 43,217,925	\$ 5,612,250	\$ 7,008,432	\$ 5,886,338

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit quality is an assessment of the issuer’s ability to pay interest on the bond, and ultimately pay the principal. Credit quality is evaluated by one of the independent investment rating organizations such as Standard & Poor’s and Moody’s Investor Services. The lower the rating, the greater the risk that the bond issuer may default or fail to meet its payment obligations. Generally, the lower the bond’s credit rating, the higher its yield should be to compensate for the additional risk. Obligations of the United States Government or obligations explicitly guaranteed by the United States Government, are not considered to have credit risk. The Foundation’s investment policy limits fixed income securities to those that are rated Baa2 and higher by Moody’s and BBB (mid) by Standard & Poor’s is preferred. In addition, if investments are downgraded below the minimum rating, the security shall be sold within 10 trading days. At December 31, 2024, the Foundation’s fixed income securities were rated as follows:

<u>Investment Type</u>	<u>Standard & Poor's</u>	<u>Moody's</u>	<u>Percentage Total Debt Securities Investments</u>
United States Government Obligations	AA+	Aaa	36%
Federal Agency Obligations	N/A	N/A	0%
Corporate Bonds and Notes	AA - BBB	A1 - Baa2	38%
Asset-Backed Securities	AAA - AA+	Aaa	1%
Mortgage-Backed Securities	AAA - AA+	Aaa	25%

Custodial Credit Risk: Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. Exposure to custodial risk relates to the investment securities that are held by someone other than the Foundation and are not registered in the Foundation’s name. The Foundation’s investment policy states that custodial credit risk for deposits will be mitigated by limiting deposits to the amount insured by the FDIC for each banking institution. Custodial credit risk for investments will be mitigated by prohibiting investments in securities that are not eligible for depository trust company holding. The Foundation’s fixed income securities are registered in the name of the Foundation and, according to industry standard, held in “book entry” format per the investment management agreements with the individual financial institutions managing those assets.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of investments in a single issuer. Securities issued or explicitly guaranteed by the United States Government, Fannie Mae and Government agencies are not considered by management to be a concentration of credit risk. The Foundation’s investment policy limits the amount of investments with any one issuer to 5 percent of an investment manager’s equity portfolio except for investments in: United States Government guaranteed investments, mutual funds, external investment pools, and other pooled investments. In addition, investment in nongovernmental bonds shall be limited to 2 percent of an investment managers’ fixed income portfolio. From time to time the Foundation holds deposits in excess of the amount insured by the FDIC. Management believes that the risk of loss on these deposits is remote.

Foreign Currency Risk: Foreign currency risk is the possibility that changes in exchange rates between the United States dollar and foreign currencies could adversely affect a deposit or investment's fair value. As of December 31, 2024, the Foundation's portfolio did not hold any foreign bonds. The Foundation's investment policy limits foreign investments to 15 percent of the Foundation's assets and prohibits the use of non-Depository Trust company eligible securities.

5. Accounts Receivable

Accounts receivable represent amounts for Federal Title IV repayments, student fee deferments, various student services provided by the College, and third-party nongovernmental receivables. The accounts receivables are reported net of a \$317,314 allowance for doubtful accounts.

6. Due From Other Governmental Agencies

The amount due from other governmental agencies primarily consists of \$23,375,370 of Public Education Capital Outlay allocations and deferred maintenance funding due from the State for construction and maintenance of College facilities.

7. Due From Component Unit

The amount due from component unit consists of amounts owed to the College by the Foundation for scholarships and student aid, and agreements to support a portion of the College's programs. The College's financial statements are reported for the fiscal year ended June 30, 2025. The College's component unit's financial statements are reported for the fiscal year ended December 31, 2024. Accordingly, amounts reported by the College as due from component unit on the Statement of Net Position do not agree with amounts reported by the component unit as due to the College.

