

STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

DAYTONA 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. Thomas LoBasso served as President of Daytona State College and the following individuals served as Members of the Board of Trustees:

	<u>County</u>
Dr. Randall Howard, Chair	Volusia
Robert W. Lloyd, Vice Chair	Volusia
Randy Dye	Volusia
Lloyd J. Freckleton	Flagler
Kelley Parsons Kwiatek	Volusia
Garry R. Lubi	Flagler
Nellie Lupoli from 2-14-25 ^a	Volusia

^a Trustee position vacant from 7-1-24, through 2-13-25.

Note: Two Trustee positions were vacant the entire period.

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

The team leader was Keith O. Auyang, CPA, and the audit was supervised by Keith A. Wolfe, CPA.

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

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DAYTONA STATE COLLEGE
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SUMMARY

SUMMARY OF REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our audit disclosed that the basic financial statements of Daytona State College (a component unit of the State of Florida) were presented fairly, in all material respects, in accordance with prescribed financial reporting standards.

SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

Our audit did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States.

AUDIT OBJECTIVES AND SCOPE

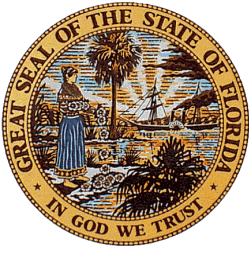
Our audit objectives were to obtain reasonable assurance about whether the financial statements as a whole were free from material misstatements, whether due to fraud or error, and to issue an auditor's report that included our opinions. In doing so we:

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

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

AUDIT METHODOLOGY

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



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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Tallahassee, Florida 32399-1450



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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 Daytona 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 Daytona 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 March 5, 2026 on our consideration of the Daytona 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
March 5, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the College for the fiscal year ended June 30, 2025, and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto, are the responsibility of College management. The MD&A contains financial activity of the College for the fiscal years ended June 30, 2025, and June 30, 2024.

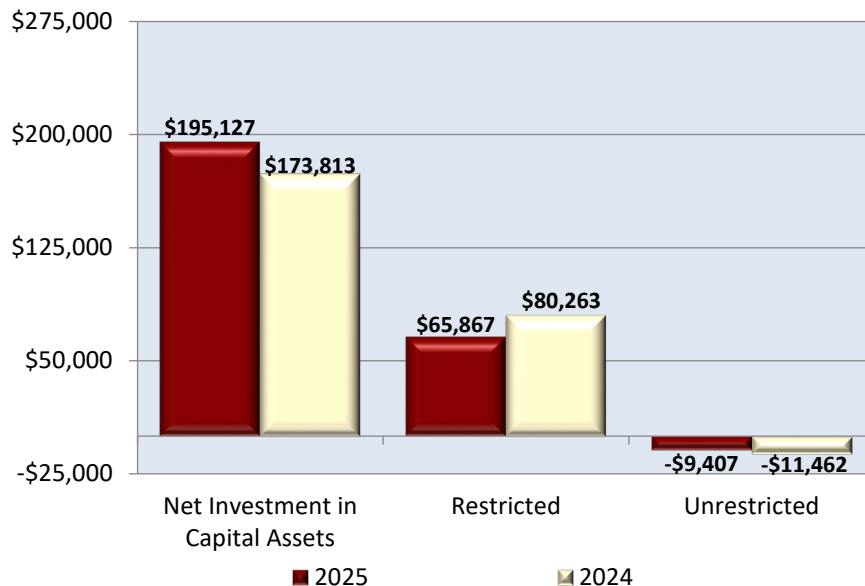
FINANCIAL HIGHLIGHTS

The College's assets and deferred outflows of resources totaled \$349.2 million at June 30, 2025. This balance reflects an increase of \$4.8 million, or 1.4 percent, as compared to the 2023-24 fiscal year, resulting mostly from an increase in capital assets. While assets and deferred outflows of resources increased, liabilities and deferred inflows of resources decreased by \$4.2 million, or 4.1 percent, totaling \$97.6 million at June 30, 2025, compared to \$101.8 million at June 30, 2024. As a result, the College's net position increased by \$9 million, resulting in a year-end balance of \$251.6 million.

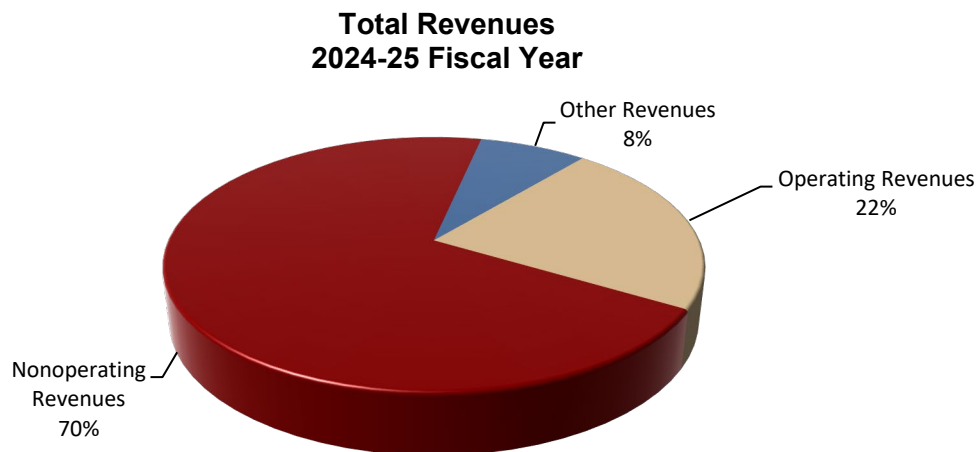
The College's operating revenues totaled \$36 million for the 2024-25 fiscal year, representing a \$2.2 million increase, or 6.6 percent, compared to the 2023-24 fiscal year, due mainly to an increase in student tuition and fees of \$2.7 million. Operating expenses totaled \$154.1 million for the 2024-25 fiscal year, representing an increase of \$10.7 million, or 7.4 percent, primarily due to increases of \$6.7 million in scholarships and waivers and \$6.4 million in materials and supplies, partially offset by a decrease of \$2.4 million in personnel services, 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, Daytona State College Foundation, Inc. (Foundation) and the Daytona State College Housing Corporation (Housing Corp). Based on the application of the criteria for determining component units, the Foundation and the Housing Corp are included within the College reporting entity as discretely presented component units.

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. The MD&A information for the discretely presented component units is included in their separately issued audit reports.

The Statement of Net Position

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

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

Condensed Statement of Net Position at June 30

(In Thousands)

	2025	2024
Assets		
Current Assets	\$ 73,295	\$ 82,707
Capital Assets, Net	196,087	176,013
Other Noncurrent Assets	65,698	71,925
Total Assets	335,080	330,645
Deferred Outflows of Resources	14,114	13,772
Liabilities		
Current Liabilities	9,955	8,592
Noncurrent Liabilities	56,095	62,012
Total Liabilities	66,050	70,604
Deferred Inflows of Resources	31,557	31,199
Net Position		
Net Investment in Capital Assets	195,127	173,813
Restricted	65,867	80,263
Unrestricted	(9,407)	(11,462)
Total Net Position	\$ 251,587	\$ 242,614

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)

	2024-25	2023-24
Operating Revenues	\$ 36,005	\$ 33,780
Less, Operating Expenses	154,107	143,422
Operating Loss	(118,102)	(109,642)
Net Nonoperating Revenues	112,617	106,689
Loss Before Other Revenues	(5,485)	(2,953)
Other Revenues	12,408	11,648
Net Increase In Net Position	6,923	8,695
Net Position, Beginning of Year	242,614	233,919
Adjustment to Beginning Net Position (1)	2,050	-
Net Position, Beginning of Year, as Restated	244,664	233,919
Net Position, End of Year	\$ 251,587	\$ 242,614

