

**STATE OF FLORIDA AUDITOR GENERAL**

**Financial Audit**

**TALLAHASSEE STATE COLLEGE**

For the Fiscal Year Ended  
June 30, 2025



Sherrill F. Norman, CPA  
Auditor General

## Board of Trustees and President

During the 2024-25 fiscal year, Dr. James T. Murdaugh served as President of Tallahassee State College and the following individuals served as Members of the Board of Trustees:

	<u>County</u>
Karen B. Moore, Chair from 8-6-24, Vice Chair through 8-5-24	Leon
Eugene Lamb, Vice Chair from 8-6-24	Gadsden
Jonathan A. Kilpatrick, Chair through 8-5-24	Wakulla
Monesia Brown from 7-26-24 <sup>a</sup>	Leon
Frank S. Messersmith	Wakulla
Monte Stevens	Leon
Charlie Ward Jr.	Leon

<sup>a</sup> Trustee position was vacant through 7-25-24.

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

The team leader was Shirley Dong, CPA, and the audit was supervised by Maria G. Loar, CPA.

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

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**TALLAHASSEE STATE COLLEGE**  
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# SUMMARY

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

Our audit disclosed that the basic financial statements of Tallahassee 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

We noted a certain matter involving the College's internal control over financial reporting and its operation that we consider to be a significant deficiency, as summarized below. However, this significant deficiency is not considered to be a material weakness.

### Significant Deficiency

**Finding No. 2025-001:** College procedures need improvement to ensure that transactions are properly recorded and reported for State Public Education and Capital Outlay and Deferred Maintenance appropriations, and State and local grants and contracts.

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

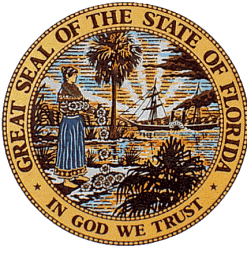
Our audit objectives were to obtain reasonable assurance about whether the financial statements as a whole were free from material misstatements, whether due to fraud or error, and to issue an auditor's report that included our opinions. In doing so we:

- 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

The methodology used to develop the finding in this report included the examination of pertinent College records in connection with the application of procedures required by 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 Tallahassee State College, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

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

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

#### **Basis for Opinions**

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

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

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

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

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

### ***Other Reporting Required by Government Auditing Standards***

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

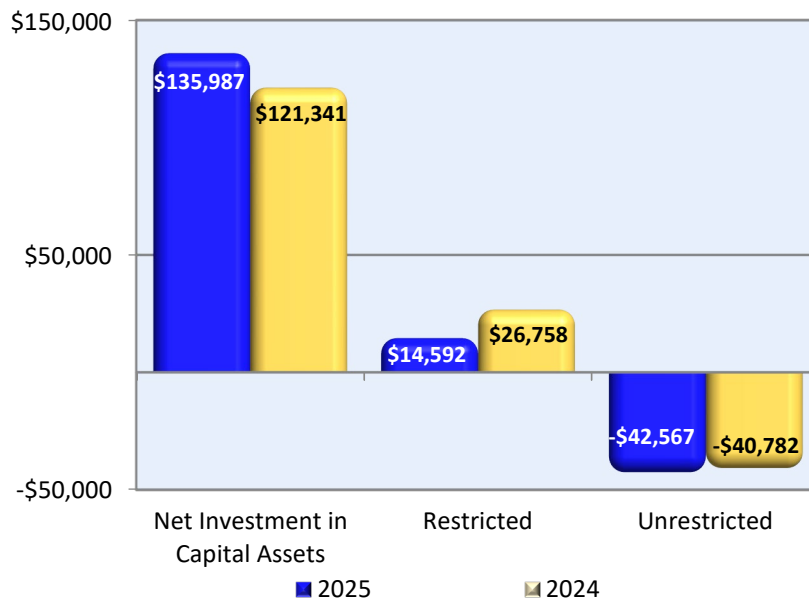
## FINANCIAL HIGHLIGHTS

The College's assets and deferred outflows of resources totaled \$200.4 million on June 30, 2025. This balance reflects a \$4.2 million, or 2.1 percent increase compared to the 2023-24 fiscal year, primarily as a result of an increase in capital assets and a decrease in due from other governmental agencies. While assets and deferred outflows of resources grew, liabilities and deferred inflows of resources increased by \$3.5 million, or 4 percent, totaling \$92.4 million on June 30, 2025, primarily as a result of an increase in unearned revenue related to State contracts and grants. As a result, the College's net position increased by \$0.7 million, or 0.6 percent, resulting in a year-end balance of \$108 million.

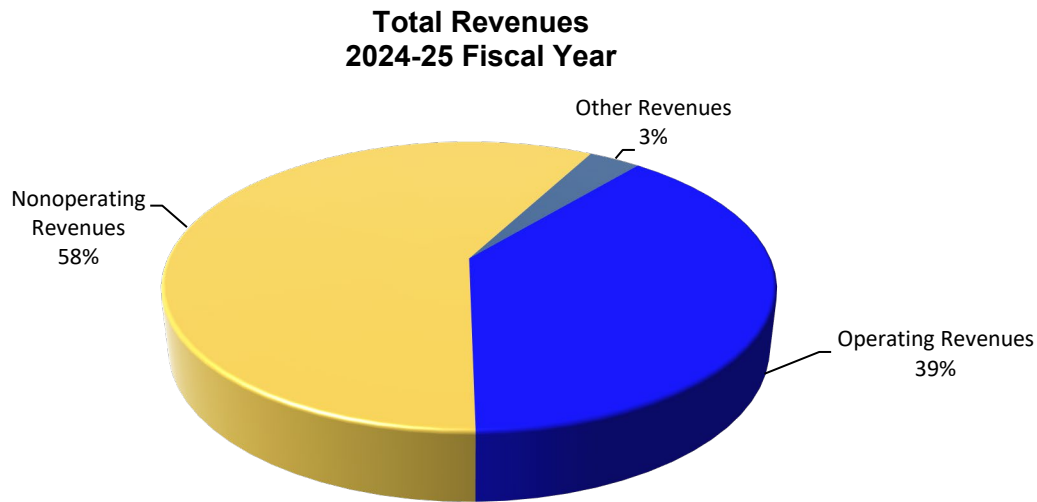
The College's operating revenues totaled \$58.8 million for the 2024-25 fiscal year, representing a 7.6 percent increase compared to the 2023-24 fiscal year mainly from the increases in State and local grants and contracts. Operating expenses totaled \$150.2 million for the 2024-25 fiscal year, representing an increase of 6.1 percent as compared to the 2023-24 fiscal year.

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

**Net Position**  
(In Thousands)



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



**OVERVIEW OF FINANCIAL STATEMENTS**

Pursuant to the Governmental Accounting Standards Board (GASB) Statement No. 35, the College’s financial report consists of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The financial statements, and notes thereto, encompass the College and its component units. These component units include Tallahassee State College Foundation, Inc. (Foundation) and Public Safety Academy Housing, Inc. (PSAH). Based on the application of the criteria for determining component units, the Foundation and the PSAH are included within the College reporting entity as discretely presented component units.

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

**The Statement of Net Position**

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

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

## Condensed Statement of Net Position at June 30

(In Thousands)

	<u>2025</u>	<u>2024</u>
<b>Assets</b>		
Current Assets	\$ 35,826	\$ 47,369
Capital Assets, Net	147,729	132,483
Other Noncurrent Assets	28	368
<b>Total Assets</b>	<u>183,583</u>	<u>180,220</u>
<b>Deferred Outflows of Resources</b>	<u>16,808</u>	<u>15,954</u>
<b>Liabilities</b>		
Current Liabilities	16,157	14,850
Noncurrent Liabilities	65,603	64,724
<b>Total Liabilities</b>	<u>81,760</u>	<u>79,574</u>
<b>Deferred Inflows of Resources</b>	<u>10,619</u>	<u>9,283</u>
<b>Net Position</b>		
Net Investment in Capital Assets	135,987	121,341
Restricted	14,592	26,758
Unrestricted	<u>(42,567)</u>	<u>(40,782)</u>
<b>Total Net Position</b>	<u>\$ 108,012</u>	<u>\$ 107,317</u>

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

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

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

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

(In Thousands)