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	\$ 4,407,231	\$ -	\$ -	\$ 4,407,231
Subscription-Based Information				
Technology Arrangements In Progress	924,308	-	924,308	-
Construction in Progress	7,145,536	13,075,938	5,863,743	14,357,731
Total Nondepreciable Capital Assets	\$ 12,477,075	\$ 13,075,938	\$ 6,788,051	\$ 18,764,962
Depreciable Capital Assets:				
Buildings	\$ 191,657,453	\$ -	\$ -	\$ 191,657,453
Other Structures and Improvements	66,869,060	6,428,249	-	73,297,309
Furniture, Machinery and Equipment	9,030,773	2,286,998	323,145	10,994,626
Lease Assets	334,679	-	-	334,679
Subscription-Based Information				
Technology Arrangements	3,107,355	3,070,738	-	6,178,093
Total Depreciable Capital Assets	270,999,320	11,785,985	323,145	282,462,160
Less, Accumulated Depreciation:				
Buildings	77,690,822	3,917,324	-	81,608,146
Other Structures and Improvements	57,298,574	3,020,579	-	60,319,153
Furniture, Machinery and Equipment	6,833,060	1,274,426	323,145	7,784,341
Lease Assets	211,963	66,936	-	278,899
Subscription-Based Information				
Technology Arrangements	1,242,942	621,471	-	1,864,413
Total Accumulated Depreciation	143,277,361	8,900,736	323,145	151,854,952
Total Depreciable Capital Assets, Net	\$ 127,721,959	\$ 2,885,249	\$ -	\$ 130,607,208

9. Unearned Revenue

Unearned revenue at June 30, 2025, includes amounts collected for Pay-for-Print and College Gift Cards that have not been used. As of June 30, 2025, the College reported the following amounts as unearned revenue:

<u>Description</u>	<u>Amount</u>
Pay-for-Print Collections	\$ 80,321
College Gift Cards Not Used	1,607
Total Unearned Revenue	\$ 81,928

10. Long-Term Liabilities

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

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bonds Payable	\$ 859,000	\$ -	\$ 125,000	\$ 734,000	\$ 133,000
Leases Payable	123,007	-	67,089	55,918	55,918
Subscription Arrangement Liability	2,572,070	-	1,273,771	1,298,299	639,556
Compensated Absences Payable	6,339,309	734,735	985,746	6,088,298	837,305
Other Postemployment					
Benefits Payable	535,758	83,506	29,775	589,489	18,030
Net Pension Liability	33,877,189	10,743,889	13,181,729	31,439,349	28,397
Total Long-Term Liabilities	\$ 44,306,333	\$ 11,562,130	\$ 15,663,110	\$ 40,205,353	\$ 1,712,206

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

The College had the following bonds payable at June 30, 2025:

<u>Bond Type</u>	<u>Amount Outstanding</u>	<u>Interest Rate (Percent)</u>	<u>Annual Maturity To</u>
SBE Capital Outlay Bonds: Series 2020A	\$ 734,000	5.0	2030

Annual requirements to amortize all bonded debt outstanding as of June 30, 2025, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>SBE Capital Outlay Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 133,000	\$ 36,700	\$ 169,700
2027	139,000	30,050	169,050
2028	146,000	23,100	169,100
2029	154,000	15,800	169,800
2030	162,000	8,100	170,100
Total	\$ 734,000	\$ 113,750	\$ 847,750

Leases Payable. Copier equipment in the amount of \$334,679 is being acquired under a lease agreement. The imputed interest rate was 0.02 percent. Future minimum payments under the lease agreement and the present value of the minimum payments as of June 30, 2025, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>
2026	\$ 55,923
Total Minimum Payments	55,923
Less Amount Representing Interest	5
Present Value of Minimum Payments	\$ 55,918

Subscription Arrangement Liability. The College has a 5-year subscription-based information technology arrangement (SBITA) for the right to use the Ellucian Banner SaaS Enterprise Resource

Planning system totaling \$3,107,355. The College has discounted the future minimum payments using its incremental borrowing rate of 5 percent. The future minimum payments under SBITA and present value of the minimum payments as of June 30, 2025, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 671,534	\$ 639,556	\$ 31,978
2027	691,680	658,743	32,937
Total	\$ 1,363,214	\$ 1,298,299	\$ 64,915

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 \$6,088,298. The current portion of the compensated absences liability, \$837,305, is the amount expected to be paid in the coming fiscal year and represents a historical percentage of leave used applied to total accrued leave liability.