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

Operating Revenues

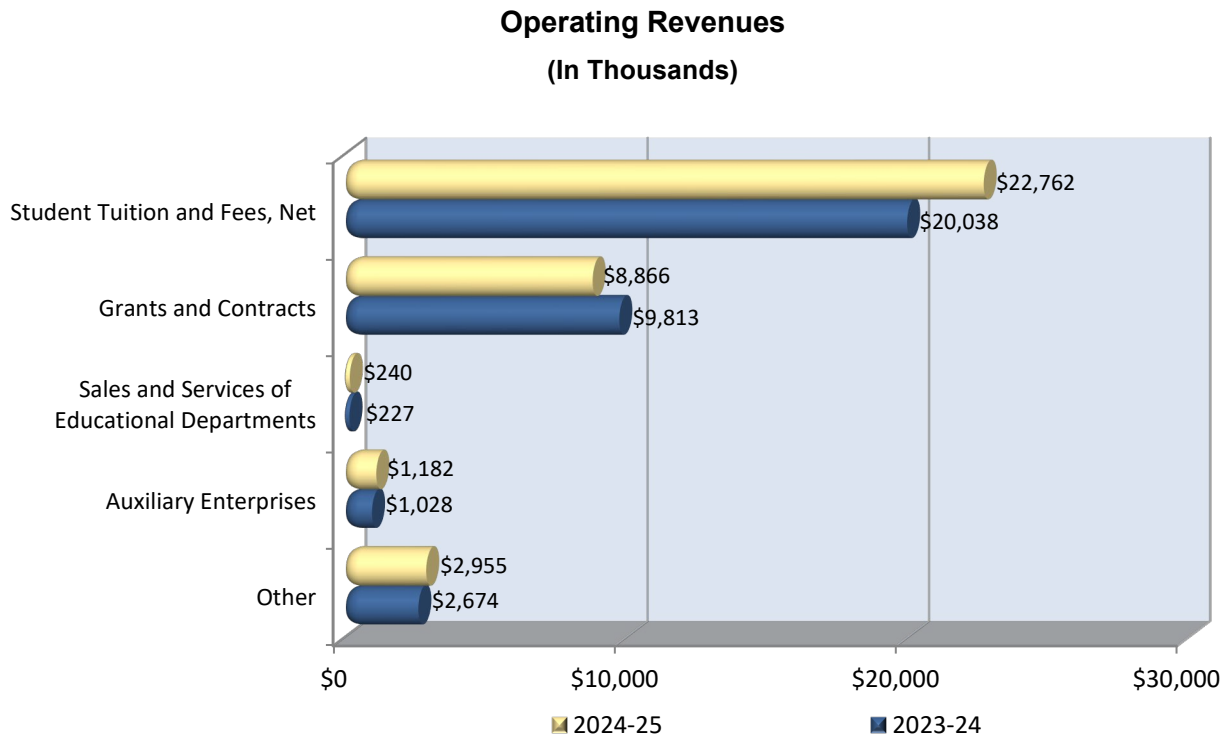
GASB Statement No. 35 categorizes revenues as either operating or nonoperating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either gives or receives something of equal or similar value.

The following summarizes the operating revenues by source that were used to fund operating activities for the 2024-25 and 2023-24 fiscal years:

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

	<u>2024-25</u>	<u>2023-24</u>
Student Tuition and Fees, Net	\$ 22,762	\$ 20,038
Grants and Contracts	8,866	9,813
Sales and Services of Educational Departments	240	227
Auxiliary Enterprises	1,182	1,028
Other	2,955	2,674
Total Operating Revenues	<u>\$ 36,005</u>	<u>\$ 33,780</u>

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



College operating revenues increased by \$2.2 million primarily due to an increase in student tuition and fees, net, resulting from a 9.8 percent increase in student enrollment in the 2024-25 fiscal year.

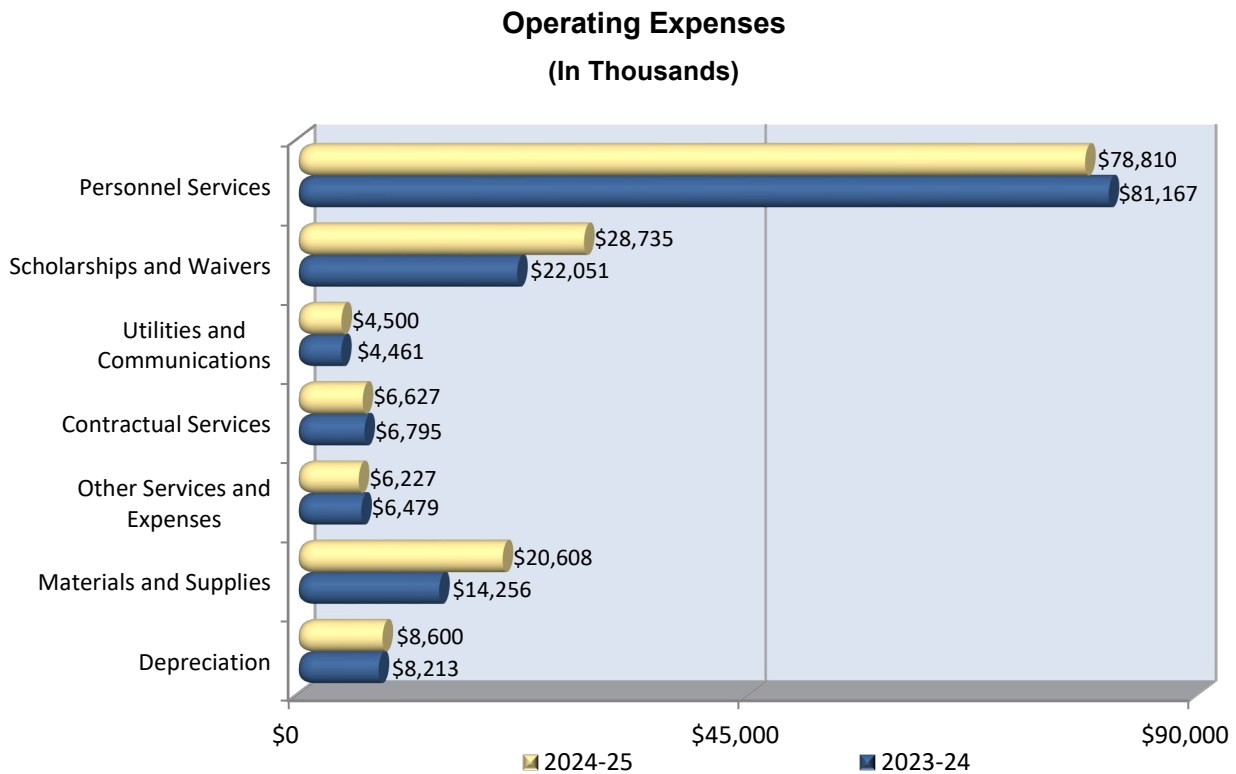
Operating Expenses

Expenses are categorized as operating or nonoperating. The majority of the College’s expenses are operating expenses as defined by GASB Statement No. 35. GASB gives financial reporting entities the choice of reporting operating expenses in the functional or natural classifications. The College has chosen to report the expenses in their natural classification on the statement of revenues, expenses, and changes in net position and has displayed the functional classification in the notes to financial statements. The following summarizes operating expenses by natural classification for the 2024-25 and 2023-24 fiscal years:

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

	<u>2024-25</u>	<u>2023-24</u>
Personnel Services	\$ 78,810	\$ 81,167
Scholarships and Waivers	28,735	22,051
Utilities and Communications	4,500	4,461
Contractual Services	6,627	6,795
Other Services and Expenses	6,227	6,479
Materials and Supplies	20,608	14,256
Depreciation	8,600	8,213
Total Operating Expenses	<u>\$ 154,107</u>	<u>\$ 143,422</u>

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



College operating expenses increased by \$10.7 million primarily due to a \$6.7 million increase in scholarships and waivers as a result of increased student enrollment; and a \$6.4 million increase in materials and supplies which is primarily attributed to an increase in noncapital repairs and maintenance projects on all campuses as a result of an effort by our facilities department to complete both new and existing College deferred maintenance projects. The increase in operating expenses was offset by a \$2.4 million decrease in personnel services mainly attributed to a \$8 million decrease in pension expense offset by salary increases and increased contributions to the new State Group Insurance Plan that the Florida College System began participating in effective January 2025.

Nonoperating Revenues and Expenses

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

Nonoperating Revenues (Expenses)		
For the Fiscal Years		
(In Thousands)		
	2024-25	2023-24
State Noncapital Appropriations	\$ 68,252	\$ 66,293
Federal and State Student Financial Aid	36,816	29,541
Gifts and Grants	3,940	5,642
Investment Income	3,624	3,582
Net Unrealized Gain on Investments	43	1,737
Gain on Disposal of Fixed Assets	19	23
Interest on Capital Asset-Related Debt	(77)	(129)
Net Nonoperating Revenues	\$ 112,617	\$ 106,689

Net nonoperating revenues increased by \$5.9 million primarily due to increases of \$7.3 million in Federal and State financial aid as a result of increased enrollment and an increase of \$2 million in State noncapital appropriations, offset by decreases of \$1.7 million in investment income and \$1.7 million in gifts and grants.