	<b>2024-25</b>	<b>2023-24</b>
Operating Revenues	\$ 58,838	\$ 54,694
Less, Operating Expenses	150,164	141,553
<b>Operating Loss</b>	(91,326)	(86,859)
Net Nonoperating Revenues	87,384	79,928
<b>Loss Before Other Revenues</b>	(3,942)	(6,931)
Other Revenues	4,984	4,859
<b>Net Increase (Decrease) In Net Position</b>	1,042	(2,072)
Net Position, Beginning of Year	107,317	109,389
Adjustments to Beginning Net Position (1)	(347)	-
<b>Net Position, Beginning of Year, as Restated</b>	106,970	109,389
<b>Net Position, End of Year</b>	<b>\$ 108,012</b>	<b>\$ 107,317</b>

(1) For the 2024-25 fiscal year, the College's beginning net position was decreased due to the implementation of GASB Statement No. 101, *Compensated Absences*, and increased to correct certain previously reported capital asset errors. 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:

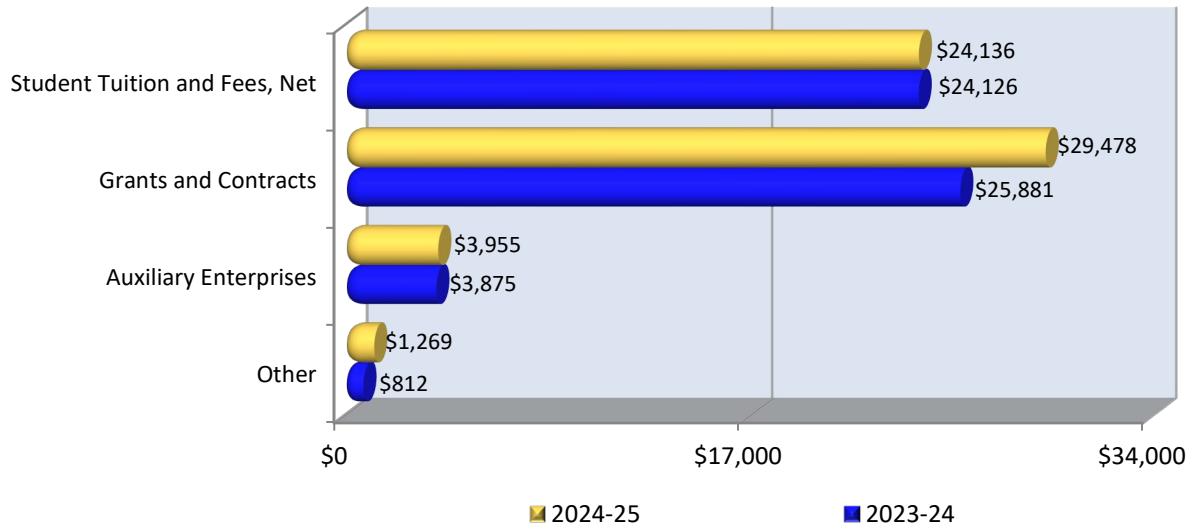
**Operating Revenues  
For the Fiscal Years**

(In Thousands)

	<b>2024-25</b>	<b>2023-24</b>
Student Tuition and Fees, Net	\$ 24,136	\$ 24,126
Grants and Contracts	29,478	25,881
Auxiliary Enterprises	3,955	3,875
Other	1,269	812
<b>Total Operating Revenues</b>	<b>\$ 58,838</b>	<b>\$ 54,694</b>

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

**Operating Revenues**  
(In Thousands)



College operating revenue changes were the result of the increase in State and local grants and contracts revenue of \$5.1 million which is primarily due to increases in several State contracts and an increase in State grants for the collegiate high school.

**Operating Expenses**

Expenses are categorized as operating or nonoperating. Most 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.

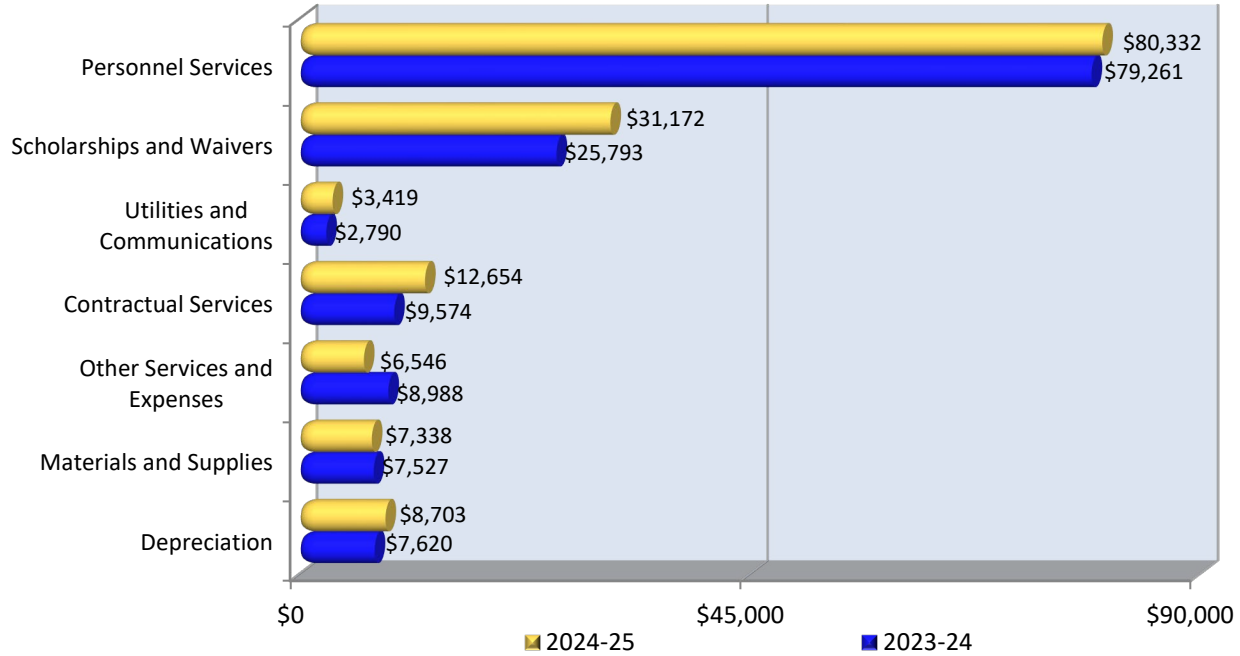
The following summarizes operating expenses by natural classification for the 2024-25 and 2023-24 fiscal years:

**Operating Expenses**  
**For the Fiscal Years**  
(In Thousands)

	<u>2024-25</u>	<u>2023-24</u>
Personnel Services	\$ 80,332	\$ 79,261
Scholarships and Waivers	31,172	25,793
Utilities and Communications	3,419	2,790
Contractual Services	12,654	9,574
Other Services and Expenses	6,546	8,988
Materials and Supplies	7,338	7,527
Depreciation	8,703	7,620
<b>Total Operating Expenses</b>	<b><u>\$ 150,164</u></b>	<b><u>\$ 141,553</u></b>

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

**Operating Expenses**  
(In Thousands)



College operating expenses increased by \$8.6 million, or 6.1 percent, primarily due to increases of \$5.4 million and \$3.1 million in scholarships and waivers, and contractual services, respectively. The increase in scholarships and waivers could be attributed primarily to the increase in Federal Pell grant awards. The increase in contractual services could be attributed primarily to increased expenses for data and telecommunication services.

**Nonoperating Revenues and Expenses**

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

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

	<b>2024-25</b>	<b>2023-24</b>
State Noncapital Appropriations	\$ 44,429	\$ 44,891
Federal and State Student Financial Aid	41,440	33,378
Gifts and Grants	2,450	2,208
Investment Income	121	245
Other Nonoperating Revenues	123	-
Loss on Disposal of Capital Assets	(782)	(330)
Interest on Capital Asset-Related Debt	(397)	(464)
<b>Net Nonoperating Revenues</b>	<b>\$ 87,384</b>	<b>\$ 79,928</b>

Nonoperating revenues and expenses for the 2024-25 fiscal year were \$87.4 million, an increase of \$7.5 million compared to the 2023-24 fiscal year. The change was primarily the result of an increase in Federal and State student financial aid of \$8.1 million, which was attributed to the growth in the number of students qualifying for Federal PELL grants.