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

General Information about the OPEB Plan

Plan Description. The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the Consortium that provides OPEB for all employees who satisfy the College’s retirement eligibility provisions. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the College are eligible to participate in the College’s health and life insurance benefits. The College subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. The College does not offer any explicit subsidies for retiree coverage. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible. The OPEB Plan contribution requirements and benefit terms of the College and the OPEB Plan members are established and may be amended by action from the Board of Trustees. 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 as well as life insurance for retirees. 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	35
Inactive Employees Entitled to But Not Yet Receiving Benefits	18
Active Employees	444
Total	<u>497</u>

Total OPEB Liability

The College’s total OPEB liability of \$589,489 was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2023.

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

Inflation	2.40 percent
Real wage growth	0.85 percent
Wage inflation	3.25 percent
Salary increases	
Regular Employees	3.65 percent – 6.35 percent
Senior Management Employees	4.20 percent – 9.30 percent
Discount rate	
Prior Measurement Date	3.65 percent
Measurement Date	3.93 percent
Healthcare cost trend rates	
Pre-Medicare	7.00 percent for 2023, decreasing to an ultimate rate of 4.40 percent by 2034.
Medicare	5.125 percent for 2023 decreasing to an ultimate rate of 4.40 percent by 2027.

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

Mortality rates were based on the PUB-2010 mortality tables with adjustments for FRS experience and generational mortality improvements using Scale MP-2021.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal and salary increases used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period of 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

	<u>Amount</u>
Balance at 6/30/24	\$ 535,758
Changes for the year:	
Service Cost	25,266
Interest	19,939
Changes in Assumptions or Other Inputs	38,301
Benefit Payments	<u>(29,775)</u>
Net Changes	<u>53,731</u>
Balance at 6/30/25	<u>\$ 589,489</u>

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

- Change in retirement rates, termination rates, disability rates, mortality rates, and DROP entry assumptions.
- Change in salary increases.
- Change in discount rate from 3.65 percent in 2023 to 3.93 percent in 2024.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the total OPEB liability of the College, as well as what the College’s total OPEB liability would be if it were calculated using a discount rate that is 1 percent 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	\$659,616	\$589,489	\$530,269

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	\$499,093	\$589,489	\$704,579

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

For the fiscal year ended June 30, 2025, the College recognized OPEB expense of \$52,997. 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	\$ 110,184	\$ 102,986
Change of assumptions or other inputs	134,493	140,826
Transactions subsequent to the measurement date	18,030	-
Total	\$ 262,707	\$ 243,812

Of the total amount reported as deferred outflows of resources related to OPEB, \$18,030 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	\$ 10,277
2027	11,572
2028	11,572
2029	6,643
2030	2,091
Thereafter	(41,290)
Total	\$ 865

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 \$31,439,349. Note 11. includes a complete discussion of defined benefit pension plans.

11. Retirement Plans – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS)

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

Essentially all regular employees of the College are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122,

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

The college's FRS and HIS pension expense totaled \$3,375,319 for the fiscal year ended June 30, 2025.

FRS Pension Plan

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

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

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

The DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS-participating employer. An employee may participate in DROP for a period not to exceed 96 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

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

survivors' benefits. The following table shows the percentage value for each year of service credit earned:

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

As provided in Section 121.101, Florida Statutes, if the member is 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 is 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 \$3,079,846 for the fiscal year ended June 30, 2025.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2025, the College reported a liability of \$21,040,201 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 0.054388942 percent, which was a decrease of 0.002292047 from its proportionate share measured as of June 30, 2023.

For the fiscal year ended June 30, 2025, the College recognized pension expense of \$3,093,351. 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	\$ 2,125,625	\$ -
Change of assumptions	2,856,242	-
Net difference between projected and actual earnings on FRS Plan investments	-	1,398,441
Changes in proportion and differences between College FRS contributions and proportionate share of contributions	1,119,505	1,709,374
College FRS contributions subsequent to the measurement date	<u>3,079,846</u>	<u>-</u>
Total	<u>\$ 9,181,218</u>	<u>\$ 3,107,815</u>

The deferred outflows of resources totaling \$3,079,846, resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the 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	\$ (380,772)
2027	3,456,537
2028	(15,051)
2029	(216,591)
2030	<u>149,434</u>
Total	<u>\$ 2,993,557</u>

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

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

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

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

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

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

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

(1) As outlined in the Plan's investment policy.