Other Revenues

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

Other Revenues		
For the Fiscal Years		
(In Thousands)		
	2024-25	2023-24
State Capital Appropriations	\$ 9,735	\$ 9,206
Capital Grants, Contracts, Gifts, and Fees	2,673	2,442
Total	\$ 12,408	\$ 11,648

The Statement of Cash Flows

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

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

Condensed Statement of Cash Flows For the Fiscal Years (In Thousands)

	<u>2024-25</u>	<u>2023-24</u>
Cash Provided (Used) by:		
Operating Activities	\$ (112,785)	\$ (91,474)
Noncapital Financing Activities	109,029	99,817
Capital and Related Financing Activities	(3,600)	(5,442)
Investing Activities	<u>3,666</u>	<u>5,318</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(3,690)	8,219
Cash and Cash Equivalents, Beginning of Year	<u>92,045</u>	<u>83,826</u>
Cash and Cash Equivalents, End of Year	<u>\$ 88,355</u>	<u>\$ 92,045</u>

Major sources of funds came from State noncapital appropriations (\$68.3 million), Federal and State student financial aid (\$36.8 million), State capital appropriations (\$21.4 million), net student tuition and fees (\$21.1 million), and Federal Direct Loan program receipts (\$16.6 million). Major uses of funds were for payments to employees (\$57.4 million), payments to suppliers for goods and services (\$33.6 million), payments for student scholarships (\$29.6 million), purchases of capital assets (\$26.4 million), payments for employee benefits (\$21.8 million) and Federal Direct Loan program disbursements (\$16.6 million).

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2025, the College had \$375.7 million in capital assets, less accumulated depreciation of \$179.6 million, for net capital assets of \$196.1 million. Depreciation charges for the current fiscal year totaled \$8.6 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)

	<u>2025</u>	<u>2024</u>
Land	\$ 15,577	\$ 15,577
Artwork	418	418
Construction in Progress	12,887	3,364
Buildings	159,325	149,271
Other Structures and Improvements	2,577	2,598
Furniture, Machinery, and Equipment	5,303	4,785
Capital Assets, Net	<u>\$196,087</u>	<u>\$176,013</u>

Nondepreciable capital assets increased by approximately \$9.5 million due to construction in progress related to the DeLand Chiller upgrades, the Daytona Chiller upgrades, the Tactical Training Center, and the Arts and Science Hall renovations. Depreciable capital assets increased by \$10.6 million primarily due to increases for buildings of approximately \$16.3 million due to the capitalization of the DeLand Firearms Training Center, the Palm Coast Amphitheater improvements, and the Deltona Welding Lab, offset by an increase in accumulated depreciation of \$6.2 million.

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 DeLand Law Enforcement and Emergency Services Center, the Arts and Sciences Hall, the Multi-purpose Field, and the Airframe Power Plant projects. The College's major construction commitments at June 30, 2025, are as follows:

	<u>Amount</u> <u>(In Thousands)</u>
Total Committed	\$ 18,853
Completed to Date	<u>2,736</u>
Balance Committed	<u>\$ 16,117</u>

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

Debt Administration

As of June 30, 2025, the College had \$1 million in outstanding loans payable representing a decrease of \$1.2 million, or 56.4 percent, from the prior fiscal year. The following table summarizes the outstanding long-term debt by type for the fiscal years ended June 30:

Long-Term Debt at June 30

(In Thousands)

	<u>2025</u>	<u>2024</u>
Loans Payable	\$ 960	\$ 2,200
Total	<u>\$ 960</u>	<u>\$ 2,200</u>

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

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The College’s economic condition is closely tied to that of the State of Florida. The State experienced relatively strong economic growth of approximately 3.7 percent in the 2023-24 fiscal year and 2.9 percent in the 2024-25 fiscal year, but is expected to continue to decelerate to 1.9 percent and 2 percent over the current and next two fiscal years. As such, the State recurring program funding for the College increased by approximately 1.5 percent in the 2025-26 fiscal year as compared to 2024-25 fiscal year appropriations. In addition, the College continued to experience student enrollment growth in the 2024-25 fiscal year and anticipates enrollment to further improve in the 2025-26 fiscal year. Therefore, the College budgeted an increase in enrollment of 3 percent over the actual 2024-25 fiscal year results. The College’s current financial and capital plans indicate there are adequate financial resources to maintain its present level of services.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Vice President of Finance and Administrative Services/CFO, Daytona State College, 1200 West International Speedway Boulevard, Daytona Beach, Florida 32114.

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BASIC FINANCIAL STATEMENTS

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

	College	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 37,914,823	\$ 912,057
Restricted Cash and Cash Equivalents	8,613,841	9,558
Investments	-	1,512,966
Accounts Receivable, Net	3,615,527	37,783
Notes Receivable, Net	31,634	-
Leases Receivable	903,393	-
Due from Other Governmental Agencies	20,942,516	-
Due from Component Units/College	45,253	3,832,993
Prepaid Expenses	1,223,885	17,731
Deposits	4,494	-
Total Current Assets	73,295,366	6,323,088
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	41,826,412	1,030,238
Investments	-	43,417,988
Leases Receivable	23,871,397	-
Depreciable Capital Assets, Net	167,203,746	12,405,497
Nondepreciable Capital Assets	28,882,937	1,429,802
Total Noncurrent Assets	261,784,492	58,283,525
TOTAL ASSETS	335,079,858	64,606,613
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	500,715	-
Pensions	13,613,778	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	14,114,493	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	3,233,959	30,429
Salary and Payroll Taxes Payable	2,486,860	-
Retainage Payable	966,325	-
Due to Component Units/College	167,084	47,863
Unearned Revenue	67,850	47,051
Deposits Held for Others	369,728	-
Long-Term Liabilities - Current Portion:		
Loans Payable	960,000	584,795
Subscription Based IT Arrangements	-	13,134
Special Termination Benefits Payable	485,505	-
Compensated Absences Payable	1,125,695	-
Other Postemployment Benefits Payable	36,283	-
Net Pension Liability	55,424	-
Total Current Liabilities	9,954,713	723,272

	<u>College</u>	<u>Component Units</u>
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Loans Payable	-	10,816,673
Subscription Based IT Arrangement	-	26,471
Special Termination Benefits Payable	158,483	-
Compensated Absences Payable	9,115,089	-
Other Postemployment Benefits Payable	559,784	-
Net Pension Liability	46,261,890	-
Total Noncurrent Liabilities	<u>56,095,246</u>	<u>10,843,144</u>
TOTAL LIABILITIES	<u>66,049,959</u>	<u>11,566,416</u>
DEFERRED INFLOWS OF RESOURCES		
Lease Agreements	24,774,790	-
Other Postemployment Benefits	242,084	-
Pensions	6,540,383	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>31,557,257</u>	<u>-</u>
NET POSITION		
Net Investment in Capital Assets	195,126,612	2,394,226
Restricted:		
Nonexpendable:		
Endowment	17,211	27,403,688
Expendable:		
Grants and Loans	6,755,812	19,176,107
Scholarships	1,843,554	-
Capital Projects	57,203,870	-
Debt Service	47,045	872,384
Other	-	157,854
Unrestricted	<u>(9,406,969)</u>	<u>3,035,938</u>
TOTAL NET POSITION	<u>\$ 251,587,135</u>	<u>\$ 53,040,197</u>