**Other Revenues**

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

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

	<b>2024-25</b>	<b>2023-24</b>
State Capital Appropriations	\$ 860	\$ 476
Capital Grants, Contracts, Gifts, and Fees	4,124	4,383
<b>Total</b>	<b>\$ 4,984</b>	<b>\$ 4,859</b>

The College's other revenues were consistent as compared to the prior 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, including 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)**

	<b>2024-25</b>	<b>2023-24</b>
Cash Provided (Used) by:		
Operating Activities	\$ (78,159)	\$ (76,521)
Noncapital Financing Activities	88,289	80,430
Capital and Related Financing Activities	(18,140)	(14,230)
Investing Activities	120	246
<b>Net Decrease in Cash and Cash Equivalents</b>	(7,890)	(10,075)
Cash and Cash Equivalents, Beginning of Year	14,561	24,636
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 6,671</b>	<b>\$ 14,561</b>

Major sources of funds came from State noncapital appropriations (\$44.4 million), Federal and State student financial aid (\$41.4 million), grants and contracts (\$39.4 million), net student tuition and fees (\$22 million), Federal Direct Loan program receipts (\$16.4 million), capital grants and gifts (\$4.1 million), and auxiliary enterprise receipts (\$4 million). Major uses of funds were for payments to employees (\$60.5 million), payments for scholarships (\$31.2 million), payments to suppliers (\$27.1 million), payments for employee benefits (\$21 million), purchases of capital assets (\$19.3 million), and Federal Direct Loan program disbursements (\$16.4 million).

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

**Capital Assets**

At June 30, 2025, the College had \$279.4 million in capital assets, less accumulated depreciation of \$131.7 million, for net capital assets of \$147.7 million. Depreciation charges for the current fiscal year totaled \$8.7 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)**

	<b>2025</b>	<b>2024</b>
Land	\$ 9,812	\$ 9,812
Construction in Progress	7,331	14,675
Buildings	122,645	101,806
Other Structures and Improvements	194	326
Furniture, Machinery, and Equipment	3,686	3,754
Lease Assets	729	1,041
Subscription-Based Information Technology Arrangements	3,114	778
Computer Software	218	291
<b>Capital Assets, Net</b>	<b>\$ 147,729</b>	<b>\$ 132,483</b>

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

## **Capital Expenses and Commitments**

Major capital expenses through June 30, 2025, were incurred on the following projects: Central Utility Plant and Infrastructure Renovations (\$2.9 million), Roof Repairs (\$1.9 million), Buildings 20, 23 and 34 Complex Site Improvements (\$1.3 million), and Main Campus Solar Panel Canopies (\$1.2 million). The College's construction commitments on June 30, 2025, are as follows:

	<b>Amount</b> <b>(In Thousands)</b>
Total Committed	\$ 16,307
Completed to Date	<u>7,330</u>
<b>Balance Committed</b>	<b><u>\$ 8,977</u></b>

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

## **Debt Administration**

As of June 30, 2025, the College had \$10.2 million outstanding in State Board of Education (SBE) capital outlay and capital improvement revenue bonds payable, installment purchase payable, leases payable, and subscription arrangements liability, representing an increase of \$0.5 million, or 4.8 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)**

	<b>2025</b>	<b>2024</b>
Florida Department of Education		
Capital Improvement Revenue Bonds	\$ 1,690	\$ 2,480
SBE Capital Outlay Bonds	1,097	1,303
Installment Purchase Payable	4,147	4,598
Leases Payable	636	1,013
Subscription Arrangements Liability	<u>2,677</u>	<u>380</u>
<b>Total</b>	<b><u>\$ 10,247</u></b>	<b><u>\$ 9,774</u></b>

The SBE issues capital outlay bonds on behalf of the College. During the 2024-25 fiscal year, there were no bond sales and bond debt repayments totaled \$1 million. Additional information about the College's long-term debt is presented in the notes to financial statements.

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

The College's economic condition is closely tied to that of the State of Florida. The College's 2025-26 fiscal year budget was prepared based on projected State funding and student fee revenues. Student enrollment is projected to increase, so the College's overall financial position is expected to be stable. The expected operating revenues will allow the College to continue to operate at current levels of service for students.

## REQUESTS FOR INFORMATION

Questions concerning the information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Vice President for Administrative Services and Chief Business Officer, Tallahassee State College, 444 Appleyard Drive, Tallahassee, Florida 32304.

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# BASIC FINANCIAL STATEMENTS

## TALLAHASSEE STATE COLLEGE A Component Unit of the State of Florida Statement of Net Position

June 30, 2025

	College	Component Units
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 4,359,312	\$ 243,865
Restricted Cash and Cash Equivalents	2,311,847	-
Investments	621,112	2,031,462
Accounts Receivable, Net	7,750,854	321,155
Due from Other Governmental Agencies	20,069,344	-
Due from Component Units	500,563	-
Inventories	212,868	-
<b>Total Current Assets</b>	<b>35,825,900</b>	<b>2,596,482</b>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	-	829,282
Restricted Investments	28,479	23,047,846
Depreciable Capital Assets, Net	130,585,290	4,235,467
Nondepreciable Capital Assets	17,143,470	-
Other Assets	-	390,930
<b>Total Noncurrent Assets</b>	<b>147,757,239</b>	<b>28,503,525</b>
<b>TOTAL ASSETS</b>	<b>183,583,139</b>	<b>31,100,007</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Other Postemployment Benefits	2,129,610	-
Pensions	14,677,987	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>16,807,597</b>	<b>-</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	2,349,797	329,480
Salary and Payroll Taxes Payable	1,709,646	-
Accrued Interest Payable	-	1,038
Construction Contracts Payable	1,273,150	-
Retainage Payable	221,923	-
Unearned Revenue	6,008,241	-
Deposits Held for Others	795,037	-
Long-Term Liabilities - Current Portion:		
Bonds Payable	1,050,000	-
Notes Payable	-	193,415
Installment Purchase Payable	478,342	-
Leases Payable	218,770	-
Subscription Arrangements Liability	219,928	-
Special Termination Benefits Payable	133,565	-
Compensated Absences Payable	1,555,703	-
Other Postemployment Benefits Payable	87,953	-
Net Pension Liability	54,871	-
<b>Total Current Liabilities</b>	<b>16,156,926</b>	<b>523,933</b>

	<u>College</u>	<u>Component Units</u>
<b>LIABILITIES (Continued)</b>		
Noncurrent Liabilities:		
Bonds Payable	1,737,000	-
Installment Purchase Payable	3,668,086	-
Leases Payable	417,436	-
Subscription Arrangements Liability	2,457,236	-
Special Termination Benefits Payable	110,833	-
Compensated Absences Payable	5,852,408	-
Other Postemployment Benefits Payable	4,342,593	-
Net Pension Liability	47,017,316	-
<b>Total Noncurrent Liabilities</b>	<u>65,602,908</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>81,759,834</u>	<u>523,933</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Other Postemployment Benefits	5,454,018	-
Pensions	5,164,487	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>10,618,505</u>	<u>-</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	135,986,889	4,041,014
Restricted:		
Nonexpendable:		
Endowment	-	20,875,286
Expendable:		
Grants and Loans	6,814,243	-
Scholarships	2,536,098	3,383,556
Capital Projects	5,242,249	-
Unrestricted	(42,567,082)	2,276,218
<b>TOTAL NET POSITION</b>	<u>\$ 108,012,397</u>	<u>\$ 30,576,074</u>

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

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

	<b>College</b>	<b>Component Units</b>
<b>REVENUES</b>		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of \$15,777,195	\$ 24,135,894	\$ -
Federal Grants and Contracts	10,388,947	-
State and Local Grants and Contracts	18,763,493	-
Nongovernmental Grants and Contracts	325,856	-
Sales and Services of Educational Departments	91,507	-
Auxiliary Enterprises	3,954,755	-
Other Operating Revenues	1,177,673	4,736,393
<b>Total Operating Revenues</b>	<b>58,838,125</b>	<b>4,736,393</b>
<b>EXPENSES</b>		
Operating Expenses:		
Personnel Services	80,331,593	598,280
Scholarships and Waivers	31,172,472	805,356
Utilities and Communications	3,419,571	-
Contractual Services	12,653,581	368,492
Other Services and Expenses	6,546,020	912,121
Materials and Supplies	7,337,985	99,500
Depreciation	8,702,798	237,580
<b>Total Operating Expenses</b>	<b>150,164,020</b>	<b>3,021,329</b>
<b>Operating Income (Loss)</b>	<b>(91,325,895)</b>	<b>1,715,064</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State Noncapital Appropriations	44,428,965	-
Federal and State Student Financial Aid	41,440,395	-
Gifts and Grants Received for Other Than Capital or Endowment Purposes	2,449,926	-
Investment Income	120,422	1,364,586
Other Nonoperating Revenues	123,067	-
Loss on Disposal of Capital Assets	(781,673)	-
Interest on Capital Asset-Related Debt	(397,508)	(35,526)
<b>Net Nonoperating Revenues</b>	<b>87,383,594</b>	<b>1,329,060</b>
<b>Income (Loss) Before Other Revenues</b>	<b>(3,942,301)</b>	<b>3,044,124</b>
State Capital Appropriations	860,867	-
Capital Grants, Contracts, Gifts, and Fees	4,123,932	-
<b>Total Other Revenues</b>	<b>4,984,799</b>	<b>-</b>
<b>Increase in Net Position</b>	<b>1,042,498</b>	<b>3,044,124</b>
Net Position, Beginning of Year	107,317,263	27,531,950
Adjustment to Beginning Net Position	(347,364)	-
<b>Net Position, Beginning of Year, as Restated</b>	<b>106,969,899</b>	<b>27,531,950</b>
<b>Net Position, End of Year</b>	<b>\$ 108,012,397</b>	<b>\$ 30,576,074</b>