Discount Rate. The discount rate used to measure the total pension liability was 6.70 percent. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2024 valuation was unchanged from the previous valuation.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 6.70 percent, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.70 percent) or 1 percentage point higher (7.70 percent) than the current rate:

	<u>1% Decrease (5.70%)</u>	<u>Current Discount Rate (6.70%)</u>	<u>1% Increase (7.70%)</u>
College's proportionate share of the net pension liability	\$37,008,976	\$21,040,201	\$7,662,964

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

HIS Pension Plan

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided. For the fiscal year ended June 30, 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 2.00 percent of payroll pursuant to section 112.363, Florida Statutes. The college contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The College's contributions to the HIS plan totaled \$586,881 for the fiscal year ended June 30, 2025.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2025, the College reported a net pension liability of \$10,399,148 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 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 0.069319664 percent, which was a decrease of 0.001776932 from its proportionate share measure as of June 30, 2023.

For the year ended June 30, 2025, the College recognized pension expense of \$281,968. 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	\$ 100,406	\$ 19,967
Change of assumptions	184,031	1,231,066
Net difference between projected and actual earnings on HIS Plan investments	-	3,761
Changes in proportion and differences between College HIS contributions and proportionate share of HIS contributions	496,839	850,108
College contributions subsequent to the measurement date	586,881	-
Total	<u>\$ 1,368,157</u>	<u>\$ 2,104,902</u>

The deferred outflows of resources totaling \$586,881, resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the 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	\$ (248,435)
2027	(289,841)
2028	(301,748)
2029	(262,644)
2030	(176,778)
Thereafter	(44,180)
Total	<u>\$ (1,323,626)</u>

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

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

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

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

While an experience study had not been completed for the HIS plan, the actuarial assumptions that determined the total pension liability for the HIS plan were based on certain results of the most recent experience study for the FRS plan.

Discount Rate. The discount rate used to measure the total pension liability was 3.93 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate changed from 3.65 percent to 3.93 percent.

Sensitivity of the College’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the College’s proportionate share of the net pension liability calculated using the discount rate of 3.93 percent, as well as what the College’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.93 percent) or 1-percentage point higher (4.93 percent) than the current rate:

	<u>1% Decrease (2.93%)</u>	<u>Current Discount Rate (3.93%)</u>	<u>1% Increase (4.93%)</u>
College’s proportionate share of the net pension liability	\$11,837,500	\$10,399,148	\$9,204,129

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.

12. Retirement Plans – Defined Contribution Pension Plans

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. College employees already participating in the State College System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member’s account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions rates, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.) as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2024-25 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	11.30
FRS, Senior Management Service	12.67

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2025, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the College.

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

The College's Investment Plan pension expense totaled \$1,756,737 for the fiscal year ended June 30, 2025.

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

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing college contributes 5.15 percent of the participant's salary to the participant's account and 4.84 percent to cover the unfunded actuarial liability of the FRS pension plan, for a total of 9.99 percent, and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the college to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

The College's contributions to the Program totaled \$67,461 and employee contributions totaled \$39,298 for the 2024-25 fiscal year.

Senior Management Service Optional Annuity Program. Section 121.055, Florida Statutes, created the Senior Management Service Optional Annuity Program (Annuity Program) as an optional retirement program for College employees who are members of the FRS Senior Management Service Class.

The Annuity Program is a defined-contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. College employees in eligible positions make an irrevocable election to participate in the Annuity Program in lieu of the Senior Management Service Class of FRS and purchase retirement and death benefits through contracts with participating providers companies. The College contributes 6.27 percent of the participant’s salary to the participant’s account and 23.90 percent to cover the unfunded actuarial liability of the FRS pension plan for a total of 30.17 percent, and employees contribute 3 percent of the employee’s salary. Additionally, the employee may contribute, by salary reduction, an additional amount not to exceed the percentage contributed by the College. These contributions are invested in the companies selected by the employee to create a fund for the purchase of annuities at retirement.