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

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

	College	Component Units
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of \$11,665,092	\$ 22,761,916	\$ -
Federal Grants and Contracts	6,533,938	-
State and Local Grants and Contracts	2,215,944	304,036
Nongovernmental Grants and Contracts	116,023	-
Sales and Services of Educational Departments	239,907	-
Auxiliary Enterprises	1,182,495	-
Other Operating Revenues	2,954,597	4,453,712
Total Operating Revenues	36,004,820	4,757,748
EXPENSES		
Operating Expenses:		
Personnel Services	78,810,041	441,644
Scholarships and Waivers	28,735,318	1,080,220
Utilities and Communications	4,499,509	111,781
Contractual Services	6,626,655	39,478
Other Services and Expenses	6,226,611	749,970
Materials and Supplies	20,608,399	32,228
Depreciation	8,600,096	331,535
Total Operating Expenses	154,106,629	2,786,856
Operating Income (Loss)	(118,101,809)	1,970,892
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	68,252,259	-
Federal and State Student Financial Aid	36,816,283	-
Gifts and Grants	3,939,504	2,590,958
Investment Income	3,623,832	1,028,773
Net Unrealized and Realized Gain on Investments	42,614	2,833,027
Gain on Disposal of Capital Assets	18,774	-
Interest on Capital Asset-Related Debt	(76,962)	-
Net Nonoperating Revenues	112,616,304	6,452,758
Income (Loss) Before Other Revenues	(5,485,505)	8,423,650
State Capital Appropriations	9,735,163	-
Capital Grants, Contracts, Gifts, and Fees	2,672,882	-
Total Other Revenues	12,408,045	-
Increase in Net Position	6,922,540	8,423,650
Net Position, Beginning of Year	242,614,481	44,616,547
Adjustment to Beginning Net Position	2,050,114	-
Net Position, Beginning of Year, as Restated	244,664,595	44,616,547
Net Position, End of Year	\$ 251,587,135	\$ 53,040,197

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

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

	College
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	\$ 21,097,445
Grants and Contracts	8,312,400
Payments to Suppliers	(33,559,568)
Payments for Utilities and Communications	(4,499,509)
Payments to Employees	(57,355,925)
Payments for Employee Benefits	(21,777,549)
Payments for Scholarships	(29,602,584)
Collection on Loans to Students	103,571
Loans Issued to Students	(109,249)
Auxiliary Enterprises	1,433,793
Sales and Services of Educational Departments	239,907
Other Receipts	2,932,078
	(112,785,190)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	68,252,259
Federal and State Student Financial Aid	36,837,628
Federal Direct Loan Program Receipts	16,633,314
Federal Direct Loan Program Disbursements	(16,633,314)
Gifts and Grants Received for Other Than Capital or Endowment Purposes	3,939,504
	109,029,391
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	21,418,476
Capital Grants and Gifts	2,672,882
Purchases of Capital Assets	(26,384,126)
Principal Paid on Capital Debt	(1,230,421)
Interest Paid on Capital Debt	(76,962)
	(3,600,151)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	3,666,446
	3,666,446
Net Decrease in Cash and Cash Equivalents	(3,689,504)
Cash and Cash Equivalents, Beginning of Year	92,044,580
Cash and Cash Equivalents, End of Year	\$ 88,355,076

	<u>College</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (118,101,809)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	8,600,096
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	(1,433,286)
Notes Receivable, Net	(5,678)
Leases Receivable	2,327,435
Due from Other Governmental Agencies	(693,460)
Due from Component Units	(1,811)
Prepaid Expenses	51,411
Accounts Payable	(653,331)
Salaries and Payroll Taxes Payable	343,958
Unearned Revenue	(208,058)
Deposits Held for Others	(22,520)
Special Termination Benefits Payable	64,667
Compensated Absences Payable	590,670
Other Postemployment Benefits Payable	60,566
Net Pension Liability	(3,719,338)
Deferred Outflows of Resources Related to Pensions	(383,816)
Deferred Inflows of Resources Related to Pensions	2,725,753
Deferred Outflows of Resources Related to Other Postemployment Benefits	41,142
Deferred Inflows of Resources Related to Other Postemployment Benefits	(47,034)
Deferred Inflows of Resources Related to Leases	(2,320,747)
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (112,785,190)</u>

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

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

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

- The Daytona 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.
- Daytona State College Housing Corporation (Housing Corp): On September 19, 2019, the Housing Corp was formed as a nonprofit corporation under the laws of the State of Florida to assist in the achievement of the College's mission by receiving, investing, and administering real and personal property including, but not limited to, the construction and management of College dormitories for the benefit of students of the College. This legally separate entity is included within the College's reporting entity as a discretely presented component unit and is governed by a separate board.

The component units are also direct-support organization, as defined in Section 1004.70, Florida Statutes, and although legally separate from the College, are financially accountable to the College. The Foundation and the Housing Corp are managed independently, outside the College's budgeting process, and their powers generally are vested in a governing board pursuant to various State statutes. The Foundation and the Housing Corp receive, hold, invest, and administer property, and make expenditures to or for the benefit of the College.

The component units are audited by other auditors pursuant to Section 1004.70(6), Florida Statutes. The Foundation's and Housing Corp's audited financial statements are available to the public and can be obtained from the Vice President of Finance/CFO, Daytona State College, 1200 West International Speedway Boulevard, Daytona Beach, Florida 32114. The financial data reported on the accompanying financial statements was derived from the Foundation's audited financial statements for the fiscal year

ended December 31, 2024, and the Housing Corp's audited financial statements for the fiscal year ended June 30, 2025. Additional condensed financial statements for the College's component units are included in a subsequent note.

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

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

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

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

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

The College's principal operating activity is instruction. Operating revenues and expenses generally include all fiscal transactions directly related to instruction as well as administration, academic support, student services, physical plant operations, and depreciation of capital assets. Nonoperating revenues include State noncapital appropriations, Federal and State student financial aid, gifts and grants, and investment income (net of unrealized gains or losses on investments). Interest on capital asset-related

debt is a nonoperating expense. Other revenues generally include revenues for capital construction projects.

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

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

Cash and Cash Equivalents. Cash and cash equivalents consist of cash on hand, cash in demand accounts, and cash placed with the State Treasury Special Purpose Investment Accounts (SPIA) and 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 State Treasury SPIA and SBA Florida PRIME investment pools to be cash equivalents.

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

At June 30, 2025, the College reported as cash equivalents at fair value \$4,557,044 in the State Treasury SPIA investment pool representing ownership of a share of the pool, not the underlying securities (Level 3 inputs, as discussed in Note 4.). Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The State Treasury SPIA investment pool carried a credit rating of AA-f by Standard & Poor's, had an effective duration of 3.33 years and fair value factor of 1.003 at June 30, 2025. Participants contribute to the State Treasury SPIA investment pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balance. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. The College relies on policies developed by the State

Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury SPIA investment pool are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

At June 30, 2025, the College reported as cash equivalents \$78,554,585 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 moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days." As of June 30, 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, artwork, construction in progress, buildings, other structures and improvements, furniture, machinery, equipment, and data 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 for buildings and other structures and improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 40 years
- Other Structures and Improvements – 10 years

- Furniture, Machinery, and Equipment:
 - Computer Equipment – 3 years
 - Vehicles, Office Machines, and Educational Equipment – 5 years
 - Furniture – 7 years
- Data Software - 5 years

Noncurrent Liabilities. Noncurrent liabilities include 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

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 decreased by \$2,050,114, which resulted in an increase to the beginning net position by the same amount as shown in the table below.

<u>Description</u>	<u>College</u>
Net Position, Beginning of Year, as previously reported	\$ 242,614,481
Change in accounting principle (GASB Statement No. 101)	<u>2,050,114</u>
Net Position, Beginning of Year, as Restated	<u>\$ 244,664,595</u>

3. Deficit Net Position in Individual Funds

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

<u>Fund</u>	<u>Net Position</u>
Current Funds - Unrestricted	\$ (26,330,336)
Auxiliary Funds	<u>16,923,367</u>
Total	<u>\$ (9,406,969)</u>

4. Investments

The Board of Trustees has adopted a written investment policy providing that surplus funds of the College shall be invested in those institutions and instruments permitted under the provisions of Florida Statutes. Section 218.415(16), Florida Statutes, authorizes the College to invest in the Florida PRIME investment pool administered by the 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.

Component Units Investments. The Foundation's investment and spending policy is set forth in a document approved by Daytona State College Foundation Investment Committee and approved by the Foundation's Board of Directors. Investment decisions are made subject to guidelines established by the Foundation's Investment Committee and approved by the Foundation's Board of Directors. The objectives of the policy fundamentally preserve and enhance Foundation resources both at present and in the future, as well as strive to provide a steady, growing income stream to support the Foundation's mission while providing sufficient reinvestment to protect endowments from inflation. All deposits and investments are held at financial and brokerage institutions in the name of the Foundation.