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

**TALLAHASSEE STATE COLLEGE**  
**A Component Unit of the State of Florida**  
**Statement of Cash Flows**

**For the Fiscal Year Ended June 30, 2025**

	<b>College</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Student Tuition and Fees, Net	\$ 21,980,537
Grants and Contracts	39,419,468
Payments to Suppliers	(27,131,072)
Payments for Utilities and Communications	(3,419,571)
Payments to Employees	(60,533,658)
Payments for Employee Benefits	(20,957,687)
Payments for Scholarships	(31,172,472)
Loans Issued to Students	(1,700)
Collection on Loans to Students	1,000
Auxiliary Enterprises	3,999,290
Sales and Services of Educational Departments	91,507
Other Payments	(434,804)
	<b>(78,159,162)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State Noncapital Appropriations	44,428,965
Federal and State Student Financial Aid	41,440,395
Federal Direct Loan Program Receipts	16,406,943
Federal Direct Loan Program Disbursements	(16,437,624)
Gifts and Grants Received for Other Than Capital or Endowment Purposes	2,449,926
	<b>88,288,605</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
State Capital Appropriations	860,867
Capital Grants and Gifts	4,123,932
Proceeds from Sale of Capital Assets	123,067
Purchases of Capital Assets	(19,258,811)
Principal Paid on Capital Debt and Leases	(3,591,335)
Interest Paid on Capital Debt and Leases	(397,508)
	<b>(18,139,788)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment Income	120,422
	<b>120,422</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(7,889,923)</b>
Cash and Cash Equivalents, Beginning of Year	14,561,082
	<b>14,561,082</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 6,671,159</b>

	<u>College</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>	
Operating Loss	\$ (91,325,895)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	8,702,798
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	(2,370,975)
Collection on Loans to Students	(700)
Due from Other Governmental Agencies	6,814,896
Due from Component Unit	(373,819)
Inventories	(80,723)
Deposits Receivables	8,195
Accounts Payable	(512,763)
Salaries and Payroll Taxes Payable	(160,413)
Unearned Revenue	3,094,909
Deposits Held for Others	(955,333)
Special Termination Benefits Payable	(71,945)
Compensated Absences Payable	69,034
Other Postemployment Benefits Payable	216,143
Net Pension Liability	(1,694,884)
Deferred Outflows of Resources Related to Other Postemployment Benefits	620,482
Deferred Inflows of Resources Related to Other Postemployment Benefits	(831,001)
Deferred Outflows of Resources Related to Pensions	(1,473,604)
Deferred Inflows of Resources Related to Pensions	2,166,436
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u>\$ (78,159,162)</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL FINANCING ACTIVITIES</b>	
Losses from the disposal of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	\$ (781,673)

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

# **NOTES TO FINANCIAL STATEMENTS**

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

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

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

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

- Tallahassee State College Foundation, Inc. (Foundation): This legally separate organization provides funding and services to support and foster the pursuit of higher education at the College and is governed by a separate board.
- Public Safety Academy Housing, Inc. (PSAH): This legally separate organization was established to obtain financing to construct a 200-room housing facility for students at the College's Florida Public Safety Institute and is governed by a separate board. The housing facility was completed on January 4, 2006. Upon completion, PSAH executed an agreement with the College whereby the College leases the housing facility from PSAH and is responsible for operating and maintaining the facility. In exchange, PSAH receives a monthly lease payment in the amount of its mortgage payments and operating expenses. During the 2024-25 fiscal year, the lease and note transactions accounted for substantially all of the PSAH financial activity.

The Foundation and PSAH are also direct-support organizations, as defined in Section 1004.70, Florida Statutes, and although legally separate from the College, are financially accountable to the College. The Foundation and PSAH are 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 and PSAH receive, hold, invest, and administer property, and make expenditures to or for the benefit of the College.

The Foundation and PSAH are audited by other auditors pursuant to Section 1004.70(6), Florida Statutes. The Foundation's and PSAH's audited financial statements are available to the public and can be obtained from the Vice President for Administrative Services and Chief Business Officer,

Tallahassee State College, 444 Appleyard Drive, Tallahassee, Florida 32304. The financial data reported on the accompanying financial statements was derived from the Foundation's and PSAH's audited financial statements for the fiscal year ended March 31, 2025. Additional condensed financial statements for the College's component units are included in a subsequent note.

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

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

**Measurement Focus and Basis of Accounting**. The 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 non-exchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met. The College follows GASB standards of accounting and financial reporting.

The College's component units use the economic resources measurement focus and the accrual basis of accounting, and the Foundation follows FASB standards of accounting and financial reporting for not-for-profit organizations. The PSAH follows GASB standards of accounting and financial reporting.

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

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

investment income. Interest on capital asset-related debt is a nonoperating expense. Other revenues generally include revenues for capital construction projects.

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

The statement of revenues, expenses, and changes in net position is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the difference between the stated charge for goods and services provided by the College and the amount that is actually paid by the student or the third-party making payment on behalf of the student. The College calculated the scholarship allowance by determining the total financial aid received for the fiscal year, then excluding all loan assistance from this total. The College then applied the average for scholarship allowance percentage to tuition and fees for the previous 5 years to the current year tuition and fees, then applied the product as the current year scholarship allowance.

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

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

On June 30, 2025, the College reported as cash equivalents \$65,649 in the Florida PRIME investment pool administered by the SBA pursuant to Section 218.405, Florida Statutes. The College's investments in the Florida PRIME investment pool, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The Florida PRIME investment pool carried a credit rating of AAAM by Standard & Poor's and had a weighted-average days to maturity (WAM) of 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 money entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days.” As of June 30, 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, and computer software. These assets are capitalized and recorded at cost at the date of acquisition or at acquisition value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The College has a capitalization threshold of \$5,000 for tangible personal property and \$25,000 to \$65,000 for buildings and other structures and improvements. Depreciation is computed on a straight-line basis over the following estimated useful lives:

- Buildings – 40 years
- Other Structures and Improvements – 10 years
- Furniture, Machinery, and Equipment:
  - Computer Equipment – 3 years
  - Vehicles, Office Machines, and Educational Equipment – 5 years
  - Furniture – 7 years
- Lease Assets – Amortized over lease term
- Subscription-Based Information Technology Arrangements – Amortized over contract term
- Computer Software – 5 to 7 years

Land, buildings, and equipment of the College’s component units are stated at cost, except for donated property, which is stated at fair market value at the date of donation, and is net of accumulated depreciation. The College’s component units depreciated buildings and equipment over an estimated useful life of 39 years for buildings and improvements and from 5 to 7 years for furniture and equipment.

**Noncurrent Liabilities.** Noncurrent liabilities include bonds payable, installment purchase payable, leases payable, subscription arrangements liability, special termination benefits payable, compensated absences payable, other postemployment benefits payable, and net pension liabilities that are not scheduled to be paid within the next fiscal year.

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

**2. Accounting Change 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 \$1,600,552, 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 that capital outlay expenses related to the Florida Public Safety Institute building in the prior fiscal year were not capitalized. Therefore, capital assets, net of depreciation, were understated by \$1,253,188 for the 2023-24 fiscal year. The effect of correcting that error is shown in the table below.