There was one College participant during the 2024-25 fiscal year. The College’s contributions to the annuity Program totaled \$18,459 and employee contributions totaled \$5,244 for the 2024-25 fiscal year.

13. Construction Commitments

The College’s major 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>
West Campus Chiller Plant			
Architect	\$ 246,960	\$ 190,955	\$ 56,005
Construction Company	1,132,798	593,897	538,901
East Campus STEM Center Student Success			
Architect	499,753	323,749	176,004
Construction Manager	17,768,731	10,124,847	7,643,884
West Campus Baseball Field ADA			
Architect	110,654	86,831	23,823
Construction Manager	890,469	164,906	725,563
Total	\$ 20,649,365	\$ 11,485,185	\$ 9,164,180

14. Risk Management Programs

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College provides 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 State-wide 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, life, and other liability coverage. Settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

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

15. Capital Credits

The College participates in a nonprofit electrical cooperative, the Withlacoochee River Electric Cooperative, Inc., established under Chapter 425, Florida Statutes. In accordance with this Statute, revenues in excess of operating expenses, unless otherwise determined by a vote of membership, are distributed by the Cooperative on a pro rata basis to its members' accounts. Capital credits are distributed only after the Cooperative meets a certain margin of profit required by the Rural Electrification Administration. At June 30, 2025, the accumulated credits to the College's account were \$1,297,018.

16. 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	\$ 21,704,845
Academic Support	7,320,396
Student Services	10,057,959
Institutional Support	13,876,909
Operation and Maintenance of Plant	17,856,404
Scholarships and Waivers	15,655,601
Depreciation	8,900,736
Auxiliary Enterprises	145,278
Total Operating Expenses	<u>\$ 95,518,128</u>

OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total OPEB Liability					
Service cost	\$ 25,266	\$ 32,173	\$ 42,916	\$ 31,622	\$ 26,890
Interest	19,939	24,099	17,402	11,079	16,039
Difference between expected and actual experience	-	(121,952)	-	160,580	-
Changes of assumptions or other inputs	38,301	(33,743)	(151,074)	107,110	6,703
Benefit Payments	(29,775)	(26,564)	(20,352)	(14,343)	(8,323)
Net change in total OPEB liability	53,731	(125,987)	(111,108)	296,048	41,309
Total OPEB Liability - beginning	535,758	661,745	772,853	476,805	435,496
Total OPEB Liability - ending	\$ 589,489	\$ 535,758	\$ 661,745	\$ 772,853	\$ 476,805
Covered-Employee Payroll	\$ 25,076,544	\$ 25,076,544	\$ 23,301,778	\$ 23,301,778	\$ 21,758,476
Total OPEB Liability as a percentage of covered-employee payroll	2.35%	2.14%	2.84%	3.32%	2.19%
	<u>2019</u>	<u>2018</u>	<u>2017</u>		
Total OPEB Liability					
Service cost	\$ 19,369	\$ 19,663	\$ 66,868		
Interest	12,657	11,941	11,100		
Difference between expected and actual experience	17,298	-	-		
Changes of assumptions or other inputs	72,583	(10,465)	(19,942)		
Benefit Payments	(26,670)	(32,330)	(58,026)		
Net change in total OPEB liability	95,237	(11,191)	-		
Total OPEB Liability - beginning	340,259	351,450	351,450		
Total OPEB Liability - ending	\$ 435,496	\$ 340,259	\$ 351,450		
Covered-Employee Payroll	\$ 21,758,476	\$ 29,424,883	\$ 23,539,654		
Total OPEB Liability as a percentage of covered-employee payroll	2.00%	1.16%	1.49%		

**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	0.054388942%	0.056680989%	0.062332709%	0.055429757%
College's proportionate share of the FRS net pension liability	\$ 21,040,201	\$ 22,586,101	\$ 23,193,298	\$ 4,187,609
College's covered payroll (2)	\$ 30,661,082	\$ 29,552,092	\$ 29,034,257	\$ 26,032,046
College's proportionate share of the FRS net pension liability as a percentage of its covered payroll	68.62%	76.43%	79.88%	16.09%
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, State college system optional retirement plan members, and members in DROP because total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes.