According to the Foundation's investment policy, endowment target allocations are 16 to 56 percent in domestic equities, 0 to 39 percent in international equities, 5 to 45 percent in fixed-income securities, and 0 to 20 percent in other income assets, other growth assets, Real Estate Investment Trust (REIT)/inflation hedges, and/or cash and cash equivalents. The Foundation contracts with a qualified investment manager to whom authority is delegated to invest and reinvest assets in accordance with the investment policy.

The Housing Corp's investment policy establishes guidelines for the management and safeguarding of its deposits and investments, ensuring compliance with applicable regulations and mitigating various financial risks.

The Housing Corp's investment policy requires all assets be invested in liquid securities, defined as securities that can be sold quickly and efficiently for cash. The policy authorizes investments in the Special Purpose Investment Account (SPIA), Florida Public Assets for Liquidity Management (FL PALM), and the Housing Corp's Board may approve other investment pools with similar risk tolerances.

Custodial credit risk – deposits: Custodial credit risk for deposits is the risk that, in the event of a depository financial institution's failure, the Foundation and the Housing Corp's deposits may not be returned to them.

At December 31, 2024, the Foundation's cash deposits with financial and brokerage institutions were \$503,246, of which \$52,113 was above Federal Deposit Insurance Corporation (FDIC) limits.

The Housing Corp's deposits include cash on hand and amounts held in the Housing Corp's demand accounts. At June 30, 2025, the carrying amount of the Housing Corp's deposits was \$1,321,192, of which \$1,071,192 was above FDIC limits. Each demand account is insured by the FDIC up to \$250,000.

Any balance in excess of FDIC insurance is covered by collateral held by the Foundation's and Housing Corp's custodial banks, which is pledged to a state trust fund that provides security in accordance with Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. The Foundation's and Housing Corp's policies for managing their exposure for changes in interest rate is through maintaining diversification of their investments and investment maturity dates to minimize the impact of downturns in the market.

Credit risk: Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations.

Concentration risk: The Foundation's investment policy discourages more than 5 percent of the portfolio's total assets taken at current value be invested in the securities of one issuer, other than the United States of America, its agencies, or instrumentalities.

Fair Value Measurement. The Foundation and Housing Corp categorize their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the inputs used in valuation and gives the highest priority to quoted process in active markets and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates in the hierarchy is based on whether the significant inputs into the valuation are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest level, Level 1, is given to unadjusted quoted prices in active markets and the lowest level, Level 3, to unobservable inputs that reflect the Foundation's and Housing Corp's significant market assumptions. The three levels of the fair value hierarchy are as follows:

- Level 1 – Valuation based on unadjusted quoted market prices for identical assets or liabilities in active markets that Foundation and Housing Corp have the ability to access.
- Level 2 – Valuations based on pricing inputs that are other than quoted prices in active markets, which are either directly or indirectly observable. Examples include commingled funds which hold actively traded public securities, but whose valuations are determined only periodically (typically monthly). Other examples include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or valuations based on models where the significant inputs are observable (e.g. interest rates, yield curves, prepayment speeds, credit risks, default rates, loss severities, etc.) or can be corroborated by observable market data.
- Level 3 – Valuations are derived from other valuation methodologies, including pricing models, discounted cash flow models, and similar techniques. Level 3 valuations incorporate certain assumptions and projections that are not observable in the market and require significant professional judgement in determining the fair value assigned to such assets and liabilities. Level 3 investments primarily comprise alternate investments that do not have a liquid market at the

balance sheet date. Inputs used for Level 3 may include the original transaction prices, recent transactions in the same or similar market, completed or pending third party transaction in the underlying investment or comparable issuers, and subsequent rounds of financing. When observable prices are not available, these investments are valued using one or more valuation techniques described below:

- Market Approach: This approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- Income Approach: This approach determines a valuation by discounting cash flows.
- Cost Approach: This approach is based on the principle of substitution and the concept that a market participant would not pay more than the amount that would currently be required to replace the asset.

Mutual funds are valued at the daily closing price as reported by each type of fund. Mutual funds held by the Foundation are open-ended mutual funds that are registered with the Security Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact that price. The mutual funds held by the Foundation are deemed to be actively traded.

The fair value hierarchy requires the use of observable market data when available. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. The classification of assets and liabilities in the fair value hierarchy is not necessarily an indication of the risks or liquidity but is based on the observability of the valuation inputs.

<u>Deposits and Investments</u>	<u>Average Maturity</u>	<u>Fair Value Level</u>	<u>Credit Quality (S&P)</u>	<u>Fair Values</u>
Daytona State College Foundation, Inc				
Cash and Cash Equivalents	N/A	N/A	N/A	\$ 630,661
Mutual Funds - Fixed Income	8.20	1	B to AAA	15,190,012
Mutual Funds - Domestic Equity	N/A	1	N/A	19,245,901
Mutual Funds - International Equity	N/A	1	N/A	<u>8,982,075</u>
Total Deposits and Investments of the Foundation				<u>44,048,649</u>
Daytona State College Housing Corporation				
Cash and Cash Equivalents	N/A	N/A	N/A	1,321,192
State Treasury Special Purpose Investment Accounts	3.33 years	3	AA-f	606,656
FL Palm	44 days	2	AAA	<u>906,310</u>
Total Deposits and Investments of the Housing Corp				<u>2,834,158</u>
Total Deposits and Investments of the Component Units				<u>\$46,882,807</u>

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 \$1,034,897 allowance for doubtful accounts.

6. Notes Receivable

Notes receivable represent student loans made under the short-term loan program of \$31,634. Notes receivable are reported net of a \$2,432 allowance for doubtful notes.

7. Leases Receivable

Leases receivable represent contracted arrangements for the use of the College's assets including broadband channels, telecommunication towers, and land. The terms of the lease arrangements are determined by evaluating the non-cancelable term length, the optional term length, and assessing the likelihood with reasonable certainty the option to extend the term or terminate the agreement may occur. The term lengths range from 23 to 26 years. The College records leases receivable and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the interest rates charged to the lessee, which may be the interest rate implicit in the lease. During the 2024-25 fiscal year, the College recognized revenues related to these lease agreements totaling \$945,599. Deferred inflows of resources decreased \$2,320,747 related to the leases.

8. Due From Other Governmental Agencies

The amount due from other governmental agencies consists of \$10,493,175 of Public Education Capital Outlay allocations due from the State for construction of College facilities, \$4,597,573 of deferred maintenance allocations due from the State for renovations and upgrades to designated College facilities, \$286,711 from the Florida Department of Education for capital outlay and debt service, and \$5,565,057 for contract and grant reimbursement due from third parties.

9. Due From and To Component Units/College

The \$167,084 reported as due to component units consists of amounts owed by the College to the Housing Corp in the amount of \$6,970 and the amount of \$160,114 due to the Foundation, pursuant to an agreement to invest Foundation short-term cash on hand in the State Treasury SPIA and SBA Florida PRIME investment accounts of the College. The \$45,253 reported as due from component units to the College consists of \$14,434 receivable from the Housing Corp and \$30,819 for student assistance related to childcare services from the Foundation. The College's and Housing Corp's financial statements are reported for the fiscal year end June 30, 2025. The Foundation's financial statements are reported for the fiscal year ended December 31, 2024. Accordingly, amounts reported by the College as due from and to component units on the statement of net position do not agree with amounts reported by the component units as due from and to the College.