<u>Description</u>	<u>College</u>
Beginning Net Position, as previously reported	\$ 107,317,263
Change in accounting principle (GASB Statement No. 101)	(1,600,552)
Error correction	1,253,188
<b>Beginning Net Position, as Restated</b>	<b><u>\$ 106,969,899</u></b>

**3. Deficit Net Position in Individual Funds**

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

<u>Funds</u>	<u>Net Position</u>
Current Funds - Unrestricted	\$ (42,788,028)
Auxiliary Funds	220,946
<b>Total</b>	<b><u>\$ (42,567,082)</u></b>

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

The College's investments on June 30, 2025, are reported as follows:

<b>Investments by fair value level</b>	<b>Amount</b>	<b>Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)</b>
SBA Debt Service Accounts	\$ 28,479	\$ 28,479
Certificates of Deposit	621,112	621,112
<b>Total Investments measured at fair value level</b>	<b>\$ 649,591</b>	<b>\$ 649,591</b>

**State Board of Administration Debt Service Accounts.** The College reported investments totaling \$28,479 on 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. 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.

**Certificates of Deposit.** The College reported investments totaling \$621,112 on June 30, 2025, in certificates of deposits (CDs) with two banks. The investments in these CDs were fully insured by the Federal Deposit Insurance Corporation, except for \$153,533. The CDs carry original maturity dates of 12 months with annual percentage interest rates between 1.75 and 2.25 percent.

**Component Units Investments.** Investments reported by the College’s component units consisted of those held by the Foundation on March 31, 2025, and are reported at fair value as follows:

<u>Investment Type</u>	<u>Net Position</u>
Mutual Funds	\$ 23,047,846
Money Market Funds	2,031,462
<b>Total</b>	<b>\$ 25,079,308</b>

## 5. Accounts Receivable

Accounts receivable represent amounts for student fee deferments, various student services provided by the College, uncollected commissions for food service and vending machine sales, and contract and grant reimbursements due from third parties. The accounts receivable are reported net of a \$1,221,251 allowance for doubtful accounts.

## 6. Due From Other Government Agencies

The amount due from other governmental agencies consists of \$7,849,791 of Public Education Capital Outlay allocations and deferred maintenance allocations due from the State for maintenance and construction of College facilities and \$12,219,553 due from Federal and State agencies for contracts and grants and other services.

## 7. Due From Component Units

The \$500,563 reported as due from component units primarily consists of amounts owed to the College by the Foundation for scholarships and other Foundation sponsored activities.

The College’s financial statements are reported for the fiscal year ending June 30, 2025. The component units’ financial statements are reported for the fiscal year ending March 31, 2025. Accordingly, amounts reported as due from component units on the statement of net position do not have a corresponding amount reported as due to the College by the component units.

## 8. Capital Assets

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

<u>Description</u>	<u>Beginning Balance (1)</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets:				
Land	\$ 9,812,887	\$ -	\$ -	\$ 9,812,887
Construction in Progress	14,675,177	13,003,287	20,347,881	7,330,583
<b>Total Nondepreciable Capital Assets</b>	<b>\$ 24,488,064</b>	<b>\$ 13,003,287</b>	<b>\$ 20,347,881</b>	<b>\$ 17,143,470</b>
Depreciable Capital Assets:				
Buildings	\$ 198,236,767	\$ 25,651,476	\$ -	\$ 223,888,243
Other Structures and Improvements	14,235,462	41,892	-	14,277,354
Furniture, Machinery, and Equipment	11,878,717	1,064,546	242,334	12,700,929
Lease Assets	3,165,105	615,139	2,625,103	1,155,141
Subscription-Based Information Technology Arrangements	1,625,533	3,448,735	1,625,533	3,448,735
Computer Software	7,170,986	-	363,082	6,807,904
<b>Total Depreciable Capital Assets</b>	<b>236,312,570</b>	<b>30,821,788</b>	<b>4,856,052</b>	<b>262,278,306</b>
Less, Accumulated Depreciation:				
Buildings	95,177,468	6,065,840	-	101,243,308
Other Structures and Improvements	13,909,339	174,469	-	14,083,808
Furniture, Machinery, and Equipment	8,124,697	1,128,556	238,090	9,015,163
Lease Assets	2,124,469	926,491	2,625,103	425,857
Subscription-Based Information Technology Arrangements	848,104	334,826	848,104	334,826
Computer Software	6,880,520	72,616	363,082	6,590,054
<b>Total Accumulated Depreciation</b>	<b>127,064,597</b>	<b>8,702,798</b>	<b>4,074,379</b>	<b>131,693,016</b>
<b>Total Depreciable Capital Assets, Net</b>	<b>\$ 109,247,973</b>	<b>\$ 22,118,990</b>	<b>\$ 781,673</b>	<b>\$ 130,585,290</b>

(1) Adjustments were made to beginning balances for buildings to correct prior year accounting errors as discussed in Note 2. of the notes to financial statements.

## 9. Unearned Revenue

Unearned revenue at June 30, 2025, includes contracts and grants for which the College had not yet earned the revenue, and student tuition and fees received prior to fiscal year end related to subsequent accounting periods. As of June 30, 2025, the College reported the following amounts as unearned revenue:

<u>Description</u>	<u>Amount</u>
Contracts and Grants	\$ 5,924,673
Student Tuition and Fees	83,568
<b>Total Unearned Revenue</b>	<b>\$ 6,008,241</b>

## 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	\$ 3,783,000	\$ -	\$ 996,000	\$ 2,787,000	\$ 1,050,000
Installment Purchase Payable	4,597,866	-	451,438	4,146,428	478,342
Leases Payable	1,013,106	615,139	992,039	636,206	218,770
Subscription Arrangements Liability	380,288	3,448,734	1,151,858	2,677,164	219,928
Special Termination Benefits Payable	316,343	58,470	130,415	244,398	133,565
Compensated Absences Payable (1)	7,339,077	700,148	631,114	7,408,111	1,555,703
Other Postemployment Benefits Payable	4,214,403	431,158	215,015	4,430,546	87,953
Net Pension Liability	48,767,071	16,158,231	17,853,115	47,072,187	54,871
<b>Total Long-Term Liabilities</b>	<b>\$ 70,411,154</b>	<b>\$ 21,411,880</b>	<b>\$ 22,420,994</b>	<b>\$ 69,402,040</b>	<b>\$ 3,799,132</b>

(1) The beginning balance of the Compensated Absences Payable was adjusted for adoption of GASB Statement No. 101 as described in Note 2.

**Bonds Payable.** Various bonds were issued to finance capital outlay projects of the College. The following is a description of the bonded debt issues:

- **SBE Capital Outlay Bonds.** 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.
- **Capital Improvement Revenue Bonds, Series 2018A.** These bonds are authorized by Article VII, Section 11(d) of the Florida Constitution; Sections 215.57 through 215.83 and 1009.23, Florida Statutes; and other applicable provisions of law. Principal and interest on these bonds were issued to refund the Series 2006A and are secured by and payable solely from a first lien pledge of the capital improvement fees collected pursuant to Section 1009.23(11), Florida Statutes, by the Series 2018A participating colleges on a parity with any additional bonds issued subsequent to the issuance of the Series 2018A bonds. The Series 2006A bonds constitute the first series of bonds to be issued pursuant to a Master Authorizing Resolution. Upon the issuance of additional bonds, all bonds will share a parity first lien on the pledged revenues of all colleges participating in any series of bonds then outstanding. The Series 2018A bonds will share the lien on the revenues pledged by the colleges participating in such additional bonds. The bonds were issued for the new construction and renovation and remodeling of educational facilities.

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

<u>Bond Type</u>	<u>Amount Outstanding</u>	<u>Interest Rates (Percent)</u>	<u>Annual Maturity To</u>
SBE Capital Outlay Bonds:			
Series 2019A	\$ 911,000	5	2029
Series 2020A	186,000	5	2030
Florida Department of Education Capital Improvement Revenue Bonds:			
Series 2018A	<u>1,690,000</u>	5	2027
<b>Total</b>	<b><u>\$ 2,787,000</u></b>		

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

<u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,050,000	\$ 139,350	\$ 1,189,350
2027	1,115,000	86,850	1,201,850
2028	279,000	31,100	310,100
2029	302,000	17,150	319,150
2030	41,000	2,050	43,050
<b>Total</b>	<b>\$ 2,787,000</b>	<b>\$ 276,500</b>	<b>\$ 3,063,500</b>

**Mortgage Note Payable – Component Unit.** On November 10, 2014, the PSAH refinanced the mortgage payable for \$6,017,876, at a stated interest rate of 2.75 percent, then at 3.34 percent until August 31, 2019, and thereafter a floating rate equal to 70 percent of the prime rate of JPMorgan Chase Bank, with a floor in all cases of 2.45 percent; payable monthly installments of principal and interest, maturing June 1, 2025. The note is collateralized by a leasehold mortgage in real estate and first-priority security interest in all personal property located at the facility. The note is also collateralized by the assignment of rents and leases related to the housing facility.