Schedule of College Contributions – Florida Retirement System Pension Plan

	<u>2025 (1)</u>	<u>2024 (1)</u>	<u>2023 (1)</u>	<u>2022 (1)</u>
Contractually required FRS contribution	\$ 3,079,846	\$ 3,079,846	\$ 3,135,869	\$ 2,547,091
FRS contributions in relation to the contractually required contribution	<u>(3,079,846)</u>	<u>(3,079,846)</u>	<u>(3,135,869)</u>	<u>(2,547,091)</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll (2)	\$ 31,026,178	\$ 30,661,082	\$ 29,552,092	\$ 29,034,257
FRS contributions as a percentage of covered payroll	9.93%	10.04%	10.61%	8.77%

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

<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>
0.052683273%	0.055713324%	0.055525118%	0.57836089%	0.059134887%	0.061694177%
\$ 22,834,228	\$ 19,186,893	\$ 16,724,454	\$ 17,107,527	\$ 14,931,605	\$ 7,968,630
\$ 26,333,977	\$ 26,524,075	\$ 25,681,996	\$ 26,336,408	\$ 26,407,053	\$ 25,914,778
86.71%	72.34%	65.12%	64.96%	56.54%	30.75%
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>
\$ 2,388,243	\$ 1,992,556	\$ 1,954,421	\$ 1,779,735	\$ 1,563,940	\$ 1,744,156
<u>(2,388,243)</u>	<u>(1,992,556)</u>	<u>(1,954,421)</u>	<u>(1,779,735)</u>	<u>(1,563,940)</u>	<u>(1,744,156)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 26,032,046	\$ 26,333,977	\$ 26,524,075	\$ 25,681,996	\$ 26,336,408	\$ 26,407,053
9.17%	7.57%	7.37%	6.93%	5.94%	6.60%

**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	0.069319664%	0.071096596%	0.075184148%	0.067367214%
College's proportionate share of the HIS net pension liability	\$ 10,399,148	\$ 11,291,088	\$ 7,963,202	\$ 8,263,602
College's covered payroll (2)	\$ 29,678,429	\$ 28,397,005	\$ 28,137,852	\$ 24,356,116
College's proportionate share of the HIS net pension liability as a percentage of its covered payroll	35.04%	39.76%	28.30%	33.93%
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	\$ 586,881	\$ 586,881	\$ 454,964	\$ 431,512
HIS contributions in relation to the contractually required HIS contribution	(586,881)	(586,881)	(454,964)	(431,512)
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
College's covered payroll (2)	\$ 29,541,452	\$ 29,678,429	\$ 28,397,005	\$ 28,137,852
HIS contributions as a percentage of covered payroll	1.99%	1.98%	1.70%	1.53%

(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>
0.071344756%	0.074662721%	0.073283861%	0.077301096%	0.079220723%	0.079448582%
\$ 8,711,079	\$ 8,354,011	\$ 7,756,446	\$ 8,265,390	\$ 9,232,847	\$ 8,102,506
\$ 25,014,431	\$ 25,179,740	\$ 24,096,980	\$ 24,639,632	\$ 24,528,540	\$ 24,103,338
34.82%	33.18%	32.19%	33.55%	37.64%	33.62%
3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>
\$ 422,366	\$ 437,144	\$ 440,300	\$ 426,321	\$ 400,723	\$ 354,702
(422,366)	(437,144)	(440,300)	(426,321)	(400,723)	(354,702)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 24,356,116	\$ 25,014,431	\$ 25,179,740	\$ 24,096,980	\$ 24,639,632	\$ 24,528,540
1.73%	1.75%	1.75%	1.77%	1.63%	1.45%

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

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

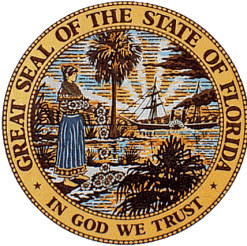
Changes of Assumptions. The Municipal Bond Index Rate used to determine the other postemployment benefit plan liability increased from 3.65 percent to 3.93 percent. Changes occurred in retirement rates, termination rates, disability rates, mortality rates, DROP entry assumptions, and salary increases.

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.



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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 Pasco-Hernando State College, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 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 February 26, 2026, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
February 26, 2026