10. Capital Assets

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

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets:				
Land	\$ 15,577,200	\$ -	\$ -	\$ 15,577,200
Artwork	418,272	-	-	418,272
Construction in Progress	3,364,479	26,303,381	16,780,395	12,887,465
Total Nondepreciable Capital Assets	\$ 19,359,951	\$ 26,303,381	\$ 16,780,395	\$ 28,882,937
Depreciable Capital Assets:				
Buildings	\$ 261,657,413	\$ 16,301,306	\$ -	277,958,719
Other Structures and Improvements	35,260,732	479,089	-	35,739,821
Furniture, Machinery, and Equipment	23,731,604	2,393,825	1,805,168	24,320,261
Data Software	8,747,667	-	-	8,747,667
Total Depreciable Capital Assets	329,397,416	19,174,220	1,805,168	346,766,468
Less, Accumulated Depreciation:				
Buildings	112,386,269	6,248,850	-	118,635,119
Other Structures and Improvements	32,663,200	499,286	-	33,162,486
Furniture, Machinery, and Equipment	18,946,799	1,851,960	1,781,309	19,017,450
Data Software	8,747,667	-	-	8,747,667
Total Accumulated Depreciation	172,743,935	8,600,096	1,781,309	179,562,722
Total Depreciable Capital Assets, Net	\$ 156,653,481	\$ 10,574,124	\$ 23,859	\$ 167,203,746

Component Unit Capital Assets. The Housing Corp's capital asset activity for the fiscal year ended June 30, 2025, is shown in the following table:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets:				
Construction in Progress	\$ 1,312,338	\$ 117,464	\$ -	\$ 1,429,802
Total Nondepreciable Capital Assets	\$ 1,312,338	\$ 117,464	\$ -	\$ 1,429,802
Depreciable Capital Assets:				
Buildings and Improvements	\$ 13,299,402	\$ -	\$ -	13,299,402
Subscription Assets	78,373	-	-	78,373
Total Depreciable Capital Assets	13,377,775	-	-	13,377,775
Less, Accumulated Depreciation:				
Buildings and Improvements	628,987	315,861	-	944,848
Subscription Assets	11,756	15,674	-	27,430
Total Accumulated Depreciation	640,743	331,535	-	972,278
Total Depreciable Capital Assets, Net	\$ 12,737,032	\$ (331,535)	\$ -	\$ 12,405,497

11. 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>
Loans Payable	\$ 2,200,000	\$ -	\$ 1,240,000	\$ 960,000	\$ 960,000
Special Termination Benefits Payable	579,322	80,795	16,129	643,988	485,505
Compensated Absences Payable (1)	9,650,638	590,146	-	10,240,784	1,125,695
Other Postemployment Benefits Payable	535,501	112,763	52,197	596,067	36,283
Net Pension Liability	50,036,652	17,008,482	20,727,820	46,317,314	55,424
Total Long-Term Liabilities	\$ 63,002,113	\$ 17,792,186	\$ 22,036,146	\$ 58,758,153	\$ 2,662,907

(1) Per GASB Statement No. 101 beginning balance was restated by \$2,050,114. The change in compensated absences is presented as a net change.

Component Unit Long-Term Liabilities. The Housing Corp's 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>
Loans Payable	\$ 11,971,575	\$ -	\$ 570,107	\$ 11,401,468	\$ 584,795
Subscription Arrangement Liability	52,673	-	13,068	39,605	13,134
Total Long-Term Liabilities	\$ 12,024,248	\$ -	\$ 583,175	\$ 11,441,073	\$ 597,929

Loans Payable. Pursuant to Section 1001.64(38), Florida Statutes, the College obtained two loans to finance the cost of the acquisition and construction of various capital projects and equipment, including but not limited to, construction of the Hospitality Center, a physical plant, a shipping and receiving building, additional parking, and the demolition of a building. The College borrowed \$10 million on December 23, 2005, at a stated interest rate of 3.96 percent, and \$8 million on January 10, 2006, at a stated interest rate of 4.03 percent. Both loans mature on January 1, 2026, and principal and interest payments are due at the end of each quarter. These loans are direct borrowings from a bank. The loans are not secured by any assets pledged as collateral. The loans contain provisions that in the event of default the bank may accelerate payment for all principal and interest due under the loans, and also allows for prepayment, which could result in a prepayment fee.

Annual requirements to amortize the outstanding loans as of June 30, 2025, are as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 960,000	\$ 19,309	\$ 979,309
Total	\$ 960,000	\$ 19,309	\$ 979,309

Component Unit Loans Payable. In March 2021, the Housing Corp entered into an agreement with a bank for a \$12.8 million loan for the construction of a student housing building. The semi-annual payments are due June 30 and December 31, with interest payments commencing on June 30, 2021, and principal payments commencing June 30, 2023. The loan is collateralized by net revenues generated by the student housing building which opened in August 2022. The interest rate on the loan is 2.56 percent and the loan matures in June 2041. The outstanding balance at June 30, 2025, was \$11.4 million.

Annual requirements to amortize the outstanding loans 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	\$ 584,795	\$ 288,159	\$ 872,954
2027	599,862	273,092	872,954
2028	615,316	257,637	872,953
2029	631,169	241,784	872,953
2030	647,431	225,523	872,954
2031-2035	3,496,121	868,649	4,364,770
2036-2040	3,970,299	394,469	4,364,768
2041	856,475	16,479	872,954
Total	\$ 11,401,468	\$ 2,565,792	\$ 13,967,260

Component Unit Subscription-Based Information Technology Arrangement (SBITA) Liability. On September 18, 2023, the Housing Corp entered into a SBITA for housing software. The Housing Corp is required to make annual payments. The discount rate applied to the SBITA was 4.46 percent. The system is amortized over the estimated useful life of the associated contract. The following is a schedule of future minimum payments for the subscription liability for each of the next four years and in the aggregate.

Annual requirements to amortize the outstanding subscription liability 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	\$ 13,134	\$ 1,198	\$ 14,332
2027	13,202	1,846	15,048
2028	13,269	2,530	15,799
Total	\$ 39,605	\$ 5,574	\$ 45,179

Special Termination Benefits Payable. The Board of Trustees established a severance pay plan for certain College administrative employees. The plan provided that an eligible employee's total benefit could not exceed an amount equal to twice the employee's annualized base pay determined as of the date of the employee's separation from service and the payment must be paid within 60 days of the separation date. The Board of Trustees, during its December 8, 2011, meeting, terminated further accrual of benefits under this plan after July 1, 2011. Upon separation or termination of the plan, the remaining employee will be paid their portion of the remaining plan liability. On June 20, 2024, the Board approved to terminate and pay out the Compensation Plan effective June 30, 2023. As of June 30, 2025, there are no remaining employees in the plan.

On December 8, 2011, the College Board of Trustees adopted a Deferred Compensation Plan (Compensation Plan) effective July 1, 2011. Under the Compensation Plan, the President is eligible to participate, and can determine, on a plan year by plan year basis, which other eligible employees could participate in the Compensation Plan. The Compensation Plan provides that an eligible employee's total benefit may not exceed an amount equal to twice the employee's annualized base pay determined as of the date of the employee separates from service or upon termination of the plan. Effective

July 1, 2011, the former President of the College became eligible to participate in the Compensation Plan. The former President separated employment on June 30, 2015, and received a lump sum payment of \$19,250, and the first of ten annual \$16,129 payments, in the 2015-16 fiscal year. During the 2024-25 fiscal year, the College paid the tenth and final annual payment to the former President. On June 20, 2024, the Board approved to terminate and pay out this Compensation Plan effective June 30, 2023.

On June 20, 2024, the Board approved a new 457(f) Deferred Compensation Plan effective July 1, 2023. Under the Deferred Compensation Plan, the President is an eligible to participate, and can determine, with the approval of the Board of Trustees, on a plan year by plan year basis, which other eligible employees could participate in the Compensation Plan. The benefits earned by an eligible employee shall be forfeited if such eligible employee has a voluntary separation from service or termination for cause with the College prior to the end of the term provided in his or her employment agreement with the College. Separation due to disability or death of the eligible employee shall not be treated as a voluntary separation from service by the eligible employee. Upon the end of the term of such employment agreement, the benefits earned by the eligible employee that were subject to such substantial risk of forfeiture shall be vested and paid to the eligible employee and the value of such vested benefits shall be treated as taxable income on such vesting date. During the 2024-25 fiscal year, the College contributed \$80,795 to the Deferred Compensation Plan for the current President, an eligible participant in the Deferred Compensation Plan.

Compensated Absences Payable. College employees may accrue annual and sick leave based on length of service, subject to certain limitations regarding the amount that will be paid upon termination. Compensated absences are estimated and accrued as liabilities to the extent that it is more likely than not that the leave will be used for time off or otherwise paid in cash or settled through noncash means. The College reports a liability for the accrued leave; however, State noncapital appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the College expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. At June 30, 2025, the estimated liability for compensated absences, which includes the College's share of the Florida Retirement System and FICA contributions, totaled \$10,240,784. The current portion of the compensated absences liability, \$1,125,695, is the amount expected to be paid in the coming fiscal year and represents a historical percentage of leave used applied to total accrued leave liability.