Also, on November 10, 2014, the PSAH executed another mortgage note payable for improvements to the property. The amount of the note is \$575,000 with an interest rate of 3.99 percent until August 31, 2019, and thereafter a floating rate equal to 70 percent of the prime rate of JPMorgan Chase Bank, with a floor in all cases of 3.25 percent; payable in monthly installments of principal and interest, maturing June 1, 2025. The note is collateralized by a leasehold mortgage in real estate and first-priority security interest in all personal property located at the facility. The note is also collateralized by the assignment of rents and leases related to the housing facility.

Annual requirements to amortize the outstanding notes as of March 31, 2025, are as follows:

<u>Fiscal Year Ending</u> <u>March 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 193,415	\$ 2,234	\$ 195,649

**Installment Purchase Payable.** The College entered into an installment purchase agreement for the purchase of energy saving equipment in the amount of \$6,806,160. The stated interest rate is 2.21 percent. Future minimum payments under the installment purchase agreement and the present value of the minimum payments as of June 30, 2025, are as follows:

<u>Fiscal Year Ending June 30 2025</u>	<u>Amount</u>
2026	\$ 566,067
2027	583,273
2028	600,997
2029	619,252
2030	638,054
2031-2033	1,504,061
<b>Total Minimum Payments</b>	4,511,704
Less, Amount Representing Interest	(365,276)
<b>Present Value of Minimum Payments</b>	<b>\$ 4,146,428</b>

**Leases Payable.** Commercial office spaces and phone hardware and services in the amount of \$1,155,141 are being utilized under lease agreements. The liabilities and the assets generated under GASB Statement No. 87, *Leases*, are revised due to the end of one and an addition of another lease agreement. The imputed interest rate for the two leases is 5 percent. Future minimum payments under the lease agreements and the present value of the minimum payments as of June 30, 2025, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 218,770	\$ 29,234	\$ 248,004
2027	179,422	18,582	198,004
2028	116,103	11,901	128,004
2029	121,911	6,095	128,006
<b>Total Minimum Lease Payments</b>	<b>\$ 636,206</b>	<b>\$ 65,812</b>	<b>\$ 702,018</b>

**Subscription Arrangements Liability.** The College has subscription-based information technology agreements (SBITAs) for the right to use Workday, an enterprise resource planning system asset, and OnBase, an enterprise content management service, totaling \$3,448,735. The College has discounted the future minimum payments using its incremental borrowing rate of 5 percent. Future minimum payments under SBITA and the present value of the minimum payments as of June 30, 2025, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 219,928	\$ 28,209	\$ 248,137
2027	460,956	112,393	573,349
2028	484,540	88,810	573,350
2029	509,330	64,020	573,350
2030	535,388	37,962	573,350
2031	467,022	10,769	477,791
<b>Total</b>	<b>\$ 2,677,164</b>	<b>\$ 342,163</b>	<b>\$ 3,019,327</b>

**Special Termination Benefits Payable.** Under a Board-established Retirement Incentive Program, employees who were hired prior to July 1, 1995, and elect to retire within 36 months from the achievement of normal retirement, as defined in Sections 121.091 and 238.07, Florida Statutes, receive an incentive payment of 10 percent based on their salary at retirement. In addition, the employee receives payment for a maximum of 1,440 hours of sick leave. The College reported special termination benefits payable of \$244,398 as of June 30, 2025, for 6 employees who gave notice to retire under the Retirement Incentive Program, of which \$133,565 represents the current portion.

**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. On June 30, 2025, the estimated liability for compensated absences, which includes the College’s share of the Florida Retirement System and FICA contributions, totaled \$7,408,111. The current portion of the compensated absences liability \$1,555,703 is the amount expected to be paid in the coming fiscal year and represents a historical percentage of leave used applied to total accrued leave liability.

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

**General Information about the OPEB Plan**

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

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

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	27
Inactive Employees Entitled to But Not Yet Receiving Benefits	35
Active Employees	671
<b>Total</b>	<u>733</u>

**Total OPEB Liability**

The College’s total OPEB liability of \$4,430,546 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 including wage inflation	
Regular Employees	3.65 percent to 6.35 percent
Senior Management Employees	4.20 percent to 9.30 percent
Special Risk Employees	4.80 percent to 7.40 percent
Discount rate-Municipal Bond Index Rate	
Prior Measurement Date	3.65 percent
Measurement Date	3.93 percent
Healthcare cost trend rates	
Pre-Medicare	7.00 percent for 2023, decreasing to an ultimate rate of 4.40 percent by 2034
Medicare	5.125 percent for 2023, decreasing to an ultimate rate of 4.40 percent by 2027

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

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increase used in June 30, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2019 through June 30, 2024, 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 June 30, 2023, valuation were based on a review of recent plan experience performed concurrently with the June 30, 2023, valuation.

### ***Changes in the Total OPEB Liability***

	<b>Amount</b>
<b>Balance at 6/30/24</b>	<u>\$ 4,214,403</u>
<b>Changes for the year:</b>	
Service Cost	268,792
Interest	162,366
Changes in Assumptions or Other Inputs	(144,741)
Benefit Payments	<u>(70,274)</u>
<b>Net Changes</b>	<u>216,143</u>
<b>Balance at 6/30/25</b>	<u><u>\$ 4,430,546</u></u>

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

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.* The following table presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.93 percent) or 1 percentage point higher (4.93 percent) than the current rate:

	<u>1% Decrease (2.93%)</u>	<u>Current Discount Rate (3.93%)</u>	<u>1% Increase (4.93%)</u>
Total OPEB liability	\$5,224,202	\$4,430,546	\$3,790,229

*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	\$3,631,520	\$4,430,546	\$5,493,880

***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 \$93,577. On 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	\$ 1,460,494	\$ 1,572,336
Change of assumptions or other inputs	581,163	3,881,682
Transactions subsequent to the measurement date	87,953	-
<b>Total</b>	<u>\$ 2,129,610</u>	<u>\$ 5,454,018</u>

Of the total amount reported as deferred outflows of resources related to OPEB \$87,953 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 reporting year ended 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	\$ (337,581)
2027	(299,906)
2028	(328,169)
2029	(527,922)
2030	(527,922)
Thereafter	<u>(1,390,861)</u>
<b>Total</b>	<u>\$ (3,412,361)</u>

**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 \$47,072,187. 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; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing multiple-employer defined benefit plans and other nonintegrated programs. An annual comprehensive financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services Web site ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

The College's FRS and HIS pension expense totaled \$4,993,726 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.
- *Special Risk Class* – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

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, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 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, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of creditable service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

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

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

<b><u>Class, Initial Enrollment, and Retirement Age/Years of Service</u></b>	<b><u>% Value</u></b>
<b>Regular Class members initially enrolled before July 1, 2011</b>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<b>Regular Class members initially enrolled on or after July 1, 2011</b>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<b>Senior Management Service Class</b>	<b>2.00</b>
<b>Special Risk Class</b>	<b>3.00</b>

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

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

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	13.63
FRS, Senior Management Service	3.00	34.52
FRS, Special Risk	3.00	32.79
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 \$4,998,760 for the fiscal year ended June 30, 2025.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2025, the College reported a liability of \$31,307,240 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 0.080929251 percent, which was a decrease of 0.000862625 from its proportionate share measured as of June 30, 2023.