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

General Information about the OPEB Plan

Plan Description. The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the Consortium that provides OPEB for all employees who satisfy the College's retirement eligibility provisions. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the College are eligible to participate in the College's health and hospitalization plan for medical 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	28
Active Employees	831
Total	<u>859</u>

Total OPEB Liability

The College’s total OPEB liability of \$596,067 was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2023.

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

Inflation	2.40 percent
Salary increases	
Regular employees:	3.65 - 6.35 percent, including inflation
Senior Management:	4.20 – 9.30 percent, including inflation
Discount rate	3.93 percent at current measurement date 3.65 percent at prior measurement date
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
Benefit-related costs	100 percent of projected health insurance premiums for retirees

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

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2018, through June 30, 2023, adopted by the FRS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2023, valuation were based on a review of recent plan experience done concurrently with the June 30, 2023, valuation.

Changes in the Total OPEB Liability

	Amount
Balance at 6/30/24	<u>\$ 535,501</u>
Changes for the year:	
Service Cost	27,354
Interest	19,600
Changes in Assumptions or Other Inputs	65,809
Benefit Payments	<u>(52,197)</u>
Net Changes	<u>60,566</u>
Balance at 6/30/25	<u><u>\$ 596,067</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. Other changes in assumptions and other inputs were for changes in mortality, retirement, disability, and termination rates; change in DROP entry assumptions; and change in salary increases.

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	\$651,317	\$596,067	\$549,232

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	\$519,233	\$596,067	\$693,519

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 \$90,957. At June 30, 2025, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions or other inputs	\$ 229,836	\$ 223,560
Differences between expected and actual experience	234,596	18,524
Transactions subsequent to the measurement date	36,283	-
Total	\$ 500,715	\$ 242,084

Of the total amount reported as deferred outflows of resources related to OPEB, \$36,283 resulting from benefits paid subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2026	\$ 44,003
2027	43,697
2028	43,447
2029	25,376
2030	20,288
Thereafter	45,537
Total	\$ 222,348

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 \$46,317,314. Note 12. includes a complete discussion of defined benefit pension plans.

12. Retirement Plans – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS)

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 121, Florida Statutes, also provides for nonintegrated, optional retirement programs in lieu of the FRS to certain members of the Senior Management Service Class employed by the State and faculty and specified employees of State

colleges. Chapter 112, Florida Statutes, established the HIS Program, a cost-sharing multiple-employer defined benefit pension plan to assist retired members of any State-administered retirement system in paying the costs of health insurance.

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

The College's FRS and HIS pension expense totaled \$4,186,376 for the fiscal year ended June 30, 2025.

FRS Pension Plan

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

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

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

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

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the

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

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

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

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

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	13.63
FRS, Senior Management Service	3.00	34.52
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	21.13
FRS, Reemployed Retiree	(2)	(2)

(1) Employer rates include 2 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.

(2) Contribution rates are dependent upon retirement class in which reemployed.

The College's contributions to the Plan totaled \$4,732,327 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 \$30,393,419 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 0.078567021 percent, which was a decrease of 0.004464948 from its proportionate share measured as of June 30, 2023.

For the fiscal year ended June 30, 2025, the College recognized pension expense of \$3,937,596. 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	\$ 3,070,434	\$ -
Change of assumptions	4,165,696	-
Net difference between projected and actual earnings on FRS Plan investments	-	2,020,108
Changes in proportion and differences between College FRS contributions and proportionate share of contributions	266,160	1,867,134
College FRS contributions subsequent to the measurement date	4,732,327	-
Total	<u>\$ 12,234,617</u>	<u>\$ 3,887,242</u>

The deferred outflows of resources totaling \$4,732,327, 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	\$ (950,539)
2027	4,712,578
2028	(48,025)
2029	(293,907)
2030	194,941
Total	<u>\$ 3,615,048</u>

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

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

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

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

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

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

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

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

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

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

	<u>1% Decrease (5.70%)</u>	<u>Current Discount Rate (6.70%)</u>	<u>1% Increase (7.70%)</u>
College's proportionate share of the net pension liability	\$53,460,959	\$30,393,419	\$11,069,461

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 \$943,589 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 \$15,923,895 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 0.106152390 percent, which was a decrease of 0.000583227 from its proportionate share measured as of June 30, 2023.

For the fiscal year ended June 30, 2025, the College recognized pension expense of \$248,780. 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	\$ 153,756	\$ 30,576
Change of assumptions	281,816	1,885,185
Net difference between projected and actual earnings on HIS Plan investments	-	5,759
Changes in proportion and differences between College HIS contributions and proportionate share of HIS contributions	-	731,621
College contributions subsequent to the measurement date	943,589	-
Total	<u>\$ 1,379,161</u>	<u>\$ 2,653,141</u>

The deferred outflows of resources totaling \$943,589, 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	\$ (558,659)
2027	(535,651)
2028	(547,679)
2029	(341,863)
2030	(182,998)
Thereafter	(50,719)
Total	<u>\$ (2,217,569)</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	\$18,127,308	\$15,923,895	\$14,094,707

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

Payables to the Pension Plan. At June 30, 2025, the College reported a payable of \$55,424 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2025.

13. Retirement Plans – Defined Contribution Pension Plans

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. College employees already participating in the State College System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member’s account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions rates, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions

are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2024-25 fiscal year were as follows:

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

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

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

The College’s Investment Plan pension expense totaled \$2,024,278 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 \$175,844 and employee contributions totaled \$116,052 for the 2024-25 fiscal year.

Senior Management Service Local Annuity Program. Section 121.055(1)(b)2., Florida Statutes, and Florida Retirement System Rule 60S-1.0057, Florida Administrative Code, provide that local agency employees eligible for the FRS, Senior Management Service Class, may elect to withdraw from the FRS altogether and participate in a local annuity program. Pursuant thereto, the College established the Senior Management Service Class Local Annuity Program (Local Annuity Program). Employees in eligible positions are allowed to make an irrevocable election to participate in the Local Annuity Program, rather than the FRS.

The Local Annuity Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the employee. The College contributes 12.34 percent of the employee's salary to the Local Annuity Program. Employees may make contributions toward the Local Annuity Program by way of salary reduction or by deduction of a percentage of the employee's gross compensation not to exceed the percentage contributed by the employer.

The College's contributions to the Local Annuity Program totaled \$83,339 for the 2024-25 fiscal year.

14. Joint Participation Agreement

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

The joint participation agreement provides for conversion of master control facilities for each College, the installation of a joint-use digital antenna, and jointly leased tower space. The Colleges will equally share the lease payments and other obligations contained in the tower lease agreement. Also, the Colleges agreed to equally share the costs of maintenance and repairs of the equipment and facilities and common expenses relating to the joint-use of the lease tower, the digital antenna, the transmission lines, and other common equipment. In addition, the Colleges agreed to share any such engineering fees or consulting fees as may be necessary for the common benefit of the College.

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

15. Construction Commitments

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

<u>Project Description</u>	<u>Total Commitment</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
DeLand Law Enforcement and Emergency Services Center			
Architect	\$ 394,250	\$ 263,513	\$ 130,737
Contractor	6,605,184	-	6,605,184
Arts and Sciences Hall			
Architect	145,250	115,451	29,799
Contractor	5,927,308	2,134,495	3,792,813
Multi-Purpose Field			
Architect	300,199	212,175	88,024
Contractor	4,266,315	-	4,266,315
Airframe Power Plant			
Architect	1,214,170	10,431	1,203,739
Total	<u>\$ 18,852,676</u>	<u>\$ 2,736,065</u>	<u>\$ 16,116,611</u>

16. 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.

17. 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	\$ 47,364,205
Public Services	3,060,395
Academic Support	8,647,731
Student Services	15,523,840
Institutional Support	19,646,468
Operation and Maintenance of Plant	21,669,318
Scholarships and Waivers	28,735,319
Depreciation	8,600,096
Auxiliary Enterprises	859,257
Total Operating Expenses	<u><u>\$ 154,106,629</u></u>

18. 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

	Direct-Support Organizations		
	Daytona State College Foundation, Inc.	Daytona State College Housing Corporation	Total
	(1)	(2)	
Assets:			
Current Assets	\$ 4,457,284	\$ 1,865,804	\$ 6,323,088
Capital Assets, Net	-	13,835,299	13,835,299
Other Noncurrent Assets	43,417,988	1,030,238	44,448,226
Total Assets	47,875,272	16,731,341	64,606,613
Liabilities:			
Current Liabilities	46,538	676,734	723,272
Noncurrent Liabilities	-	10,843,144	10,843,144
Total Liabilities	46,538	11,519,878	11,566,416
Net Position:			
Net Investment in Capital Assets	-	2,394,226	2,394,226
Restricted Nonexpendable	27,403,688	-	27,403,688
Restricted Expendable	19,176,107	1,030,238	20,206,345
Unrestricted	1,248,939	1,786,999	3,035,938
Total Net Position	\$ 47,828,734	\$ 5,211,463	\$ 53,040,197

(1) Amounts are as of December 31, 2024.