For the fiscal year ended June 30, 2025, the College recognized pension expense of \$4,443,791. 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	\$ 3,162,872	\$ -
Change of assumptions	4,290,944	-
Net difference between projected and actual earnings on FRS Plan investments	-	2,080,842
Changes in proportion and differences between College FRS contributions and proportionate share of contributions	258,954	771,122
College FRS contributions subsequent to the measurement date	4,998,760	-
<b>Total</b>	<u>\$ 12,711,530</u>	<u>\$ 2,851,964</u>

The deferred outflows of resources totaling \$4,998,760, resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2026	\$ (690,900)
2027	5,078,301
2028	243,828
2029	(38,701)
2030	268,278
<b>Total</b>	<u>\$ 4,860,806</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%
<b>Total</b>	<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	\$55,068,340	\$31,307,240	\$11,402,280

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

### HIS Pension Plan

*Plan Description.* The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered

retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

*Benefits Provided.* For the fiscal year ended June 30, 2025, eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

*Contributions.* The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2025, the contribution rate was 2 percent of payroll pursuant to Section 112.363, Florida Statutes. The College contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The College's contributions to the HIS Plan totaled \$997,016 for the fiscal year ended June 30, 2025.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2025, the College reported a net pension liability of \$15,764,947 for its proportionate share of the net pension liability. The current portion of the net pension liability is the College's proportionate share of benefit payments expected to be paid within 1 year, net of the College's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The College's proportionate share of the net pension liability was based on the College's 2023-24 fiscal year contributions relative to the total 2023-24 fiscal year contributions of all participating members. At June 30, 2024, the College's proportionate share was 0.105092798 percent, which was an increase of 0.003239912 from its proportionate share measured as of June 30, 2023.

For the fiscal year ended June 30, 2025, the College recognized pension expense of \$549,935. 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	\$ 152,221	\$ 30,271
Change of assumptions	279,003	1,866,367
Net difference between projected and actual earnings on HIS Plan investments	-	5,702
Changes in proportion and differences between College HIS contributions and proportionate share of HIS contributions	538,217	410,183
College contributions subsequent to the measurement date	997,016	-
<b>Total</b>	<u>\$ 1,966,457</u>	<u>\$ 2,312,523</u>

The deferred outflows of resources totaling \$997,016, resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2026	\$ (311,671)
2027	(339,958)
2028	(391,012)
2029	(208,517)
2030	(71,953)
Thereafter	(19,971)
<b>Total</b>	<u>\$ (1,343,082)</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	\$17,946,365	\$15,764,947	\$13,954,016

*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
FRS, Special Risk Regular	19.00

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 \$2,416,326 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 \$40,835 for the 2024-25 fiscal year.

### 13. Construction Commitments

The College's construction commitments on June 30, 2025, were as follows:

<u>Project Description</u>	<u>Total Commitment</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
Center for Innovation Exterior Walls and Windows	\$ 4,399,088	\$ 746,732	\$ 3,652,356
15KV Electrical Infrastructure	4,119,563	1,275,821	2,843,742
Center for Innovation Exterior Staircase	1,444,308	295,182	1,149,126
<b>Subtotal</b>	<u>9,962,959</u>	<u>2,317,735</u>	<u>7,645,224</u>
Other Projects (1)	6,344,245	5,012,848	1,331,397
<b>Total</b>	<u>\$ 16,307,204</u>	<u>\$ 7,330,583</u>	<u>\$ 8,976,621</u>

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

### 14. Risk Management Programs

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

Beginning in January 2025, College employees may 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. 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	\$ 48,124,545
Academic Support	7,816,911
Student Services	10,101,070
Institutional Support	26,246,142
Operation and Maintenance of Plant	13,215,331
Scholarships and Waivers	31,172,472
Depreciation	8,702,798
Auxiliary Enterprises	4,784,751
<b>Total Operating Expenses</b>	<b>\$ 150,164,020</b>

## 16. Discretely Presented Component Units

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

### Condensed Statement of Net Position

	<u>Direct-Support Organizations</u>		<u>Total</u>
	<u>Tallahassee State College Foundation, Inc. 3/31/2025</u>	<u>Public Safety Academy Housing, Inc. 3/31/2025</u>	
<b>Assets:</b>			
Current Assets	\$ 2,492,647	\$ 103,835	\$ 2,596,482
Capital Assets, Net	-	4,235,467	4,235,467
Other Noncurrent Assets	24,268,058	-	24,268,058
<b>Total Assets</b>	<b>26,760,705</b>	<b>4,339,302</b>	<b>31,100,007</b>
<b>Liabilities:</b>			
Current Liabilities	329,480	194,453	523,933
<b>Net Position:</b>			
Net Investment in Capital Assets	-	4,041,014	4,041,014
Restricted Nonexpendable	20,875,286	-	20,875,286
Restricted Expendable	3,383,556	-	3,383,556
Unrestricted	2,172,383	103,835	2,276,218
<b>Total Net Position</b>	<b>\$ 26,431,225</b>	<b>\$ 4,144,849</b>	<b>\$ 30,576,074</b>

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

	Direct-Support Organizations		Total
	Tallahassee State College Foundation, Inc. 3/31/2025	Public Safety Academy Housing, Inc. 3/31/2025	
Operating Revenues	\$ 3,971,893	\$ 764,500	\$ 4,736,393
Depreciation Expense	-	(237,580)	(237,580)
Operating Expenses	(2,776,402)	(7,347)	(2,783,749)
<b>Operating Income</b>	1,195,491	519,573	1,715,064
Net Nonoperating Revenues (Expenses):			
Investment Income	1,364,586	-	1,364,586
Interest Expense	-	(35,526)	(35,526)
<b>Net Nonoperating Revenues (Expenses)</b>	1,364,586	(35,526)	1,329,060
<b>Increase in Net Position</b>	2,560,077	484,047	3,044,124
Net Position, Beginning of Year	23,871,148	3,660,802	27,531,950
<b>Net Position, End of Year</b>	\$ 26,431,225	\$ 4,144,849	\$ 30,576,074

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## **OTHER REQUIRED SUPPLEMENTARY INFORMATION**

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

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Total OPEB Liability</b>					
Service cost	\$ 268,792	\$ 307,017	\$ 425,946	\$ 521,440	\$ 386,199
Interest	162,366	209,733	151,539	212,137	274,476
Difference between expected and actual experience	-	(1,484,974)	-	(595,714)	-
Changes of assumptions or other inputs	(144,741)	(434,986)	(1,490,913)	(2,471,076)	1,140,415
Benefit Payments	(70,274)	(48)	(116,716)	(191,932)	(166,758)
<b>Net change in total OPEB liability</b>	<b>216,143</b>	<b>(1,403,258)</b>	<b>(1,030,144)</b>	<b>(2,525,145)</b>	<b>1,634,332</b>
Total OPEB Liability - beginning	4,214,403	5,617,661	6,647,805	9,172,950	7,538,618
<b>Total OPEB Liability - ending</b>	<b>\$ 4,430,546</b>	<b>\$ 4,214,403</b>	<b>\$ 5,617,661</b>	<b>\$ 6,647,805</b>	<b>\$ 9,172,950</b>
Covered-Employee Payroll	\$ 38,379,068	\$ 38,379,068	\$ 33,199,567	\$ 33,199,567	\$ 34,393,702
<b>Total OPEB Liability as a percentage of covered-employee payroll</b>	<b>11.54%</b>	<b>10.98%</b>	<b>16.92%</b>	<b>20.02%</b>	<b>26.67%</b>
	<b>2019</b>	<b>2018</b>	<b>2017</b>		
<b>Total OPEB Liability</b>					
Service cost	\$ 268,305	\$ 280,611	\$ 312,412		
Interest	192,211	180,752	157,338		
Difference between expected and actual experience	4,624,012	-	-		
Changes of assumptions or other inputs	(2,267,626)	(254,088)	(471,395)		
Benefit Payments	(485,332)	(153,728)	(143,003)		
<b>Net change in total OPEB liability</b>	<b>2,331,570</b>	<b>53,547</b>	<b>(144,648)</b>		
Total OPEB Liability - beginning	5,207,048	5,153,501	5,298,149		
<b>Total OPEB Liability - ending</b>	<b>\$ 7,538,618</b>	<b>\$ 5,207,048</b>	<b>\$ 5,153,501</b>		
Covered-Employee Payroll	\$ 34,393,702	\$ 34,128,848	\$ 34,128,848		
<b>Total OPEB Liability as a percentage of covered-employee payroll</b>	<b>21.92%</b>	<b>15.26%</b>	<b>15.10%</b>		

**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	0.080929251%	0.081791876%	0.082084171%	0.084713150%
College's proportionate share of the FRS net pension liability	\$ 31,307,240	\$ 32,591,474	\$ 30,541,908	\$ 6,399,166
College's covered payroll (2)	\$ 45,879,858	\$ 41,996,127	\$ 38,627,277	\$ 38,408,049
College's proportionate share of the FRS net pension liability as a percentage of its covered payroll	68.24%	77.61%	79.07%	16.66%
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	\$ 4,998,760	\$ 4,582,727	\$ 4,008,216	\$ 3,502,681
FRS contributions in relation to the contractually required contribution	<u>(4,998,760)</u>	<u>(4,582,727)</u>	<u>(4,008,216)</u>	<u>(3,502,681)</u>
FRS contribution deficiency (excess)	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
College's covered payroll (2)	\$ 50,659,853	\$ 45,879,858	\$ 41,996,127	\$ 38,627,277
FRS contributions as a percentage of covered payroll	9.87%	9.99%	9.54%	9.07%

- (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>
0.081935255%	0.085751684%	0.087363886%	0.090978117%	0.093554556%	0.101124645%
\$ 35,511,947	\$ 29,531,686	\$ 26,314,455	\$ 26,919,953	\$ 23,622,599	\$ 13,061,604
\$ 38,774,680	\$ 38,673,065	\$ 38,545,799	\$ 38,764,986	\$ 37,908,655	\$ 39,130,532
91.59%	76.36%	68.27%	69.44%	62.31%	33.38%
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>
\$ 2,935,995	\$ 2,513,296	\$ 2,663,149	\$ 2,491,795	\$ 2,392,006	\$ 2,281,477
(2,935,995)	(2,513,296)	(2,663,149)	(2,491,795)	(2,392,006)	(2,281,477)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 38,408,049	\$ 38,774,680	\$ 38,673,065	\$ 38,545,799	\$ 38,764,986	\$ 37,908,655
7.64%	6.48%	6.89%	6.46%	6.17%	6.02%

**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	0.105092798%	0.101852886%	0.100757051%	0.102703191%
College's proportionate share of the HIS net pension liability	\$ 15,764,947	\$ 16,175,597	\$ 10,671,781	\$ 12,598,091
College's covered payroll (2)	\$ 44,703,108	\$ 40,478,690	\$ 36,767,321	\$ 36,582,647
College's proportionate share of the HIS net pension liability as a percentage of its covered payroll	35.27%	39.96%	29.03%	34.44%
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	\$ 997,016	\$ 889,747	\$ 669,951	\$ 609,665
HIS contributions in relation to the contractually required HIS contribution	<u>(997,016)</u>	<u>(889,747)</u>	<u>(669,951)</u>	<u>(609,665)</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll (2)	\$ 49,816,174	\$ 44,703,108	\$ 40,478,690	\$ 36,767,321
HIS contributions as a percentage of covered payroll	2.00%	1.99%	1.66%	1.66%

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

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

<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>
0.105760212%	0.109619245%	0.111640564%	0.113141780%	0.113921024%	0.119641288%
\$ 12,913,150	\$ 12,265,297	\$ 11,816,163	\$ 12,097,641	\$ 13,277,023	\$ 12,201,529
\$ 36,813,716	\$ 36,648,515	\$ 36,354,316	\$ 36,600,741	\$ 37,908,655	\$ 39,130,532
35.08%	33.47%	32.50%	33.05%	35.02%	31.18%
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>
\$ 607,272	\$ 608,396	\$ 606,014	\$ 603,482	\$ 600,208	\$ 583,918
(607,272)	(608,396)	(606,014)	(603,482)	(600,208)	(583,918)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 36,582,647	\$ 36,813,716	\$ 36,648,515	\$ 36,354,316	\$ 36,600,741	\$ 37,908,655
1.66%	1.65%	1.65%	1.66%	1.64%	1.54%

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

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

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

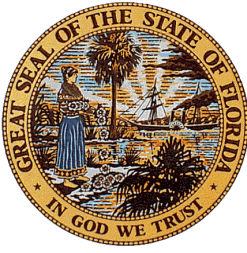
- Mortality, retirement, disability and termination rates.
- Salary increases.
- The municipal bond rate used to determine the total OPEB liability increased from 3.65 percent to 3.93 percent.

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

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

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

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



Sherrill F. Norman, CPA  
Auditor General

# AUDITOR GENERAL STATE OF FLORIDA

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

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

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

### **Report on Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a

combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying **FINDING AND RECOMMENDATION** section of this report as Financial Statement Finding No. 2025-001 that we consider to be a significant deficiency.

### **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*.

### **College's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the College's response to the finding identified in our audit and included as College Response on pages 57 and 58 and in Finding No. 2025-001. The College's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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

# FINDING AND RECOMMENDATION

## SIGNIFICANT DEFICIENCY

### FINANCIAL RECORDING AND REPORTING

<b>Finding Number</b>	<b>2025-001</b>
<b>Opinion Unit</b>	Tallahassee State College
<b>Financial Statements Account Title</b>	Due from Other Governmental Agencies; State and Local Grants and Contracts; and Unearned Revenues
<b>Adjustment Amounts</b>	Adjustments to Decrease: State and Local Grants and Contracts Revenues (debit) – \$8,096,647 Due from Other Governmental Agencies Receivables (credit) – \$5,588,400 Adjustment to Increase Unearned Revenues Liabilities (credit) – \$2,508,247
<b>Statistically Valid Sample</b>	Not Applicable
<b>Prior Year Finding</b>	Not Applicable
<b>Finding</b>	College procedures need improvement to ensure that transactions are properly recorded and reported for State Public Education and Capital Outlay (PECO) and Deferred Maintenance appropriations, and State and local grants and contracts.
<b>Criteria</b>	<p>Pursuant to State Board of Education Rule 6A-14.072, Florida Administrative Code, and the Florida Department of Education (FDOE) 2024-25 fiscal year instructions, the College was responsible for submission of the annual financial report (AFR) for the 2024-25 fiscal year to the FDOE.</p> <p>Generally accepted accounting principles and the <i>Accounting Manual for Florida's College System</i> require the College to appropriately record and report account balances and transactions, and to recognize revenue in the fiscal year in which the revenue is earned and measurable, even if cash is not received in that year. For nonexchange activities, such as legislatively authorized appropriations for PECO and Deferred Maintenance, the College should record revenue when all applicable eligibility requirements, including time requirements, are met. In those instances before cash is received from legislative appropriations, a receivable should be debited and, subsequently when the cash is received, the receivable should be credited and eliminated.</p> <p>In addition, general ledger accounting entries are made as necessary to revise amounts for asset, liability, revenue, and expense accounts. Effective internal controls help ensure that individuals who prepare accounting entries and the AFR and those who document independent verification of that information are properly trained to perform those functions. Such controls provide reasonable assurance that transactions are appropriately recorded and reported, and that errors or fraud, should they occur, are promptly detected and resolved before submission of the AFR to the FDOE.</p>
<b>Condition</b>	<p>In previous years, the Legislature appropriated State funding to the College, including State PECO funding of \$4,555,462 and State Deferred Maintenance funding of \$1,032,938 or a total of \$5,588,400. Since the College met the eligibility requirements for the funding in those years, the College correctly recorded those amounts by debiting receivables and crediting revenues.</p> <p>During the 2024-25 fiscal year, the College received the cash associated with those appropriations but inadvertently recorded the amounts received by crediting revenues instead of receivables. Consequently, College revenues and</p>

receivables were each overstated in the accounting records and on the AFR by \$5,588,400 for the 2024-25 fiscal year.

In addition, although we requested, College records were not provided to support the basis for one general ledger accounting entry for \$2,508,247 debiting unearned revenues liabilities and crediting State and local grants and contracts revenues. Consequently, College liabilities were understated and revenues were overstated in the accounting records and on the AFR by that amount.

**Cause**

College procedures included staff training and independent review and approval of accounting entries and the AFR; however, the training did not ensure that staff sufficiently understood financial recording and reporting requirements and the review procedures did not detect the financial record errors or financial statement misstatements before the AFR was submitted to the FDOE.

**Effect**

Recording and reporting errors may cause financial information users to misunderstand the College's most significant accounts, their related balances, and other financial activities, and incorrectly assess the College's financial position. Ultimately, the College accepted our recommended audit adjustments to properly report revenues, receivables, and liabilities; however, our audit procedures cannot substitute for management's responsibility for proper financial recording and reporting.

**Recommendation**

The College should enhance procedures to ensure that account balances and transactions are properly recorded and reported. Such enhancements should include appropriate training for College personnel responsible for accounting entry and AFR processes and effective review procedures to detect and correct accounting entry and financial statement reporting errors before the AFR is submitted to the FDOE.

**College Response**

The College agrees with the finding and proposed adjustments. New Financial Services staff have been hired and specific training in financial AFR procedures and processes have been completed. To ensure appropriate financial recording and reporting, the College has updated its review procedures prior to AFR submission to the FDOE.