(2) Amounts are as of June 30, 2025.

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

	Direct-Support Organizations		
	Daytona State College Foundation, Inc.	Daytona State College Housing Corporation	Total
	(1)	(2)	
Operating Revenues	\$ 2,970,003	\$ 1,787,745	\$ 4,757,748
Operating Expenses	1,966,073	820,783	2,786,856
Operating Income	1,003,930	966,962	1,970,892
Net Nonoperating Revenues (Expenses)	6,689,000	(236,242)	6,452,758
Increase in Net Position	7,692,930	730,720	8,423,650
Net Position, Beginning of Year	40,135,804	4,480,743	44,616,547
Net Position, End of Year	\$ 47,828,734	\$ 5,211,463	\$ 53,040,197

(1) Amounts are as of December 31, 2024.

(2) Amounts are as of June 30, 2025.

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OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

	2024	2023	2022	2021	2020
Total OPEB Liability					
Service cost	\$ 27,354	\$ 32,872	\$ 43,188	\$ 19,793	\$ 21,128
Interest	19,600	20,581	15,282	6,883	15,711
Difference between expected and actual experience	-	(22,296)	-	137,896	-
Changes of assumptions or other inputs	65,809	(14,287)	(108,451)	270,661	(113,877)
Benefit Payments	(52,197)	(59,267)	(72,503)	(52,683)	(65,206)
Net change in total OPEB liability	60,566	(42,397)	(122,484)	382,550	(142,244)
Total OPEB Liability - beginning	535,501	577,898	700,382	317,832	460,076
Total OPEB Liability - ending	<u>\$ 596,067</u>	<u>\$ 535,501</u>	<u>\$ 577,898</u>	<u>\$ 700,382</u>	<u>\$ 317,832</u>
Covered-Employee Payroll	\$ 41,699,944	\$ 41,699,944	\$ 37,841,090	\$ 37,841,090	\$ 39,057,492
Total OPEB Liability as a percentage of covered-employee payroll	1.43%	1.28%	1.53%	1.85%	0.81%
	2019	2018	2017		
Total OPEB Liability					
Service cost	\$ 14,271	\$ 14,044	\$ 13,952		
Interest	9,480	9,498	8,431		
Difference between expected and actual experience	424,912	-	-		
Changes of assumptions or other inputs	(211,690)	2,175	3,204		
Benefit Payments	(43,301)	(51,758)	(26,276)		
Net change in total OPEB liability	193,672	(26,041)	(689)		
Total OPEB Liability - beginning	266,404	292,445	293,134		
Total OPEB Liability - ending	<u>\$ 460,076</u>	<u>\$ 266,404</u>	<u>\$ 292,445</u>		
Covered-Employee Payroll	\$ 39,057,492	\$ 47,691,228	\$ 42,266,180		
Total OPEB Liability as a percentage of covered-employee payroll	1.18%	0.56%	0.69%		

**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	0.078567021%	0.083031969%	0.085703397%	0.085804057%
College's proportionate share of the FRS net pension liability	\$ 30,393,419	\$ 33,085,612	\$ 31,888,551	\$ 6,481,521
College's covered payroll (2)	\$ 48,392,031	\$ 46,038,966	\$ 43,238,881	\$ 42,908,939
College's proportionate share of the FRS net pension liability as a percentage of its covered payroll	62.81%	71.86%	73.75%	15.11%
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	\$ 4,732,327	\$ 4,559,881	\$ 3,942,893	\$ 3,709,828
FRS contributions in relation to the contractually required contribution	<u>(4,732,327)</u>	<u>(4,559,881)</u>	<u>(3,942,893)</u>	<u>(3,709,828)</u>
FRS contribution deficiency (excess)	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
College's covered payroll (2)	\$ 50,608,763	\$ 48,392,031	\$ 46,038,966	\$ 43,238,881
FRS contributions as a percentage of covered payroll	9.35%	9.42%	8.56%	8.58%

- (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>
0.082948862%	0.086891143%	0.092879752%	0.097474826%	0.102985790%	0.113629190%
\$ 35,951,258	\$ 29,924,100	\$ 27,975,863	\$ 28,832,399	\$ 26,003,993	\$ 14,676,734
\$ 44,361,540	\$ 44,522,211	\$ 46,180,205	\$ 47,378,975	\$ 48,237,861	\$ 49,461,726
81.04%	67.21%	60.58%	60.85%	53.91%	29.67%
78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>
\$ 3,291,595	\$ 2,462,067	\$ 2,718,207	\$ 2,680,544	\$ 2,554,620	\$ 2,511,473
(3,291,595)	(2,462,067)	(2,718,207)	(2,680,544)	(2,554,620)	(2,511,473)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 42,908,939	\$ 44,361,540	\$ 44,522,211	\$ 46,180,205	\$ 47,378,975	\$ 48,237,861
7.67%	5.55%	6.11%	5.80%	5.39%	5.21%

**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	0.106152390%	0.106735617%	0.107203693%	0.109322705%
College's proportionate share of the HIS net pension liability	\$ 15,923,895	\$ 16,951,040	\$ 11,354,583	\$ 13,410,073
College's covered payroll (2)	\$ 44,991,068	\$ 42,370,258	\$ 39,121,027	\$ 38,705,635
College's proportionate share of the HIS net pension liability as a percentage of its covered payroll	35.39%	40.01%	29.02%	34.65%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	4.80%	4.12%	4.81%	3.56%

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

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

Schedule of College Contributions – Health Insurance Subsidy Pension Plan

	<u>2025 (1)</u>	<u>2024 (1)</u>	<u>2023 (1)</u>	<u>2022 (1)</u>
Contractually required HIS contribution	\$ 943,589	\$ 899,821	\$ 703,346	\$ 649,409
HIS contributions in relation to the contractually required HIS contribution	<u>(943,589)</u>	<u>(899,821)</u>	<u>(703,346)</u>	<u>(649,409)</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll (2)	\$ 47,179,450	\$ 44,991,068	\$ 42,370,258	\$ 39,121,027
HIS contributions as a percentage of covered payroll	2.00%	2.00%	1.66%	1.66%

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

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

<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>
0.115272973%	0.119161828%	0.124619126%	0.130472045%	0.136392329%	0.141810273%
\$ 14,074,642	\$ 13,333,016	\$ 13,189,828	\$ 13,950,674	\$ 15,895,961	\$ 14,462,417
\$ 40,016,198	\$ 39,843,251	\$ 40,718,278	\$ 41,622,453	\$ 42,112,067	\$ 43,051,270
35.17%	33.46%	32.39%	33.52%	37.75%	33.59%
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>
\$ 642,514	\$ 664,269	\$ 661,398	\$ 675,923	\$ 690,933	\$ 699,098
<u>(642,514)</u>	<u>(664,269)</u>	<u>(661,398)</u>	<u>(675,923)</u>	<u>(690,933)</u>	<u>(699,098)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 38,7058,635	\$ 40,016,198	\$ 39,843,251	\$ 40,718,278	\$ 41,622,453	\$ 42,112,067
1.66%	1.66%	1.66%	1.66%	1.66%	1.66%

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

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

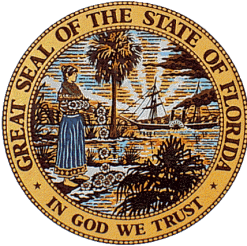
Changes of Assumptions. The long-term expected rate of return, using the Municipal Bond Index Rate increased from 3.65 percent to 3.93 percent at the June 30, 2024, measurement date. Changes occurred in retirement rates, termination rates, disability rates, mortality rates, DROP entry assumptions, and salary increases.

**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.

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

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



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Auditor General

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

INDEPENDENT AUDITOR'S REPORT 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 Daytona 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 March 5, 2026, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
March 5, 2026